(Translation from the Italian original which remains the definitive version)

Interim financial report

30 June 2016

This document is available at:

www.salini-impregilo.com

Salini Impregilo S.p.A. Company managed and coordinated by Salini Costruttori S.p.A.

Salini Impregilo S.p.A.
Share capital €544,740,000
Registered office in Milan, Via dei Missaglia 97
Tax code and Milan Company Registration no. 00830660155
R.E.A. no. 525502 - VAT no. 02895590962

Table of contents

Company officers

Board of directors (i)	
Chairperson	Alberto Giovannini
Chief executive officer	Pietro Salini
Directors	Marco Bolgiani
	Marina Brogi
	Giuseppina Capaldo
	Mario Giuseppe Cattaneo
	Roberto Cera
	Nicola Greco
	Pietro Guindani
	Geert Linnebank
	Giacomo Marazzi
	Franco Passacantando
	Laudomia Pucci
	Alessandro Salini
	Grazia Volo
Executive committee	
Chairperson	Pietro Salini
	Alberto Giovannini
	Nicola Greco
	Giacomo Marazzi
Risk and control committee	
Chairperson	Mario Giuseppe Cattaneo
	Marco Bolgiani
	Giuseppina Capaldo
	Pietro Guindani
	Franco Passacantando
Remuneration and appointment committee	
Chairperson	Marina Brogi
	Nicola Greco
	Geert Linnebank
	Laudomia Pucci
Related party transactions committee	
Chairperson	Marco Bolgiani
	Marina Brogi
	Giuseppina Capaldo
	Geert Linnebank
Board of statutory auditors (ii)	
Chairperson	Alessandro Trotter
Standing statutory auditors	Teresa Cristiana Naddeo
	Gabriele Villa
Substitute statutory auditors	Roberta Battistin
	Marco Tabellini
Independent auditors (iii)	KPMG S.p.A.

(i) Appointed by the shareholders on 30 April 2015; in office until approval of the financial statements as at and for the year ending 31 December 2017.
(ii) Appointed by the shareholders on 30 April 2014; in office until approval of the financial statements as at and for the year ending 31 December 2016.
(iii) Engaged by the shareholders on 30 April 2015; term of engagement from 2015 to 2023

Key events of the period

January 2016

Lane Industries Incorporated

On 4 January 2016, the acquisition of 100% of Lane Industries Incorporated (“Lane”) was finalised.

The consideration is roughly USD455 million. Salini Impregilo financed the acquisition with a bridge financing of €400 million, to be repaid in May 2017, obtained from a syndicate of five major international banks. It subsequently repaid the financing through a new bond issue redeemable in 2021.

Lane is one of the major highway contractor and top private asphalt producer in the United States. It is a family-owned business with more than 100 years of experience specialised in heavy civil construction and in the transportation infrastructure sector with 53 active projects in more than 20 states in the US and roughly 5,000 employees.

The company has three divisions: asphalt production, road projects and other infrastructure projects, in both domestic and international markets. Thanks to its strong track record, technical experience and the strategic location of its materials plants, Lane is participating in some of the largest and most complex projects in the US, such as the construction of a highway in Florida, the I-4 Ultimate, an approximate USD2.3 billion contract, in which Lane has a 30% stake.

Lane’s acquisition represents another step in Salini Impregilo’s expansion into the US infrastructure market.

With Lane, Salini Impregilo will be able to access a much larger pool of projects. The US infrastructure and transportation market is expected to grow at a faster rate than GDP on the back of a recovering economy, a positive demographic trend and the demand for significant upgrades and expansions of existing infrastructure (source: www.worldbank.org; PwC & Oxford Economics, “Future infrastructure spending in the US”, 2015). Lane’s entry into the Group will bring significant growth opportunities, while increasing the diversification of the portfolio and improving the balance of its exposure between developed and developing markets.

S7 Expressway - Poland

On 20 January 2016, the Group was awarded a €117 million contract to build a section of S7 Expressway south of Krakow near the border with Slovakia.

The customer is the General Directorate of National Roads and Motorways (GDDKiA).

This contract increases the value of Salini Impregilo’s order backlog in the country and consolidates the Group’s leadership in the infrastructure sector in which the following roads are under construction: the S3 Nowa Sol - Legnica, the S8 Warsaw Bypass, the S7 Chęciny - Jędrzejów section and the A1 lot F, near Katowice.

High speed/capacity Verona-Padua Railway Project

With its communication of 28 January 2016, Ansaldo STS S.p.A. informed its consortium partners of its intention to transfer its entire investment in Consorzio Iricav Due to Salini Impregilo S.p.A. and Astaldi S.p.A..

The transaction, which will allow Salini Impregilo to increase its share by 8.12%, is subject to the approval of the consortium's members and the issue of the required authorisation by the customer, R.F.I. S.p.A., without prejudice to the other consortium members' right of first option at the same conditions and in line with their current investments in the consortium.

March 2016

Purple Line transit system in Maryland (USA) worth USD2 billion

The Purple Line Transit Partners joint venture, which includes Lane Construction, was selected as the best bidder for the design and construction of the Purple Line transit system worth USD2 billion. The contract includes the construction of 21 stations along a 16-mile alignment through Montgomery and Prince George's counties in Maryland. The joint venture, in which Lane has a 30% share (for approximately USD600 million), includes Fluor Enterprises Inc. and Traylor Bros Inc. and will begin construction work before the end of 2016 for a slated completion date in 2022. In addition, Lane acquired a number of other contracts, including the South Carolina Port Access Road, as a joint venture with Fluor Enterprises Inc., worth approximately USD220 million during the period.

April 2016

Sale of Todini Costruzioni Generali S.p.A.

On 4 April 2016, the parent sold its investment in Todini Costruzioni Generali to Prime System Kz Ltd. for roughly €51 million (see the subsequent section on the "Initial considerations on the comparability of data" for more information).

Perth rail contract worth AUD1,176 billion

On 28 April 2016, Salini Impregilo signed a 10-year contract worth approximately €790 million (AUD1.2 billion) to design, construct and maintain an underground passenger rail line, which will connect the Forrestfield airport with central Perth (Australia). Salini Impregilo and NRW Pty Ltd, the two partners, signed the contract with the Government of Western Australia (WA).

The rail network's total length will be 8.5 km, 8.0 km of which will be underground. Salini Impregilo and its partner will build the three stations, twin tunnels for virtually the entire length of the line, car parks and service structures for the buses. The joint venture, in which Salini Impregilo is the lead contractor with an 80% stake, will complete the works in 2020.

May 2016

2016 - 2019 business plan

On 20 May 2016, the parent's board of directors approved the new business plan for the period from 2016 to 2019. Its aim is to consolidate Salini Impregilo's leadership position in the complex large-scale infrastructures sector, confirming its number one place in the water cycle segment and continuing to develop its exceptional track record in the transport segment, specifically as regards metros, railways and roads. The plan focuses on cash generation. Growth is guaranteed by an order backlog that will provide roughly 70% of total revenue and 80% of the gross operating profit in the next four years. These forecasts are based on the medium to long-term macroeconomic situations in the various geographical areas in which the Group is present and the expected development of the infrastructure sector, estimated to show an average growth rate of above 3%, to be worth roughly USD8,000 billion. The book to bill ratio is forecast to be in the range of 1.1 or higher. The new contracts will mostly be carried out in developed areas with better risk profiles and returns. Profitability will continue its excellent trend seen in the last two years, despite the rise in the costs necessary to benefit from the opportunities in the infrastructure market and the Group's commitment to strengthen Lane's organisational structure. The target gross operating profit margin for 2019 is above 10%. The new business plan's success hinges on the Group maintaining a sound financial position, with the intention of improving the debt/EBITDA ratio, expected to be around 2/2.5x in 2019. Cash generation (cash flows before dividends) is essential for the successful achievement of the business plan's objectives. Moreover, the Group's acquisition of Lane at the start of 2016 provides it with a new base for development in more stable areas, which will assist growth in less risky markets.

Koysha dam €2.5 billion contract in Ethiopia

On 24 May 2016, Salini Impregilo won a new contract worth approximately €2.5 billion to build the Koysha dam awarded by Ethiopian Electric Power (EEP). This includes a hydroelectric plant with installed capacity of 2,200 MW and construction of a dam with a reservoir capacity of 6,000 million cubic metres and annual energy generation of 6,460 Gwh.

This important project, to be performed entirely by Salini Impregilo, together with GIBE III and GERD (the Grand Ethopian Renaissance Dam) on the Blue Nile, will enable Ethiopia to become Africa's leader in terms of energy production.

June 2016

USD955 million contract in Kuwait

On 17 June 2016, Kuwait's Public Authority for Housing Welfare assigned the contract for the construction of primary urbanisation works to build a new residential area in a 12 thousand hectares site located 40 km northwest of Kuwait City as part of the South Al Mutlaa Housing Project. The project, to be carried out by a consortium led by Salini Impregilo with a 55% stake, includes, inter alia, the construction of 150 km of roads and related structures and numerous other works. The Kuwaiti parliament has approved a 2016-2020 development plan which includes investments totalling more than USD100 billion in infrastructure projects in the country, including the construction of thousands of homes, metro and railway networks and new refineries and industrial facilities.

Placement of new five-year bond issue

On 24 June 2016, Salini Impregilo communicated its intention to issue bonds with a total nominal amount of approximately €428 million and a fixed rate coupon of 3.75% to institutional investors. It placed the bonds on the Irish Stock Exchange in Dublin on 24 June 2016. Some of the bonds (nominal amount of roughly €128 million) were assigned to the holders of the "€400.000.000 6.125% notes due 1 August 2018" that adhered to the parent's exchange offer. The related exchange ratio for the existing bonds was 109.75%. After this exchange, the outstanding amount of the "€400.000.000 6.125% notes due 1 August 2018" was approximately €283 million. The parent used the proceeds from the newly issued bonds (€300 million), to be redeemed on 24 June 2021 and not exchanged, to repay the bridge financing taken out to acquire Lane. This transaction extended the Group's average debt repayment dates and increased the component of fixed rate debt.

The section on the "Events after the reporting period", to which reference is made, describes the placement of another bond issue with a total nominal amount of approximately €172 million with institutional investors.

Salini Impregilo delivers the new Panama Canal

The contract is one of the largest and most important civil engineering projects ever to take place. It involved the construction of two new series of locks, one on the Atlantic side and the other on the Pacific side, which will allow an increase in commercial traffic through the Canal and better meet developments in the sea freight market with ships nearly three times bigger and with more tonnage than the ships that can currently use the existing locks (the Post Panamax ships).

During the period, all the civil and electromechanical works were finalised. On 31 May, the project was functionally completed, as confirmed by the customer, and the new Canal was officially opened on 26 June.

The project carried out by the joint venture led by Salini Impregilo hinged on unique technical and design solutions, such as, for example, a complex system of locks with sluice gates that allow the ships to rise 27 metres above sea level to enter Gatún Lake, one of the largest artificial lakes in the world. After crossing the lake, the set of locks on the other side of the Canal brings the ships back down to sea level so that they can exit the Canal.

Interim directors' report - Part I

Financial highlights

The acquisition of 100% of Lane was finalised on 4 January 2016.

The IFRS provide that a subsidiary shall be consolidated starting from the date when control is acquired. Therefore, the condensed interim consolidated financial statements at 30 June 2016 present the statement of financial position figures at 31 December 2015 and the income statement figures as at and for the six months ended 30 June 2015 for comparative purposes that do not include Lane Group. It follows that the data for the first half of 2016 are not fully comparable.

In order to make these data more comparable with the corresponding period of 2015, this section sets out Salini Impregilo Group's key figures using the same consolidation scope.

The Group monitors the key figures of Lane Group for management purposes adjusting the IFRS figures to present the results of the non-subsidiary joint ventures consolidated on a proportionate basis. These management accounts results (works under management), show the progress made on the contracts managed directly by Lane Industries or through its non-controlling investments in the joint ventures.

The subsequent section on "Initial considerations on the comparability of data - Lane Industries Incorporated" provides more information on the following reconciliation of the adjusted key figures.

The paragraph "Alternative performance indicators" in the "Other information" section gives a definition of the financial statements indicators used to present the Group's highlights.

Consolidated income statement

(in millions of Euros)	1st half 2016 Adjusted	1st half 2015 Adjusted
Revenue	2,735.7	2,715.1
Gross operating profit	**252.8**	**221.3**
Gross operating profit margin (%)	*9.2%*	*8.2%*
Operating profit	**129.3**	**112.9**
R.o.S.	*4.7%*	*4.2%*
Net financing costs	(44.6)	(30.8)
Net gains (losses) on investments	(3.3)	1.2
Profit before tax	**81.4**	**83.3**
Income tax expense	(31.8)	(35.5)
Profit from continuing operations	**49.7**	**47.8**
Loss from discontinued operations	(20.4)	(5.1)
Non-controlling interests	(18.0)	(9.9)
Profit attributable to the owners of the parent	**11.2**	**32.9**

Adjusted revenue for the period is €2,735.7 million compared to same-consolidation scope revenue of €2,715.1 million for the corresponding period of 2015. It includes revenue of the joint ventures not consolidated by Lane of €96.2 million and €98.7 million, respectively. The increase in the caption refers to some large contracts such as the GERD dam in Ethiopia, the Red Line North Underground in Qatar, the Riyadh Metro Line 3 in Saudi Arabia, the Copenhagen Metro and Lane's ongoing projects.

The adjusted gross operating profit amounts to €252.8 million, up 14.2% on the corresponding period of 2015 while the adjusted operating profit of €129.3 million shows an improvement of about 14.5%.

The adjusted gross operating profit is equal to 9.2% of revenue and the adjusted R.o.S. is 4.7%.

Net financing costs approximately €44.6 million compared to €30.8 million for the corresponding period of 2015. The item comprises financial income of €21.9 million, net exchange rate gains of €2.1 million and financial expense of €68.6 million.

The profit before tax amounts to €81.4 million, which is substantially in line with the balance for the first six months of 2015 (€83.3 million). The tax rate is roughly 39% compared to 42%.

The loss from discontinued operations is €20.4 million and mainly refers to the release of the transaction reserve (€13.9 million) after the sale of Todini Costruzioni Generali in April 2016.

Non-controlling interests amount to €18.0 million and principally comprises €8 million for the Al Bayt Stadium and the Red Line North Underground in Qatar, €3 million for Lane's projects, €2 million for the motorway contract in Colombia and €5 million for other projects.

The Group’s performance in the first half of 2016

Analysis of Salini Impregilo Group’s financial position and results of operations for the six months

This section presents the Group’s reclassified income statement and statement of financial position and a breakdown of its financial position at 30 June 2016. It also provides an overview of the main changes in the Group’s financial position and results of operations compared to the previous year. As shown later, the figures for the first half of 2016 are not fully comparable with those of the corresponding period of 2015 due to the acquisition of Lane on 4 January 2016.

Unless indicated otherwise, figures are provided in millions of Euros and those shown in brackets relate to the previous year.

The “Alternative performance indicators” paragraph in the “Other information” section gives a definition of the financial statements indicators used to present the Group’s financial position and results of operations for the six months.

Initial considerations on the comparability of data

Lane Industries Incorporated

As described in the section on the key events of the period, the acquisition of 100% of Lane was finalised on 4 January 2016.

IFRS 10 – Consolidated financial statements provides that a subsidiary shall be consolidated starting from the date when control is acquired. Therefore, the condensed interim consolidated financial statements at 30 June 2016 present the statement of financial position figures at 31 December 2015 and the income statement figures as at and for the six months ended 30 June 2015 for comparative purposes that do not include Lane Group. It follows that the data for the first half of 2016 are not fully comparable.

In order to make these data more comparable with the corresponding period of 2015, this section sets out Salini Impregilo Group's key figures using the same consolidation scope.

Composition of the combined data for the first half of 2015

The data have been obtained by combining the Group's key figures, restated compared to that shown in the 2015 interim financial report to consider the final disposal scope of Todini Costruzioni Generali, with the key figures of Lane Group, which are its consolidated figures at 30 June 2015 prepared in accordance with US GAAP.

Table A

(€'000)	Salini Impregilo Group 1st half 2015 (restated)	Lane Group 1st half 2015	Salini Impregilo Group combined with Lane Industries Group 1st half 2015
Revenue	2,201,075	415,247	2,616,322
Gross operating profit (loss)	227,467	(22,497)	204,970
Gross operating profit (loss) margin %	*10.3%*	*-5.4%*	
Operating profit (loss)	126,443	(29,926)	96,517
R.o.S. %	*5.7%*	*-7.2%*	
Profit (loss) before non-controlling interests	60,298	(17,546)	42,752

Comparison of the 2016 and 2015 data using the same consolidation scope

The following table provides a comparison of Salini Impregilo Group's key figures for the reporting period with the combined figures of the two groups for the first six months of 2015:

Table B

(€'000)	Salini Impregilo Group 1st half 2016	Salini Impregilo Group combined with Lane Industries Group 1st half 2015	Variation
Revenue	2,639,490	2,616,322	23,168
Gross operating profit	242,160	204,970	37,190
Gross operating profit margin %	*9.2%*	*7.8%*	
Operating profit	118,635	96,517	22,118
R.o.S. %	*4.5%*	*3.7%*	
Profit for the period before non-controlling interests	29,249	42,752	(13,503)

Management accounts presentation of the figures for the reporting period and the corresponding period of 2015 ("work under management")

The Group monitors the key figures of Lane Group for management purposes adjusting the IFRS figures to present the results of the non-subsidiary joint ventures consolidated on a proportionate basis. These management accounts results (works under management), show the progress made on the contracts managed directly by Lane Industries or through its non-controlling investments in the joint ventures.

The following table C shows the effects of this presentation on the condensed interim consolidated financial statements at 30 June 2016 compared with the combined figures of Salini Impregilo Group and Lane Group at the same date:

Table C

		Work Under Management 1st half 2016			Work Under Management 1st half 2015		
(€'000)	Salini Impregilo Group	Joint ventures not controlled by Lane	Total including WUM	Salini Impregilo Group combined with Lane	Joint ventures not controlled by Lane	Total including WUM	Var. WUM
Revenue	2,639,490	96,202	2,735,692	2,616,322	98,740	2,715,062	20,630
Gross operating profit	**242,160**	**10,679**	**252,839**	**204,970**	**16,344**	**221,314**	**31,525**
Gross operating profit margin %	*9.2%*	*11.1%*	*9.2%*	*7.8%*	*16.6%*	*8.2%*	
Operating profit	**118,635**	**10,679**	**129,314**	**96,517**	**16,344**	**112,861**	**16,453**
R.o.S. %	*4.5%*	*11.1%*	*4.7%*	*3.7%*	*16.6%*	*4.2%*	
Net financing costs	(44,612)	-	(44,612)	(30,762)	-	(30,762)	(13,850)
Net gains (losses) on equity investments	7,413	(10,679)	(3,266)	17,556	(16,344)	1,212	(4,478)
Profit before tax	**81,436**	**-**	**81,436**	**83,311**	**-**	**83,311**	**(1,875)**
Income tax expense	(31,769)	-	(31,769)	(35,463)	-	(35,463)	3,694
Profit from continuing operations	**49,667**	**-**	**49,667**	**47,848**	**-**	**47,848**	**1,819**
Profit from discontinued operations	(20,418)	-	(20,418)	(5,096)	-	(5,096)	(15,322)
Non-controlling interests	(18,026)	-	(18,026)	(9,870)	-	(9,870)	(8,156)
Profit attributable to the owners of the parent	**11,223**	**-**	**11,223**	**32,882**	**-**	**32,882**	**(21,659)**

Sale of Todini Costruzioni Generali

The parent completed the sale of Todini Costruzioni Generali to Prime System Kz Ltd., set up and organised under Kazakhstani law, for about €51 million on 4 April 2016.

In March 2016, before the sale, Todini Costruzioni Generali's assets not to be sold to third parties were transferred to a newco HCE Costruzioni S.p.A. ("HCE"), which was subsequently sold to Salini Impregilo S.p.A..

Therefore, at that date, Todini Costruzioni Generali solely consisted of the assets and liabilities of the foreign business unit, i.e., the projects and branches operating in Georgia, Azerbaijan, Belarus and Kazakhstan, including the carrying amount of the investments in the subsidiaries carrying out the relevant projects, JV Todini Takenaka and Todini Central Asia, as well as some operating assets either owned directly by the Group or leased.

The assets transferred to HCE included those belonging to Business unit A - Contracts in Italy, which include the Metrocampania (Naples Alifana and Secondigliano) contracts, the Valico crossing and Naples Sarno River contracts and the plant and machinery at the Lungavilla depot. The Group has received an expression of interest in acquiring this business unit from third parties and the related negotiations are in place. Therefore, it has continued to recognise the assets as non-current assets held for sale.

The breakdown of the subgroup Todini Costruzioni Generali was different in the condensed interim consolidated financial statements at 30 June 2015 based on the expressions of interest received at that date. It was necessary to restate the comparative figures for the first half of 2015 to be consistent with the approach used in the reporting period pursuant to IFRS 5.

The effects of the restatement of the income statement are shown in the following table:

€'000	**1st half 2015 Restated**	**1st half 2015 Published**	**Variation**
Total revenue	**2,201,075**	**2,199,489**	**1,586**
Operating expenses (°)	**(1,973,608)**	**(1,970,183)**	**(3,425)**
Gross operating profit	**227,467**	**229,306**	**(1,839)**
Gross operating profit margin %	*10.3%*	*10.4%*	
Amortisation and depreciation	(101,024)	(100,771)	(253)
Operating profit	**126,443**	**128,535**	**(2,092)**
Return on Sales	***5.7%***	***5.8%***	
Net financing costs	(26,798)	(22,561)	(4,237)
Net gains on investments	*1,212*	*1,211*	1
Net financing costs and net gains on investments	**(25,586)**	**(21,350)**	**(4,236)**
Profit before tax	**100,857**	**107,185**	**(6,328)**
Income tax expense	*(35,463)*	*(35,256)*	(207)
Profit from continuing operations	**65,394**	**71,929**	**(6,535)**
Loss from discontinued operations	*(5,096)*	*(11,631)*	6,535
Profit for the period	**60,298**	**60,298**	**0**
Profit for the period attributable to non-controlling interests	(7,269)	(7,269)	0
Profit for the period attributable to the owners of the parent	**53,029**	**53,029**	**0**

(°) They include provisions and impairment losses.

Group performance

Table 1 - Reclassified consolidated income statement

(€'000)	Note (*)	1st half 2016	1st half 2015 (§)	Variation
Revenue		2,568,597	2,137,187	431,410
Other income		70,893	63,888	7,005
Total revenue	31	**2,639,490**	**2,201,075**	**438,415**
Operating expenses (°)	32	(2,397,330)	(1,973,608)	(423,722)
Gross operating profit		**242,160**	**227,467**	**14,693**
Gross operating profit margin %		9.2%	10.3%	
Amortisation and depreciation	32	(123,525)	(101,024)	(22,501)
Operating profit		**118,635**	**126,443**	**(7,808)**
Return on Sales %		4.5%	5.7%	
Financing income (costs) and gains (losses) on investments				
Net financing costs	33	(44,612)	(26,798)	(17,814)
Net gains on investments	34	7,413	1,212	6,201
Net financing costs and net gains on investments		**(37,199)**	**(25,586)**	**(11,613)**
Profit before tax		**81,436**	**100,857**	**(19,421)**
Income tax expense	35	(31.769)	(35.463)	3,694
Profit from continuing operations		**49,667**	**65,394**	**(15,727)**
Loss from discontinued operations	18	(20.418)	(5.096)	(15.322)
Profit for the period		**29,249**	**60,298**	**(31,049)**
Non-controlling interests		(18,026)	(7,269)	(10,757)
Profit for the period attributable to the owners of the parent		**11,223**	**53,029**	**(41,806)**

(*) The note numbers refer to the notes to the condensed interim consolidated financial statements where the items are analysed in detail.

(°) They include provisions and impairment losses of €3,090 thousand.

(§) The income statement for the first half of 2015 was restated to comply with IFRS 5 given the disposal scope of Todini Costruzioni Generali Group. The figures in this column do not include Lane acquired on 4 January 2016.

Revenue

Total revenue for the period is €2,639.5 million (€2,201.1 million), including €2,391.3 million earned abroad (€1,816.9 million).

The 19.9% increase on the corresponding period of 2015 is mainly due to the inclusion of Lane in the consolidation scope.

"Other income" mostly refers to contract work in progress and specifically industrial activities and related works not directly related to contracts with customers.

Operating profit

The gross operating profit and the operating profit for the period amount to €242.2 million and €118.6 million, respectively, with a gross operating profit margin of 9.2% (10.3%) and a R.o.S. of 4.5% (5.7%). The reduction in the two margins is mainly due to seasonality factors related to Lane.

The central units' costs and other general expenses for the period come to approximately €58.7 million (€ 61.0 million).

The operating profit generated by the foreign operations amounts to €170.5 million, while that recorded by the Italian operations, excluding the corporate costs, totals €6.8 million.

Financing income (costs) and gains (losses) on investments

The Group recorded net financing costs of €44.6 million (€26.8 million) while net gains on investments amount to €7.4 million (€1.2 million).

Net financing costs include financial income of €21.9 million, financial expense of €68.6 million and net exchange rate gains of €2.1 million. The €17.8 million increase in the item is mainly due to the Group's larger gross financial indebtedness as a result of its acquisition of Lane. Moreover, its results are affected by financial expense arising from the application of the amortised cost method during the period for €15.2 million (€5.9 million), including €7.7 million for the financial debt restructuring that took place at the end of the period.

Net exchange rate gains amount to €2.1 million (€4.0 million).

Income tax expense

The income tax expense for the period is €31.8 million (€35.5 million), calculated using the effective rate of 39%.

Loss from discontinued operations

The loss from discontinued operations amounts to €20.4 million (loss of €5.1 million) and includes:

- the release of the translation reserve of €13.9 million related to the foreign operations of Todini Costruzioni Generali sold on 4 April 2016;
- the gain on the disposal of assets of €1.4 million again belonging to Todini Costruzioni Generali;
- the loss of HCE's Italian business unit of €7.2 million.

Non-controlling interests

Non-controlling interests amount to €18.0 million (€7.3 million), mainly related to the subsidiaries working on the contracts for the Al Bayt Stadium in Qatar (€4.1 million), the Red Line North Underground in Qatar (€3.9 million) and some entities following acquisition of Lane (€3.0 million).

The Group's financial position

Table 2 - Reclassified consolidated statement of financial position

(€'000)	Note (*)	30 June 2016	31 December 2015 (§)	Variation
Non-current assets	5-6-8	1,072,985	919,440	153,545
Goodwill	7	245,164	-	245,164
Non-current assets (liabilities) held for sale	18	(1.253)	41,594	(42,847)
Provisions for risks	25	(106.230)	(106.361)	131
Post-employment benefits and employee benefits	24	(88.539)	(25.412)	(63.127)
Net tax assets	10-15-28	157,080	136,066	21,014
Inventories	*11*	*285,016*	*268,073*	*16,943*
Contract work in progress	*12*	*2,148,825*	*1,775,791*	*373,034*
Progress payments and advances on contract work in progress	*26*	*(1.884.108)*	*(1.862.759)*	*(21.349)*
Loans and receivables (**)	*13*	*2,063,039*	*1,543,172*	*519,867*
Liabilities	*27*	*(2.067.786)*	*(1.630.437)*	*(437.349)*
Other current assets	*16*	*576,110*	*518,642*	*57,468*
Other current liabilities	*29*	*(324.249)*	*(334.198)*	*9,949*
Working capital		796,847	278,284	518,563
Net invested capital		**2,076,054**	**1,243,611**	**832,443**
Equity attributable to the owners of the parent		**1,116,391**	**1,116,000**	**391**
Non-controlling interests		123,707	100,860	22,847
Equity	19	**1,240,098**	**1,216,860**	**23,238**
Net financial indebtedness		**835,956**	**26,751**	**809,205**
Total financial resources		**2,076,054**	**1,243,611**	**832,443**

(*) The note numbers refer to the notes to the condensed interim consolidated financial statements where the items are analysed in detail.

(**) This item is shown net of €3.6 million (31 December 2015: €17.5 million) classified in net financial indebtedness and related to the Group's net amounts due from/to consortia and/or consortium companies (SPEs) operating under a cost recharging system and not included in the consolidation scope. The balance reflects the Group's share of cash and cash equivalents or debt of the SPEs.

(§) The figures in this column do not include Lane acquired on 4 January 2016.

Net invested capital

This item increased by €832.4 million on the previous year end to €2,076.1 million at 30 June 2016. The main changes are due to the factors listed below.

Non-current assets

Non-current assets increased by €153.5 million. They may be analysed as follows:

(€'000)	30 June 2016	31 December 2015	Variation
Property, plant and equipment	709,866	594,365	115,501
Intangible assets	185,380	193,821	(8,441)
Equity investments	177,739	131,254	46,485
Total non-current assets	**1,072,985**	**919,440**	**153,545**

Property, plant and equipment increased by €115.5 million, mostly as a result of:

- the change in the consolidation scope of €115.1 million due to the acquisition of Lane and Lane Group's acquisitions of assets for €11.2 million from Asphalt Roads and materials Company Inc.;
- investments mostly made to the high speed/capacity Milan - Genoa railway section in Italy and the Riyadh Metro Line 3 in Saudi Arabia, the Ruta del Sol contract in Colombia, the Nenskra hydroelectric project in Georgia and Lane Group's investments (€137.3 million);
- depreciation for the period (€108.0 million).

Intangible assets show a net decrease of €8.4 million mainly due to:

- inclusion of Lane in the consolidation scope (€5.1 million);
- amortisation of the period (€15,5 million).

The increase in the equity investments is principally due to the investments in joint ventures acquired with Lane.

Goodwill

This caption refers to the acquisition of Lane Group (€224.3 million) and assets from Asphalt Roads and Materials Company Inc. (€20.9 million). The Group calculated these balances on a provisional basis at the acquisition date as it availed of the 12-month PPA period allowed by (revised) IFRS 3.

Non-current assets (liabilities) held for sale

Net non-current liabilities held for sale at 30 June 2016 amount to €1.3 million and include the net assets (liabilities) of the following units:

- HCE's business unit A – Italian operating contracts with net liabilities of €6.9 million; and

- the USW Campania projects' net assets of €5.7 million, unchanged from 31 December 2015.

At 31 December 2015, the caption also included Todini Costruzioni Generali's net assets of €35.9 million (sold in the second quarter of 2016).

Provisions for risks

These provisions of €106.2 million are substantially unchanged from the previous year end.

Net tax assets

The following table analyses the item:

€'000	30 June 2016	31 December 2015	Variation
Deferred tax assets	63,269	64,064	(795)
Deferred tax liabilities	(45,543)	(55,857)	10,314
Net deferred tax assets	**17,726**	**8,207**	**9,519**
Current tax assets	119,638	114,577	5,061
Current tax liabilities	(65,764)	(68,273)	2,509
Net current tax assets	**53,874**	**46,304**	**7,570**
Other current tax assets	140,931	142,652	(1,721)
Other current tax liabilities	(55,451)	(61,097)	5,646
Net other current tax assets	**85,480**	**81,555**	**3,925**
Net tax assets	**157,080**	**136,066**	**21,014**

The increase in this caption is mainly due to the Group's tax expense for the period, considering the foreign branches and the changes in the consolidation scope.

Working capital

Working capital increased by €518.6 million from €278.3 million to €796.8 million.

The main changes in the individual items making up net working capital are summarised below:

- inventories increased by €16.9 million to €285.0 million due to the combined effect of the consolidation of Lane, partly offset by the consumption of materials for the Group's main contracts;
- contract work in progress increased to €2,148.8 million at the reporting date (€1,775.8 million) and includes foreign contracts (€1,731.4 million) and Italian contracts (€417.4 million). The €373.0 million increase is the sum of €17.8 million for the Italian contracts and €355.3 million for the foreign contracts. It reflects production progress calculated using the most recent estimates of the ongoing projects' profitability. The rise in contract work in progress is due to the high speed/capacity Milan - Genoa railway section in Italy and to the contracts in Qatar (€120.0 million), Australia (€54.2 million) and

Denmark (€84.6 million) abroad. The variation also includes €38.9 million for Lane. The caption also includes railway works in Venezuela (€255.6 million);

- progress payments and advances on contract work in progress include both advances and negative work in progress (i.e., invoiced advances in excess of the cumulative value of the works built) and amount to €1,884.1 million, up €21.3 million on 31 December 2015. This increase is mainly the result of:
    - the €72.2 million reduction in contractual advances, mainly due to their use as a result of continuation of the related works;
    - the €93.6 million increase in negative work in progress, mostly due to Lane's contracts.
- current loans and receivables, which increased by €519.9 million. The item includes amounts of €1,909.0 million with third parties and of €154.1 million with unconsolidated group companies and other related parties. The latter balance decreased by €9.0 million, mainly as a result of collections from unconsolidated Italian consortia while loans and receivables with third parties increased by €528.9 million, including €194.4 million for Lane in addition to the rise in amounts due from Ethiopian customers. The item comprises receivables from Venezuelan customers for railway contracts of €240.6 million, mostly denominated in hard currency (Euros and US dollars);
- current liabilities, which increased by €437.3 million and include liabilities with third parties of €1,942.2 million (€1,501.7 million) and unconsolidated group companies and other related parties of €125.6 million (€128.8 million). The rise in liabilities with third party suppliers mostly refers to the Ethiopian contracts while the increase related to Lane amounts to €118.5 million;
- other assets increased by €57.5 million while other liabilities decreased by €9.9 million.

Net financial indebtedness

At 30 June 2016, the Group has net financial indebtedness from continuing operations of €836.0 million (indebtedness of €26.8 million), while its indebtedness from discontinued operations is €18.1 million (indebtedness of €18.9 million).

The variation in the Group's net financial indebtedness is mainly a result of:

- the financing taken out to acquire Lane, which entailed an outlay of €429 million, inclusive of cash and cash equivalents acquired (€87 million) and to acquire some assets of the US companies Asphalt Roads and Material Company Inc, (€33.9 million);
- investments in property, plant and equipment for contracts (€137.3 million), mainly for COCIV (Italy, high speed/capacity Milan-Genoa railway section), Ruta del Sol (Colombia) and the Riyadh Metro (Saudi Arabia);
- the use of cash flows generated by operations at the main work sites (Denmark, Qatar, Australia and the US), for the remainder.

Gross indebtedness has increased by €621.4 million from 31 December 2015 to €2,441.6 million at 30 June 2016.

The debt/equity ratio (based on the net financial indebtedness from continuing operations), at the reporting date, is 0.67 at group level.

The net financial indebtedness from discontinued operations relates to HCE's business units.

Salini Impregilo has given guarantees of €339.6 million in favour of unconsolidated group companies securing bank loans.

The Group's net financial indebtedness at 30 June 2016 is summarised in the following table.

Table 3 - Net financial indebtedness of Salini Impregilo Group

(€'000)	Note (*)	**30 June 2016**	**31 December 2015** (§)	**Variation**
Non-current financial assets	9	69,988	67,832	2,156
Current financial assets	14	363,417	312,104	51,313
Cash and cash equivalents	17	1,176,680	1,410,775	(234,095)
Total cash and cash equivalents and other financial assets		**1,610,085**	**1,790,711**	**(180,626)**
Bank and other loans and borrowings	20	(843,318)	(745,554)	(97,764)
Bonds	21	(692,296)	(396,211)	(296,085)
Finance lease liabilities	22	(102,226)	(79,789)	(22,437)
Total non-current indebtedness		**(1,637,840)**	**(1,221,554)**	**(416,286)**
Current portion of bank loans and borrowings and current account facilities	20.	(733,418)	(538,802)	(194,616)
Current portion of bonds	21	(16,084)	(10,203)	(5,881)
Current portion of finance lease liabilities	22	(54,218)	(49,617)	(4,601)
Total current indebtedness		**(803,720)**	**(598,622)**	**(205,098)**
Derivative liabilities	23	(8,104)	(14,798)	6,694
Net financial position with unconsolidated SPEs (**)		3,623	17,512	(13,889)
Total other financial assets (liabilities)		**(4,481)**	**2,714**	**(7,195)**
Net financial indebtedness - continuing operations		**(835,956)**	**(26,751)**	**(809,205)**
Net financial indebtedness - discontinued operations		(18,082)	(18,939)	857
Net financial indebtedness including discontinued operations		**(854,038)**	**(45,690)**	**(808,348)**

(*) The note numbers refer to the notes to the condensed interim consolidated financial statements where the items are analysed in detail.

(**) This item shows the Group's net amounts due from/to unconsolidated consortia and/or consortium companies operating under a cost recharging system. The balance reflects the Group's share of cash and cash equivalents or debt of the SPEs. The balances are shown under trade receivables and payables in the condensed interim consolidated financial statements.

(§)The figures in this column do not include Lane acquired on 4 January 2016.

Interim directors' report - Part II

Performance by geographical segment

Italy

The Group operates in the construction and concessions sectors in Italy.

Macroeconomic scenario

Italy's development prospects have become more positive and the country has resumed growth. The OECD ranked Italy as one of the Eurozone economies with the highest growth rates of the year, thanks to the improved labour market conditions and the related upturn in domestic consumption. The 2015 budget deficit decreased to 2.6% of GDP and is expected to continue this trend, mainly as a result of the economy's cyclical recovery and the lower interest rates.

GDP is forecast to grow by 1% in 2016 and 1.4% in 2017, driven mainly by household consumption. The rise in employment has temporarily slowed down while domestic spending is boosted by the increase in consumption. Investments have picked up, thus also assisting internal demand despite the lending constraints put in place by banks hindering a faster recovery.

The government has reiterated its commitment to gradual tax consolidation and a structural reform programme. In order to create the fiscal space needed to increase public investments and avoid increasing indirect taxes, as planned for 2017, the government intends to resort to the budget flexibility clause provided for by the EU while concurrently containing public spending.

The collapse in investments caused by the economic crisis, which triggered a long-term deceleration of the economy, was followed by an upturn in the production of investment goods. Together with the low recorded by the construction sector, this could herald a possible reversal in the investments cycle, although the scarce bank funding available and uncertainty about future demand continue to hold back this positive trend.

The outlook for growth is improving and Italy has continued its exit from the second recession which started in the summer of 2011 and continued until autumn 2014, just after the shorter but more intense crisis of 2008/2009. The speed of its recovery is strongly influenced by the international economic climate. The structural reform programme's positive status is assisting consolidation of long-term forecasts even though there is much ground to cover to improve the country's productivity and efficiency. Any delays in implementing its ambitious public investment programme will slow down its recovery. In addition, Brexit and renewed volatility in the Eurozone's financial markets may propagate risks and increase the cost of borrowing, which would increase the tax burden.

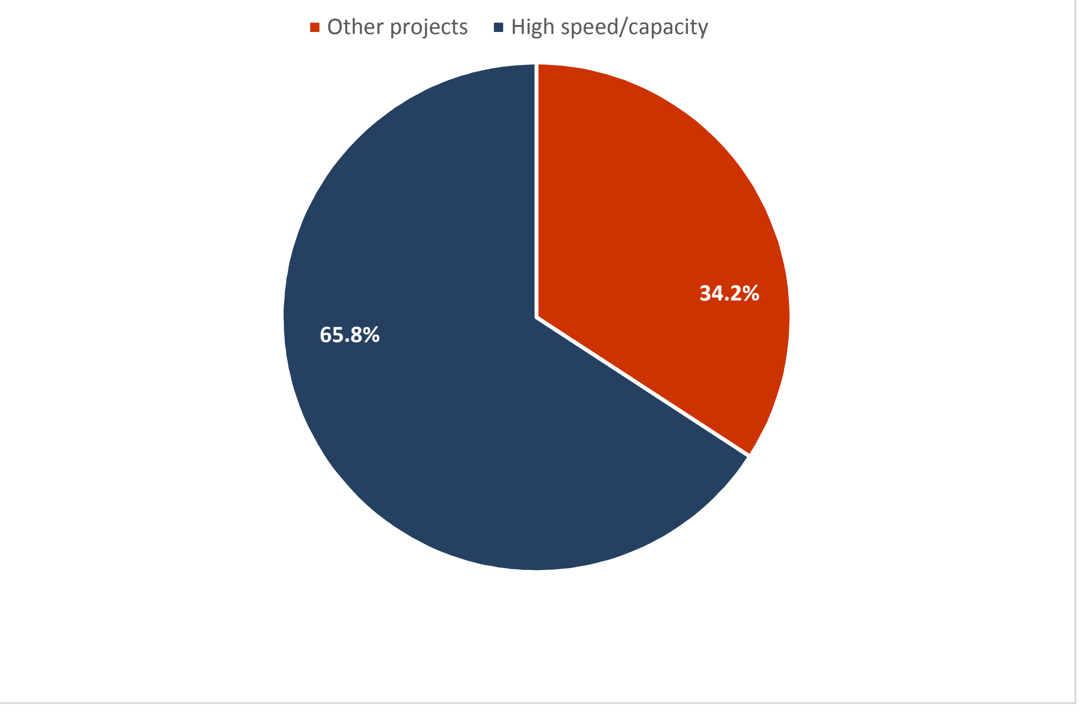
Construction

The order backlog for the Italian construction segment is as follows:

Area	Residual backlog at 30 June 2016	Percentage of total
High speed/capacity	5,857.4	65.8%
Other projects	3,049.8	34.2%
Total	**8,907.2**	**100.0%**

The following chart provides a breakdown of the order backlog by type of business:

Breakdown of the Italian construction order backlog



(Share in millions of Euros)

Project	Residual backlog	Percentage of completion
Cociv Lot 1-6	3,743.9	17.4%
Iricav 2	2,110.2	-
Other	3.3	
High speed/capacity	**5,857.4**	
Broni - Mortara	981.5	-
Metro B	946.3	0.1%
Milan Metro Line 4	402.8	21.2%
Jonica state highway 106	336.2	2.6%
Other	383.0	
Other work in Italy	**3,049.8**	
Total	**8,907.2**	

High speed/capacity Milan-Genoa Railway Project

The project for the construction of this railway line was assigned to the COCIV Consortium as general contractor by RFI S.p.A. (Rete Ferroviaria Italia, formerly TAV S.p.A. - as Ferrovie dello Stato's operator) with the agreement of 16 March 1992. The project's pre-contractual stage was complicated and difficult, with developments from 1992 to 2011 on various fronts, including many disputes (more information is available in the paragraph on disputes in the section on the "Main risk factors and uncertainties").

On 11 November 2011, a rider to the agreement was signed for the assignment to the consortium of the design and construction of the Giovi third railway crossing of the high speed/capacity Milan - Genoa railway line.

The works began on 2 April 2012 and the contract is worth approximately €4,500 million.

It is split into six non-functional construction lots for a total of roughly 120 months including the pre-operating/inspection phase.

Salini Impregilo is the consortium leader with a percentage of 68.25%.

During the period, RFI activated the third construction lot 21 months behind schedule, increasing the total value of the works and activities financed and under construction to €1,634 million, €537 million higher than the active lots (1 and 2).

High speed/capacity Verona-Padua Railway Project

The IRICAV DUE Consortium is RFI's general contractor for the design and construction of the high speed/capacity Verona-Padua section as per the agreement of 15 October 1991. Its role was confirmed by the arbitration award of 23-26 May 2012, which has become definitive. Salini Impregilo's current involvement in the consortium is 34.09%. During the period and together with its partner Astaldi, Salini Impregilo communicated its interest in acquiring the stakes of Ansaldo STS of 8.12% and 8.93%, respectively. Should this acquisition go ahead (it has firstly to be approved by RFI in the next few months), Salini Impregilo's share of the consortium fund would increase to 42.21%.

In 2015, the consortium provided the customer with the definitive project drawings for the Verona-Vicenza sub-section with the bid. It also delivered the definitive project, inclusive of the related bid, for the first functional lot, the Verona-Vicenza junction.

On 23 March 2016, the Services Conference took place in the presence of the Directorate General for Railway Transport and Railway Infrastructure of the Ministry of Infrastructure and Transport (MIT), attended by the bodies involved in the project.

The approval process for the first functional lot will continue in the second half of 2016 and the related rider should be signed by the end of the year, allowing the consortium to start up site activities in early 2017.

The contract is worth an estimated €5 billion, of which €2.1 billion for the first functional lot, the Verona-Vicenza junction.

Concessions

The Group's portfolio of concession activities in Italy mainly consists of investments in the operators still involved in developing projects and constructing the related infrastructure.

These concessions principally relate to the transport sector (motorways, metros and car parks).

The following tables show the key figures of the Italian concessions at the reporting date, broken down by business segment.

MOTORWAYS

Country	Operator	% of investment	Total km	Stage	Start date	End date
Italy	SaBroM-Broni Mortara	60.0	50	Not yet active	2010	2057
Italy (Ancona)	Dorico-Porto Ancona bypass	47.0	11	Not yet active	2013	2049

METROS

Country	Operator	% of investment	Total km	Stage	Start date	End date
Italy (Milan)	Milan Metro Line 4	9.7	15	Not yet active	2014	2045

CAR PARKS

Country	Operator	% of investment	No. of parks	Stage	Start date	End date
Italy (Terni)	Corso del Popolo S.p.A.	55.0		Not yet active	2016	2046

OTHER

Country	Operator	% of investment	Stage	Start date	End date
Italy (Terni)	Piscine dello Stadio S.r.l.	70.0	Active	2014	2041

Abroad

The Group is active in the construction and concessions sectors abroad.

Macroeconomic scenario

The global economy continued to recover during the period albeit at a slower and weaker pace than expected. Markets were still volatile and the advanced economies saw a slowdown in their growth early in the year. The performance of the low income countries varied while the entire geopolitical situation continues to be uncertain.

Despite this discouraging economic context, the general climate benefitted from positive factors such as better-than-expected economic figures, the partial stabilisation of oil prices, the smaller outflow of capital from China and the central banks' expansionary policies. The IMF has forecast global growth of 3.2% in 2016 and 3.5% in 2017, which are slightly below the actual figures for January 2016 (by 0.2% and 0.1%, respectively). The advanced countries' growth should be in the region of a modest 2%. A stable growth rate of 2.4% is expected for the US, with a slight improvement in 2017. The contraction in investments, high unemployment rates and weaker financial situations of businesses all heavily impacted development in the Eurozone, whose growth rate is forecast to be a moderate 1.5% for 2016 while it is expected to increase to 1.6% in 2017.

The emerging markets and developing countries will continue to make up the largest share of global growth in 2016, even through their growth patterns will be discontinuous and slower than those seen in the last 20 years.

The challenges facing the world will be similar to those seen in 2015, that is, falling raw materials prices, an increasingly strong dollar and a decelerating Chinese economy.

Another source of concern is the Brexit referendum held in Great Britain on 23 June. Its exit from the European market may cause upheaval and a reduction in trade and cash flows, limiting the benefits of economic cooperation and integration. The rating agency Standard & Poor's has estimated that the Brexit effect may lead to an 0.8% reduction in the Eurozone's GDP between 2017 and 2018.

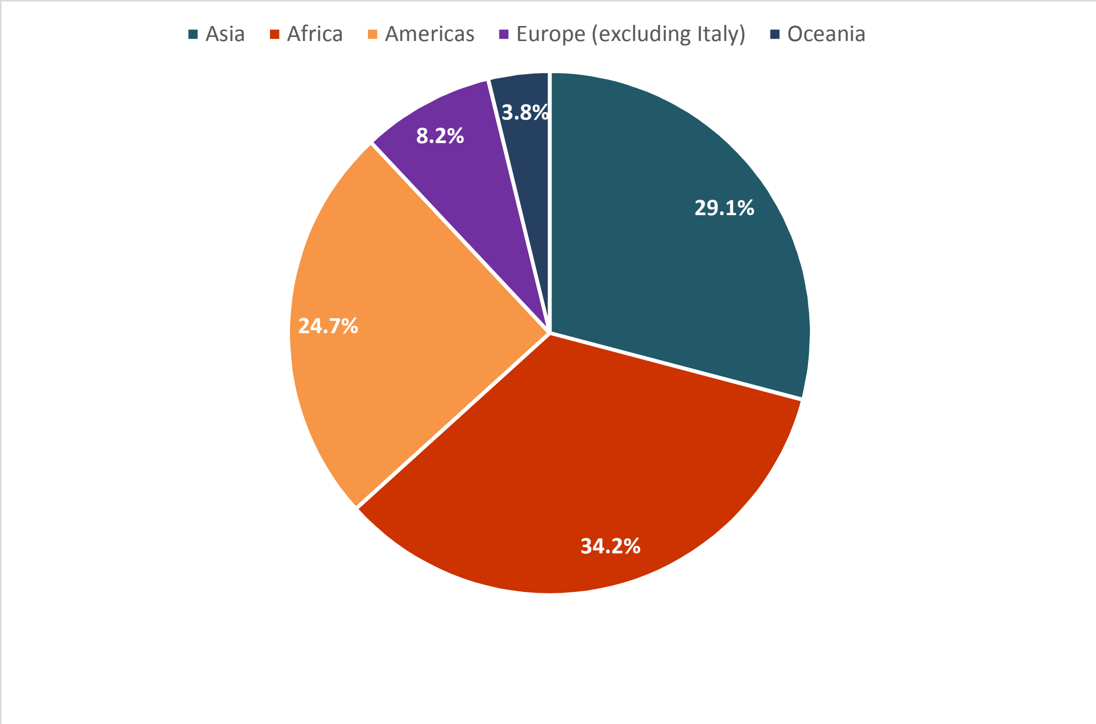
Construction

The order backlog for the foreign construction segment is as follows:

Country	Residual backlog at 30 June 2016	Percentage of total
Asia	6,498.7	29.1%
Africa	7,634.4	34.2%
Americas	5,524.3	24.7%
Europe (excluding Italy)	1,842.6	8.2%
Oceania	839.2	3.8%
Total	**22,339.2**	**100.0%**

The following chart provides a breakdown of the order backlog by type of business:

Breakdown of the foreign construction order backlog



United States

Market

The United States' GDP is expected to grow by more than 2% pa in the three years from 2016 to 2018. Business should pick up in the infrastructure and transportation sector by about 9% in 2016 and this growth should already be visible in the first half of the year with the motorway works (+19%) and bridge constructions (+7%), thanks in part to the Fast Act (Fixing America's Surface Transportation Act), recently approved by the US government. This Act provides for infrastructure investments of approximately USD305 billion to assist the construction of roads and motorways as well as other transport infrastructure over the next five years. The most recent estimates for the water infrastructure sector indicate a rise in investments over the next few years for the better management of water resources, also given the rather obsolete state of the existing infrastructure networks (source: FMI Construction Overview 2016).

The following table shows the amounts involved in the main contracts in portfolio:

(Share in millions of Euros)

	Residual backlog	Percentage of completion
Lane	2,332.6	
Gerald Desmond Bridge	103.6	49.3%
Dugway Storage Tunnel Cleveland	100.4	27.1%
Other	57.9	
Total	**2,594.6**	

Lane - Purple Line - Maryland

The Purple Line Transit Partners joint venture, which includes Lane Construction, was selected as the best bidder for the design and construction of the Purple Line transit system worth USD2 billion in March 2016.
More information about the project is provided in the section on the key events of the period.

Lane - I-4 Ultimate - Florida

In September 2014, the I-4 Mobility Partners joint venture entered into a concession agreement with the Florida Department of Transportation (FDOT) to design, build, finance and operate the USD2.3 billion I-4 Ultimate project. Lane's share of the consortium is 30%.
The project includes the reconstruction of 21 miles of I-4 from west of Kirkman Road in Orange County to east of SR 434 in Seminole County, including the addition of four lanes.

Gerald Desmond Bridge - Long Beach

The contract, awarded in 2012, consists of the construction of a cable-stayed bridge with the main span of 300 metres and two 150 m-high towers in the harbour of the city of Long Beach (CA). At the reporting date, it was worth USD785 million, of which 30% for the Group.

Dugway Storage Tunnel - Cleveland

This USD153 million contract awarded in November 2014 involves the construction of a 4.5 km-long and 8 m-wide tunnel and six shafts of varying diameter and depth. Salini Impregilo's share is 100%.

Outlook for 2016

The acquisition of Lane represents another step by Salini Impregilo to expand in the US infrastructure market. The US construction sector will become a core market for the company, contributing more than 20% of its total revenue. With Lane, Salini Impregilo will be able to access a much larger pool of projects, especially in the water, railway and tunnel sectors.

Management accounts presentation of the figures for the first six months of 2016 and 2015 ("work under management")

For management purposes and in accordance with general practice in the US construction sector, the Group monitors the main figures of Lane Group, adjusting the IFRS balances, prepared for consolidation purposes, to consider the results of the unconsolidated joint ventures, which are consolidated using the proportionate method. These management accounts results (works under management), show the progress made on the contracts managed directly by Lane Industries or through its non-controlling investments in the joint ventures.

The following table shows the key figures for the period compared to the corresponding period of 2015:

(€'000)	1st half 2016 Lane Industries Group	1st half 2016 Joint ventures not controlled by Lane	1st half 2016 Total WUM	1st half 2015* Lane Industries Group (unaudited)	1st half 2015* Joint ventures not controlled by Lane	1st half 2015* Total WUM
Revenue	457.531	96.202	553.733	415.247	98.740	513.987
Gross operating profit (loss)	(6.787)	10.679	3.892	(22.497)	16.344	(6.153)
Operating profit (loss)	(14.984)	10.679	(4.306)	(29.926)	16.344	(13.582)
Profit (loss) for the period	(5,276)	0	(5,276)	(17,546)	0	(17,546)
Profit (loss) for the period attributable to the owners of the parent	(8.318)	0	(8.318)	(20.148)	0	(20.148)

* The figures for Lane for the first half of 2015 are the consolidated figures prepared under US GAAP.

Australia

Market

The construction sector is a driving force of the Australian industry and contributes roughly 8% to the country's GDP.

The Australian Bureau of Statistics estimates that the population will double by 2075 from the current 23 million residents to 46 million. As the demographic growth rate is one of the factors that positively affects development of the civil engineering and large-scale works sector, the individual state governments and the federal government have confirmed they will support the vigorous development of infrastructure with the dual aim of bolstering the economy, through a public spending plan to reply to the negative performance of the mining industry, and to adequately respond to the existing demand for more infrastructure.

The Group has been active in Australia since 2013 and currently operates through Salini Impregilo Australia Branch, Salini Australia Pty Ltd, incorporated under Australian law, and Salini Impregilo Joint Venture.

In December 2013, Transport for New South Wales awarded Impregilo-Salini Joint Venture the contract, currently worth approximately AUD450 million, for the Sydney Metro Northwest Project - Design and Construction of Surface and Viaduct Civil Works.

The project is the first stage of the Sydney Metro Project, the largest public transport infrastructure project in Australia, which consists of the construction of the new metro line to serve north-east Sydney. It is slated for completion in January 2017.

(Share in millions of Euros)

Project	Residual backlog	Percentage of completion
Forrestfield Airport Link	780.2	1.3%
NW Rail Link Project	59.0	82.7%
Total	**839.2**	

Forrestfield Airport Link

On 28 April 2016, the joint venture of Salini Impregilo (80%) and NRW Pty Ltd (20%) was awarded the contract to design, construct and maintain the Forrestfield Airport Link by the Public Transport Authority of Western Australia. More information is available in the section on the key events of the period.

Outlook for 2016

On 22 June 2016, the parent was informed that it has been shortlisted by the Victorian government for the design and construction of a new project worth approximately €3.6 billion (AUD5.5 billion) in Melbourne. The project is one of the most ambitious road infrastructure projects of this state and its objective is to reduce traffic congestion on the existing bridge (West Gate Bridge) and commuting times. It will also create 5,600 new jobs. The works are to be completed by 2022. The Group deems that the Australian market is fundamental for its growth, as shown by the above developments.

Saudi Arabia

Market

The Saudi market is stagnant due to the falling oil prices and the country's expected deficit in 2016. The local currency's depreciation against the US dollar planned for the start of 2016 no longer seems feasible until at least 2017.

The following table shows the amounts involved in the main contracts in place at the reporting date:

(Share in millions of Euros)

Project	Residual backlog	Percentage of completion
Riyadh Metro Line 3	2,050.8	26.1%
Other	40.0	
Total	**2,090.8**	

Riyadh Metro Line 3

On 29 July 2013, Salini Impregilo, as leader of an international consortium, won a portion of the maxi contract awarded by ArRiyadh Development Authority to design and construct the new Riyadh metro line 3 (41.2 km), the longest line of the challenging project for the metro system of Saudi Arabia's capital.

The lot assigned to ArRiyadh New Mobility Consortium is an important part of the larger construction contract for Riyadh's new metro system, worth approximately USD23.5 billion.

The value of the works to be carried out by the consortium, i.e., the design and construction of the entire Line 3, is roughly USD6.4 billion, including approximately USD5.3 billion for the civil works, of which Salini Impregilo will carry out 66%.

Outlook for 2016

The Group will continue to pursue new business opportunities in 2016 in the country.

Qatar

Market

Given current oil prices, the country has held back development of new infrastructure projects and has only continued high priority projects (such as the Doha metro line) for the 2022 FIFA World Cup.

The following table shows the amounts involved in the main contracts in place at the reporting date:

(Share in millions of Euros)

Project	Residual backlog	Percentage of completion
Red Line North	648.7	52.7%
Al Bayt Stadium	660.2	12.5%
Other	311.0	
Total	**1,619.9**	

Red Line North Underground, Doha

In 2013, as leader of a joint venture with a 41.25% share, Impregilo won the tender called by Qatar Railways Company (Qrail) for the design and construction of the Red Line North Underground in Doha. The project, along with three other metro lines, is part of a programme promoted by Qatar to build a new infrastructure mobility system included in the National Development Plan for 2030 (Qatar National Vision 2030), which provides for significant investments to ensure sustainable economic growth over time, both within the country and abroad. The contract's value has decreased from the previous QAR8 billion (roughly €2 billion) to the current QAR5.7 billion (approximately €1.4 billion), due to the partial use of the contractually-provided for provisional sum.

Al Bayt Stadium

In July 2015, the Group was awarded the contract to build the Al Bayt Stadium in Al Khor, roughly 50 km north of the capital Doha. The contract is worth approximately €770 million and entails the design and construction of one of the sports complexes where the 2022 FIFA World Cup matches will take place. The contract was awarded by the Aspire Zone Foundation, which is responsible for the development of Qatar's sports infrastructure. The stadium will be able to accommodate 70,000 spectators with an area of 200 thousand square metres. The contract is an example of an eco-sustainable work, thanks to modern construction techniques and the use of environmentally friendly and low energy impact state-of-the-art materials.

The Group's share of the contract is 40%.

Outlook for 2016

The Group will continue to pursue new business opportunities in 2016 in the country.

Ethiopia

Market

Ethiopia is the fastest growing economy in Africa in the last five years (IMF estimate for 2015: growth of 11.2%; inflation rate of 9%). Its development plans for the next five years include the installation of 17,000 MW power capacity and comprise the GERD and Koysha projects. The latter was acquired in the first half of 2016.

The following table shows the amounts involved in the main contracts in place at the reporting date:

(Share in millions of Euros)

Project	Residual backlog	Percentage of completion
Koysha	2,439.7	2.9%
Gerd	1,558.0	58.1%
Gibe III	26.2	98.4%
Total	**4,023.9**	

Koysha

The project entails the construction of the Koysha dam, a hydroelectric power plant with installed capacity of 2,200 MW. The contract is worth €2.5 billion and the Group's share is 100%. More information on this contract is provided in the section on the key events of the period.

Gerd

The Gerd project, located approximately 500 km north west of the capital Addis Abeba, consists of the construction of a hydroelectric plant, Grand Ethiopian Renaissance Dam (GERD), and the largest dam in the African continent (1,800 metres long, 170 metres high). The project also includes the construction of two power stations on the banks of the Blue Nile, equipped with 16 turbines with installed capacity of 375 MW each. The contract is worth approximately €3.7 billion and the Group's share is 100%.

Outlook for 2016

The Group will continue to pursue new business opportunities in 2016 in line with the country's growth.

Nigeria

Market

Nigeria is one of the largest producers of oil, a resource that accounts for almost the entire production capacity of the country. The drop in crude oil prices engendered a wide-scale economic crisis in the last two years, exasperated by internal strife between different political and tribal fractions, which has limited once again the country's ability to meet its cash requirements and encourage development.

The following table shows the amounts involved in the main contracts in place at the reporting date:

(Share in millions of Euros)

Project	Residual backlog	Percentage of completion
Cultural Center	252.4	38.3%
District 1	204.8	13.2%
Adiyan	137.1	42.5%
Suleja Minna	97.4	33.9%
Other	127.3	
Total	**818.8**	

Nigeria Cultural Centre and Millennium Tower

The project for Nigeria's capital, Abuja, includes construction of a 183 m-high tower, a cultural centre with an auditorium, museum and hotels, a square with an underground two-storey car park and a large arcade. The customer is the Ministry of Federal Capital Territory.

The contract is worth roughly €415 million and the Group's share is 100%.

District 1

The project consists of road works and floodwater and wastewater drainage works and the installation of an electricity grid and water network in Abuja's residential area on behalf of the customer, Ministry of Federal Capital Territory.

The contract is worth roughly €236 million and the Group's share is 100%.

Adiyan Waterworks Phase II (Adiyan)

The project consists of the construction of a water treatment plant with a capacity of 320,000 cubic metres/day, intended to meet Lagos population's water needs. The customer is Lagos State.

The contract is worth roughly €238 million and the Group's share is 100%.

Suleja Minna

The project entails doubling the carriageway of the Suleja Minna road, one of the country's main motor backbones which connects Abuja to the north west. The customer is the Federal Ministry of Works. The contract is worth approximately €147 million and the Group's share is 100%.

Outlook for 2016

The projects on which the Group is working in Nigeria are an absolute priority for the country's infrastructural development and range from road and water works to civil construction. Maintenance work is being carried out on components and parts of the various contracts completed to date, except for the Adiyan project, for which the civil works are slated for completion by year end (more information is available in the paragraph on country risk in the section on the "Key risk factors and uncertainties").

Venezuela

Market

Salini Impregilo Group has been active in Venezuela through its permanent organisation, which directly or in association with international partners, carries out railway and hydroelectric projects with a solid base constructed in the country over more than 30 years.

In recent years, relationships with customers, which are all government agencies, have been characterised by delays in payments. This issue became more acute in 2015 due to the rapid fall in oil prices, which is Venezuela's main source of hard currency, and social tensions that have intensified as a result of the lack of basic foodstuffs and medicines.

The following table shows the amounts involved in the main contracts in place at the reporting date:

(Share in millions of Euros)

Project	Residual backlog	Percentage of completion
Puerto Cabello - Contuy Ferrocarriles stations	434.8	17.3%
Porto Cabello Sistema Integral	313.4	-
San Juan de Los Morros railway	278.2	48.0%
Puerto Cabello - Contuy Ferrocarriles	201.4	85.2%
Chaguaramas railway	88.6	63.9%
OIV Tocoma	35.4	97.6%
Total	**1,351.8**	

Railway projects

The project on which most progress has been made is the P. Cabello project, while the two sites in Guarico (Chaguaramas and San Juan de Los Moros railways) will continue the maintenance phase until work is rescheduled with the customer.

With respect to especially the P. Cabello - La Encrucijada project, the last considerations collected were in January 2015 for hard currency, whereas local currency collections took place in line with the contractual schedule. Moreover, approximately 70% of the progress billings in local currency was collected in 2015, demonstrating the customer's interest in continuing the works. The Group's share of the project is roughly 33%.

Outlook for 2016

The projects that are being developed by Salini Impregilo Group are priority infrastructures of the utmost importance, both in economic-industrial and social terms. Accordingly, and based on the constant and careful monitoring of the country's situation, no specific issues are apparent at this stage with regard to the recoverability of the Group's net assets.

However, in view of the delicate and complex uncertain situation that has developed at political level, the possibility that events not foreseeable at the date of this report may arise in the future that may require changes to the assessments made to date cannot be excluded (more information is available in the paragraph on country risk in the section on the "Main risk factors and uncertainties").

Peru

Market

The country is engaged in strengthening its democratic institutions to encourage private initiative in the economy. In fact, the current government has communicated its intention to stimulate investment in large infrastructural works to modernise Peru. The following table shows the amounts involved in the contracts in place at the reporting date:

(Share in millions of Euros)

Project	Residual backlog	Percentage of completion
Lima Metro	674.7	4.1%
Total	**674.7**	

M2 Lima - Peru

On 28 March 2014, the consortium comprising Salini Impregilo Group and other international groups won the contract for the construction and operation of the extension to Lima's metro network under concession from P-Agencia de Promociòn de la Inversiòn Privada. The project includes the construction of the works and operation of the infrastructure over the 35-year concession.

The Group's share of the construction work is 25.5% of the civil works. The five-year project includes the development of a 35 km-long underground line. The contract is worth approximately USD3,019 million (inclusive of variations).

Outlook for 2016

The Group will continue to pursue new business opportunities in 2016 in line with the country's growth.

Denmark

Market

Denmark is experiencing a phase of moderate growth. The country's infrastructure development plan entails public and private investment. The Group operates through its subsidiary Copenhagen Metro Team I/S, a company incorporated under Danish law and involved in the construction of Copenhagen Cityringen, one of the world's most modern transport infrastructures.

The following table shows the amounts involved in the contracts in place at the reporting date:

(Share in millions of Euros)

Project	Residual backlog	Percentage of completion
Cityringen	462.6	77.4%
Total	**462.6**	

Copenhagen Cityringen

The project consists of the design and construction of the new metro loop in the centre of Copenhagen, which entails two tunnels of 16 km each, 17 stations and five monitoring shafts. The contract is worth approximately €2,050 million, including riders and price revisions. During the period, work went ahead according to schedule with continuation of the electromechanical works and architectural finishings. The Group's share of the project is 100%.

During the period and in 2015, the Group incurred costs for activities not originally provided for in the contract, mainly to strengthen the structures requested by the customer. Requests for additional considerations to cover these activities have been formalised and are under negotiation. Measurement of contract work in progress has considered these costs to the extent that the Group deems recovery is probable, also based on its legal advisors' opinion.

Outlook for 2016

The Group has presented bids for some important tenders in the transport sector. The project for the southbound extension of the metro line for Copenhagen is at the pre-qualification stage.

Concessions

The Group's portfolio of foreign concessions comprises both investments in the operators, which are fully operational and, hence, provide services for a fee or at rates applied to the infrastructure's users, and operators that are still developing and constructing the related infrastructure and will only provide the related service in future years.

The current concessions are held in Latin America (Argentina, Colombia and Peru), the UK and Turkey. They refer to the transport sector (motorways, metro systems and car parks), hospitals, renewable energy and water treatment sectors.

The two Argentine operators are currently in liquidation and their contracts have been terminated.

The following tables show the main figures of the foreign concessions at the reporting date, broken down by business segment:

MOTORWAYS

Country	Operator	% of investment	Total km	Stage	Start date	End date
Argentina	Iglys S.A.	98.0		holding		
Argentina	Autopistas Del Sol	19.8	120	active	1993	2020
Argentina	Puentes del Litoral S.A.	26.0	59.6	in liquidation	1998	
Argentina	Mercovia S.A.	60.0	18	active	1996	2021
Colombia	Yuma Concessionaria S.A.(Ruta del Sol)	48.3	465	active	2011	2036

METROS

Country	Operator	% of investment	Total km	Stage	Start date	End date
Peru	Metro de Lima Linea 2 S.A.	18.3	35	Not yet active	2014	2049

ENERGY FROM RENEWABLE SOURCES

Country	Operator	% of investment	Installed voltage	Stage	Start date	End date
Argentina	Yacylec S.A.	18.7	T line	active	1992	2091
Argentina	Enecor S.A.	30.0	T line	active	1995	2094

INTEGRATED WATER CYCLE

Country	Operator	% of investment	Pop. served	Stage	Start date	End date
Argentina	Aguas del G. Buenos Aires S.A.	42.6	210 k	in liquidation	2000	
Peru	Consorcio Agua Azul S.A.	25.5	740 k	active	2000	2027

HOSPITALS

Country	Operator	% of investment	No. of beds	Stage	Start date	End date
GB	Impregilo Wolverhampton Ltd.	20.0	150 k medical visits	active	2002	2032
GB	Ochre Solutions Ltd – Oxford Hospital	40.0	220	active	2005	2038
GB	Impregilo New Cross Ltd.	100.0		holding		
Turkey	Gaziantep Hospital	35.5	1,875	Not yet active	2016	2044

CAR PARKS

Country	Operator	% of investment	No. of parks	Stage	Start date	End date
GB	Impregilo Parking Glasgow Ltd.	100.0	1,400	active	2004	2034

Order backlog

The order backlog shows the amount of the long-term construction contracts awarded to the Group, net of revenue recognised at the reporting date. The Group records the current and outstanding contract outcome in its order backlog. Projects are included when the Group receives official notification that it has been awarded the project by the customer, which may take place before the definitive binding signing of the related contract.

The Group includes projects in its order backlog when it deems that the contract counterparties will comply with their obligations. Moreover, its contracts usually provide for the activation of specific procedures (usually arbitrations) to be followed in the case of either party's contractual default.

The order backlog includes the amount of the projects, including when they are suspended or deferred, pursuant to the contractual conditions, even if their resumption date is unknown.

The Group decreases the amount of the order backlog:

- when a contract is cancelled or decreased as agreed with the customer;
- in line with the recognition of contract revenue in profit or loss.

The Group updates the order backlog to reflect amendments to contracts and agreements signed with customers. In the case of contracts that do not have a fixed consideration, the related order backlog reflects any contractual variations agreed with the customer or when the customer requests an extension of the execution times or amendments to the project that had not been provided for in the contract, as long as these variations are agreed with the customer and the related revenue is reasonably certain.

The order backlog is not a measurement parameter provided for by the IFRS and is not calculated using financial information prepared in accordance with such standards. Therefore, the calculation method used by the Group may differ from that used by other sector operators. Accordingly, it cannot be considered as an alternative indicator to the revenue calculated under the IFRS or other IFRS measurements.

Moreover, although the Group's accounting systems update the related data on a consolidated basis once a month, the order backlog does not necessarily reflect the Group's future results, as its data may be subject to significant variations.

Order backlog

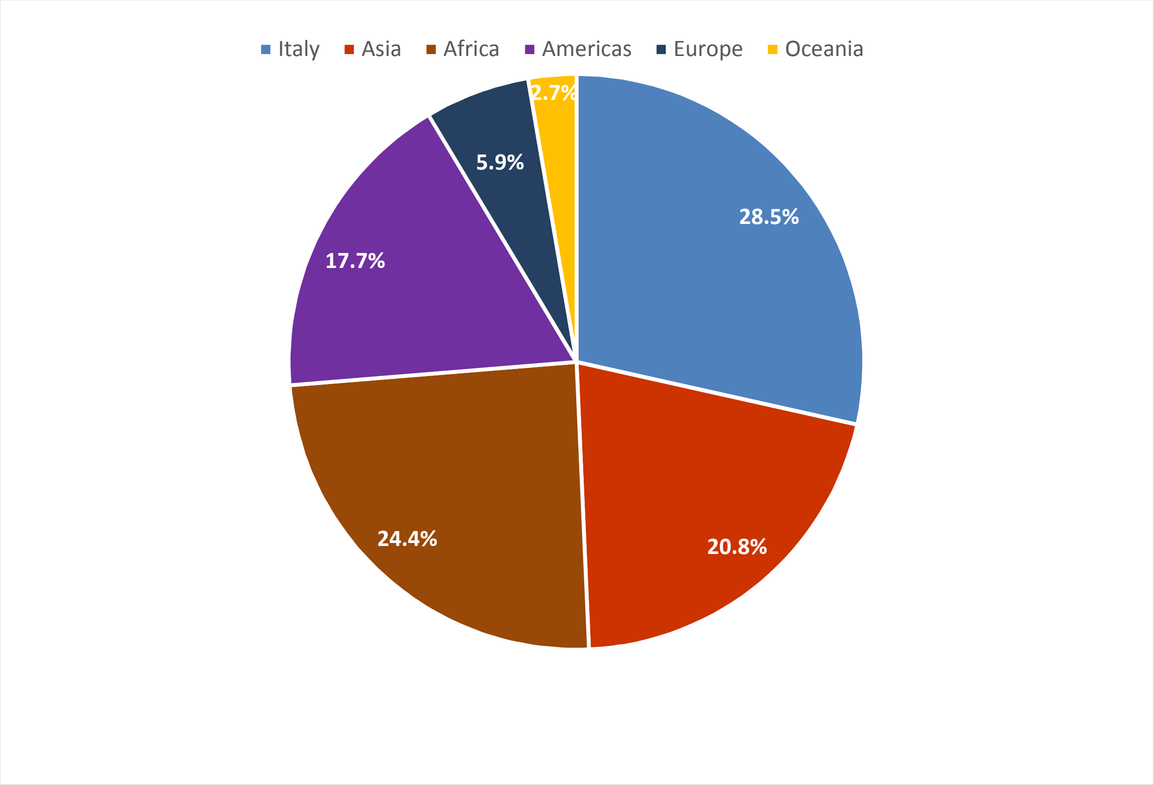
The order backlog for the foreign construction segment is as follows:

(Share in millions of Euros)

Area/Country	**Residual backlog at 30 June 2016**	**Percentage of total**
Italy	8,907	28.5%
Asia	6,499	20.8%
Africa	7,634	24.4%
Americas	5,524	17.7%
Europe	1,843	5.9%
Oceania	839	2.7%
Total	**31,246**	**100%**

The following chart provides a breakdown of the order backlog by type of business:

Breakdown of the order backlog



Business risk management

The context in which the Group currently operates, characterised by rapid macroeconomic changes, financial markets instability and progressive developments of legal and regulatory compliance regulations, requires clear strategies and effective management processes aimed at preserving and maximising value.

To strengthen the internal controls and risk management system, in 2015, the Group introduced a risk management framework, which it keeps up-to-date, extended to all group operating companies to identify, assess, manage and monitor risks in accordance with industry best practices.

The Group Risk Officer, heading up the risk management unit, is in charge of developing, implementing and circulating the risk management framework and assists senior management with strategic and commercial planning and operations as well as the comprehensive, in-depth analysis of relevant factors for the business and the local contexts in which the Group operates, identifying and monitoring related risks.

As part of the risk management system, the Group defined the universe of risk events that have a potential impact on operations (so-called "Risk Universe"), ranked into five main risk categories and analysed along three risk dimensions that are considered relevant for the group business's features and characteristics, as well as the context in which it operates.

Business context related risks

External risks that may compromise the Group's achievement of its objectives, i.e. all events whose occurrence are not influenced by corporate decisions. This category includes all risks arising from a country's macroeconomic and socio-political dynamics, sector trends and competitive scenario, as well as from industry specific technological innovation and regulatory developments.

Because of the nature of such risks, the Group must rely on its forecasting and managing abilities. Specifically, Salini Impregilo integrated risk vision in its strategic and business planning processes through the definition of commercial and risk guidelines and the development of a process for the prioritisation and selection of initiatives to be pursued, also and most of all based on the assessment of relevant risks linked to the country and/or sector in which operations are planned, rather than to the counterparty. Risk control is also ensured by monitoring the progress of strategic objectives also in terms of composition and diversification of the portfolio and its development over time in terms of risk profile.

Strategic risks

These risks arise from strategic, business and organisational risks that may adversely impact the Group's performance and ultimately result in the non-achievement of strategic objectives. They include risks resulting from the choice of business or organisational models through which the Group intends to operate, those arising from M&A transactions, or the ineffective management of the order portfolio or the relationships with key counterparties (customers, partners, suppliers, sub-contractors, etc.).

Salini Impregilo considers risk as a key element for the preliminary assessment of decisions and strategic choices, so much so that it has envisaged integrating the strategy definition and development process with that for the identification, measurement and management of risks. The choices pertaining to the adoption of a business or organisational model, the assessment about the opportunity of proceeding with an extraordinary transaction or establishing a partnership are subject to preliminary analysis and evaluation of the related risks and opportunities, with the concurrent identification of risk management methods and strategies to be promptly activated should such risks arise.

Financial risks

All risks linked to the availability of Group resources, depending on the management of receivables and cash and cash equivalents and/or the volatility of market variables such as interest and exchange rates.

Specifically, liquidity management has the objective of ensuring the financial autonomy of contracts in progress, taking into account the structure of consortia and special purpose entities, which can tie the availability of financial resources to the performance of the relevant projects. Moreover, liquidity management takes into account restrictions to currency transfers imposed by the legislation of some countries.

Salini Impregilo also considers specific risk areas such as the counterparty's credit rating and raw materials price volatility, equipping itself with effective financial planning tools.

Legal and compliance risks

This risk class includes risks for the management of legal issues and/or risks related to compliance with laws and regulations (e.g. taxation, local legislation, etc.) required in order to operate in the sector and/or specific countries. Salini Impregilo deems that monitoring contractual issues linked to contract management and, particularly, the relationship with relevant counterparties, is fundamental. This also includes any internal and external fraud risks, and, more generally, the compliance with procedures and policies established by the Group to govern its operations.

With respect to the aforementioned factors, Salini Impregilo implements a regulatory risk monitoring and management policy in order to minimise the impact of such risk, through a multi-level control system that entails collaborative and ongoing liaison with relevant counterparties and business units affected by regulatory developments and the comprehensive assessment of any potential impacts.

Operational risks

These are risks that could jeopardize value creation and are due to an inefficient and/or ineffective management of the Group's core business, particularly those linked to bid management and actual execution of contracts. The various risk areas that fall into this class include bid design and planning, effective supply chain, logistics and inventory management, as well as those linked to the management of IT systems, personnel and planning and reporting.

These risks arise during the performance of contracts, should Group policies and procedures not be adequate for the management of risk factors linked to the level of complexity of the project or unforeseeable events.

To this end, the Group intends to monitor such risks starting at the bidding stage of each contract with a risk/benefit analysis of the project in the event of its award and its impact on the portfolio structure, both in terms of risk concentration and overall risk profile. At this time, Salini Impregilo, as part of a wider process, prepares a pre-bid risk assessment aimed at identifying potential risks and impacts linked to the project, as well as the necessary mitigation and/or contingency measures to counter them. The risk surveillance activity is then performed again at tender stage and monitored and updated during contract execution in order to promptly detect the risk exposure development and promptly implement adequate mitigation measures.

***

Within the framework of the afore-mentioned framework for the identification and classification of risks applicable to group operations, Salini Impregilo has adopted a cross-functional approach for the analysis of risk dimensions that are considered more relevant due to the specific features of its business. These dimensions include various risk areas identified and belonging to different risk classes.

Country risk

The Group pursues its objectives by operating almost everywhere in the world, leveraging business opportunities in different countries and, hence, exposing itself to the risks resulting from the characteristics and conditions dictated by them, such as the political, economic and social scenario, local regulations, taxation and operational complexity and, last but not least, safety conditions.

Being aware of and constantly monitoring country risk through specific indicators enables the Group first and foremost to define informed commercial strategies, as well as to gain an optimal understanding of the operating scenario and, therefore, adopt precautions and/or implement actions aimed at removing barriers and mitigate potential threats.

Counterparty risk

The counterparty dimension identifies potential criticalities linked to relationships with the Group's customers, shareholders, subcontractors and suppliers, so as to create a comprehensive overview of the features of the partners with which Salini Impregilo may start or continue to collaborate. For each of the above counterparty types, risk factors linked to financial and operational reliability apply to a different extent, as does the potential strategic role of a partnership for a specific business initiative, as well as all aspects linked to legal and other compliance that safeguard the lawfulness of the relationship.

Contract risk

The contract dimension is key for an effective analysis of all risks linked to the Group's core business, since it is considered to define tools capable of identifying and monitoring so-called contract risks starting from the bidding stage in a risk prevention perspective, as part of an in-depth analysis of the risks and opportunities linked to the pursuit of a specific activity. Another fundamental aspect is the ongoing tracking of risks once they have been consciously taken on by management, managing the resulting risk exposure in a proactive, dynamic way, as well as its ongoing development over time.

**

The analysis of key risk dimensions and the relevant risk areas has the aim of providing management with a two-sided overview: a detailed one (i.e. at individual country, counterparty, contract level) and a portfolio one (for assessment of the overall exposure to such dimension), in order to assess the Group's risk profile as well as its compliance with the exposure limits imposed by its risk management capacity. Moreover, the portfolio overview enables the performance of systematic assessments about the potential development of the risk profile upon occurrence of certain events and/or specific choices that may result in any changes to it, through the use of dedicated risk management tools.

The risk management framework, as outlined above and subject to further and future developments, has been designed to support decision-making and operational processes at every stage of the management of projects, in order to reduce the possibility that certain events may compromise the Group's normal business operations or its strategic objectives: to this end, it is integrated in strategic and business planning processes, which, therefore, cannot be separated from the Group's risk profile, as well as from its choices in terms of risk appetite.

Main risk factors and uncertainties

In addition to the areas outlined in the “Business risk management” section above, the following specific situations linked to major outstanding claims and country risk exposure at 30 June 2016, characterised by risk and/or uncertainty profiles, should be added to the universe of risk events that may potentially impact on operations.

Litigation

USW Campania projects

The Group became involved in the urban solid waste disposal projects in the Province of Naples and other provinces in Campania at the end of the 1990’s through its subsidiaries FIBE and FIBE Campania (the “companies”).

The main phases of the USW Campania projects were as follows:

(i) the “Contractual” phase, which started in the 2000-2001 period with the signing, by the two SPEs FIBE and FIBE Campania of the service contracts for the disposal of urban solid waste in the provinces of Campania and ended on 15 December 2005 with the “ope legis” termination of these contracts pursuant to Decree law no. 245/2005 (converted into Law no. 21 of 27 January 2006);

(ii) the “Transitional” phase which started upon conclusion of the Contractual phase and lasted until the enactment of Decree law no. 90 of 23 May 2008 and Decree law no. 107 of 17 June 2008, both converted into Law no. 123 of July 14, 2008. The latter measure officially marked, among other things, the Group’s exit from the waste disposal business, by transferring title to the RDF and storage facilities to the provincial administrations;

(iii) the “Current” phase launched at the end of the “Transition “phase, which is still underway.

The major issues that have characterised the Group’s activities in service contracts since 1999-2000, which have been discussed in detail and reviewed in all of the reports published by the Group starting from that time, have evolved and became more complex over the years, giving rise to a large range of disputes, some of which are major and in part still ongoing. Even given the positive developments, the general situation in terms of pending disputes is still very complex. A brief overview is provided below, especially in relation to existing risk positions.

Since FIBE Campania S.p.A. was merged into FIBE S.p.A. in 2009, unless otherwise stated, reference is made exclusively to FIBE in the rest of this section, even with regard to positions and events that affected the merged company.

Administrative litigation

Recovery of the amounts owed to FIBE by local administrations for waste disposal fees up to the contracts' termination date

The special commissioner tasked by the Regional Administrative Court to collect receivables of former operators of the waste disposal service performed until 15 December 2005 submitted their report in November 2014, in which they stated that, despite an outstanding amount payable to FIBE as a fee for its service rendered until 15 December 2005, the administration had already collected directly €46,363,800, without forwarding it to FIBE, and that total outstanding receivables totalled €74,317,550.

The administration, apart from raising some objections, which were rejected by the Regional Administrative Court and related to calculation criteria and the offsetting of receivables (which, incidentally, were the subject of other rulings), lodged a motion, requesting that the appeal should be rejected on the grounds of expiry of the regulation - starting from 31 December 2009 - allowing performance of the activities that should have been carried out by the special commissioner. On 13 February 2015, the Regional Administrative Court and, subsequently, on 1 September 2015, the Council of State, rejected the appeal confirming that the Administration and, on its behalf, the commissioner appointed to replace it were still responsible for collecting receivables due to FIBE.

Following the resignation of the special commissioner and the subsequent appointment of the General Commander of the Italian Financial Police by the Regional Administrative Court as their replacement and as a result of the anticipated incompatibility raised by the latter, on 13 July 2015, the Regional Administrative Court appointed the Ministry of economy and finance's (MEF) Chief of Staff, who, on 10 September 2015, appointed a manager of the aforementioned MEF as attorney. With notice of 16 November 2015, the new commissioner asked the Regional Administrative Court whether the duties assigned entailed, apart from collection, also the payment to FIBE of the amounts already collected by the Administration. The Regional Administrative Court held that the commissioner's activities would satisfy FIBE's requests only after their work was completed and, hence, excluding the possibility that amounts collected from the Administration could be paid to it. FIBE intends to challenge this ruling.

Request that FIBE take back ownership of certain areas and storage sites by the parties appointed by the government commissioner to handle technical and operating activities

Starting in 2008, FIBE had to deal with a number of repeated events where the parties appointed by the government commissioner to handle technical and operating activities demanded that FIBE take back ownership of certain areas and storage sites already handed over to the appointed parties in August 2008, since they were deemed not to be suitable for the management of the service. The Lazio Regional Administrative Court and the Council of State, following appeal of the relevant measures by FIBE, confirmed the suitability of the aforementioned sites for the integrated waste cycle. The civil proceedings before the Naples Court initiated by S.A.P.NA. S.p.A., a local company set up by the Naples provincial authorities, are part of this situation. S.A.P.NA. S.p.A. challenged its takeover of title to certain temporary and definitive areas and storage sites in roughly 40 proceedings. It also requested to be indemnified and held harmless by FIBE S.p.A. and/or the government commissioner from the operating costs incurred in the meantime and yet to be incurred, including for possible site reclamation. Following the rulings of the Ordinary Court of Naples, which found that jurisdiction rested with the Administrative Court, the majority of the afore-mentioned dispute was resumed by S.A.P. NA. S.p.A. before the Campania Regional Administrative Court. With the rulings filed for the first appeals discussed, the Campania Regional Administrative Court fully rejected all claims brought by S.A.P. NA. S.p.A..

Administrative procedures for the recording and recognition of the costs for activities carried out and the work ordered by the Administration during the transitional management period

As early as 2009, FIBE filed a claim with the Lazio Regional Administrative Court the administrative procedures for the reporting and recognition of the costs incurred by the former service contractors for activities carried out pursuant to law and the work ordered by the Administration and performed by the companies during the transitional management period.

As part of the aforementioned ruling, the Regional Administrative Court appointed an inspector who, on 31 March 2014, submitted a final report that compared the amounts stated by FIBE in its appeal and the supporting documentation, finding the figures to be substantially consistent. Allowing the inspection request submitted by FIBE, the Regional Administrative Court ordered an extension to the inspection performed, asking for the identification of the existence and extent of the amounts requested and documented by the applicants upon reporting, whose investigation was omitted or not fulfilled by the Administration. To this end, it set 28 October 2016 as the deadline for filing the report and 11 January 2017 as the date of the hearing for the discussions.

Delivery of waste to the Acerra waste-to-energy plant

With their appeal notified on 18 May 2009 (RG no. 4189/09), the companies challenged the Prime Minister's Order no. 3748/09 before the Lazio Regional Administrative Court whereby it illegaly stated that only waste produced and stored after the date of termination of the service contracts with the companies (15 December 2005) was to be transferred to the Acerra waste-to-energy plant. The related merits hearing was held on 18 May 2016 and the ruling has still to be handed down

Payment of the RDF plants

With ruling no. 3886 of 5 May 2011, the Lazio Regional Administrative Court upheld FIBE's claim and ordered the Administration to pay the undepreciated costs at the termination date for the RDF plants to FIBE, for a total amount of €205 million, plus legal and default interest from 15 December 2005 until settlement.

Following the enforcement procedure filed by FIBE and opposed by the Office of the Prime Minister, FIBE obtained the allocation of €241 million as a final payment for the receivables for principal and legal interest and suspended the enforcement procedure for the further amount of default interest claimed. Both parties initiated proceedings about the merits of the case. Following the adjournment of proceedings with the order of 17 July 2015, the dispute was discussed during the hearing of 21 October 2015. The judge rejected the petition for default interest submitted by FIBE in the ruling of 12 February 2016, which FIBE intends to challenge.

Again with respect to the costs not depreciated at 15 December 2005 for the Campania RDF plants, measures are being taken to recover the VAT paid on the principal amount collected of €205 million ordered to be paid by the judge. A separate legal action was therefore commenced for the recovery of the VAT which, on 28 January 2015, led to obtaining a payment order against the Office of the Prime Minister, which it opposed on 13 March 2015. At the hearing of 29 October 2015, the proceedings were adjourned for conclusions to 12 January 2016 when the relevant decision was taken.

Environmental disputes

During the various stages of the USW Campania projects, the Group had to deal with a large number of administrative measures regarding reclamation and the implementation of safety measures at some of the landfills, storage areas and RDF plants. The unsuccessfully resolved proceedings are on hold pending the merit hearings. For the proceedings regarding the characterisation and emergency safety measures at the Pontericcio site, the RDF plants in Giugliano, the temporary storage area at Cava Giuliani, the Lazio Regional Administrative Court rejected the appeals filed by FIBE with ruling no. 6033 of 2012. An appeal against this ruling, based also on contamination found at a site different to those subject of the proceedings, was filed with the Council of State. It denied FIBE's precautionary motion to stay the enforcement of the decision. A date for the merits hearing has not been set yet. With respect to the Cava Giuliani landfill, the Lazio Regional Administrative Court, with ruling no. 5831/2012, found that it lacked jurisdiction in favour of the Superior Court of Public Waters, before which the appeal was summed up. Meanwhile, FIBE is continuing with the characterisation operations for the above sites, but this does not constitute any admission of liability whatsoever.

The civil litigation

In May 2005, the government commissioner filed a motion requesting compensation from FIBE, FIBE Campania and FISIA Italimpianti for alleged damage of about €43 million. During the hearing, the commissioner increased its claims to over €700 million, further to the additional claim for damage to its reputation, calculated to be €1 billion.

The companies appeared before the court and, in addition to disputing the claims made by the government commissioner, filed a counterclaim requesting compensation for damage and sundry expenses for over €650 million, plus a further claim for reputation damage quantified at €1.5 billion. In the same proceeding, the banks that issued FIBE and FIBE Campania's performance bonds to the government commissioner also requested the commissioner's claim be dismissed and, in any case, to be held harmless by Salini Impregilo (at the time, Impregilo), which appeared before the court and disputed the bank's requests.

The public prosecutor appealed against the ruling of 11 April 2011, which found that jurisdiction rested with the administrative court and not with the ordinary court, setting the hearing date for the file's reconstruction to 2 February 2017.

On 1 August 2012, the Ministry of Justice and the Cassa delle Ammende summarised the ruling for enforcement of the sureties for €13 million before the Milan Court. These sureties had been given by major banks to guarantee execution of the measures imposed by the Naples public prosecutor as part of the seizure of the RDF plants.

With decision no. 6907/14, the Milan Court denied the requests made by Cassa delle Ammende and by the Ministry of Justice against the banks, UniCredit and ABC International Bank PLC, accordingly declaring the claims for recourse filed by the banks against Impregilo and FIBE and the latter against the Office of the Prime Minister absorbed.

The Ministry of Justice and the Cassa delle Ammende appealed against this decision before the Milan Appeal Court and the related proceedings were postponed to 13 December 2016 for clarification of the conclusions.

On 30 November 2015, the Office of the Prime Minister received a new claim form served by FIBE and other group companies involved in various ways in the activities performed in Campania for the waste disposal service, containing claims for the damage suffered as a result of termination of the agreements in 2005.

The total amount claimed is €1,741 million, plus corporate damages, yet to be quantified, caused to the Group for loss of the reference market. Considering that some requests are already included in other proceedings, the net amount is €1,570 million for quantified items. The Office of the Prime Minister filed a counterclaim for € 845 million for reasons already included in other proceedings.

Finally, the public administration has recently commenced proceedings challenging FIBE's operations with respect to the complex situation of receivables and payables arising from the "contractual phase". Although these are separate from the other proceedings described above, they refer to the same claims filed by FIBE in the administrative courts that the special commissioner is still working on. Accordingly and comforted by the advice of the legal advisors which support it in this complicated situation, the Group believes that FIBE's fully compliant conduct during the "contractual" period can reasonably be confirmed and that the risk of a negative outcome of these proceedings is a mere possibility. Specifically, the Group's legal advisors believe that the public administration's claims can reasonably be countered considering the counterclaims and, moreover, the admissibility in these proceedings of a court-ordered offsetting process.

Lastly, pending proceedings include a lawsuit in opposition to a payment order obtained by FS Logistica (formerly Ecolog) against the Office of the Prime Minister for the payment of consideration owed for assignments it received from 2001 to 2008 by the then government commissioner for shipment of waste outside Italy. The claim made through a summary procedure was brought against the Office of the Prime Minister, which, in turn, summoned FIBE as a guarantee, who, in turn, filed a counterclaim for the payment of a greater expense incurred during the concession. The judge allowed a court-ordered technical expert's report only with regard to the claims of FS Logistica toward the Office of the Prime Minister and subject of the order, adjourning the hearing to 31 March 2016. The parties then filed a settlement agreement and requested an extension to complete the procedure. The hearing was deferred to 22 September 2016 to acknowledge the settlement agreement and define the relationship between FS Logistica and the Office of the Prime Minister, while actions to hear the claims of FIBE and the Office of the Prime Minister will be continued.

Tax litigation

The outstanding claim on local property tax (ICI) on Acerra's waste-to-energy plant should be mentioned in this respect.

In January 2013, the company received tax assessment notices from the Acerra municipality with respect to the waste-to-energy plant, which requested payment of local property tax and relevant penalties for approximately €14.3 million for the years 2009-2011. The amount requested by the Municipality and challenged by the company was confirmed as far as its applicability but reduced in terms of its amount and penalties by Naples' Regional Tax Committee, so that the original tax bills issued were cancelled.

Even if it believes that it will be able to reverse the ruling through an appeal to the Supreme Court, in 2015, the company - comforted by its legal advisors - set aside a provision for an amount equal to just the tax plus any accrued interest as a precautionary measure.

Criminal litigation

In September 2006, the public prosecutor at the Naples Court served Impregilo S.p.A. (now Salini Impregilo), Impregilo International Infrastructures N.V., FIBE S.p.A., FIBE Campania S.p.A., FISIA Italimpiant S.p.A. (now Fisia Ambiente S.p.A.) and Gestione Napoli in liquidation with a "Notice of the conclusion of the preliminary investigations about the administrative liability of companies" related to the alleged administrative offence pursuant to article 24 of Legislative decree no. 231/2001, as part of criminal proceedings against some former directors and employees of the above-mentioned companies, who were being investigated for the crimes covered by article 640.1/2.1, of the Italian Criminal Code in connection with the contracts for management of the urban solid waste disposal cycle in Campania. Following the preliminary hearing of 29 February 2008, the Preliminary Investigation Judge at the Naples Court allowed the motions for indictment presented by the public prosecutor, rejecting all the civil parties' claims against the companies finding them to be unacceptable.

As part of these proceedings, in its ruling of 26 June 2007, the Preliminary Investigation Judge ordered the precautionary seizure of the profit from the alleged crime, estimated to approximate €750 million.

The precautionary proceedings continued for nearly five years and finally ended in May 2012, without any action taken against the Group. On 4 November 2013, the Naples Court handed down a decision finding all defendants not guilty on all charges. In March 2014, the public prosecutor office of Naples challenged the decision and the first hearing was set for 29 June and then 28 September 2016 while the members of the jury are being elected.

***

In 2008, as part of a new investigation into waste disposal in the Campania region carried out after the ope legis termination of the contracts (on 15 December 2005), the Preliminary Investigations Judge, upon a request by the public prosecutor, issued personal precautionary seizure measures against some managers and employees of FIBE, FIBE Campania and FISIA Ambiente and managers of the commissioner's office. As part of this investigation, which in the record is described both as a continuation of an earlier investigation and as separate proceedings based on new charges, the former service providers and FISIA Ambiente are again charged with the administrative liability attributable to companies pursuant to Legislative decree no. 231/01.

In the hearing of 21 March 2013, the Preliminary Hearing Judge ordered that all the defendants and legal entities involved pursuant to Legislative decree no. 231/2001 be committed for trial for all charges, transferring the proceedings to the Rome Court as a result of an acting judge being listed by the Naples public prosecutor as being under investigation.

At the hearing of 1 April 2014, the Rome Court acquired the ruling delivered by the Fifth Criminal Chamber of the Naples Court in the aforementioned “parent” proceedings (RGNR 15940/03). On 16 June 2016, the Court accepted the public prosecutor’s request and found all the individuals involved in the proceedings not guilty. The hearing will continue for the companies involved pursuant to Legislative decree no. 231/2001.The next hearing is set for 29 November 2016.

On 23 December 2011, as the party involved pursuant to Legislative decree no. 231/01, FIBE was notified of the completion of the preliminary investigations related to another investigation by the Naples public prosecutor. The allegation relates to the charging of article 24 of Legislative decree no. 231/01 relating to the committing of the crime covered and punished by article 81 and articles 110 and 640.I/II of the Italian Criminal Code committed jointly and with the prior agreement of the defendants (individuals) and other parties to be identified with respect to management of the urban waste water purification service using purification systems.

FIBE is accused as it has allegedly presented documents reporting among the other items related to the elimination of USW the cost of transferring leachate, while not mentioning why the leachate had been transferred to plants that did not have the necessary legal authorisation, technical qualifications and residual purification capacity.

The public prosecutor filed a motion requesting that the Preliminary Investigations Judge of the Naples Court hear the case filed and the latter, upholding the objection presented by the defence of the public bodies, ruled that it lacked jurisdiction and ordered that the record of the proceedings be forwarded to the Rome public prosecutor.

On 13 April 2015, the Rome public prosecutor requested the closure of proceedings for all defendants (both individuals and companies) and all claims. The decision of the Preliminary Investigations Judge is pending.

As it relates to events challenged in the period after the contracts were terminated, when the companies’ activities were not solely specifically covered by Law no. 21/2006 but also carried out on behalf of the commissioner, the group companies involved are fully convinced that they acted in accordance with the law.

The directors’ considerations about the USW Campania projects at 30 June 2016

The general situation of the Salini Impregilo Group with respect to the USW Campania projects at 30 June 2016 still continues to be extremely complex and uncertain (as can be seen from the complexity of the above information).

The decisions of the administrative courts regarding the claims made for the costs of the RDF plants that had not been depreciated when the service contracts were terminated (15 December 2005) and the decisions recently handed down for proceedings initiated by S.A.P. NA. S.p.A., as discussed earlier in this report, are positive and extremely important factors because they support the Group’s arguments regarding the correctness of its conduct and the resulting assessments made to date.

Taking also into account the decisions handed down by the administrative judges regarding the aforementioned environmental issues (which are still pending with regard to the merit) and for which the directors, with the support of the legal advisors assisting FIBE in the various disputes, deem the risk of an unfavourable outcome to be in the realm of mere possibility, at this time, an accurate timeframe for the end of the various pending proceedings cannot be reasonably determined.

Given the complexity and range of the different disputes disclosed in the previous sections, the Group cannot exclude that events may arise in the future that cannot currently be foreseen which might require changes to these assessments.

Panama Canal extension project

With regard to this project, certain critical issues arose during the first stage of full-scale production which, due to their specific characteristics and the materiality of the work to which they relate, made it necessary to significantly revise downwards the estimates on which the early phases of the project had been based. The most critical issues related, inter alia, to the geological characteristics of the excavation areas, specifically with respect to the raw materials required to produce concrete and the processing of such raw materials during normal production activities. Additional problems arose due to the adoption by the customer of operational and management procedures substantially different from those contractually agreed, specifically with regard to the processes for the approval of technical and design solutions suggested by the contractor. These facts, which were the subject of specific disclosures in previous reports published by the Group, continued in 2013 and 2014. Faced with the customer's persistent unwillingness to reasonably implement appropriate, contractually provided for measures to manage such disputes, the contractor - and thus the original contractor partners - was forced to acknowledge the resulting impossibility to continue the construction activities needed to complete the project at its full and exclusive risk by undertaking the relevant full financial burden without any guarantee of the commencement of objective negotiations with the counterparty. In this context, at the end of 2013, formal notice was sent to the customer to inform it of the intention to immediately suspend work if the customer refused once again to address this dispute in accordance with a contractual approach based on good faith and the willingness of all parties to reach a reasonable agreement.

Negotiations between the parties, supported by the respective consultants and legal/contract experts, were carried out through February 2014 and, on 13 March 2014, an agreement was signed. The essential elements of the agreement provided that the contractor would resume works and functionally complete them by 31 December 2015, while the customer and contracting companies agreed to provide financial support for the works to be finished up to a maximum of about USD1.4 billion. The customer met its obligation by granting a moratorium on the refunding of already disbursed contractual advances totalling about USD800 million and disbursing additional advances amounting to USD100 million. The group of contractor companies met their obligation by directly disbursing USD100 million and additional financial resources, through the conversion into cash of existing contractual guarantees totalling USD400 million. The reimbursement of the amounts granted to finance the work to be performed was postponed, so as to make it compatible with the expected outcome of the arbitration proceedings, already commenced to establish the responsibilities of the parties for the extra costs already incurred and to be incurred due to the aforementioned situation.

At the end of 2014, the DAB (Dispute Adjudication Board), established by the parties pursuant to the contract, granted Grupo Unidos por el Canal (GUPC, the winning consortium) an extension of time of 176 days and an amount of USD244 million, of which USD233 million paid in early 2015 and a further USD10 million in the last quarter of the year. In December 2015 and January 2016, the DAB accepted the claims made by GUPC on three separate occasions of USD6.2 million, USD24.7 million and USD11.2 million. In addition, on 20 June 2016, the DAB approved another USD2.7 million. Additional compensation is expected to be awarded for other claims currently being prepared by the DAB. These awards should be published by the end of the year.

Two separate arbitration hearings are ongoing before the International Chamber of Commerce between GUPC (with its European partners Sacyr, Salini Impregilo and Jan De Nul) and the Panama Canal Authority.

The first relates to the Cofferdam dispute and is at an advanced stage: the merit hearings were held in Miami in July 2016 to be followed by the concluding briefs and the award, expected to be issued in the first quarter of 2017.

The second hearing covers DAB’s decisions about the claims about the inadequate quality of the basalt compared to the quality guaranteed by ACP and the lengthy delays caused by ACP to approve the design formula for the concrete mix. This proceeding is still at an initial stage.

Already in previous years, the Group applied a valuation approach to the project on the basis of which significant losses to complete the contract were recognised, offset in part by the corresponding recognition of the additional consideration claimed from the customer and determined based on the expectation that recognition of such consideration could be deemed to be reasonably certain based on the opinions expressed by its legal advisors and in light of the damages awarded by the DAB.

In 2016, the estimate for the additional costs to complete the project was updated, as well as the additional consideration claimed from the customer (again with the support of the company’s technical and legal experts).

The Group cannot exclude that currently unforeseeable events may arise in the future which could require changes to the assessments made to date.

The work to extend the Panama Canal has been substantially completed to the customer’s satisfaction and the Canal’s re-opening took place in June 2016.

CAVTOMI Consortium (Turin-Milan high speed/capacity line)

With respect to the contract for the Turin-Milan high speed/capacity railway line - Novara - Milan sub-section, the general contractor Fiat (now FCA N.V.) is required to follow the contractual claims recorded by the general contractor CAVTOMI Consortium (the “consortium”), in which Salini Impregilo has a share of 74.69%, against the customer Rete Ferroviaria Italiana (“RFI”). The consortium carried out all design and execution activities for the project.

Accordingly, on 18 April 2008, Fiat initiated contractual arbitration proceedings against RFI for the award, in particular, of damages incurred for delays in the works ascribable to the customer, non-achievement of early completion bonus also due to the customer and higher consideration. On 9 July 2013, the arbitration court handed down an award in favour of Fiat, ordering RFI to pay approximately €187 million (of which about €185 million pertaining to the consortium).

RFI appealed against the award before the Rome Appeal Court on 30 September 2013 and paid the amount due to Fiat in October 2013, which, in turn, forwarded the relevant share to the consortium in December 2013.

The ruling of 23 September 2015 of the Rome Appeal Court cancelled a large part of the aforementioned arbitration award. FCA appealed to the Supreme Court and issued a claims form for the revision of the Appeal Court's ruling.

Since the Appeal Court's ruling is enforceable and following the notification by RFI to FCA of a writ of enforcement of approximately €175 million, FCA and RFI reached an agreement whereby FCA provided RFI with the following guarantees in order to prevent enforcement of the aforementioned ruling, without prejudice to the parties' substantive rights, which are subject to final judgement: (i) payment of an amount of approximately €66 million (€49 million for Salini Impregilo); and (ii) issue to RFI of a bank surety of €100 million (€75 million for Salini Impregilo).

The legal advisors representing FCA in this dispute deem that the appeal of the Appeal Court's ruling has good and substantial chances of success; therefore, the consortium is confident that its arguments will be accepted at the end of the dispute and that it will recover the amounts recognised as loans and receivables at the reporting date.

The Group cannot exclude that currently unforeseeable events may arise in the future which could require changes to the assessments made to date.

COCIV

With the claim form notified to the COCIV Consortium on 18 September 2014, the customer RFI S.p.A. challenged the validity of the inter partes arbitration award of 20-21 June 2013 and also requested the return of about €108 million (approximately €74 million for Salini Impregilo) collected by COCIV as a result of the award.

The COCIV Consortium appeared in court and the case was adjourned to 17 March 2017 for clarification of the conclusions. The consortium, represented by its legal advisors, is confident that the arbitration award will be confirmed by the ruling.

The Group cannot exclude that currently unforeseeable events may arise in the future which could require changes to the assessments made to date.

Santiago Metro - Chile

The project for the construction of two sections of line 6 of the Santiago Metro was won in 2013 by Salini Impregilo Group, through its subsidiary Empresa Constructora Metro 6 Limitada and is worth CLP3.3 million (Unidad de Fomento - equivalent to €122 million). A series of events interfered with the work, such as unexpected geological conditions that were very different from those reported by the customer, project engineering changes, archaeological finds and the customer's prohibition to working at night despite the fact that it would not exceed the maximum permitted noise levels.

These factors led to delays that were partially recognised by the works management, but never formalised by the customer. The customer, at its own initiative and on the basis of a schedule different from that agreed, started imposing fines in November 2013. These fines were all challenged.

In addition to the above, relations with the customer were characterised by complex situations, resulting in five requests to extend the delivery date of the work and, in 2014, to the revision of its scope.

With respect to this situation, Empresa Constructora Metro 6 Limitada submitted various claims to the customer in July 2014, and requested an Extension of Time, asking that they be assessed by the relevant contractually-provided for body.

In August 2014, the customer rejected the requests and submitted Salini Impregilo's claim directly for arbitration before the Santiago Chamber of Commerce, failing to respect the contractual provisions requiring prior consultation between the parties for the selection of the single arbitrator.

The first hearing was scheduled for 25 September 2014, but the customer asked it be postponed to 6 October 2014. In the meantime, on 3 October 2014, the customer informed Empresa Constructora Metro 6 Limitada of the early termination of the contract based on grounds that have been challenged in full and are currently the subject of the aforementioned arbitration. The customer has the contractual right to terminate the contract with Empresa Constructora Metro 6 Limitada at any time, regardless of any breaches denied by it.

On the same date, the customer presented a request to the Chilean banks for the enforcement of the contract sureties (local contract guarantees secured by European banks) for a total of CLP912,174 (the equivalent of € 29.9 million). These amounts also include the full enforcement of the guarantee for advance payment, even though CLP156,323 (the equivalent of €5.1 million) had already been repaid to the customer through the monthly certifications (a criminal report was filed in Chile).

The subsidiary responded to the customer's initiatives by requesting that the surety enforcement order be suspended and that the operational and contractual conditions be reinstated to those existing on 2 October 2014.

The arbitrator did not find grounds for an urgent order to suspend enforcement of the sureties and reserved final judgment, prolonging the suspension of the works.

Therefore, the amounts corresponding to the guarantees referred to above were paid.

Negotiations with the customer are in place to settle the dispute.

The directors (supported by the legal advisors) believe that the Group has acted correctly and the amounts recognised as loans and receivables and work in progress at 30 June 2016 can be recovered.

Considering the complexity of the existing situation and the uncertainties linked to the arbitration procedure underway with respect to both the legal assessment and the relationship with the customer, however, it cannot be ruled out that events may occur in the future which could require changes to the assessments made to date.

Strait of Messina bridge - Eurolink

In March 2006, as lead contractor of the joint venture created for this project (interest of 45%) (subsequently merged into Eurolink Consortium), Impregilo S.p.A. (now Salini Impregilo S.p.A.) signed a contract with Stretto di Messina S.p.A. for its engagement as general contractor for the final and executive designs and construction of the Messina Strait Bridge and related roadway and railway connectors.

A bank syndicate also signed the financial documentation required in the General Specifications after the joint venture won the tender, for the concession of credit lines of €250 million earmarked for this project. The customer was also given performance bonds of €239 million, as provided for in the contract. Reduction of the credit line to €20 million was approved in 2010.

Stretto di Messina S.p.A. and the general contractor Eurolink S.c.p.A. signed a rider in September 2009 which covered, inter alia, suspension of the project works carried out since the contract was signed and until that date. As provided for by the rider, the final designs were delivered to the customer and its board of directors approved them on 29 July 2011.

Decree law no. 187 was issued on 2 November 2012 providing for “Urgent measures for the renegotiation of the contracts with Stretto di Messina S.p.A. (the customer) and for local public transport”. Following enactment of this decree and given the potential implications for its position as general contractor, Eurolink, led by Salini Impregilo, notified the customer of its intention to withdraw from the contract under the contractual terms, also to protect the positions of all the Italian and foreign co-venturers. However, given the immense interest in constructing the works, the general contractor also communicated its willingness to review its position should the customer demonstrate its real intention to carry out the project. To date, the ongoing negotiations have not been successful despite the efforts made. Eurolink has commenced various legal proceedings in Italy and the EU, arguing that the provisions of the above decree are contrary to the Constitution and EU laws and that they damage Eurolink’s legally acquired rights under the contract. It has also requested that Stretto di Messina be ordered to pay the amounts requested by the general contractor due to the termination of the contract for reasons not attributable to it. With regard to the actions filed at EU level, in November 2013, the European Commission communicated its decision not to follow up the proceedings, as no treaties were violated, and confirmed this on 7 January 2014, with a communication dismissing the case. As regards the civil action in Italy, Salini Impregilo S.p.A. and all the members of Eurolink have jointly and severally asked that Stretto di Messina be ordered to pay the amounts claimed, for various reasons, due to the termination of the contract for reasons not attributable to them.

Considering the complex nature of the various legal proceedings and although the legal advisors assisting Salini Impregilo and the general contractor are reasonably confident about the outcome of the proceedings and the recoverability of the remaining assets recognised for this contract, it cannot be excluded that events not currently foreseeable may arise in the future which would require the current assessments to be revised.

Romania - Orastie-Sibiu highway

Salini Impregilo has been operating in Romania since July 2011 following the start of the works for the Orastie-Sibiu highway section contract (Lot 3).

In July 2013, it was awarded a second tender for the development of Lot 2 of another highway section between the cities of Lugoj and Deva.

The two contracts are part of a wider road project called Pan-European Corridor IV, which cuts through Romania from Nãdlac (on the border with Hungary) via Pitesti and reaches Costanza, on the Black Sea. Both contracts were entered into with the Romanian National Road & Highways Company (CNADNR) and 85% financed with EU structural funds and 15% by the Romanian government.

The Orastie-Sibiu contract provided for the construction of 22.1 km of two-lane highway (plus the relevant emergency lanes). In September 2015, Salini Impregilo presented an application for arbitration to the customer for claims about the extension of the original contractual delivery times and payment of an additional consideration due to unforeseeable events and the customer's negligent conduct. On 13 January 2016, with works completion at 99.9%, following a number of disputes between the parties, the customer terminated the contract and enforced the contractual guarantees of approximately €13 million, motivating such unilateral decision as being due to the alleged non-resolution of non-compliances notified by works management. The aforementioned contract termination, which the parent deemed fully unfounded, was formally contested as a result. The dispute between the parties will be submitted to arbitration procedures.

The directors (also based on the advice of their legal and technical experts), believe that the parent's operations were correct and that the amounts recognised as contract work in progress at 30 June 2016, inclusive of requests for additional consideration also part of the claim, can be collected.

Considering the uncertainties linked to the dispute's stage, the Group cannot exclude that currently unforeseeable events may arise in the future which could require changes to the assessments made to date.

Rome Metro

As part of the contract for the design and construction of the works for the B1 line of the Rome Metro, Salini Impregilo commenced legal proceedings in its name and as lead contractor of the joint venture, against Roma Metropolitane S.r.l. and Roma Capitale requesting they be ordered to pay the disputed claims recorded during works execution, for which a technical appraisal by a court-appointed expert was provided.

The directors (also supported by their legal and technical experts) deem that the amounts recognised in contract work in progress at 30 June 2016, inclusive of the additional consideration claimed from the customer and calculated based on the expectation that recognition of such consideration could be deemed to be reasonably certain also on the basis of the aforementioned expert opinions, are collectible.

Considering the uncertainties linked to the dispute stage, the Group cannot exclude that currently unforeseeable events may arise in the future which could require changes to the assessments made to date.

Naples - construction of a railway section for an urban railway system, Piscinola-Secondigliano segment

Construction of the civil engineering structures for the Piscinola-Secondigliano railway section, part of a project to modernise and upgrade the Naples - Alifana railway, was suspended in the second half of 2011 due to the failure of the customer Metrocampania Nordest S.r.l. (now Ente Autonomo Volturno) to pay the consideration owed for the work. As a result, the only activities carried out concerned ensuring the safety of the construction sites.

While aware of the strategic significance of the project for the purpose of completing the Naples ring railway system, the customer was unable to honour its commitments due to the financial difficulties that characterised the budget of the Campania region, which, ultimately, created a shortage of financial resources at its subsidiary Metrocampania Nordest S.r.l., making disbursement of the consideration owed extremely difficult.

In light of this situation, the Ministry of Infrastructures and Transportation, in accordance with the provisions of Decree law no. 83 of 22 June 2012 (converted into Law no. 134 of 7 August 2012), appointed a special commissioner tasked with determining the amounts of the payables and receivables of the companies that operate the regional railway services, with the aim of developing a plan to cover the assessed deficit.

At this point, the appointed commissioner has apparently completed their task regarding the investigative and planning phase and are now expected to announce their subsequent decisions.

Considering that, in order to allow the commissioner to carry out their activities, the above-mentioned Decree law specified that no payment enforcement actions may be activated or pursued against the companies owned by the regional administration that operate railway transportation services for 12 months from the effective date of the above-mentioned Decree law no. 83 (a deadline that has been extended several times and recently confirmed until 31 December 2016 by article 41.5 of Decree law no. 133/2014), Todini Costruzioni Generali S.p.A., subsequently replaced by HCE Costruzioni S.p.A., has nevertheless taken all actions that it deemed necessary to obtain satisfaction of its rights, while maintaining a non-confrontational relationship with its customer, which still considers completion of the railway segment in question a priority for the effective operation of the metro railway loop.

Finally, with its document of 30 June 2014 notified to the customer, Todini Costruzioni Generali S.p.A. transferred all the receivables arising from the unpaid invoices issued to Ente Autonomo Volturno to Salini Impregilo S.p.A..

During 2014, and before formalisation of the transfer deed, the customer paid approximately €8.5 million to Todini Costruzioni Generali S.p.A.. Negotiations are in place with the customer, which has also requested the dispute concerning implementation of the lot adjacent to the Naples-Alifana railway (Secondigliano-Di Vittorio), contracted to a joint venture of which Todini Costruzioni Generali S.p.A. is the lead contractor, be included in the settlement.

In relation to the Secondigliano - Di Vittorio section (whose works were never started), the joint venture commenced legal proceedings to have the contract declared terminated, claiming compensation for all damages.

The directors (also supported by their legal and technical experts) deem that the Group acted correctly and that the amounts recognised in contract work in progress at 30 June 2016 are recoverable, inclusive of the additional consideration claimed as part of the dispute, determined based on the expectation that recognition of such consideration could be deemed to be reasonably certain, also on the basis of the aforementioned expert opinions.

Considering the uncertainties linked to the dispute's stage, the Group cannot exclude that currently unforeseeable events may arise in the future which could require changes to the assessments made to date.

A1 Milan-Naples motorway, work to upgrade the Apennine Mountains section between Sasso Marconi and Barberino di Mugello, La Quercia-Aglio segment

The works were substantially finished and the segment was opened to traffic in December 2015.

In June 2011, the Florence public prosecutor, at the end of an investigation launched in 2005, charged some employees/senior managers of Todini Costruzioni Generali S.p.A. with environmental crimes allegedly related to the construction of the new route across the Apennines.

On 5 November 2012, the Preliminary Hearing Judge ruled for all the accused parties that the statute of limitations had run out on the alleged crimes regarding water control and effluent management and committed for trial the above-mentioned defendants for the alleged crimes concerning the management of excavated soil and rocks and environmental damage.

In the hearing of 26 March 2013, before the Florence Court, the Ministry of the Environment joined the proceeding seeking damages from the parties liable under civil law, that is Todini Costruzioni Generali, Autostrade per l'Italia S.p.A., and the other contractors involved (in addition to said defendants) by claiming damages "for equivalent assets" of not less than €810 million or such amount as the Court considers just and appropriate.

In support of its claim, the Ministry of the Environment filed a report by the I.S.P.R.A. (an institute established within the Ministry), which was struck from the record of the proceedings at a hearing on 9 December 2013, as the judge ruled that the introduction of this document could not be allowed because it had not been developed in the presence of both parties and lacked the name of the party who wrote it.

Since the civil claimant failed to produce documents or consultants, at this point, the damage claim is not supported by any evidence as to its amount.

The investigation phase began in January 2014 and is still ongoing. At the hearing of 9 May 2016, HCE Costruzioni S.p.A. appeared in court as the transferee of Todini Costruzioni Generali S.p.A.'s Italia business unit, which includes the contested contract and related proceedings.

The Group denies having any responsibility for the disputed issues, emphasising that its conduct was completely lawful and that the charges levied against it are groundless. It also objects to the outrageous amount of the damage claim filed by the Ministry of the Environment, which, in addition to being presented without first requesting the adoption of any environmental remediation measures that might have been necessary, does not appear to be compliant with Italian law and European Directive no. 2004/35/EC. In this respect, the European Commission activated an infringement procedure against Italy in 2007 (no. 2007/4679), confirmed on 27 January 2012 with a complementary reasoned opinion, which recently resulted in the adoption, with Italian Law no. 97 of 6 August 2013, of amendments to the Single Environmental Code enacted with Legislative decree no. 152 of 3 April 2006, which include the elimination from the text of article 311 of the above-mentioned Legislative decree no. 152/2006 of the reference to the damage claim "for equivalent assets”, due to the fact that compensation for environmental damages can firstly be achieved with specific remediation measures.

Comforted by the opinion of its legal advisors, the Group believes that the above-mentioned damage claim is groundless and, consequently, that the risk of the claim being granted is remote. Consequently, the directors did not find it necessary to recognise a provision in the condensed interim consolidated financial statements.

Considering the uncertainties linked to the dispute’s stage, the Group cannot exclude that currently unforeseeable events may arise in the future which could require changes to the assessments made to date.

Sesto San Giovanni building

The parent became involved in a dispute with the lessor of its previously leased registered office in 2009 following the relocation of its registered office from Sesto San Giovanni (Milan) to its current premises in Milan. The dispute was settled with the arbitration award of December 2012, which accepted the claim made by the lessor and ordered the parent to pay the outstanding lease payments for the remaining term of the lease which expired in July 2012. The parent promptly challenged the award with the relevant Milan Appeal Court which has yet to hand down its ruling. Moreover, the parent had already provided for the outcome of the arbitration in its 2012 financial statements pending the terms for challenging it. While awaiting the Appeal Court ruling, the parent has been obliged to pay the amount awarded to the lessor, although it reserves the right to recover it.

Pursuant to the contract signed with Immobiliare Lombarda S.p.A., which is the original lessor of the current registered office, Salini Impregilo has the right to be held harmless from claims made by its previous lessor that exceed €8 million. It exercised this right by requesting a court order, which was issued by the Milan Court and challenged by Immobiliare Lombarda. While awaiting the merit ruling, the counterparty paid the full amount of the claim, as the court refused to stay the enforcement of the payment order.

Ente Acque Umbre Toscane (Imprepar)

The Group was informed that part of the sill above the surface discharge of the Montedoglio dam in the Arezzo province had been damaged on 29 December 2010. The Irrigation Body, Ente Irriguo Umbro-Toscano (now Ente Acque Umbre Toscane) notified Imprepar in January 2011 that “*investigations and checks are being carried out to ascertain the reasons and responsibilities for the damage*”. As the transferee of the “sundry activities” business unit, which includes the “Montedoglio dam” contract, Imprepar informed the body that the activities related to the damaged works were carried out by another company in 1979 and 1980, from which Impregilo (then COGEFAR) only took over the contract in 1984. The works had been tested and inspected with positive results. Imprepar specifically explained its non-liability for any damage caused by the event in its communication to Ente Acque Umbre Toscane and does not believe that there are reasons to modify its related assessments, supported by the opinion of its legal advisors.

During 2012, the managers of Ente Acque Umbre Toscane and the works manager signed a service order requesting the contractor to immediately prepare executive designs and commence the related works at its own expense and under its own responsibility. Imprepar challenged these acts in full even though the amounts involved are not deemed significant.

As part of a prior technical assessment resulting from a third-party complaint claiming damages of a minor amount (around €80,000), the judge ordered a technical appraisal by a court-appointed expert to determine the causes of the dam's subsidence. The court expert's report filed in June 2015 ascribes the cause of subsidence to various concurrent factors with different negligence percentages, and, specifically: design deficiencies 20%, execution deficiencies 60%, control deficiencies 20%. Imprepar challenged this report.

Imprepar, with the aid of its legal advisors, is defending the correctness of its conduct in all the competent forums.

C.A.V.E.T. Consortium - Florence Court

With regard to the criminal proceedings commenced against the C.A.V.E.T. Consortium and certain individuals, including some former managers of the consortium, the appellate proceedings ended with a decision handed down on 27 June 2011, which reversed in full the lower court's decision, thus reversing the convictions handed down by the lower court and finding both the consortium and the indicted individuals not guilty of any of the charges. The public prosecutor of the Florence Court appealed this decision before the Supreme Court, which, on 18 March 2013, set aside in part the decision of the Florence Appeal Court ordering that the case be returned to such Appeal Court. The reinstated proceedings before the Court got underway on 30 January 2014 and, on 21 March 2014, the Appeal Court handed down a decision by which it rejected most of the charges levied by the public prosecutor, but upheld them in some important cases. The decision of the Florence Appeal Court was appealed by all defendants and by C.A.V.E.T, in its capacity as a party liable under civil law, and the relevant appeals were filed before the Supreme Court in September 2014.

On 21 April 2016, the fourth criminal section of the Supreme Court handed down its ruling cancelling without remand the 21 March 2014 ruling of the Florence Appeal Court for all the criminal charges and most of the civil charges. It provided that only certain of the civil charges are to be heard by the competent civil law judge in an appeals hearing. The reasoning behind the Supreme Court's ruling has yet to be filed.

Judicial investigations - Milan Court (proceedings commenced at the Monza Court)

Following the proceedings initiated by the public prosecutor before the Monza Court, in which the chairman of the board of directors and the chief executive officer of Impregilo in office at the time of the events in question are being investigated, Impregilo S.p.A. was the target of a preliminary investigation. The alleged charge against Impregilo is to have "prepared and implemented an organisational model unsuitable to prevent the crimes" allegedly attributed to the directors involved in the investigation, from which the company is alleged to have benefited.

After structured and complex procedural phases, described in previous reports, to which we refer, on 21 March 2012, the Milan Appeal Court (as part of the appeal proceedings initiated by the public prosecutor against the lower court's decision that had found Impregilo not guilty of the charge of violating Legislative decree no. 231/01) rejected the public prosecutor's arguments and fully confirmed the aforementioned decision which had found, inter alia, that the organisational model adopted by the company was adequate. The public prosecutor appealed this decision before the Supreme Court, which, on 18 December 2013, handed down decision no. 4677/14 cancelling the Milan Appeal Court's decision, returning the proceedings to a different section of the same Court for a new merit review. The ruling was resumed before the Milan Appeal Court, which, in the hearing of 19 November 2014, acquitted the company and confirmed the rest of the acquittal of the Preliminary Investigation Judge of the Milan Court of 17 November 2009.

Country risk

Impregilo Lidco Lybia General Contracting Company (Libya)

Salini Impregilo S.p.A. operates in Libya through a permanent establishment and a subsidiary, Impregilo Lidco Libya General Contracting Company (Impregilo Lidco), which has been active in Libya since 2009 and is 60% owned by Salini Impregilo with the other 40% held by a local partner.

The directors do not deem that significant risks exist with respect to the permanent establishment's contracts as work thereon has not started, except for the Koufra airport project. However, the Group's exposure is not material as it has collected the contractual advance. The Group is also involved in the Libyan Coastal Highway project, which had not yet been started at the reporting date.

Impregilo Lidco won important contracts for the construction of:

- infrastructural works in Tripoli and Misuratah;
- university campuses in Misuratah, Tarhunah and Zliten;
- a new Conference Hall in Tripoli.

With respect to the political upheaval in Libya from the end of February 2011 and the steadily deteriorating situation up to the date of this Report, the subsidiary has always acted in accordance with the contractual terms. The investments made up until the deterioration of the country's political situation are fully covered by the contractually provided for advances.

It is clear that there is considerable doubt about the subsidiary's effective ability to carry out the contracts and, accordingly, the parent does not expect to see new large developments in the subsidiary's production in the foreseeable future.

Impairment losses on net assets and costs incurred starting from the 2012 financial statements until the reporting date approximate €71 million, which was fully included in the contract work in progress since, as described in detail below, the subsidiary expects to recover the amounts as due to force majeure.

Impregilo Lidco collected contractual advances in previous years, amounting to €179.7 million at the reporting date.

Moreover, any additional expense that may arise in this regard, consistent with the contractual terms, would be covered by the customers under the force majeure clause. The subsidiary's legal advisors agree with this approach. Accordingly, no new significant risks are deemed to exist for the recovery of the net assets attributable to the subsidiary, thanks in part to actions and claims filed against the customers contractually or otherwise.

To date and given the new unrest in various areas of the country in the reporting period, the country's social and political situation continues to be extremely complex and marked by significant critical conditions.

Salini Impregilo is monitoring the situation closely and it may not be excluded that events which cannot currently be foreseen may take place after the date of preparation of this report that require changes to the assessments made to date.

Venezuela

Salini Impregilo Group has been active in Venezuela through its permanent organisation, which directly or in association with international partners, carries out railway and hydroelectric projects with a solid base constructed in the country over more than 30 years.

In recent years, relationships with customers, which are all government agencies, have been characterised by delays in payments. This issue became more acute in 2015 due to the rapid fall in oil prices, which is Venezuela's main source of hard currency, and social tensions that have intensified as a result of the lack of basic foodstuffs and medicines.

With respect to the railway works and especially the P. Cabello - La Encrucijada project, the last considerations collected were in January 2015 for hard currency, whereas local currency collections took place in line with the contractual schedule. Moreover, approximately 70% of the progress billings in local currency was collected in 2015, demonstrating the customer's interest in continuing the works.

Despite the collection difficulties and the existence of many other issues, such as the lack of raw materials, linked to the country's complicated political-economic situation, works continued in line with budget forecasts during the period.

Given that the country's situation continues to deteriorate, despite the efforts and costs incurred to maintain the desired production speed, there is a risk that the latter may be negatively impacted by the events of future months, such as the early end of the government's mandate.

With respect to the hydroelectric works carried out through the OIV Tocoma Consortium, the customer requested that they be rescheduled, with the expected commissioning of the first turbine by the end of 2016. This proposal was agreed by the customer that, also in light of legitimate requests for payment of the certified debt and the definition of the future financial resources needed to ensure normal performance of the remaining work, recommenced making payments in favour of the consortium and signed a new addendum to the contract under which the work to be completed and the related outlays have been rescheduled. In 2015, Corpoelec made payments of over USD242 million as well as approximately VEF2.8 billion.

Despite the commitments taken on by the parties with the afore-mentioned addendum, works slowed down starting from the end of 2015 as a result of delays in the latest payments (about USD80 million and VEF1.2 billion scheduled for the last quarter of the 2015). However, in October 2015, the important milestone of the filling of the dam's reservoir to the planned level was reached in line with the works schedule.

In addition, Venezuela's Central Bank abolished the official exchange rate and the SIMADI on 10 March 2016 and introduced two new rates:

- DIPRO (fixed), only to be used for imports of basic necessities (i.e., medicines, food staples, etc.);

o DICOM (floating), applicable to all other commercial transactions. This rate has depreciated by more than 300% since its introduction.

There has been a concurrent explosion in inflation with forecasts hovering around an annual 700%, leading to a drop in consumption and a large loss in purchasing power. The continued social-economic-political uncertainty and oil price levels are having a dramatic influence on the country's entire production system.

The projects that are being developed by Salini Impregilo Group are priority infrastructures of the utmost importance, both in economic-industrial and social terms. Accordingly, and based on the constant and careful monitoring of the country's situation, carried out together with the Group's partners and through discussions with customers and local government authorities to monitor and protect the Group's positions, the assumptions about the recoverability of the Group's net assets can be confirmed.

However, in view of the delicate and complex uncertain situation that has developed at political level, the possibility that events not foreseeable at the date of this report may arise in the future that may require changes to the assessments made to date cannot be excluded.

Nigeria

This country has found itself in the grips of an economic crisis for the last two years. In addition to the drop in oil prices, which Nigeria bases its profit-earning capacity on, there is internal strife between different political and tribal fractions which has limited once again the country's ability to meet its cash requirements and encourage development.

The current government is in extreme distress and has limited interlocutory capacity and is unable to respond to emergencies with decisive measures. It has continued to request foreign aid, mainly from China, increasing its debt without adding value to the country's internal growth. In addition, in June, the country's central bank announced a new monetary policy, replacing its long-term strategy of maintaining a fixed rate to convert the local currency, the Naira, with the US dollar. It authorised the Nigerian currency's depreciation which lost about 40% against the Euro in just a few days. The effects of this depreciation are reflected in the condensed interim consolidated financial statements at 30 June 2016.

The construction segment is practically stagnant and most of the general contractors have suspended production activities, especially after approval of the government's 2016 budget, which includes inadequate funds for the ongoing projects, not to mind new opportunities.

The Group's current projects are also penalised by the limited funds made available by the customers, thus making it difficult to foresee a rapid recovery in production, apart from the Adiyan contract, which consists of the construction of a water treatment plant for Lagos. This is an undisputed priority and is being funded by the local administration rather than Nigeria's federal government.

In view of the present critical political and economic situation, it cannot be excluded that events not foreseeable at the date of this report may arise in the future requiring changes to the assessments made to date.

Turkey

Despite internal political tension and the serious public order situations in certain areas which culminated with the coup d'état foiled in July 2016, Turkey showed its considerable ability to deal with the critical external and internal issues during the period. Moreover, with its letter dated 15 March 2016, the customer Statkraft communicated the termination of the contract for alleged non-compliance of the contractor (Salini Impregilo - Salini Insaat - NTF joint venture), without disclosing that this represents, in the joint venture's opinion, comforted by its legal advisors, a unilateral decision by Statkraft to withdraw from the contract as a result of the serious public order situation that had emerged in the location where the works are expected to be executed, which is obviously completely unrelated to the contractor. The joint venture, therefore, opposed the customers' decision and initiated the contractual procedure for dispute resolution. At the end of May 2016, the site personnel had all been transferred.

Negotiations with the customer are in place to settle the dispute. Specifically, the customer requested the bank guarantees of approximately €34 million given on Salini Impregilo's behalf be enforced. The Milan Court ordered the enforcement be blocked with its ex-parte ruling of 13 June 2016 and set the date of 14 July 2016 for the related hearing. Subsequently, the measure was confirmed with the order of 23 July 2016, whereby the Judge recognised the contractor's fumus boni iuris, holding that both enforcement of the guarantees and termination of the contract are not due to the joint venture's default but to the customer's unilateral decision, due to the very serious public order issues at the work site.

It cannot be excluded that events not currently foreseeable may take place after the date of this report which would make it necessary to modify the assessments made to date.

With respect to the other contract, Gaziantep, located in a "critical" area, the province and city of Gaziantep, which is an important busy industrial hub for the country, are protected by a large Turkish security force assisted by NATO. There is a heightened risk of possible isolated terrorist actions, especially against government sites.

Ukraine

This country's political and economic situation is still extremely difficult. The continued instability has led to a serious economic recession and steady worsening in Ukraine's public finances.

Given the location of the Group's construction sites near the cities of Poltava, for the Capital Repair M03 Kiyv-Kharkiv-Dovzhanskiy contract, and Zhytomyr, for the M06 Kiev-Chop Road Rehabilitation contract, which are far away from the areas most affected by the ongoing armed conflict in the south east, the safety of production activities has not been significantly affected. The Group is not exposed to currency depreciation risk since the contractual amounts are expressed in Euros and US dollars.

The burden of the conflict and the economic slowdown have also negatively impacted the country's public debt, but the Group deems it reasonable to assume that the contracts awarded in Ukraine are profitable and will be able to be continued, while constantly and continuously monitoring the internal developments in the country.

The unstable institutional and governmental situation has affected the customer's organisation (the Ukraine State Agency of Automobile Roads - Ukravtodor), which has recently seen the introduction of new senior managers.

These changes and the parent's recent sale of Todini Costruzioni Generali (which had been awarded both contracts in this country) made intensive communication with the customer necessary to avoid possible misunderstandings. Specifically, Ukravtodor is currently investigating the sale of Todini, although this transaction has not affected the works in Ukraine as they will be carried out entirely by Salini Impregilo.

Progress on the Capital Repair M03 Kiyv-Kharkiv-Dovzhanskiy was severely affected by the local situation during the period. The delayed certification of the works has made relationships with some suppliers increasingly difficult as they are affected by the above-mentioned financial difficulties.

Moreover, it cannot be excluded that currently unforeseeable events may arise in the future which would require changes be made to these assessments.

Human resources and organisation

At 30 June 2016, the group's workforce was as follows:

Total workforce by category	30 June 2016	31 December 2015
Managers	337	287
White collars	7,276	6,646
Blue collars	25,919	23,665
Total	**33,532**	**30,598**

Organisation

The Group continued its project to modernise its procedural system during the period and specifically the more operational procedures for the administrative-accounting department.

It concurrently carried on its ongoing check and optimisation of existing processes to adapt them to new business requirements.

The Group translated the main procedures into English to facilitate their circulation and implementation by all group entities, thus ensuring harmonised processes, standards and policies.

It also strengthened its corporate organisational structures by introducing risk management and security units and by focusing on innovation through the set up of an engineering, development and concessions department to translate the Group's strategic vision into fact. The quality, environment, health and safety unit, which used to report to the chief executive officer, was transferred to the group HR and organisation department to generate synergies between the two functions and simultaneously ensure greater focus on implementing systems and providing specialist assistance with contracts by the quality, environment, health and safety unit.

Training

Learning Academy

This academy continued to operate and provided leadership and knowledge sharing courses during the period.

The management training course, "Da Giocatore a Coach" (From player to coach), involving 120 international managers, was of great importance providing training on the management and assessment of colleagues both through classroom and webinar sessions. This course is part of the management performance programme and promotes a common approach to developing professional growth.

The “Train the Trainer” course was attended by various staff levels (managers and professionals) and is designed to build up the skills of internal trainers and mentors and their ability to share their key knowledge of the Group’s business. The course focused on “Presenting to International Audiences” methods. The participants, who are all internal members, were involved as lecturers in the International Construction Management masters course for new graduates at the Milan Polytechnic University.

During the period, the Group designed and prepared the new innovative e-learning platform to be rolled out in the second half of the year to become the Group’s main international training hub. It will provide group employees with access to courses they are interested in, regardless of their location. The new on-line training programme has different courses, including a section for newly hired employees who can use innovative methods such as tutorial videos and training pills.

Attraction and development of talent

The Employer Branding plan and recruiting and university career counselling activities

The employer branding and talent attraction plan in the most important Italian and international universities was continued during the period. The Group successfully organised and carried out 14 different projects involving university students and the business world, designed to select talented graduates, provide professional counselling and tutoring about construction sector career opportunities. They are organised through strategic agreements with the major Italian and international universities and by leveraging engagement initiatives such as career days, recruiting days, themed workshops in university facilities, presentations and visits to construction sites as well as communications via digital and social media, university websites and the main on-line job boards, which facilitate direct, ongoing dialogue with potential candidates.

Thanks to these activities, promoted by the HR and communication units, the Group obtained two important accolades as part of the OTAC (On Line Talent Communication) survey carried by the Swedish research company, Potential Park. Salini Impregilo is included in the 2016 classification as one of the top Italian companies in the “Social Media” and “Mobile” Talent Interaction categories, ranking 20th and 25th respectively.

Master in International Construction Management

The parent successfully continued its work with Milan Polytechnic, a leading university partner, on dedicated training and internship activities for young talented graduates with level I and level II master degrees in “International Construction Management”.

The Master course, for the first time held entirely in English, is attended by 15 Italian (67%) and international (33%) new graduates with degrees in civil engineering, construction systems, building architecture, providing unique theoretical and practical training. The course has two sections: the first of which includes classroom lessons, workshops, project works and site visits, with more than 300 hours of lessons provided by Salini

Impregilo professionals. The second section consists of on-the-job training where the students perform internships under the guidance of company tutors after which they are required to write their master theses.

The young engineers are thus given a view of the Group's business and on-hands experience of what it means to participate in the construction of large works, developing innovative construction solutions and acquiring the necessary technical skills thanks to the guidance provided by the best sector experts.

Salini Impregilo Best New Entry amongst Best Employers of Choice 2016

Salini Impregilo entered the "Top 20" of the "Best Employer of Choice" list (the list of the most desirable employers in Italy that Cesop Communication has compiled since 2002) and won the "Best New Entry 2016" award, with an overall ranking of 11 and as the only construction sector company.

Remuneration policies and Performance management

"Performance Management" Programme

The performance assessment stage carried out during the period completed the 2015 performance management programme, which involved a small group of the Group's key employees. The programme will be repeated in 2016.

Short-term incentive plan for key management personnel

Like in previous years, the group has continued its short-term incentive plan for key management personnel in 2016. As set out in the 2016 remuneration report, the plan provides for a bonus if annual objectives set at group, business unit and individual level are met.

Principal labour relations

Office integration project

As part of the integration process of the Milan and Rome offices, and with the aim of pursuing process and corporate procedure efficiency objectives, cost optimisation for the Group as a whole and a suitable, targeted remix of the professional profiles, available internally, the parent continued to implement the decisions agreed with the trade unions and company union representatives to achieve corporate objectives and entailing some of the accompanying measures for the aforementioned company activities.

Events after the reporting period

This section sets out the main events that have taken place since the reporting date and not commented on earlier in this report.

Framework agreement and first lot contract in Tajikistan

On 1 July 2016, Salini Impregilo signed a framework agreement with the Tajikistan government worth approximately USD3.9 billion to build a hydroelectric power plant. The Group, share 100%, has also been assigned the first lot of roughly USD1.9 billion to build a 335 metre-high rockfill dam with a clay core, the tallest in the world, on the Vakhsh River in Pamir, one of Central Asia's main mountain ranges.

The agreement between Salini Impregilo and OJSC "Rogun Hydropower Project" (the state-run company that is coordinating the project) covers the exploitation of the Pamir's huge hydroelectric potential and includes four lots. The three remaining lots will be assigned to the Group by 30 September 2016.
Once completed, the plant will have six turbines of 600 MW each with a total installed capacity of 3,600 MW (the equivalent of three nuclear power plants).

Placing of additional unsecured bonds with institutional investors

On 11 July 2016, the parent successfully completed the placement of additional bonds with a total nominal amount of approximately €172 million reserved to institutional investors. The new bonds form part of a single series with the previous bonds of €428 million issued on 24 June 2016 with a redemption date of 24 June 2021 (as described in the section on the key events of the period) for a total of €600 million. The new bonds will also be listed on the Irish Stock Exchange in Dublin.

Outlook

The ongoing growth trend was consolidated during the period even though the Group's markets are affected by numerous macroeconomic and political uncertainties, as described in this Report.

The Group has an excellent order backlog in both quantitative and qualitative terms, its leadership position in the water treatment segment is confirmed and it is well capable of successfully completing very complicated infrastructural works.

Moreover, its acquisition of Lane at the start of 2016 has strengthened the Group's business model, providing it with a new base for development in a more stable area, which will allow growth in less risky markets.

Alternative performance indicators

As required by Consob communication no. 6064293 of 28 July 2006, details of the performance indicators used in this Report and in the Group's institutional communications are given below.

Financial ratios:

Debt/equity ratio: this ratio shows net financial position (shown with a minus sign when negative, i.e., net financial indebtedness) as the numerator and equity as the denominator. The items making up the financial position are presented in a specific table in the notes to the condensed interim consolidated financial statements. The equity items are those included in the relevant section of the statement of financial position. For consolidation purposes, equity used for this ratio also includes that attributable to non-controlling interests.

Performance indicators:

1. **Gross operating profit**: this ratio shows the sum of the following items included in the income statement:
    a. Total revenue
    b. Total costs, less amortisation and depreciation

    This can also be shown as the ratio of gross operating profit to total revenue.
2. **Operating profit**: the operating profit given in the income statement, being the sum of total revenue and total costs.

3. **Return on sales or R.o.S.**: given as a percentage, shows the ratio of operating profit (as calculated above) to total revenue.

Adjusted income statement

The Group monitors the key figures of Lane Group for management purposes adjusting the IFRS figures prepared for consolidation purposes to present the results of the non-subsidiary joint ventures consolidated on a proportionate basis. These figures show the status of contracts managed directly by Lane or through non-controlling investments in joint ventures ("work under management", WUM).

With respect to the acquisition of Lane Industries Incorporated, the adjusted comparative figures for the first half of 2015 have been prepared using the same consolidation scope, combining Salini Impregilo Group's key figures, restated compared to those shown in the 2015 interim financial report to consider the final disposal scope of Todini Group, with the key figures of Lane Group, which are its consolidated figures at 30 June 2015 prepared in accordance with US GAAP.

Other information

Compliance with the conditions of article 36 of the Stock Exchange Regulation

Salini Impregilo confirms that it complies with the conditions of article 36 of Consob regulation no. 16191 (“Regulation on markets”), based on the procedures adopted before article 36 was effective and the availability of the related information.

Research and development

Pursuant to article 2428 of the Italian Civil Code, we note that the Group did not undertake any research and development activities during the period.

Repurchase of treasury shares

The repurchase programme approved by the parent’s shareholders in their ordinary meeting of 19 September 2014 started on 6 October 2014. At the reporting date, the parent had repurchased 3,104,377 treasury shares for €7,676,914.46.

Related parties

Reference should be made to the note 36 to the condensed interim consolidated financial statements at 30 June 2016 for a description of related party transactions.

On behalf of the board of directors

Chairman

(signed on the original)

Condensed interim consolidated financial statements as at and for the six months ended 30 June 2016

Condensed interim consolidated financial statements

Statement of financial position

ASSETS (€'000)	Note	30 June 2016	of which: related parties	31 December 2015 (*)	of which: related parties
Non-current assets					
Property, plant and equipment	5	709,866		594,365	
Intangible assets	6	185,380		193,821	
Goodwill	7	245,164		-	
Equity investments	8	177,739		131,254	
Non-current financial assets	9	69,988	18,946	67,832	19,986
Deferred tax assets	10	63,269		64,064	
Total non-current assets		**1,451,406**		**1,051,336**	
Current assets					
Inventories	11	285,016		268,073	
Contract work in progress	12	2,148,825		1,775,791	
Trade receivables	13	2,066,662	157,673	1,560,684	180,586
Derivatives and other current financial assets	14	363,417	163,589	312,104	162,463
Current tax assets	15	119,638		114,577	
Other current tax assets	15	140,931		142,652	
Other current assets	16	576,110	27,514	518,642	33,882
Cash and cash equivalents	17	1,176,680		1,410,775	
Total current assets		**6,877,279**		**6,103,298**	
Non-current assets held for sale and discontinued operations	18	22,453		147,606	
Total assets		**8,351,138**		**7,302,240**	

(*) The figures in this column do not include Lane acquired on 4 January 2016.

EQUITY AND LIABILITIES	Note	30 June 2016	of which: related parties	31 December 2015 (*)	of which: related parties
(€'000)					
Equity					
Share capital		544,740		544,740	
Share premium reserve		120,798		120,798	
Other reserves		94,034		90,163	
Other comprehensive expense		(17,486)		(24,552)	
Retained earnings		363,082		324,259	
Profit for the period/year		11,223		60,592	
Equity attributable to the owners of the parent		**1,116,391**		**1,116,000**	
Non-controlling interests		123,707		100,860	
Total equity	19	**1,240,098**		**1,216,860**	
Non-current liabilities					
Bank and other loans and borrowings	20	843,318		745,554	
Bonds	21	692,296		396,211	
Finance lease liabilities	22	102,226		79,789	
Non-current derivatives	23	4,212		4,113	
Post-employment benefits and employee benefits	24	88,539		25,412	
Deferred tax liabilities	10	45,543		55,857	
Provisions for risks	25	106,230		106,361	
Total non-current liabilities		**1,882,364**		**1,413,297**	
Current liabilities					
Current portion of bank loans and borrowings and current account facilities	20	733,418	11,524	538,802	9,825
Current portion of bonds	21	16,084		10,203	
Current portion of finance lease liabilities	22	54,218		49,617	
Derivatives and other current financial liabilities	23	3,892		10,685	
Progress payments and advances on contract work in progress	26	1,884,108		1,862,759	
Trade payables	27	2,067,786	125,584	1,630,437	128,757
Current tax liabilities	28	65,764		68,273	
Other current tax liabilities	28	55,451		61,097	
Other current liabilities	29	324,249	15,891	334,198	13,061
Total current liabilities		**5,204,970**		**4,566,071**	
Liabilities directly associated with non-current assets held for sale and discontinued operations	18	23,706		106,012	
Total equity and liabilities		**8,351,138**		**7,302,240**	

(*) The figures in this column do not include Lane acquired on 4 January 2016.

Income statement

(€'000)	Note	1st half 2016	of which: related parties	1st half 2015 (*)	of which: related parties
Revenue					
Revenue	31	2,568,597	102,406	2,137,187	175,596
Other income	31	70,893	7,737	63,888	8,373
Total revenue		**2,639,490**		**2,201,075**	
Costs					
Purchases	32.1	(515,600)	(17)	(379,950)	
Subcontracts	32.2	(645,419)	(986)	(640,018)	
Services	32.3	(739,948)	(97,635)	(637,851)	(228,860)
Personnel expenses	32.4	(420,235)		(262,169)	(104)
Other operating expenses	32.5	(73,038)	(834)	(56,510)	
Amortisation, depreciation, provisions and impairment losses	32.6	(126,615)		(98,134)	
Total costs		**(2,520,855)**		**(2,074,632)**	
Operating profit		**118,635**		**126,443**	
Financing income (costs) and gains (losses) on investments					
Financial income	33.1	21,883	3,782	19,004	4,292
Financial expense	33.2	(68,639)	(117)	(49,801)	(96)
Net exchange rate gains	33.3	2,144		3,999	
Net financing costs		(44,612)		(26,798)	
Net gains on equity investments	34	7,413		1,212	
Net financing costs and net gains on equity investments		**(37,199)**		**(25,586)**	
Profit before tax		**81,436**		**100,857**	
Income tax expense	35	(31,769)		(35,463)	
Profit from continuing operations		**49,667**		**65,394**	
Loss from discontinued operations	18	(20,418)		(5,096)	
Profit for the period		**29,249**		**60,298**	
Profit for the period attributable to:					
Owners of the parent		11,223		53,029	
Non-controlling interests		18,026		7,269	
Earnings per share					
From continuing and discontinued operations	37				
Basic		0.07		0.12	
Diluted		0.02		0.11	
From continuing operations	37				
Basic		0.07		0.12	
Diluted		0.02		0.11	

(*) The income statement for the first half of 2015 was restated to comply with IFRS 5 given the disposal scope of Todini Costruzioni Generali. The figures in this column do not include Lane acquired on 4 January 2016.

Statement of comprehensive income

(€'000)	Note	1st half 2016	1st half 2015 (*)
Profit for the period (a)		**29,249**	**60,298**
Items that may be subsequently reclassified to profit or loss, net of the tax effect:			
Exchange rate gains (losses) on the translation of foreign companies' financial statements	19	(6,806)	11,782
Net gains (losses) on cash flow hedges, net of the tax effect	19	6,695	203
Other comprehensive income (expense) related to equity-accounted investees	19	(440)	1,703
Items that may not be subsequently reclassified to profit or loss, net of the tax effect:			
Net actuarial gains on defined benefit plans	19	6,974	-
Other comprehensive income (b)		**6,423**	**13,688**
Comprehensive income (a) + (b)		**35,672**	**73,986**
Comprehensive income attributable to:			
Owners of the parent		18,289	66,313
Non-controlling interests		17,383	7,673

(*) The statement of comprehensive income for the first half of 2015 was restated to comply with IFRS 5 given the disposal scope of Todini Costruzioni Generali. The figures in this column do not include Lane acquired on 4 January 2016.

Statement of cash flows

(€'000)	Note	1st half 2016	1st half 2015 (*)
Cash and cash equivalents	17	1,410,775	1,030,925
Current account facilities	20	(115,615)	(27,711)
Total opening cash and cash equivalents		**1,295,160**	**1,003,214**
Operating activities			
Profit from continuing operations		49,667	65,394
Amortisation of intangible assets	32	15,524	9,112
Depreciation of property, plant and equipment	32	108,001	91,912
Net impairment losses and provisions	32	3,090	(2,890)
Accrual for post-employment benefits and employee benefits	32	7,203	7,435
Net gains (losses) on the sale of assets		(6,318)	(4,580)
Deferred taxes	35	(1,192)	5,253
Share of profit (loss) of equity-accounted investees	34	(7,208)	(649)
Income taxes		32,961	30,210
Impairment losses on available-for-sale financial assets		37,797	36,167
Other non-monetary items		15,239	205
Cash flows generated by operating activities		**254,764**	**237,569**
Increase in inventories and work in progress		(342,997)	(322,650)
Increase in trade receivables		(352,907)	(15,044)
Decrease in progress payments and advances from customers		(54,978)	(83,978)
(Decrease) increase in trade payables		320,857	(19,642)
Increase in other assets/liabilities		(62,141)	(18,145)
Total changes in working capital		**(492,166)**	**(459,459)**
Increase in other items not included in working capital		(55,526)	(70,704)
Interest expense paid		(28,256)	(15,751)
Income taxes		(27,671)	(10,109)
Cash flows used in operating activities		**(348,855)**	**(318,454)**
Investing activities			
Net investments in intangible assets	6	(3,405)	(770)
Investments in property, plant and equipment	5	(137,278)	(102,149)
Proceeds from the sale or reimbursement value of property, plant and equipment		39,818	10,868
Investments in non-current financial assets and capital transactions	8	(17,354)	(16,217)
Dividends and capital repayments from equity-accounted investees	8	15,926	796
Proceeds from the sale or reimbursement value of non-current financial assets		4,462	(270)
Cash flows used in investing activities		**(97,831)**	**(107,742)**

(€'000)	Note	1st half 2016	1st half 2015 (*)
Financing activities			
Dividends distributed to the shareholders of Salini Impregilo and non-controlling interests		(24,119)	(19,983)
Capital injection by non-controlling interests in subsidiaries		56	11,311
Increase in bank and other loans		2,043,938	521,766
Decrease in bank and other loans		(1,384,848)	(380,670)
Change in other financial assets/liabilities		(27,389)	(13,972)
Change in consolidation scope	3	(374,782)	169,971
Cash flows generated by financing activities	**18**	**232,856**	**288,423**
Net cash flows from discontinued operations		**3,352**	**32,057**
Net exchange rate gains on cash and cash equivalents		**1,227**	**37,213**
Decrease in cash and cash equivalents		**(209,251)**	**(68,503)**
Cash and cash equivalents	17	1,176,680	983,451
Current account facilities	20	(90,711)	(48,740)
Total closing cash and cash equivalents		**1,085,909**	**934,711**

(*) The statement of cash flows for the first half of 2015 was restated to comply with IFRS 5 given the disposal scope of Todini Costruzioni Generali. The figures in this column do not include Lane acquired on 4 January 2016.

Statement of changes in equity

(€'000)		Share capital	Share premium reserve	Legal reserve	Share capital increase related charges	Extraordinary and other reserves	Reserve for treasury shares	LTI reserve	Total other reserves	Translation reserve	Hedging reserve	Actuarial reserve	Total other comprehensive income	Retained earnings	Profit for the period	Equity attributable to the owners of the parent	Non-controlling interests	Total
				Other reserves						Other comprehensive income								
As at 1 January 2015	**19**	**544,740**	**120,798**	**100,000**	**(3,970)**	**136**	**(7,677)**	**-**	**88,489**	**15,575**	**1,987**	**(5,447)**	**12,115**	**249,988**	**93,773**	**1,109,903**	**76,513**	**1,186,416**
Allocation of profit and reserves	19			1,535					1,535				-	92,238	(93,773)	-		-
Dividend distribution	19								-				-	(19,983)		(19,983)		(19,983)
Change in consolidation scope	19								-				-	2,368		2,368	(4,601)	(2,233)
Capital increase	19								-				-			-	11,311	11,311
Profit for the period	*19*								-				-		*53,029*	*53,029*	*7,269*	60,298
Other comprehensive income	*19*								-	*13,441*	*(157)*		13,284			13,284	*404*	13,688
Comprehensive income	*19*	-	--	-	-	-	-		-	*13,441*	*(157)*	-	*13,284*	-	*53,029*	66,313	*7,673*	73,986
As at 30 June 2015	**19**	**544,740**	**120,798**	**101,535**	**(3,970)**	**136**	**(7,677)**	**-**	**90,024**	**29,016**	**1,830**	**(5,447)**	**25,399**	**324,611**	**53,029**	**1,158,601**	**90,896**	**1,249,497**
As at 1 January 2016	**19**	**544,740**	**120,798**	**101,535**	**(3,970)**	**136**	**(7,677)**	**139**	**90,163**	**(11,194)**	**(8,085)**	**(5,273)**	**(24,552)**	**324,259**	**60,592**	**1,116,000**	**100,860**	**1,216,860**
Allocation of profit and reserves	19			1,787					1,787				-	58,805	(60,592)	-		-
Dividend distribution	19								-				-	(19,982)		(19,982)		(19,982)
Change in consolidation scope	19								-				-			-	9,544	9,544
LTI reserve increase	19							2,084	2,084				-			2,084		2,084
Capital increase	19								-				-			-	56	56
Dividend distribution to non-controlling interests	19								-				-			-	(4,136)	(4,136)
Profit for the period	*19*								-				-		*11,223*	11,223	*18,026*	29,249
Other comprehensive income	*19*								-	*(6,525)*	*6,618*	*6,973*	7,066			7,066	*(643)*	6,423
Comprehensive income	*19*	-	--	--	--	-	-	-	-	*(6,525)*	*6,618*	*6,973*	*7,066*	-	*11,223*	18,289	*17,383*	35,672
As at 30 June 2016	**19**	**544,740**	**120,798**	**103,322**	**(3,970)**	**136**	**(7,677)**	**2,223**	**94,034**	**(17,719)**	**(1,467)**	**1,700**	**(17,486)**	**363,082**	**11,223**	**1,116,391**	**123,707**	**1,240,098**

Notes to the condensed interim consolidated financial statements

1. Basis of preparation

Salini Impregilo S.p.A. (the “parent” or “Salini Impregilo”) has its registered office in Italy. These condensed interim consolidated financial statements at 30 June 2016 include the financial statements of the parent and its subsidiaries (the “Group”). The Group, created by the merger of the Salini and Impregilo Groups, is a global player in the large-scale infrastructure sector.

Salini Impregilo Group has prepared its condensed interim consolidated financial statements at 30 June 2016 on a going concern basis and in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), endorsed by the European Union as required by Regulation 1606/2002 issued by the European Parliament and Council, implemented in Italy by Legislative decree no. 38/2005. Specifically, these condensed interim consolidated financial statements have been drawn up pursuant to IAS 34 - Interim financial reporting and should be read in conjunction with the 2015 Annual Report. They do not include all the information required for a full set of IFRS-compliant financial statements although they comprise certain disclosures to present significant events and transactions useful to understand variations in the Group’s financial position and performance of the period.

The format and content of these condensed interim consolidated financial statements comply with the disclosure requirements of article 154-ter of the Consolidated Finance Act.

The accounting policies adopted to draw up these condensed interim consolidated financial statements at 30 June 2016 are consistent with those used to prepare the 2015 annual consolidated financial statements, to which reference should be made, except for the changes summarised in note 2.

Significant accounting estimates

Preparation of financial statements and the related notes in accordance with the IFRS requires management to make judgments and estimates that affect the carrying amount of assets and liabilities and financial statements disclosures. The actual results may differ from those estimated due to uncertainties underlying the assumptions and the conditions on which the estimates are based.

The significant judgements made to apply the Group’s accounting policies and the main sources of uncertainty in the estimates are the same as those applied to prepare the consolidated financial statements at 31 December 2015.

Seasonality

On 4 January 2016, the parent finalised the acquisition of 100% of Lane Industries Incorporated (“Lane”).

The results for the period are affected by the seasonality of Lane’s activities. It belongs to the Plant & Paving sector, which contributes roughly 40.3% of revenue. Its activities are limited during the winter and it is the most active in the second half of the year. Accordingly, the Plant & Paving sector's revenue and results for the period cannot be held to be representative of the entire year.

Translation of the assets and liabilities in foreign currency related to Venezuela

At the end of the first half of 2014, the Group had to update the estimates for its industrial operations in Venezuela. In line with the previous reports, made available to the public as required by the current legal provisions, the deterioration of the country's economic conditions, seen since early 2014 were such that it became necessary to review the time and financial parameters according to which the Group's net assets can be realised in this area. Moreover, in light of the current general framework of the local currency/financial market situation, stemming from the conditions of the above-mentioned local economic system, and consistently with the changes to the currency regulations of the country during 2014, the Group considered it reasonable, inter alia, to adopt, with effect from 30 June 2014, a new reference exchange rate for the translation of both the present values of working capital denominated in the Venezuelan currency and the prospective assets/liabilities over the entire estimated life of the railway contract work in progress. Since then, the Venezuelan monetary authorities have amended the local currency conversion systems on several occasions up until the most recent change approved on 10 March 2016, introducing two new exchange rates:

- DIPRO (fixed), only to be used for imports of basic necessities (i.e., medicines, food, etc.);
- DICOM (floating), to be applied to all commercial transactions.

Given the nature of its business, the Group has decided that the DICOM is the exchange rate to be used to translate Bolivar balances as it best represents the rate at which future cash flows, expressed in the local currency, may be settled assuming that they are still valid at the measurement date, also considering the possibility to access the local currency market and the Group's need to obtain a currency other than its functional currency.

As a result of adoption of the DICOM rate in the first half of 2016, the Group recorded a decrease of approximately €3.5 million in the carrying amount of its net assets in local currency. Moreover, the DICOM rate has depreciated by more than 300% since its introduction.

2. Changes in standards

The following standards, amendments and interpretations have been applied since 1 January 2016.

Amendment to IAS 1 - Presentation of financial statements - the amendment encourages entities to apply professional judgement in determining what information to disclose in their financial statements and provides additional guidance about how to provide and present such information. It also explicitly requires that the entity's share of other comprehensive income of associates and joint ventures accounted for using the equity method be indicated, including the related amounts that will be or will not be subsequently reclassified to profit or loss.

It also provides new guidance about the general disclosures such as, for example, the systematic presentation of the notes, the accounting policies, etc.

Amendment to IFRS 11 "Accounting for acquisitions of interests in joint operations" - the amendment requires an entity to adopt the principles of IFRS 3 to account for the acquisition of an interest in a joint operation that is a business. This is applicable both to the acquisition of an initial interest and the subsequent acquisitions of additional interests. An entity does not remeasure a previously held interest when the acquisition of an additional interest is made to maintain joint control (i.e., the additional acquisition does not lead to control).

IFRS 7 - Financial instruments on servicing agreements - the amendment clarifies that if an entity transfers a financial asset to third parties and the derecognition conditions of IAS 39 are met, the entity shall disclose its continuing involvement in the transferred asset and explain what is meant by "continuing involvement".

IAS 19 - Employee benefits - the amendment requires that the rate used to discount post-employment benefit obligations be determined by reference to market yields on high quality corporate bonds and, in countries where there is no deep market for HQCB, the market yields for government bonds shall be used.

Adoption of the above amendments did not significantly affect the Group's condensed interim consolidated financial statements.

The standards, amendments and interpretations published by the IASB but not yet endorsed by the competent EU bodies at the reporting date are set out below:

Standard, amendment or interpretation	Status
IFRS 15 – Revenue from contracts with customers	Endorsement expected by the third quarter of 2016
IFRS 9 – Financial instruments	Endorsement expected by the end of 2016
IFRS 16 - Leases	Endorsement scheduled for 2017
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment entities - applying the consolidation exception	Endorsement expected by the third quarter of 2016
Amendment to IAS 12: Recognition of deferred tax assets for unrealised losses	Endorsement expected by the end of 2016
Amendment to IAS 7: Disclosure initiative	Endorsement expected by the end of 2016
Amendment to IFRS 2: Classification and measurement of share-based payment transactions	Endorsement expected by the second quarter of 2017
Clarifications to IFRS 15: Revenue from contracts with customers	Endorsement expected by the first quarter of 2017

The Group is currently assessing the effects of adopting IFRS 15 and IFRS 16 on its consolidated financial statements and, hence, is closely monitoring their adoption.

Adoption of the above amendments will not significantly affect the Group's consolidated financial statements.

3. Business combinations

Acquisition of Lane Industries Incorporated

On 4 January 2016, the parent finalised the acquisition of 100% of Lane Industries Incorporated ("Lane").

Lane Group is the top highway contractor and top private asphalt producer in the United States. It is a family-owned business with more than 100 years of experience specialized in heavy civil construction and in the transportation infrastructure sector. The company has three divisions: asphalt production, road projects and other infrastructure projects in both domestic and international markets.

The agreed consideration was approximately USD 455 million.

The following table summarises Salini Impregilo's share of the assets and liabilities of Lane Group at the acquisition date and their fair value measured before such date for the Purchase Price Allocation (PPA) procedure, using the 12-month period provided for by (revised) IFRS 3.

(€'000)	**Carrying amount**	**Fair value**
Non-current assets	162,242	391,198
of which:		
- Property, plant and equipment	115,088	115,088
- Intangible assets	5,094	5,094
- Goodwill		228,956
- Equity investments	42,060	42,060
Inventories	22,147	22,147
Trade receivables	176,078	176,078
Cash and cash equivalents	87,898	87,898
Contract work in progress	22,615	22,615
Other current assets	24,811	61,981
Total assets	**495,791**	**761,917**
Post-employment benefits and employee benefits	83,397	**113,418**
Non-current bank loans and borrowings	95,119	330
Other non-current liabilities	6,363	6,363
Trade payables	106,013	106,013
Other current liabilities	14,908	14,908
Current bank loans and borrowings	2,294	2,294
Progress payments and advances on contract work in progress	76,327	76,327
Total liabilities	**384,421**	**319,653**
Net assets acquired	**111,370**	**442,264**
Less non-controlling interests	(13,489)	(13,489)
Net assets acquired (net of non-controlling interests)	**97,881**	**428,775**

The cash used for the acquisition, net of cash acquired, is set out below:

(€'000)	
Cash and cash equivalents	87,898
Non-current assets	391,198
Other current assets	282,821
Non-current liabilities	(120,111)
Current liabilities	(199,542)
Total net assets acquired	**442,264**
Less non-controlling interests	(13,489)
Total net assets acquired attributable to the owners of the parent	**428,775**
Less cash acquired	(87,898)
Cash and cash equivalents net of cash acquired used for the acquisition	**340,877**

Lane has been included in the consolidation scope since 4 January 2016 and its contribution is presented in the Group's condensed interim consolidated financial statements.

Acquisition of assets of Asphalt Roads and Materials Company Inc. (Virginia Beach)

On 21 March 2016, The Lane Construction Corporation signed an agreement for the acquisition of some assets of Asphalt Roads and Materials Company Inc, active in the road construction and asphalt production in Virginia Beach (Virginia, USA). These assets include machinery, equipment, buildings, land, inventories, rights and commitments to complete existing contracts. The acquisition was closed on 4 April 2016 for USD38.3 million. The assets' carrying amount is USD4.8 million.

The following table shows the assets acquired by Lane at the transaction date and their provisional fair value after the PPA procedure. The exchange rate used on 4 April 2015 was 1.138.

(€'000)	**Carrying amount**	**Fair value**
Non-current assets	4,107	31,687
of which:		
- Intangible assets/goodwill		20,468
Current assets		2,015
Other current assets	175	203
Net assets acquired	**4,282**	**33,905**

The following table shows the cash and cash equivalents used to acquire the assets:

(€'000)	
Inventories	203
Contract work in progress	2,015
Property, plant and equipment	11,219
Goodwill	20,468
Cash and cash equivalents used in the acquisition	**33,905**

As allowed by IFRS 3, Lane used the 12-month period to complete the PPA procedure.

Other business combinations

The 12-month period allowed by the (revised) IFRS 3 to define the PPA procedure expired during the period for the acquisitions of Co.Ge.Fin S.r.l., acquired from the related party Todini Finanziaria, and Seli Tunneling Denmark ApS, acquired from third parties. These acquisitions are described in the 2015 Annual Report.

Completion of the above procedure did not identify fair values different to those calculated provisionally and published in the 2015 Annual Report.

Other changes in the consolidation scope

In addition to completion of the sale of Todini Costruzioni Generali S.p.A. and acquisition of Lane Group, the other changes in the consolidation scope of the period are described below:

- Acquisition of Salini Saudi Arabia Co. Ltd

  On 23 April 2016, the Group finalised its acquisition of 51% of Salini Saudi Arabia Co. Ltd for SAR421,066 (equivalent to €99,687 using the transaction date exchange rate) from the related parties Salini Costruttori S.p.A. and Compagna Gestione macchinari – CO.GE.MA S.p.A.. Salini Saudi Arabia will be used to coordinate the Group’s activities in Saudi Arabia. The acquisition has not had significant effects on the Group’s consolidated financial statements.

- Acquisiton of 30% of Consorcio OHL

  In May 2016, the Group finalised its acquisition of 30% of this Colombian consortium from third parties, obtaining full control thereover. It is engaged in the El Quimbo project.

- Sale of 25% of the Riachuelo contract (Argentina)

  On 3 February 2016, the Group completed its sale of 25% of Salini Impregilo S.p.A. - S.A. Healy Company Jose J Chediack S.A. UTE, a SPE set up to construct an underwater effluent diffuser in Buenos Aires, Argentina. Pursuant to IFRS 10, the effects of this sale have been recognised directly in equity.

4. Segment reporting

Impregilo Group’s combination with Salini Group has meant, inter alia, both the concentration of the Group’s industrial operations in its core business of the construction of complex large-scale infrastructure and the gradual disposal of assets no longer deemed strategic as well as a comprehensive review of the Group’s organisation and business management processes.

As a result, segment reporting is presented according to macro geographical regions, based on the management review principles adopted by senior management, for the two primary geographical segments: “‘Italy” and “Abroad”.

Costs relating to activities which are carried out centrally at the parent, Salini Impregilo S.p.A., called “Corporate” costs, are attributed to the Italy segment and relate to:

- coordination, control and strategic planning of the Group’s activities;
- centralised planning and management of human and financial resources;
- management of administrative, tax, legal/corporate and institutional communications requirements;
- administrative, tax and management support to group companies.

These costs amounted to €58.7 million in the period compared to €61.0 million for the corresponding period of the previous year.

Management measures the segments’ results by considering their operating profit, which is consistent with the accounting policies applied to the Group’s condensed interim consolidated financial statements.

The geographical segments are measured based on net invested capital.

Disclosures on the Group’s performance by business segment are set out in the Directors’ report. The condensed interim consolidated financial statements figures are summarised below by geographical segment.

Income statement by geographical segment

First half 2016

(€'000)	Italy (*)	Abroad	Total
Revenue	219,774	2,348,823	2,568,597
Other income	28,383	42,510	70,893
Total revenue	**248,157**	**2,391,333**	**2,639,490**
Costs			
Production costs	(168,369)	(1,732,598)	(1,900,967)
Personnel expenses	(81,462)	(338,773)	(420,235)
Other operating expenses	(24,480)	(48,558)	(73,038)
Provisions and impairment losses	(118)	(2,972)	(3,091)
Total costs	**(274,429)**	**(2,122,901)**	**(2,397,330)**
Gross operating profit (loss)	**(26,272)**	**268,432**	**242,160**
Gross operating profit (loss) margin %	*-10.6%*	*11.2%*	*9.2%*
Amortisation and depreciation	(25,634)	(97,891)	(123,525)
Operating profit (loss)	**(51,906)**	**170,541**	**118,635**
Return on Sales	*-20.9%*	*7.1%*	*4.5%*
Net financing costs and net gains on equity investments			(37,199)
Profit before tax			**81,436**
Income tax expense			(31,769)
Profit from continuing operations			**49,667**
Loss from discontinued operations			(20,418)
Profit for the period			**29,249**

(*) The operating profit includes the costs of the central units and other general costs of €58.7 million.

Income statement by geographical segment

First half 2015 (§)

(€'000)	Italy (*)	Abroad	Total
Revenue	341,325	1,795,862	2,137,187
Other income	42,827	21,061	63,888
Total revenue	**384,152**	**1,816,923**	**2,201,075**
Costs			
Production costs	(286,103)	(1,371,716)	(1,657,819)
Personnel expenses	(83,953)	(178,216)	(262,169)
Other operating expenses	(26,129)	(30,381)	(56,510)
Provisions and impairment losses	(2,243)	5,133	2,890
Total costs	**(398,428)**	**(1,575,180)**	**(1,973,608)**
Gross operating profit (loss)	**(14,276)**	**241,743**	**227,467**
Gross operating profit (loss) margin %	*-3.7%*	*13.3%*	*10.3%*
Amortisation and depreciation	(23,156)	(77,868)	(101,024)
Operating profit (loss)	**(37,432)**	**163,875**	**126,443**
Return on Sales	**-9.7%**	**9.0%**	**5.7%**
Net financing costs and net gains on investments			(25,586)
Profit before tax			**100,857**
Income tax expense			(35,463)
Profit from continuing operations			**65,394**
Loss from discontinued operations			(5,096)
Profit for the period			**60,298**

(§)The income statement for the first half of 2015 was restated to comply with IFRS 5 given the disposal scope of Todini Costruzioni Generali Group. The figures in this column do not include Lane acquired on 4 January 2016.

(*)The operating profit includes the costs of the central units and other general costs of €61.0 million.

Statement of financial position as at 30 June 2016 by geographical segment

(€'000)	Italy	Abroad	Total
Non-current assets	372,199	700,786	**1,072,985**
Goodwill	-	245,164	**245,164**
Assets (liabilities) held for sale, net	15,606	(16,859)	**(1,253)**
Provisions for risks	(92,796)	(13,434)	**(106,230)**
Post-employment benefits and employee benefits	(14,270)	(74,269)	**(88,539)**
Net tax assets	91,372	65,708	**157,080**
Working capital	457,029	339,818	**796,847**
Net invested capital	**829,140**	**1,246,914**	**2,076,054**
Equity			**1,240,098**
Net financial indebtedness			**835,956**
Total financial resources			**2,076,054**

Statement of financial position as at 31 December 2015 by geographical segment (*)

(€'000)	Italy	Abroad	Total
Non-current assets	253,050	666,390	**919,440**
Assets (liabilities) held for sale, net	62,169	(20,575)	**41,594**
Provisions for risks	(97,091)	(9,270)	**(106,361)**
Post-employment benefits and employee benefits	(14,195)	(11,217)	**(25,412)**
Net tax assets	83,561	52,505	**136,066**
Working capital	355,518	(77,234)	**278,284**
Net invested capital	**643,012**	**600,599**	**1,243,611**
Equity			**1,216,860**
Net financial indebtedness			**26,751**
Total financial resources			**1,243,611**

(*)The figures in this column do not include Lane acquired on 4 January 2016.

Statement of financial position

5. Property, plant and equipment

Property, plant and equipment amount to €709.9 million, up from the 31 December 2015 figure by €115.5 million. The historical cost and carrying amount are given in the following table:

(€'000)	30 June 2016 Cost	Acc. depreciation	Carrying amount	31 December 2015 Cost	Acc. depreciation	Carrying amount
Land	32,035		32,035	5,354	-	5,354
Buildings	181,865	(86,762)	95,103	152,726	(74,056)	78,670
Plant and machinery	1,320,592	(799,477)	521,115	1,084,534	(634,156)	450,378
Industrial and commercial equipment	108,983	(93,345)	15,638	112,781	(93,979)	18,802
Other assets	59,819	(47,308)	12,511	57,771	(44,812)	12,959
Assets under const. and payments on account	33,464		33,464	28,202	-	28,202
Total	**1,736,758**	**(1,026,892)**	**709,866**	**1,441,368**	**(847,003)**	**594,365**

Changes during the period are summarised below:

(€'000)	31 December 2015	Increases	Depreciation	(Imp. losses)/ Reversals of imp. losses	Reclassific-ations	Disposals	Exchange rate gains (losses) and other changes	Change in consolidation scope / Acquisitions	30 June 2016
Land	5,354	54	-		-	(758)	(661)	28,046	32,035
Buildings	78,670	14,889	(8,876)		1,195	(463)	(1,851)	11,539	95,103
Plant and machinery	450,378	114,347	(91,041)		(8,797)	(26,863)	(3,382)	86,473	521,115
Industrial and commercial equipment	18,802	6,471	(5,896)		(502)	(2,789)	(245)	(203)	15,638
Other assets	12,959	1,517	(2,188)		162	(312)	(218)	591	12,511
Assets under const. and payments on account	28,202	-	-		7,683	(2,315)	(183)	77	33,464
Total	**594,365**	**137,278**	**(108,001)**	**-**	**(259)**	**(33,500)**	**(6,540)**	**126,523**	**709,866**

The most significant changes include:

- increases of €137.3 million, mainly related to the projects in Italy (the high speed/capacity Milan-Genoa railway section) and abroad (Line 3 of the Riyadh Metro in Saudi Arabia, the Ruta del Sola project in Colombia and the Nenskra hydroelectric project in Georgia) as well as investments for Lane Group's foreign contracts;

- depreciation for the period of €108.0 million;
- disposals of €33.5 million, principally related to plant and machinery. These disposals mostly refer to contracts nearing completion;
- the change in the consolidation scope of €126.5 million, mainly due to the Group's acquisition of Lane on 4 January 2016 (€115.1 million) and Lane Group's acquisition of assets of Asphalt Roads and Materials Company Inc. on 21 March 2016 (€11.2 million). Note 3 - Business combinations provides information about these acquisitions.

The closing balance at 30 June 2016 includes leased assets of €190.5 million recognised under "Buildings" (€0.7 million), "Plant and machinery" (€187.3 million), "Industrial and commercial equipment" (€1.8 million) and "Other assets (€0.8 million).

6. Intangible assets

Intangible assets amount to €185.4 million, down from the 31 December 2015 figure by €8.5 million. The historical cost and carrying amount are given in the following table:

	30 June 2016			31 December 2015		
(€'000)	Cost	Acc. amortisation	Carrying amount	Cost	Acc. amortisation	Carrying amount
Rights to infrastructure under concession	72,442	(8,961)	63,481	73,984	(9,098)	64,886
Contract acquisition costs	193,923	(80,293)	113,630	193,923	(66,209)	127,714
Other	15,315	(7,046)	8,269	3,331	(2,110)	1,221
Total	**281,680**	**(96,300)**	**185,380**	**271,238**	**(77,417)**	**193,821**

The rights to infrastructure under concession of €63.5 million are in line with the previous year-end balance. Changes of the period are detailed in the following table:

(€'000)	31 December 2015	Increases	Amortisation	Exchange rate gains (losses)	Change in consolidation scope	30 June 2016
SA.BRO.M.	43,491	316				43,807
Parking Glasgow	19,452		(492)	(1,002)		17,958
Mercovia	1,943	232	(174)	(285)		1,716
Total	**64,886**	**548**	**(666)**	**(1,287)**	**-**	**63,481**

The increase in this item for SA.BRO.M. mainly comprises design costs, including the borrowing costs capitalised in accordance with IAS 23, which the Group expects to recover based on the outcome of the tender/contract. The item is not amortised as the concession has not yet been activated.

No elements arose during the period that would suggest that the assets had been impaired. Therefore, no impairment tests were performed.

Contract acquisition costs amount to €113.6 million and are analysed in the following table:

(€'000)	31 December 2015	Increases	Amortisation	Disposals	Change in consolidation scope	30 June 2016
Cociv (Milan - Genoa railway section)	44,366		(1,969)			42,397
Riyadh Metro - Saudi Arabia	56,551		(8,031)			48,520
Iricav Due (Verona - Padua railway section)	12,510					12,510
Thessalonica Metro - Greece	1,130		(166)			964
Yarull - Dom. Republic	3,037		(14)			3,023
Vegas Tunnel - USA	307		(110)			197
Gerald Desmond Bridge - USA	5,264		(1,020)			4,244
Stavros Niarchos - Greece	710		(688)			22
Seli Tunnelling Denmark A.p.S.	3,839		(2,086)			1,753
Total	**127,714**	**-**	**(14,084)**	**-**	**-**	**113,630**

Contract acquisition costs include considerations paid to purchase stakes in projects/contracts representing intangible assets with a finite useful life, which are amortised in line with the stage of completion of the related contracts.

With respect to the Verona - Padua section, amortisation of the acquisition cost will commence when work starts.

There are no indicators of impairment for the contracts to which the acquisition costs refer.

Other intangible assets amount to €8.3 million, an increase of €7.0 million on 31 December 2015. Variations of the period are detailed in the following table:

(€'000)	31 December 2015	Increases	Amortisation	Reclassific-ations	Disposals	Exchange rate gains (losses)	Change in consolidation scope	30 June 2016
Industrial patents	13		(12)					1
Concessions	2		(125)			(60)	3,036	2,853
Software	960	799	(578)			(69)	2,040	3,152
Other	246	2,058	(59)				18	2,263
Total	**1,221**	**2,857**	**(774)**	**-**	**-**	**(129)**	**5,094**	**8,269**

The change in the consolidation scope refers to Lane, acquired on 4 January 2016. More information is available in note 3 - Business combinations.

7. Goodwill

This item of €245.2 million relates to the acquisition of Lane (€224.3 million) and the assets of Asphalt Roads and Materials Company Inc. (€20.9 million), described in note 3 - Business combinations.

The following table shows the variations of the period:

(€'000)	31 December 2015	4 January 2016 Lane acquisition	4 April 2016 Virginia Beach acquisition	Exchange rate gains (losses)	30 June 2016
Lane Group	-	228,956		(4,670)	224,286
Asphalt Roads and Materials Co. assets	-		20,468	410	20,878
Total	**-**	**228,956**	**20,468**	**(4,260)**	**245,164**

8. Equity investments

Equity investments increased by €46.5 million to €177.7 million.

The main changes that led to differences in the carrying amounts of the equity investments are summarised below:

(€'000)	1st half 2016
Change in consolidation method	
Capital transactions	17,354
Change in consolidation scope	42,007
Acquisitions, capital injections and disinvestments	(4,684)
Share of profit of equity-accounted investees	6,990
Dividends from equity-accounted investees	(15,926)
Other changes including change in the translation reserve	744
Total	**46,485**

Changes in the consolidation scope relate to Lane's interests in joint ventures.

The Group's share of profit of equity-accounted investees totals €7 million, considering also the figures shown in note 25, detailing the changes in the provision for risks on equity investments. The effect on profit or loss is analysed in note 34.

The key figures of the equity-accounted investees are set out below:

(in €'000) Entity	Country	Business	%	Carrying amount	Equity under local GAAP	Total assets	Net financial position (indebtedness)	IFRS Equity	Revenue	Profit (loss) for the period
Cons. Agua Azul S.A.	Peru	Operator-water cycle	25.50%	6,734	6,734	7,333	582	6,734	1,593	558
Ochre Solutions Ltd.	GB	–Operator hospital sector	40.00%	5,215	(2,110)	79,137	(53,804)	(2,110)	3,095	(281)
Grupo Unido por el Canal	Panama	Construction work-Panama Canal extension project	38.40%	34,204	(187,181)	558,273	(77,695)	(187,181)	86,943	(4,993)
AGL Constructor JV	US	Construction work	20.00%	6,514	6,371	21,450	3,232	6,371	29,241	1,425
Skanka Granite JV	US	Motorway construction	30.00%	8,009	7,802	70,380	50,741	7,802	46,576	5,223
SGL I4 Leasing	US	Lease services	30.00%	17,732	17,763	17,826	3,438	17,763	798	92
Fluor-Lane	US	Motorway construction	35.00%	(79)	(79)	499	499	(79)	-	-
Fluor-Lane 95 LLC	US	Motorway construction	35.00%	1,384	1,384	7,571	7,351	1,384	1,902	627
Flatiron- Lane	US	Motorway construction	45.00%	32	32	169	169	32	-	-
GLLP Gemma Liberty	US	Civil work construction	25.00%	(447)	(239)	3,793	859	(239)	4,671	904
GLPP Gemma Patriot	US	Civil work construction	25.00%	(1,218)	(1,208)	8,555	2,560	(1,208)	10,588	2,149
Gaziantep Hastane Sanglik	Turkey	Operator hospital sector	35.50%	3,929	3,929	4,361	186	3,929	-	(28)
Yuma	Colombia	Motorway construction	48.33%	13,222	13,222	104,042	(84,481)	13,222	9,931	1,149

9. Non-current financial assets

Non-current financial assets of €70.0 million are analysed in the following table:

(€'000)	30 June 2016	31 December 2015	Variation
Other financial assets	19,331	19,638	(307)
Loans and receivables - unconsolidated group companies and other related parties	18,946	19,986	(1,040)
Loans and receivables - third parties	31,711	28,208	3,503
Total	**69,988**	**67,832**	**2,156**

The other financial assets include unlisted guaranteed-return securities which mature after one year. They amount to €19.3 million at period end (31 December 2015: €19.6 million) and mainly comprise units in the fund financing Yuma.

Loans and receivables - unconsolidated group companies and other related parties decreased by €1.0 million to €18.9 million. They include receivables from the English associate Ochre Holding (€11.2 million), the English associate Impregilo Wolverhamption (€0.7 million) and HCE Group companies (€7.0 million).

Loans and receivables - third parties amount to €31.7 million, showing a €3.5 million increase on 31 December 2015. They include:

- receivables arising on the sale of the investment in the Argentine operator Caminos de Las Sierras to the Cordoba provincial authorities (Argentina) in 2010 by the subsidiary Impregilo International Infrastructures N.V., which accrue interest at a fixed rate of 9.50% as follows:
  - the amount due from Caminos de Las Sierras, related to the loan granted by Impregilo International Infrastructures to the Argentine operator in the past, which was restructured as part of the sales agreements. The outstanding balance of €9.9 million at the reporting date includes €2.1 million due after one year and €7.8 million due within one year;
  - the receivable from the Cordoba provincial authorities, which also refers to the sale of the investment in Caminos de Las Sierras and amounts to €3.2 million due within one year.

  These loans and receivables are repaid regularly according to the schedule set in the agreements with the counterparties;
- loans and receivables of €21.8 million related to the concessions of the indirect subsidiaries Corso del Popolo S.p.A. and Piscine dello Stadio S.r.l.;
- loans and receivables of €7.5 million with Prime System Kz Ltd being the non-currrent portion of the receivables for the sale of Todini Costruzioni Generali;
- other of €0.3 million.

The decrease in loans and receivables - third parties is mainly due to the reclassification of amounts due before 30 June 2017 to current, specifically, those related to Caminos de Las Sierras described above and the receivable from Prime System Kz which arose during the period.

10. Deferred tax assets and liabilities

Deferred tax assets and liabilities amount to €63.3 million and €45.5 million at 30 June 2016, respectively. Changes of the period, shown in the following table, reflect adjustments made on the basis of the information available at the reporting date:

(€'000)	30 June 2016	31 December 2015	Variation
Deferred tax assets	63,269	64,064	(795)
Deferred tax liabilities	(45,543)	(55,857)	10,314

11. Inventories

Inventories total €285.0 million at the reporting date, as shown in the following table:

	30 June 2016			31 December 2015			
(€'000)	Gross carrying amount	Allowance	Carrying amount	Gross carrying amount	Allowance	Carrying amount	Variation
Real estate projects	22,085	(8,597)	13,488	22,085	(8,597)	13,488	-
Finished products and goods	2,945		2,945	3,448		3,448	(503)
Raw materials, consumables and supplies	272,437	(3,854)	268,583	252,666	(1,529)	251,137	17,446
Total	**297,467**	**(12,451)**	**285,016**	**278,199**	**(10,126)**	**268,073**	**16,943**

Real estate projects

Real estate projects amount to €13.5 million, substantially unchanged from the previous year end. They mainly relate to the real estate project of €11.6 million (net of the related allowance of €7.8 million) for the construction of a trade point in Lombardy for which a dispute is pending about the zoning provisions of the area on which the property stands. Based also on its legal advisors' opinion, the Group deems that the carrying amount can be recovered through the real estate project or, alternatively, through recognition of the damage incurred due to non-authorisation of the zoning of the area by the competent authorities.

Finished products and goods and Raw materials, consumables and supplies

The carrying amount of these items totals €2.9 million and €268.6 million, respectively, and mainly relates to materials and goods to be used for foreign contracts, including those in Ethiopia (€138.9 million), Venezuela (€17.6 million), Nigeria (€7.7 million), Saudi Arabia (€12.8 million) and the US (€27.2 million).

The carrying amount of raw materials, consumables and supplies is net of an allowance of €3.9 million, analysed below:

(€'000)	31 December 2015	Write-downs	Utilisations	Reversals	Change in consolidation scope	Exchange rate gains (losses)/Other changes	30 June 2016
Allowance - raw materials	(1,529)	(351)	1,722		(1,170)	(2,526)	(3,854)
Total	**(1,529)**	**(351)**	**1,722**	**-**	**(1,170)**	**(2,526)**	**(3,854)**

12. Contract work in progress

Contract work in progress totals €2,148.8 million at the reporting date, up €373.0 million on the previous year-end figure. The increase includes ongoing production calculated using the most recent estimates of the current contracts' profitability.

The following table shows contract work in progress calculated using the stage of completion method, net of losses realised or estimated at the reporting date and progress billings:

(€'000)	30 June 2016	31 December 2015	Variation
Contract work in progress	29,700,763	27,960,191	1,740,572
Progress payments and advances received (on approved work)	(27,551,938)	(26,184,400)	(1,367,538)
Total	**2,148,825**	**1,775,791**	**373,034**

The most significant work in progress relates to railway work in Venezuela (€255.6 million), the hydroelectric plants in Ethiopia (€126.6 million), the high speed/capacity railway work in Italy (€156.9 million), the hydroelectric, road and civil building works in Nigeria (€65.3 million), the Copenhagen Cityringen Metro in Denmark (€229.6 million), the Doha Metro and the Al Bayt Stadium in Al Khor, Qatar (€190.1 million), the design and construction of motorways in Romania (€87.5 million) and work in progress in Libya (€144.6 million). With respect to the works in Libya, the subsidiary Lidco collected contractual advances in previous years amounting to €179.7 million at the reporting date, recognised as "Advances for contract work in progress" under liabilities in the statement of financial position.

The item shows an increase over 31 December 2015 mainly due to continuation of production on the contracts in Denmark (€84.6 million, due to the Copenhagen Cityringen Metro contract), in Qatar (€120.0 million, mainly referred to construction of the Al Bayt Stadium in Al Khor and the Red Line North Underground), in Australia (€54.2 million, to build the Sydney Metro Northwest Project - Design and Construction of Surface and Viaduct Civil Works) and the in US (€38.9 million, as a result of the work carried out by Lane).

A breakdown of contract work in progress by geographical segment is as follows:

(€'000)	30 June 2016	31 December 2015	Variation
Italy	417,387	399,625	17,762
EU (excluding Italy)	367,426	247,378	120,048
Non-EU	135,038	106,464	28,574
Asia	34,315	16,310	18,005
Middle East	210,266	115,991	94,275
Africa	508,910	546,857	(37,947)
North America	38,855	613	38,242
Latin America	368,079	328,251	39,828
Oceania	68,549	14,302	54,247
Total	**2,148,825**	**1,775,791**	**373,034**

The section on the "Main risk factors and uncertainties" in the Directors' report provides information on pending disputes and assets exposed to country risk.

The section on the "Performance by geographical segment" in the Directors' report provides more details about the contracts and the progress made on the main contracts.

13. Trade receivables

At 30 June 2016, trade receivables amount to €2,066.7 million, a net increase of €506.0 million compared to 31 December 2015. The item includes receivables of €157.7 million from unconsolidated group companies and other related parties.

It is analysed in the following table:

(€'000)	30 June 2016	31 December 2015	Variation
Third parties	1,908,989	1,380,098	528,891
Unconsolidated group companies and other related parties	157,673	180,586	(22,913)
Total	**2,066,662**	**1,560,684**	**505,978**

“Third parties” may be broken down as follows:

(€’000)	30 June 2016	31 December 2015	Variation
Trade receivables	2,010,892	1,479,741	531,151
Allowance for impairment	(101,903)	(99,643)	(2,260)
Total	**1,908,989**	**1,380,098**	**528,891**

The balance relates to amounts due from customers for invoices issued and for work performed and approved by customers but still to be invoiced. The net increase is a result of the change in the consolidation scope following Lane’s acquisition (€194.4 million) and the rise in the Ethiopian branch’s trade receivables for work performed by subcontractors (€255.5 million) as well as advances to be collected (€42.5 million). The Ethiopian branch recorded a related increase in trade payables for works performed (€250 million) and payables from customers for advances. Settlement of the trade receivables and trade payables takes place on the basis of the agreements between the parties.

The item also includes €229.2 million due to FIBE by the Campania municipalities for its management services provided under contract until 15 December 2005 and the subsequent transition period (reference should be made to the “Main risk factors and uncertainties” section in the Directors’ report for more information about this complicated situation and the directors’ related assessments).

Retentions amount to €140.3 million at the reporting date compared to €87.3 million at 31 December 2015.

The allowance for impairment increased by €2.3 million to €101.9 million at the reporting date and includes impairment losses on trade receivables of €47.1 million (mostly for the Venezuelan, Sierra Leone and Kazakhstani branches) and on default interest of €54.8 million (mainly related to FIBE, Fisia Ambiente and the Nepalese branch). Accruals of approximately €4.5 million for the period principally refer to the Kazakhstani branch.

Changes in the provision for bad debts and default interest are analysed below:

(€’000)	31 December 2015	Accruals	Utilisations	Reversals	Change in consolidation scope	Exchange rate gains (losses)	30 June 2016
Trade receivables	43,817	4,470	(258)	(3,563)	2,696	(22)	47,140
Default interest	55,826			(1,073)		10	54,763
Total	**99,643**	**4,470**	**(258)**	**(4,636)**	**2,696**	**(12)**	**101,903**

Trade receivables from unconsolidated group companies and other related parties decreased by €22.9 million to €157.7 million at 30 June 2016.

The item mainly comprises trade receivables from unconsolidated SPEs for work carried out by them under contracts with Italian and foreign public administrations.

The balance includes €3.6 million equal to the Group's share of the SPEs' cash and cash equivalents. It is shown in the item "Net financial position with unconsolidated SPEs" in the schedule of the Group's net financial indebtedness.

The decrease is mainly due to the collection of receivables due from Pedelombarda S.c.p.A., the consortium company which built the motorway stretch with the same name.

14. Derivatives and other current financial assets

At 30 June 2016, this item of €363.4 million (31 December 2015: €312.1 million) includes the following:

(€'000)	30 June 2016	31 December 2015	Variation
Government bonds and insurance shares	1,667	2,815	(1,148)
Loans and receivables - third parties	198,161	146,826	51,335
Loans and receivables - unconsolidated group companies and related parties	163,589	162,463	1,126
Total	**363,417**	**312,104**	**51,313**

The government bonds and insurance shares amount to €1.7 million compared to €2.8 million at 31 December 2015. The item includes unlisted guaranteed-return securities with maturities of less than one year. The decrease in the period is due to the sale of securities by the Argentine subsidiary Impregilo Healy Ute, which was awarded the Riachuelo contract in Argentina.

Loans and receivables - third parties mainly consist of:

- €65.9 million due from the CAV.TO.MI Consortium related to the amounts paid as a result of the Appeal Court ruling of 23 September 2015. The Group deems this receivable to be recoverable, also based on its legal advisors' opinion. The section on the "Main risk factors and uncertainties" in the Directors' report provides more information;
- €24.9 million for the current portion of the receivables due from Prime System Kz Ltd for the sale of Todini Costruzioni Generali;
- €29.9 million related to the surety enforced in 2014 for the delay in the Metro 6 works (Chile). The Group is confident that it will recover this amount, based also on the opinion of its legal advisors assisting it with the dispute. The section on the "Main risk factors and uncertainties" in the Directors' report provides more information;

- €18.4 million which arose after the sale of TEEM S.p.A. and is due in 2016;
- €13.6 million due from the Romanian Ministry for Infrastructure and Transportation related to the surety enforced during the period as a result of the disputes with the customer about the Orastie-Sibiu motorway contract. The Group is confident that it will recover this amount, based also on the opinion of its legal advisors assisting it with the disputes. The section on the "Main risks and uncertainties" in the Directors' report provides more information;
- €11.2 million related to the subsidiary Impregilo International Infrastructures N.V. for the current portion of the receivables that arose after the sale of its investment in the Argentine operator Caminos de las Sierras to the Cordoba provincial authorities (Argentina) (see note 9). To date, these receivables have been collected in line with the contractual terms;
- €28.6 million for the loans granted to the partners of Salerno - Reggio Calabria S.c.p.A. and COCIV Consortium. These interest-bearing loans were repaid in July 2016.

Loans and receivables - unconsolidated group companies and other related parties mainly consist of:

- the amount of €122.5 million due from Consorzio OIV Tocoma, the SPE in charge of a hydroelectric project in Venezuela. The section on the "Main risk factors and uncertainties" in the Directors' report provides more information;
- receivables of €7.4 million due from Salini Costruttori S.p.A., principally relating to its participation in the VAT consolidation scheme. At 31 December 2015, this item amounted to €14.5 million;
- the amount of €4.2 million due from the SPE Linea M4 S.p.A. for the financing granted to it in January 2016; this SPE was set up to design, build, maintain and operate the M4 line of the Milan metro under concession from the Milan municipality and to provide the related public service.

15. Current tax assets and other current tax assets

Current tax assets amount to €119.6 million as follows:

(€'000)	30 June 2016	31 December 2015	Variation
Direct taxes	55,306	56,387	(1,081)
IRAP	8,811	863	7,948
Foreign direct taxes	55,521	57,327	(1,806)
Total	**119,638**	**114,577**	**5,061**

The 30 June 2016 balance mainly consists of:

- direct tax assets for excess taxes paid in previous years, which the Group has correctly claimed for reimbursement and which bear interest;

- foreign direct tax assets for excess taxes paid abroad by the foreign group companies which will be recovered as per the relevant legislation.

Other current tax assets decreased by €1.7 million to €140.9 million at the reporting date as follows:

(€'000)	30 June 2016	31 December 2015	Variation
VAT	114,891	107,035	7,856
Other indirect taxes	26,040	35,617	(9,577)
Total	**140,931**	**142,652**	**(1,721)**

VAT assets include €75.9 million due from the Italian taxation authorities and €39.0 million from foreign taxation authorities. Other indirect taxes comprise withholdings of €7.9 million paid by the Icelandic branch for its temporary foreign workers. More information is available in note 30.

16. Other current assets

Other current assets of €576.1 million show an increase of €57.5 million on the previous year end and may be analysed as follows:

(€'000)	30 June 2016	31 December 2015	Variation
Other receivables	253,373	217,636	35,737
Advances to suppliers	209,003	179,268	29,735
Other - unconsolidated group companies and other related parties	27,514	33,882	(6,368)
Prepayments and accrued income	86,220	87,856	(1,636)
Total	**576,110**	**518,642**	**57,468**

Other receivables increased by €35.7 million, mainly due to the different consolidation scope following acquisition of Lane and the larger receivables from the Group's partners.

Specifically, they include:

- €71.2 million (substantially unchanged from 31 December 2015) due from the public bodies involved in managing the waste emergency in Campania to FIBE. The section on the "USW Campania projects" and related assessments in the section of the Directors' report on the "Main risk factors and uncertainties" provides more information about these projects;
- €34.3 million due from the Argentine Republic as compensation for damage following the favourable award issued on 21 June 2011 and confirmed by the Buenos Aires Arbitration Tribunal on 24 January 2014. This award settled the proceedings commenced by the shareholders of the investee Aguas del Buenos Aires S.A. in liquidation (operator) against the Argentine Republic;

- €31.8 million due from some of the Group's partners of joint ventures around the world, mainly for the works on Line 3 of the Riyadh Metro in the Middle East;
- loans and receivables due after one year of €23.8 million related to Lane for insurance policies taken out for key management personnel.

Advances to suppliers increased by €29.7 million over 31 December 2015 due to advances made to suppliers for the high speed/capacity Milan - Genoa railway section contract and the Al Bayt Stadium in Qatar, partly offset by utilisation of advances made in previous years for the metro lines in Copenhagen, Denmark and Lima, Peru.

Other - unconsolidated group companies and other related parties amount to €27.5 million, a decrease of €6.4 million compared to 31 December 2015 as a result of the reduction in the receivable due from OIV Tocoma Consortium.

Prepayments and accrued income of €86.2 million show a decrease of €1.6 million on 31 December 2015. The item mainly consists of insurance premiums, commissions on sureties and other contract costs which will be recognised in profit or loss in future periods based on the stage of completion of the related contracts. The decrease, shown in the following table, is mainly due to the Riyadh Line 3 contract in Saudi Arabia, partly offset by the increase generated by the new contracts in America and Australia:

(€'000)	30 June 2016	31 December 2015	Variation
Accrued income:			
- Other	230	301	(71)
Total accrued income	**230**	**301**	**(71)**
Prepayments:			
- Insurance	36,063	41,024	(4,961)
- Sureties	6,179	6,180	(1)
- Other contract costs	43,748	40,351	3,397
Total prepayments	**85,990**	**87,555**	**(1,565)**
Total	**86,220**	**87,856**	**(1,636)**

17. Cash and cash equivalents

At 30 June 2016, cash and cash equivalents amount to €1,176.7 million, down by €234.1 million, as shown below:

(€'000)	30 June 2016	31 December 2015	Variation
Cash and cash equivalents	1,176,680	1,410,775	(234,095)

A breakdown by geographical segment is as follows:

(€'000)	30 June 2016	31 December 2015	Variation
Italy	140,275	253,922	(113,647)
EU (excluding Italy)	83,587	138,975	(55,388)
Non-EU	30,166	26,715	3,451
Asia	28,031	33,388	(5,357)
Middle East	631,968	771,495	(139,527)
Africa	35,861	65,808	(29,947)
North America	133,520	45,044	88,476
Latin America	54,003	47,051	6,952
Oceania	39,269	28,377	10,892
Total	**1,176,680**	**1,410,775**	**(234,095)**

The balance includes credit bank account balances at the end of the period and the amounts of cash, cheques and valuables at the registered offices, work sites and foreign subsidiaries. Liquidity management is designed to ensure the financial independence of ongoing contracts, considering the structure of the consortia and SPEs, which may limit the availability of financial resources to achievement of the related projects. Liquidity management also considers the existence of constraints to the transfer of currency imposed by certain countries.

The statement of cash flows shows the reason for the decrease in the item and changes in current account facilities (note 20).

Imprepar's deposits include €4.9 million collected by it on behalf of third parties.

Parking Glasgow's cash and cash equivalents are tied to specific claims for €0.5 million, while cash and cash equivalents of €8.5 million of CAVTOMI are tied up in a fiduciary deposit to guarantee the positive outcome of a pending dispute (the section on the "Main risk factors and uncertainties" in the Directors' report provides more information about this).

At the reporting date, the cash and cash equivalents attributable to non-controlling interests of the consolidated SPEs amount to €122.2 million and mainly refer to the Red Line North Underground and the Al Bayt Stadium in Al Khor, Qatar.

18. Non-current assets (liabilities) held for sale and discontinued operations and loss from discontinued operations

Non-current assets held for sale are shown in the following table with the associated liabilities:

(€'000)	30 June 2016	31 December 2015	Variation
Non-current assets held for sale	22,453	147,606	(125,153)
Liabilities directly associated with non-current assets held for sale	(23,706)	(106,012)	82,306
Total	**(1,253)**	**41,594**	**(42,847)**

The €42.8 million reduction in this caption is due to the sale of Todini Costruzioni Generali to Prime System Kz Ltd on 4 April 2016.

A breakdown of this item is as follows:

	30 June 2016		
(€'000)	Business unit A - former Todini (*)	USW Campania	Total
Non-current assets	733	5,683	6,416
Current assets	16,037	-	16,037
Non-current assets held for sale	**16,770**	**5,683**	**22,453**
Current liabilities	(23,706)	-	(23,706)
Liabilities directly associated with non-current assets held for sale	**(23,706)**	**-**	**(23,706)**
Total	**(6,936)**	**5,683**	**(1,253)**
- including net financial indebtedness	*(18,082)*		*(18,082)*

	31 December 2015			
(€'000)	Business unit B - Todini	Business unit A - former Todini (*)	USW Campania	Total
Non-current assets	31,746	545	5,683	37,974
Current assets	80,330	29,302		109,632
Non-current assets held for sale	**112,076**	**29,847**	**5,683**	**147,606**
Non-current liabilities	(30,485)			(30,485)
Current liabilities	(45,679)	(29,848)		(75,527)
Liabilities directly associated with non-current assets held for sale	**(76,164)**	**(29,848)**	**-**	**(106,012)**
Total	**35,912**	**(1)**	**5,683**	**41,594**
- including net financial indebtedness	*(7,274)*	*(11,665)*		*(18,939)*

(*) Assets belonging to the Todini Costruzioni Generali business unit identified as Business unit A - Italian operating contracts. These assets were contributed by Todini Costruzioni Generali to HCE Costruzioni S.p.A. in the first quarter of 2016. HCE was subsequently sold to Salini Impregilo S.p.A..

The loss from discontinued operations for the first six months of 2016 and 2015 is analysed in the following tables:

(€'000)	1st half 2016 Business unit B - Todini	Business unit A - former Todini	USW Campania	Total
Revenue				
Operating revenue	-	(6,017)		(6,017)
Other revenue	1,522	47		1,569
Total revenue	**1,522**	**(5,970)**	**-**	**(4,448)**
Total costs	**(122)**	**(903)**	**(744)**	**(1,769)**
Operating profit (loss)	**1,400**	**(6,873)**	**(744)**	**(6,217)**
Net financing costs and net gains (losses) on investments	**(13,856)**	**(345)**	**-**	**(14,201)**
Loss before tax	**(12,456)**	**(7,218)**	**(744)**	**(20,418)**
Loss from discontinued operations	**(12,456)**	**(7,218)**	**(744)**	**(20,418)**

The loss from discontinued operations for the period of €20.4 million mainly refers to Business unit A - former Todini (€7.2 million) due to the remeasurement of contract work in progress in Italy held for sale (the Naples Alifana and the Naples Sarno River contracts). The related negative effects are included in contract revenue (€6.0 million) and, with respect to Todini Business unit B, the release of €13.8 million from the translation reserve existing at the date of the sale to Prime System Kz.

The following table shows the profit (loss) from discontinued operations for the first six months of 2015:

(€'000)	1st half 2015 Business unit B - Todini	Business unit A - former Todini	USW Campania	Total
Revenue				
Operating revenue	64,048	15,581		79,629
Other revenue	9,912	2,730		12,642
Total revenue	**73,960**	**18,311**	**-**	**92,271**
Total costs	**(72,833)**	**(18,368)**	**(4,777)**	**(95,978)**
Operating profit (loss)	**1,127**	**(57)**	**(4,777)**	**(3,707)**
Net financing costs and net gains on equity investments	**(159)**	**(320)**	**-**	**(479)**
Profit (loss) before tax	**968**	**(377)**	**(4,777)**	**(4,186)**
Income tax expense	(910)			(910)
Profit (loss) from discontinued operations	**58**	**(377)**	**(4,777)**	**(5,096)**

19. Equity

Equity increased to €1,240.1 million at 30 June 2016 from €1,216.9 million at the end of 2015 as follows:

(€'000)	30 June 2016	31 December 2015	Variation
Equity attributable to the owners of the parent			
Share capital	544,740	544,740	-
Share premium reserve	120,798	120,798	-
- Legal reserve	103,322	101,535	1,787
- Reserve for share capital increase related charges	(3,970)	(3,970)	-
- Reserve for treasury shares	(7,677)	(7,677)	-
- LTI reserve	2,223	139	2,084
- Extraordinary and other reserves	136	136	-
Total other reserves	94,034	90,163	3,871
Other comprehensive income (expense)			
- Translation reserve	(17,719)	(11,194)	(6,525)
- Hedging reserve	(1,467)	(8,085)	6,618
- Actuarial reserve	1,700	(5,273)	6,973
Total other comprehensive expense	(17,486)	(24,552)	7,066
Retained earnings	363,082	324,259	38,823
Profit for the period/year	11,223	60,592	(49,369)
Equity attributable to the owners of the parent	**1,116,391**	**1,116,000**	**391**
Share capital and reserves attributable to non-controlling interests	105,681	79,221	26,460
Profit for the period/year attributable to non-controlling interests	18,026	21,639	(3,613)
Share capital and reserves attributable to non-controlling interests	123,707	100,860	22,847
Total equity	**1,240,098**	**1,216,860**	**23,238**

Changes of the period in the different equity items are summarised in the relevant schedule of the condensed interim consolidated financial statements. Specifically, in their meeting held on 28 April 2016, the parent's shareholders resolved to allocate the profit for 2015 as follows:

- €1,786,530.08, equal to 5% of the profit for the year, to the legal reserve;
- €19,562,732.56 as a dividend to the holders of ordinary shares, equal to €0.04 per share;
- €420,027.66 as a dividend to the holders of savings shares, equal to €0.26 per share;
- €13,961,311.27 to retained earnings.

The LTI (long term incentive plan) reserve shows the fair value of €2.2 million of this plan introduced in 2015. The section on the accounting policies in the 2015 Annual Report describes how the reserve is treated.

The main variation in other comprehensive income items relates to the effect of fluctuations in exchange rates as shown below:

(€'000)	1st half 2016	1st half 2015
Opening balance	(11,194)	15,575
Reclassification to profit or loss	13,857	-
Equity-accounted investees	228	2,063
Increase (decrease)	(20,610)	11,378
Total changes	(6,525)	13,441
Closing balance	**(17,719)**	**29,016**

The effect of changes in the hedging reserve due to fair value gains (losses) on financial instruments is detailed below:

(€'000)	1st half 2016	1st half 2015
Opening balance	(8,085)	1,987
Reclassification of fair value gains/losses on settled transactions to profit or loss	335	293
Reclassification from comprehensive income	9,920	-
Net fair value gains (losses)	(4,056)	370
Net exchange rate gains (losses) and other changes	494	(459)
Net losses for equity-accounted investees	(75)	(361)
Total changes	6,618	(157)
Closing balance	**(1,467)**	**1,830**

The actuarial reserve underwent the following changes:

(€'000)	1st half 2016	1st half 2015
Opening balance	(5,273)	(5,447)
Net actuarial gains recognised in OCI	6,973	-
Closing balance	**1,700**	**(5,447)**

Retained earnings

This item may be analysed as follows:

(€'000)	1st half 2016	1st half 2015
Opening balance	324,259	249,988
Allocation of profit	58,805	92,238
Dividend distribution	(19,982)	(19,983)
Change in consolidation scope	-	2,368
Closing balance	**363,082**	**324,611**

Share capital and reserves attributable to non-controlling interests

Share capital and reserves attributable to non-controlling interests are as follows:

(€'000)	1st half 2016	1st half 2015
Opening balance	100,860	76,513
Capital increase	56	-
Coverage of Todini's losses and shareholder injection		11,311
Profit attributable to non-controlling interests	18,026	7,269
Dividend distribution to third parties	(4,136)	-
Change in consolidation scope	9,544	(4,601)
Components of comprehensive income (expense)	(643)	404
Closing balance	**123,707**	**90,896**

20. Bank and other loans, current portion of bank loans and borrowings and current account facilities

Bank and other loans and borrowings increased by €292.4 million over 31 December 2015 to €1,576.7 million at period end, as summarised below:

(€'000)	30 June 2016	31 December 2015	Variation
Non-current portion			
- Bank and other loans and borrowings	843,318	745,554	97,764
Current portion			
- Current account facilities and other loans	733,418	538,802	194,616
Total	**1,576,736**	**1,284,356**	**292,380**

The Group's financial indebtedness is broken down by loan type in the following table:

	30 June 2016			31 December 2015		
(€'000)	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bank corporate loans	746,673	402,717	1,149,390	667,328	202,733	870,061
Bank project financing	65,794	156,806	222,600	38,954	76,520	115,474
Bank concession financing	23,301	19,451	42,752	24,776	21,301	46,077
Financing and loans of companies in liquidation	2,136	-	2,136	2,136	-	2,136
Other financing	5,059	30,013	35,072	7,782	53,036	60,818
Total bank and other loans and borrowings	**842,963**	**608,987**	**1,451,950**	**740,976**	**353,590**	**1,094,566**
Current account facilities	-	90,771	90,771	-	115,615	115,615
Factoring liabilities	355	20,420	20,775	944	58,763	59,707
Loans and borrowings - unconsolidated group companies	-	13,240	13,240	3,634	10,834	14,468
Total	**843,318**	**733,498**	**1,576,736**	**745,554**	**538,802**	**1,284,356**

Bank corporate loans

Bank corporate loans amount to €1,149.4 million at the reporting date (31 December 2015: €870.1 million) and refer to the parent.

They have been granted by major banks and have repayment plans which provide for payment of the last instalments in 2021. The interest rates have floating spreads depending on the loan term and conditions. The decision to apply the Euribor (1, 2, 3 or 6 months) has been contractually provided for to the benefit of Salini Impregilo.

The main conditions of the bank corporate loans in place at 30 June 2016 are as follows:

	Company	Interest rate	Expiry date	Note
Bank syndicate - Refinancing Facility A	Salini Impregilo	Euribor	2019	(1)
Bank syndicate - Refinancing Facility B	Salini Impregilo	Euribor	2020	(1)
Banca Popolare dell'Emilia Romagna	Salini Impregilo	Euribor	2019	
Monte dei Paschi di Siena (€50 million)	Salini Impregilo	Fixed	2019	(1)
Monte dei Paschi di Siena (€70 million)	Salini Impregilo	Fixed	2019	(1)
Banca Popolare di Bergamo	Salini Impregilo	Fixed	2019	(1)
Banco do Brasil	Salini Impregilo	Euribor	2018	
Banca Popolare di Bari	Salini Impregilo	Euribor	2021	(1)
Banca IMI (€400 million)	Salini Impregilo	Fixed	2017	(1)
Banca IMI (€150 million)	Salini Impregilo	Euribor	2020	
Banca del Mezzogiorno	Salini Impregilo	Euribor	2017	

(1) The loans are backed by covenants that establish the requirement for the borrower to maintain certain financial and equity ratios, which at the date of this report are fully respected.

During the period, the Group negotiated financing with Monte dei Paschi di Siena (€70.0 million), Banca Popolare di Bergamo (€40.0 million), Banca Popolare di Milano (€50 million) and Banca IMI (€400.0 million). It was taken out to acquire Lane Group and the Group repaid €300 million after the bond issue described in note 21. In July, the Group repaid the remainder of the financing following the additional bond issue described in note 38.

Bank project financing

Project financing of €222.6 million at 30 June 2016 mainly relates to the contracts in Colombia (€45.8 million), Romania (€22.5 million) and Australia (€23.7 million), the Metro B1 contract (€20.2 million), the contracts in Nigeria (€7.2 million), North America (€43.5 million) and Morocco (€6.0 million). The variation is mostly due to the increase recorded for the Romanian branch's contracts (€22.5 million), those of the Australian branch (€23.7 million) and of Lane, acquired in January 2016 (€43.5 million) and in Colombia (€21.2 million).

The main conditions of the bank project financing in place at 30 June 2016 are as follows:

	Company	Country	Interest rate	Expiry date
Banco de Bogotà	ICT II	Colombia	DTF	2016
Banco de Bogotà	Consorzio OHL	Colombia	DTF	2016
Banco Stato del Ticino	CSC	Switzerland	Fixed	2016
Intesa San Paolo Romania	Romanian branch	Romania	Robor	2016
Garanti Bank S.A.	Romanian branch	Romania	Robor	2016
Unicredit	Lane Industries	USA	Prime	2020
Doha Bank Qatar	Lane Industries	Qatar	Fixed	2017
Santander Bank	Australian branch	Australia	Fixed	2016
Skye Bank	Salini Nigeria	Nigeria	Fixed	2016
Various	Venezuelan branch	Venezuela	Fixed	n.a.
BMCE	Moroccan branch	Morocco	Fixed	(1)
Banca del Mezzogiorno	Metro B1	Italy	Euribor	2017

(1) Project financing agreements have contractual maturities in line with the performance of the relevant contract.

The interest rates shown in the table have floating spreads depending on the term and conditions of the financing.

Bank concession financing

At the reporting date, concession financing amounts to €42.8 million and refers to the Piscine dello Stadio, Corso del Popolo and Parking Glasgow concessions and the Broni-Mortara (SA.BRO.M.) motorway concession.

€'000				30 June 2016			31 December 2015		
	Company	Currency	Country	Total concession financing	Current portion	Non-current portion	Total concession financing	Current portion	Non-current portion
Monte dei Paschi di Siena	Corso del Popolo S.p.A.	Euro	Italy	8,828	750	8,078	8,828	491	8,337
Credito Sportivo	Piscine dello Stadio S.r.l.	Euro	Italy	6,707	290	6,417	6,809	285	6,524
Royal Bank of Scotland	Impregilo Parking Glasgow	Sterling	UK	9,218	412	8,806	10,280	364	9,916
Unicredit	S.A.BRO.M	Euro	Italy	18,000	18,000	-	20,160	20,160	-
Total				**42,753**	**19,452**	**23,301**	**46,077**	**21,300**	**24,777**

The outstanding financing from Royal Bank of Scotland is included in the project financing category and is secured by the revenue flows arising from the activities carried out under the related concessions. An interest rate hedge has been agreed for this financing (see note 23). The financing agreement includes a number of covenants, all of which the operator had complied with at the reporting date.

The main conditions of the bank concession financing in place at 30 June 2016 are as follows:

	Company	Country	Interest rate	Expiry date
Royal Bank of Scotland	Impregilo Parking Glasgow	GB	Libor	2029
Monte dei Paschi di Siena	Corso del Popolo S.p.A.	Italy	Euribor	2028
Credito Sportivo	Piscine dello Stadio	Italy	IRS	2035
Unicredit	SA.BRO.M.	Italy	Euribor	2016

The interest rates shown in the table have floating spreads depending on the term and conditions of the financing.

Financing and loans of companies in liquidation

This item of €2.1 million is substantially unchanged from 31 December 2015. The related repayment plans are linked to the liquidation procedures of the companies to which the financing and loans refer.

Other financing

This item may be analysed as follows:

€'000	Company	Country	30 June 2016			31 December 2015		
			Total other financing	Current portion	Non-current portion	Total other financing	Current portion	Non-current portion
Cat Finance	Salini Impregilo	Italy	9,518	5,174	4,344	11,996	5,057	6,938
Nesma Riyadh	Salini Impregilo	Italy	-	-	-	25,076	25,076	-
Bethar Al Amal	Salini Impregilo	Italy	15,006	15,006	-	15,303	15,303	-
Contuy	Salini Impregilo	Brazil	47	47	-	-	-	-
Various	Salini Impregilo - Healy Parsons	USA	3,405	3,405	-	-	-	-
Various	Healy Parsons	USA	1,513	1,513	-	-	-	-
Various	Salini Impregilo	Saudi Arabia	6	6	-	-	-	-
Various	Salini Impregilo	Argentina	15	15	-	-	-	-
Various	Healy UTE	Argentina	18	18	-	-	-	-
Various	HCE	Italy	526	291	235	667	193	475
Various	ANM	Riyadh	730	730	-	948	948	-
Various	Lec Consortium	Libya	113	113	-	150	150	-
Various	Pietrarossa	Italy	343	-	343	343	-	343
Various	Nepalese branch	Nepal	-	-	-	15	15	-
Various	Ariguani	Colombia	2,862	2,862	-	869	869	-
Various	Imprepar	Italy	413	413	-	413	413	-
Sace	Salini Namibia	Namibia	-	-	-	4,112	4,112	-
Various	Lane Industries	USA	226	88	138	-	-	-
AFCO	Salini Impregilo - Healy JV	Cleveland	277	277		841	841	-
Cat Finance	Co.Ge.Ma.	Italy	55	55		84	59	25
Total			**35,073**	**30,013**	**5,060**	**60,818**	**53,036**	**7,782**

Current account facilities

Current account facilities decreased by €24.8 million to €90.8 million at the reporting date. The decrease mainly refers to the smaller bank overdrafts of the parent (€30.4 million), the subsidiaries Salini Nigeria (€12.2 million), Corso del Popolo S.p.A. (€4.5 million) and Piscine dello Stadio S.c.a.r.l (€1.9 million) and the larger bank overdrafts of the subsidiary CMT I/S Copenhagen (€25.0 million).

Factoring liabilities

(€'000)	30 June 2016	31 December 2015	Variation
Salini Impregilo S.p.A. (SACE Factoring S.p.A.)	-	43,776	(43,776)
Venezuelan branch (various)	355	944	(589)
Salini Malaysia (SACE Factoring S.p.A.)	7,636	-	7,636
CMT (SACE Factoring S.p.A.)	69	-	69
Ethiopian branch (Factorit)	12,471	14,553	(2,082)
Sierra Leone branch (Factorit)	236	433	(197)
JV Mukorsi (Factorit)	8	-	8
Total	**20,775**	**59,707**	**(38,932)**

Factoring liabilities related to the factoring of receivables and decreased by €38.9 million, mainly due to the extinguishment of the parent's liability with Sace Factoring S.p.A. (€43.8 million) and the rise in the subsidiary Salini Malaysia's liability of €7.6 million after the factoring of receivables during the period.

Net financial indebtedness of Salini Impregilo Group

(€'000)	Note (*)	30 June 2016	31 December 2015 (§)	Variation
Non-current financial assets	9	69,988	67,832	2,156
Current financial assets	14	363,417	312,104	51,313
Cash and cash equivalents	17	1,176,680	1,410,775	(234,095)
Total cash and cash equivalents and other financial assets		**1,610,085**	**1,790,711**	**(180,626)**
Bank and other loans and borrowings	20.	(843,318)	(745,554)	(97,764)
Bonds	21	(692,296)	(396,211)	(296,085)
Finance lease liabilities	22	(102,226)	(79,789)	(22,437)
Total non-current indebtedness		**(1,637,840)**	**(1,221,554)**	**(416,286)**
Current portion of bank loans and borrowings and current account facilities	20.	(733,418)	(538,802)	(194,616)
Current portion of bonds	21	(16,084)	(10,203)	(5,881)
Current portion of finance lease liabilities	22	(54,218)	(49,617)	(4,601)
Total current indebtedness		**(803,720)**	**(598,622)**	**(205,098)**
Derivative liabilities	23	(8,104)	(14,798)	6,694
Net financial position with unconsolidated SPEs (**)		3,623	17,512	(13,889)
Total other financial assets (liabilities)		**(4,481)**	**2,714**	**(7,195)**
Net financial indebtedness - continuing operations		**(835,956)**	**(26,751)**	**(809,205)**
Net financial indebtedness - discontinued operations		(18,082)	(18,939)	857
Net financial indebtedness including discontinued operations		**(854,038)**	**(45,690)**	**(808,348)**

(*) The note numbers refer to the notes to the condensed interim consolidated financial statements where the items are analysed in detail.

(**) This item shows the Group's net amounts due from/to unconsolidated consortia and/or consortium companies operating under a cost recharging system. The balance reflects the Group's share of cash and cash equivalents or debt of the SPEs. The balances are shown under trade receivables and payables in the condensed interim consolidated financial statements.

(§) The figures in this column do not include Lane acquired on 4 January 2016.

21. Bonds

The outstanding bond issues at 30 June 2016 relate to the parent, Salini Impregilo (€708.4 million). They are analysed in the following table:

(€'000)	30 June 2016	31 December 2015	Variation
Non-current portion	692,296	396,211	296,085
Current portion	16,084	10,203	5,881
Total	**708,380**	**406,414**	**301,966**

A breakdown of this item is set out in the following table:

€'000	Expiry date	30 June 2016 Nominal amount	Non-current portion (net of related charges)	Current portion (accrued interest)	31 December 2015 Nominal amount	Non-current portion (net of related charges)	Current portion (accrued interest)
€400,000,000 6.125%	1 August 2018	283,026	280,862	15,820	406,414	396,211	10,203
€428,264.000 3.75%	24 June 2021	428,264	411,434	264			
Total		**711,290**	**692,296**	**16,084**	**406,414**	**396,211**	**10,203**

On 23 July 2013, Salini S.p.A. (now part of Salini Impregilo S.p.A.) issued senior unsecured bonds for a nominal amount of €400 million to be redeemed on 1 August 2018, intended for international institutional investors. The bonds, which have a minimum denomination of €100,000 and an annual gross coupon of 6.125%, were placed with primary international institutional investors at a price of €99.477. The issue is secured by covenants that establish the requirement for the borrower to maintain certain financial and equity ratios which, at the date of this Interim Financial Report, are fully respected.

On 24 June 2016, the parent announced the placement of bonds with a nominal amount of €428.3 million reserved to institutional investors. They have a fixed rate coupon of 3.75%. The bonds are listed on the Irish Stock Exchange in Dublin with a redemption date of 24 June 2021. Part of the bonds, with a nominal amount of €128.3 million, was assigned to the holders of the senior unsecured bonds that adhered to the parent's offer. The exchange rate applied to the existing bonds is 109.75%.

After the exchange, the outstanding value of the senior unsecured bonds was €283 million. The parent used the proceeds of €300 million from the new issue, not used for the bond exchange, to repay part of the bridge financing taken out to acquire Lane and commented on in note 20. The Group assessed the continuity of the previous bond issue (exchanged) with the bonds placed on 24 June 2016. The transaction has strengthened the Group's debt profile, extended its average debt repayment dates by more than one year and increased the component of fixed rate debt.

The bonds issued in the period are backed by covenants that require the parent to maintain certain financial and equity ratios, which at the date of this report are fully respected.

22. Finance lease liabilities

Finance lease liabilities may be broken down as follows at 30 June 2016:

(€'000)	30 June 2016	31 December 2015	Variation
Non-current portion	102,226	79,789	22,437
Current portion	54,218	49,617	4,601

This item includes the principal of future lease payments at the reporting date for the purchase of plant, machinery and equipment with an average life of between 3 to 8 years.

At 30 June 2016, the effective average rate ranged between 2% to 5% for the Italian companies.

Liabilities for these leases are guaranteed to the lessor via rights to the leased assets.

The present value of the minimum future lease payments is €156.4 million (31 December 2015: €129.4 million) as follows:

(€'000)	30 June 2016	31 December 2015
Minimum lease payments:		
Due within one year	60,031	43,553
Due between one and five years	105,661	92,134
Due after five years	3,020	4,780
Total	**168,712**	**140,467**
Future interest expense	(12,268)	(11,061)
Net present value	**156,444**	**129,406**
The net present value is as follows:		
Due within one year	54,218	49,617
Due between one and five years	99,340	75,417
Due after five years	2,886	4,372
Total	**156,444**	**129,407**

23. Derivatives and other current financial liabilities

These items show the reporting-date fair value of the currency and interest rate hedges. They may be broken down as follows:

(€'000)	30 June 2016	31 December 2015
Non-current portion	4,212	4,113
Current portion	3,893	10,685
Total	**8,105**	**14,798**

The following table analyses the item:

(€'000)	30 June 2016	31 December 2015
Interest rate swaps - Cash flow hedges	8,105	14,798
Total derivatives presented in net financial indebtedness	**8,105**	**14,798**

The following table sets out the characteristics of the derivative liabilities existing at 30 June 2016, showing the company owning the contract and the related fair value at the reporting date:

Interest rate swaps - Cash flow hedges: negative fair values

Company	Agreement date	Expiry date	Currency	Notional amount	Fair value (€)
Impregilo Parking Glasgow	27/09/2004	30/06/2029	GBP	7,456,299	(3,353,660)
Impregilo Parking Glasgow	01/06/2003	30/06/2029	GBP	810,726	(858,004)
Salini Impregilo	12/11/2015	24/08/2016	EUR	75,000,000	(1,946,385)
Salini Impregilo	12/11/2015	24/08/2016	EUR	75,000,000	(1,946,385)
Total					**(8,104,434)**

This category includes derivatives that have been entered into to hedge the Group against interest rate risks and that meet IFRS hedge accounting requirements. To check compliance with these requirements, the effectiveness of the hedges have been verified and confirmed and, therefore, their fair value changes have been recognised in the hedging reserve (see note 19).

24. Post-employment benefits and employee benefits

At 30 June 2016, the Group's liability due to its employees determined using the criteria set out in IAS 19 is €88.5 million.

The balance mainly consists of the liability for Lane Group's defined benefit plan for its full-time employees not covered by trade union agreements. This liability is calculated on the basis of the employees' years of service and remuneration and is subjected to an actuarial valuation. Lane Group also provides healthcare cover to retired employees, hired before 31 December 1992 with at least 20 years of service.

The caption also includes the Italian post-employment benefits (TFR) related to Salini Impregilo S.p.A. and its Italian subsidiaries. The liability is the outstanding amount at the reform effective date, net of benefits paid up to the reporting dates. The liability is considered part of a defined benefit plan under IAS 19 and has, therefore, been subjected to actuarial valuation. The valuation was performed with the assistance of an independent expert.

Changes in the item are as follows:

(€'000)	31 December 2015	Accruals	Payments	Net actuarial losses	Other changes	Contributions paid to INPS treasury and other funds	30 June 2016
Post-employment benefits and employee benefits	**25,412**	**7,204**	**(22,446)**	**(6,972)**	**85,342**	**-**	**88,539**

"Net actuarial losses" include the actuarial gains and losses recognised in the actuarial reserve as per the revised IAS 19 while "Other changes" include the effects of the acquisition of Lane Industries on 4 January 2016 as well as exchange rate gains and losses.

25. Provisions for risks

These provisions amount to €106.2 million at the reporting date, as follows:

(€'000)	30 June 2016	31 December 2015	Variation
Provisions for risks on equity investments	1,747	2,189	(442)
Other provisions	104,483	104,172	311
Total	**106,230**	**106,361**	**(131)**

The provision for risks on equity investments relates to expected impairment losses on the carrying amount of the Group's investments in associates for the part that exceeds their carrying amounts.

Changes in this provision are detailed below:

(€'000)	1st half 2016
Acquisitions/disinvestments	(222)
Share of loss of equity-accounted investees	(218)
Other changes including change in the translation reserve	(2)
Total	**(442)**

Other provisions comprise:

(€'000)	30 June 2016	31 December 2015	Variation
USW Campania projects	32,760	32,760	-
Provisions set up by Imprepar and its subsidiaries	35,507	36,452	(945)
Ongoing litigation	9,790	9,877	(87)
Building segment litigation	795	795	-
Tax and social security litigation	3,353	3,304	49
Other	22,278	20,984	1,294
Total	**104,483**	**104,172**	**311**

The provision for the USW Campania projects mainly consists of the estimated potential costs for the environmental clean-up. The section on the "Main risk factors and uncertainties" in the Directors' report includes a description of the litigation and risks related to the USW Campania projects.

The provisions set up by Imprepar and its subsidiaries include accruals made for probable future charges related to the closing of contracts and potential developments in ongoing litigation.

The provision for ongoing litigation refers to disputes involving Salini Impregilo and certain of its subsidiaries.

"Other" mainly comprises amounts accrued in 2015 for certain foreign contracts completed in previous years for which disputes are ongoing with the customers. Relationships with these customers are difficult and, therefore, the Group is unable to estimate exactly when the related receivables will be collected.

Changes in the item in the period are summarised below:

(€'000)	31 December 2015	Accruals	Utilisations	Change in consolidation scope	Reclassifications	Exchange rate gains (losses)	30 June 2016
Total	**104,172**	**1,200**	**(6,745)**	**6,362**	**(59)**	**(447)**	**104,483**

Changes of the period comprise:

- accruals of €1.2 million, mainly related to the subsidiaries Imprepar (€0.7 million) and Impregilo-Terna SNFCC JV (€0.4 million);

- utilisations of €6.7 million, related to the subsidiaries Imprepar and Consorcio Acueducto Oriental due to the occurrence of the events for which the provision had been set up;
- changes in the consolidation scope of €6.4 million refer to the acquisition of Lane Industries Incorporated while the reclassifications of €59 thousand relate to the assets and liabilities held for sale of the HCE business unit.

Reference should be made to the section on the "Main risk factors and uncertainties" of the Directors' report for more information on litigation.

26. Progress payments and advances on contract work in progress

This item, included in "Current liabilities", amounts to €1,884.1 million, up €21.3 million on the figure at 31 December 2015. It comprises:

(€'000)	30 June 2016	31 December 2015	Variation
Contract work in progress	(4,695,342)	(4,099,585)	(595,757)
Progress payments and advances received (on approved work)	4,901,335	4,211,995	689,340
Negative work in progress	**205,993**	**112,410**	**93,583**
Contractual advances	1,678,115	1,750,349	(72,234)
Total	**1,884,108**	**1,862,759**	**21,349**

Work in progress recognised under liabilities (negative WIP) of €206.0 million is the negative net balance, for each contract, of work performed to date and progress billings and advances.

The following table shows the contribution by geographical segment of negative WIP and contractual advances:

		30 June 2016			31 December 2015		
(€'000)	Negative WIP	Advances	Total	Negative WIP	Advances	Total	Variation
Italy	6,019	135,065	141,084	13,862	100,576	114,438	26,646
EU (excluding Italy)	39,108	153,942	193,050	48,426	147,413	195,839	(2,789)
Non-EU	5,774	50,146	55,920	2,523	42,509	45,032	10,888
Asia	470	25,329	25,799	-	23,768	23,768	2,031
Middle East	17,856	509,244	527,100	10,839	594,991	605,830	(78,730)
Africa	2,097	661,024	663,121	9,900	725,901	735,801	(72,680)
North America	96,609	-	96,609	17,870	-	17,870	78,739
Latin America	23,118	112,518	135,636	8,990	112,640	121,630	14,006
Oceania	14,942	30,847	45,789	-	2,551	2,551	43,238
Total	**205,993**	**1,678,115**	**1,884,108**	**112,410**	**1,750,349**	**1,862,759**	**21,349**

The contracts that contributed the most to the negative WIP were those in the US (€96.6 million, including € 77.1 million for Lane), Austria (€25.7 million), Denmark (€13.4 million), Peru (€22.6 million) and Italy (€ 6.0 million).

The most significant changes, compared to 31 December 2015, in terms of increases, relate to work in the US, while in terms of decreases, they relate to the work in Nigeria, Italy, Denmark and Austria.

The most significant contractual advances relate to the following contracts: the Grand Ethiopian Renaissance Dam Project in Ethiopia (€280.0 million), the Copenhagen Cityringen Metro in Denmark (€108.8 million), contracts in Libya (€188.3 million), the Riyadh Metro Line 3 in Saudi Arabia (€401.4 million), projects in Nigeria (€93.8 million), construction of the Ruta del Sol motorway in Colombia (€56.5 million), design and construction of the Red Line North Underground in Doha (€38.6 million) and construction of the Al Bayt Stadium in Al Khor in Qatar (€68.2 million).

The Directors' report provides more information about the performance of these contracts and their progress.

The section on the "Main risk factors and uncertainties" in the Directors' report provides information on pending disputes and assets exposed to country risk.

27. Trade payables

Trade payables amount to €2,067.8 million at the reporting date, an increase of €437.3 million on 31 December 2015. They are made up as follows:

(€'000)	30 June 2016	31 December 2015	Variation
Third parties	1,942,202	1,501,680	440,522
Unconsolidated group companies and other related parties	125,584	128,757	(3,173)
Total	**2,067,786**	**1,630,437**	**437,349**

The net increase in trade payables is mainly due to:

- a €106.1 million increase related to the acquisition of Lane;
- an increase of €250 million related to the Ethiopian branch (see note 13 about the related rise in trade receivables);
- the other increases are due to progress on the recently started-up contracts in the Middle East (specifically, the Al Bayt Stadium in Qatar and the Riyadh Metro in Saudi Arabia).

Trade payables to unconsolidated group companies and other related parties decreased by €3.2 million to €125.6 million at the reporting date.

This reduction is principally attributable to the increase in the payable from the consortium company Metro Blu S.c.r.l., involved in constructing Line 4 of the Milan Metro and the decrease in the payable from the consortium company Pedelombarda S.c.p.a. The item mostly consists of payables from unconsolidated SPEs accrued on work performed by these entities for contracts with Italian and foreign public administrations.

28. Current tax liabilities and other current tax liabilities

Current tax liabilities amount to €65.8 million as follows:

(€'000)	30 June 2016	31 December 2015	Variation
IRES	10,716	9,835	881
IRAP	8,906	687	8,219
Foreign taxes	46,142	57,751	(11,609)
Total	**65,764**	**68,273**	**(2,509)**

Other current tax liabilities of €55.5 million decreased by €5.6 million over 31 December 2015. They may be analysed as follows:

(€'000)	30 June 2016	31 December 2015	Variation
Witholdings	2	284	(282)
VAT	32,429	39,311	(6,882)
Other indirect taxes	23,020	21,502	1,518
Total	**55,451**	**61,097**	**(5,646)**

29. Other current liabilities

Other current liabilities of €324.2 million (31 December 2015: €334.2 million) comprise:

(€'000)	30 June 2016	31 December 2015	Variation
Social security institutions	23,087	16,233	6,854
Employees	63,095	52,225	10,870
Compensation and compulsory purchases	6,657	7,331	(674)
State bodies	115,588	115,588	-
Guarantee deposits	216	198	18
Other	83,212	108,163	(24,951)
Unconsolidated group companies and other related parties	15,891	13,060	2,831
Accrued expenses and deferred income	16,503	21,400	(4,897)
Total	**324,249**	**334,198**	**(9,949)**

“Employees” relate to accrued unpaid remuneration. The large increase in this item during the period, like for “Social security institutions”, is mainly due to the inclusion of Lane in the consolidation scope.

“Compensation and compulsory purchases” relate to the high speed/capacity railway contracts; the decrease of €0.6 million refers to the Milan - Genoa section.

“State bodies” (€115.6 million) entirely relate to the transactions with the commissioner, the provincial authorities and municipalities of Campania in connection with the USW Campania projects. Reference should be made to the “Main risk factors and uncertainties” section in the Directors’ report for more information about the complicated situation surrounding the USW Campania projects.

“Other” of € 83.2 million (31 December 2015: €108.2 million) decreased by roughly €25 million. Such reduction is mainly attributable to the decrease in the parent’s liabilities (€5.2 million), those of the Slovakian branch (€3.6 million) and the investee IGL-SK-GALFAR (€5.5 million) as a result of the regular settlement of liabilities during normal business activities. In addition, liabilities for contracts completed or nearing completion, such as the El Quimbo hydroelectric project in Colombia and the Ingula hydroelectric project in South Africa, also decreased by €8.8 million.

“Unconsolidated group companies and other related parties” of €15.9 million increased by €2.8 million on 31 December 2015, mainly related to liabilities with Tessaloniki Metro CW in Greece.

Accrued expenses and deferred income of €16.5 million include the ten-year post-contract guarantee of €5.0 million. The €4.9 million decrease mostly relates to the Venezuelan branch and CAVTOMI Consortium for the works on the high speed Milan-Turin section.

(€’000)	30 June 2016	31 December 2015	Variation
Accrued expenses:			
- Commissions on sureties	973	3,594	(2,621)
- Other	10,781	12,485	(1,704)
Total accrued expenses	**11,754**	**16,079**	**(4,325)**
Deferred income:			
- Provision of services	4,749	5,321	(572)
Total deferred income	**4,749**	**5,321**	**(572)**
Total	**16,503**	**21,400**	**(4,897)**

30. Guarantees, commitments, risks and contingent liabilities

Guarantees and commitments

The key guarantees given by the Group are set out below:

- contractual sureties: these total € 7,488.3 million and are given to customers as performance bonds, to guarantee advances, withholdings and involvement in tenders for all ongoing contracts. In turn, the group companies have guarantees given by their subcontractors;
- sureties for credit of €339.6 million;
- sureties granted for export credit of €160.0 million;
- other guarantees of €853.2 million consisting of guarantees related to customs and tax obligations (€65.9 million) and for other commitments (such as environmental clean-ups and export credit) (€787.3 million);
- collateral related to:
  - lien on the remaining shares of Tangenziale Esterna S.p.A. given to guarantee a loan (€17.4 million);
  - lien on the shares of the SPE M4 (€1.9 million).

Litigation and contingent liabilities

The Group is involved in civil and administrative proceedings that are not expected to have a significant negative effect on its condensed interim consolidated financial statements, based on the information currently available and the existing provisions for risks. The section on the "Main risk factors and uncertainties" in the Directors' report provides information about the main disputes.

Tax disputes

<u>Salini Impregilo S.p.A.</u>

With respect to the principal dispute with the tax authorities:

- the dispute about the assessment notice challenging the tax treatment of impairment losses and losses on the sale of assets recognised by the parent in 2003 is currently before the Supreme Court, following the tax authorities' appeal. As noted in previous reports, the main issue about the sale by Impregilo S.p.A. of its investment in the Chilean operator Costanera Norte SA to Impregilo International Infrastructures NV was cancelled by the Milan Regional Tax Commission on 11 September 2009 (higher assessed tax base of €70 million);
- the parent's appeal about reimbursement of tax assets with a nominal amount of €12.3 million acquired from third parties as part of previous non-recurring transactions is still pending before the Supreme Court;

- a dispute about the technique used to “realign” the carrying amount of equity investments as per article 128 of Presidential decree no. 917/86 (greater assessed tax base of €4.2 million) is still pending before the first level court;
- with respect to another dispute again related to 2005 and the costs of a joint venture set up in Venezuela for which the greater assessed tax base is €6.6 million, the Regional Tax Commission filed its ruling entirely in the parent’s favour on 19 May 2015; the tax authorities appealed to the Supreme Court on 28 December 2015 challenging the procedure while stating that the findings do not relate to the appeal. The parent has filed its defence brief;
- the parent was notified of: (i) a payment order from the tax authorities for Islandic taxes of €4.6 million, which was cancelled after the parent’s appeal with the ruling filed on 30 November 2015; and (ii) a payment bill for the same taxes which the parent appealed. It won both at first and second level. On 18 January 2016, the tax authorities presented their appeal to the Supreme Court and the parent filed its defence brief;

With respect to the above pending disputes, after consulting its legal advisors, the parent believes that it has acted correctly and deems that the risk of an adverse ruling is not probable.

Finally, the Milan unit of the tax police is currently performing a tax audit of the IRES, IRAP and VAT paid in 2011 and 2012.

Icelandic branch

With respect to the completed contract for the construction of a hydroelectric plant in Karanjukar (Iceland), a dispute arose with the Icelandic tax authorities in 2004 about the party required to act as the withholding agent for the remuneration of foreign temporary workers at the building site. Salini Impregilo was firstly wrongly held responsible for the payment of the withholdings on this remuneration, which it therefore paid. Following the definitive ruling of the first level court, the parent’s claims were fully satisfied. Nevertheless, the local authorities subsequently commenced a new proceeding for exactly the same issue. The Supreme Court rejected the parent’s claims in its ruling handed down in February 2010, which is blatantly contrary to the previous ruling issued in 2007 on the same matter by the same judiciary authority. The parent had expected to be refunded the unduly paid withholdings of €6.9 million (at the original exchange rate). After the last ruing, the parent took legal action at international level (appeal presented to the EFTA Surveillance Authority on 22 June 2010) and, as far as possible, again at local level as it deems that the last ruling issued by the Icelandic Supreme Court is unlawful both in respect of local legislative and international agreements regulating trade relations between the EFTA countries and international conventions which do not allow application of discriminatory treatments to foreign parties (individuals and companies) working in other EFTA countries. On 8 February 2012, the EFTA Surveillance Authority sent the Icelandic government a communication notifying the infraction of the free exchange of services and requested the government to provide its observations about this. In April 2013, the EFTA Surveillance Authority issued its documented opinion finding the Icelandic legislation to be inconsistent with the regulations covering trade relations between the member countries with respect to the regulations for the above dispute. It asked that Iceland take steps to comply with these regulations. Accordingly, the parent requested the case be re-examined and is assessing whether to take additional action at international level. Based on the above, Salini Impregilo does not believe objective reasons currently exist to change the valuations made about this dispute.

Imprepar

The Milan Regional Tax Commission filed a ruling on the IRES assessment notices for 2006/2007/2008 received by the subsidiary Imprepar at the end of March 2015 cancelling all the main findings notified by the tax authorities on the assessment notices for 2006 and 2007 for €12 million. In November 2015, the tax authorities appealed against the Milan Regional Tax Commission before the Supreme Court and the company filed its defence brief in December. After consulting its legal advisors, the subsidiary did not set up a provision for this tax dispute as it deems that the risk of an adverse ruling is not probable.

Impregilo International Infrastructures NV

The Milan unit of the tax police has completed a tax audit of this subsidiary, based in Amsterdam and active in the Netherlands since 1999. Its preliminary assessment report, notified to the subsidiary on 12 May 2016, found that it is an Italian resident for tax purposes. Accordingly, the inspectors reported higher assessed IRES and IRAP taxes of approximately €22 million and higher assessed withholdings of €15 million on interest paid on the bonds listed on the Luxembourg stock exchange. Impregilo International Infrastructures NV holds that the inspectors' findings are groundless. Assisted by its legal advisors, it has presented a communication to the relevant tax office pursuant to article 12 of Law no. 212/00 (Charter of the Taxpayers' Rights) setting out its detailed defensive reasonings and requesting that the inspectors' findings be filed.

Income statement

31. Revenue

Revenue for the first half of 2016 amounts to €2,639.5 million, up 19.92% on the corresponding period of the previous year:

(€'000)	1st half 2016	1st half 2015	Variation
Revenue	2,568,597	2,137,187	431,410
Other income	70,893	63,888	7,005
Total	**2,639,490**	**2,201,075**	**438,415**

The €431.4 million increase in revenue is mainly due to the business volumes of the subsidiary Lane as well as other smaller variations due to continuation of work on several large foreign contracts and the closure of completed contracts.

A breakdown of revenue is given in the following table:

(€'000)	1st half 2016	1st half 2015	Variation
Works invoiced to customers	2,405,343	1,983,148	422,195
Services	117,234	147,154	(29,920)
Sales	46,020	6,885	39,135
Total	**2,568,597**	**2,137,187**	**431,410**

Services include revenue of €53.9 million for costs recharged to third party partners of fully consolidated consortia and consortium companies.

A breakdown of other income is given in the following table:

(€'000)	1st half 2016	1st half 2015	Variation
Rent and leases	1,348	1,169	179
Staff services	-	358	(358)
Recharged costs	32,919	15,776	17,143
Insurance compensation	532	2,044	(1,512)
Gains on the disposal of non-current assets	8,648	5,633	3,015
Prior year income	11,901	14,092	(2,191)
Other	15,545	24,816	(9,271)
Total	**70,893**	**63,888**	**7,005**

Recharged costs increased by €17.1 million, mainly due to the costs recharged to third parties by COCIV Consortium (€3.8 million), the subsidiary IGL-SK-GALFAR (€3.4 million) and some foreign branches (6.9 million).

32. Operating expenses

Operating expenses for the period amount to €2,520.9 million compared to €2,074.6 million for the first half of 2015.
They account for 95.5% of revenue compared to 94.3% for the corresponding period of 2015.

The item may be broken down as follows:

(€'000)	1st half 2016	1st half 2015	Variation
Purchases	515,600	379,950	135,650
Subcontracts	645,419	640,018	5,401
Services	739,948	637,851	102,097
Personnel expenses	420,235	262,169	158,066
Other operating expenses	73,038	56,510	16,528
Amortisation, depreciation, provisions and impairment losses	126,615	98,134	28,481
Total	**2,520,855**	**2,074,632**	**446,223**

The difference in the individual items compared to the corresponding period of 2015 is mainly due to the different cost structures that vary from contract to contract and may, in some cases, entail changes in the industrial operating model from one year to another. Moreover, as these are large-scale infrastructural works that take several years to complete, resort to normal production factors depends on the stage of completion of each contract in any given year. These changes may generate significant variations in the percentage of the related cost categories depending on the contract and the year, while not affecting the total percentage of operating costs of total revenue.

32.1 Purchases

The cost of raw materials and consumables incurred in the first six months of 2016 increased by €135.7 million to €515.6 million compared to the corresponding period of 2015:

(€'000)	1st half 2016	1st half 2015	Variation
Purchases of raw materials and consumables	508,856	375,860	132,995
Change in raw materials and consumables	6,745	4,090	2,655
Total	**515,600**	**379,950**	**135,650**

The rise in the cost of purchasing raw materials and consumables is in line with the increase in revenue thanks to the acquisition of Lane Group.

32.2 Subcontracts

Costs of subcontracts increased to €645.4 million, up €5.4 million on the corresponding period of 2015 as shown in the following table:

(€'000)	1st half 2016	1st half 2015	Variation
Subcontracts	645,419	640,018	5,401
Total	**645,419**	**640,018**	**5,401**

The €5.4 million increase is the sum of the increase for the IS JV's Australian contracts (€20.5 million) partly offset by the reduction in the subcontract costs of the Colombian contracts of Constructora Ariguani, the Cityringen project of CMT I/S in Denmark and the Italian Salerno Reggio Calabria contract (nearing completion).

32.3 Services

This item increased to €740.0 million, up €102.1 million on the corresponding period of the previous year, as shown in the following table:

(€'000)	1st half 2016	1st half 2015	Variation
Consultancy and technical services	283,590	191,239	92,351
Fees to directors, statutory auditors and independent auditors	6,251	6,430	(179)
Employee travel costs	2,267	3,466	(1,199)
Maintenance and testing	18,986	7,473	11,513
Transport and customs	61,606	86,681	(25,075)
Insurance	27,877	33,011	(5,134)
Recharging of costs by consortia	92,346	189,506	(97,160)
Rent and leases	125,988	66,269	59,719
Charge backs	34	176	(142)
Other	121,003	53,600	67,403
Total	**739,948**	**637,851**	**102,097**

"Other" increased by €67.4 million over the first six months of 2015 and includes the cost of temporary workers on CMT IS' Danish contract (Cityringen project) of approximately €68.8 million and costs allocated by joint operations of €4.7 million, while the remainder mostly relates to utilities, seconded personnel, security and board costs.

"Consultancy and technical services" increased by €92.4 million and mainly consist of the design and construction costs incurred by the SPEs and legal and administrative consultancy fees. A breakdown of this item is as follows:

(€'000)	1st half 2016	1st half 2015	Variation
Design and engineering services	201,765	151,329	50,436
Legal, administrative and other services	33,523	29,757	3,766
Testing	378	495	(117)
Construction	47,924	9,658	38,266
Total	**283,590**	**191,239**	**92,351**

The increase is mainly due to design and engineering services and the construction work performed on the Riyadh Metro in Saudi Arabia.

32.4 Personnel expenses

Personnel expenses for the year amount to €420.2 million, up by €158.1 million on the corresponding period of 2015. The item is made up as follows:

(€'000)	1st half 2016	1st half 2015	Variation
Wages and salaries	335,465	217,367	118,098
Social security and pension contributions	69,938	37,287	32,651
Post-employment benefits and employee benefits	7,203	7,435	(232)
Other	7,629	80	7,549
Total	**420,235**	**262,169**	**158,066**

"Other" mainly relates to termination benefits and reimbursements of travel expenses.

32.5 Other operating expenses

Other operating expenses amount to €73.0 million, up €16.5 million on the corresponding period of 2015.

This item is made up as follows:

(€'000)	1st half 2016	1st half 2015	Variation
Other operating costs	38,462	20,288	18,174
Commissions on sureties	21,105	24,175	(3,070)
Bank charges	5,449	3,115	2,334
Losses on the disposal of property, plant and equipment	2,331	1,053	1,278
Other prior year expense	5,691	7,879	(2,188)
Total	**73,038**	**56,510**	**16,528**

The increase in other operating costs is mainly due to the Ethiopian branch (€11.2 million), Salini Nigeria (€1.7 million) and the Cetin contract of the Salini - Insaat - NTF JV in Turkey (€0.9 million).

32.6 Amortisation, depreciation, provisions and impairment losses

This item of €126.6 million shows an increase of €28.5 million on the balance for the corresponding period of the previous year. It may be analysed as follows:

(€'000)	1st half 2016	1st half 2015	Variation
Impairment losses	4,206	(6,382)	10,588
Provisions (Utilisations)	(1,116)	3,492	(4,608)
Total provisions and impairment losses, net of the utilisations	**3,090**	**(2,890)**	**5,980**
Amortisation of intangible assets	774	186	588
Depreciation of property, plant and equipment	108,001	91,912	16,089
Amortisation of rights to infrastructure under concession	666	752	(86)
Amortisation of contract acquisition costs	14,084	8,174	5,910
Total amortisation and depreciation	**123,525**	**101,024**	**22,501**
Total	**126,615**	**98,134**	**28,481**

Provisions and impairment losses increased by €6.0 million in the period.

Specifically, impairment losses recognised in the related allowance mainly refer to the Kazakhstani branch, recognised to adjust the carrying amount of receivables from Todini Costruzioni Generali S.p.A. as per the agreement for the sale of the Todini branches.

"Provisions (Utilisations)" includes the release of accruals made in previous years following the updated risk forecasts for the consortium active in the Dominican Republic as well as accruals made by the subsidiary Imprepar for three pending disputes.

33. Net financing costs

Net financing costs amount to €44.6 million compared to €26.8 million for the first half of 2015.

The item may be broken down as follows:

(€'000)	1st half 2016	1st half 2015	Variation
Financial income	21,883	19,004	2,879
Financial expense	(68,639)	(49,801)	(18,838)
Net exchange rate gains	2,144	3,999	(1,855)
Net financing costs	**(44,612)**	**(26,798)**	**(17,814)**

33.1 Financial income

Financial income totals €21.9 million (first half of 2015: €19.0 million) and is made up as follows:

(€'000)	1st half 2016	1st half 2015	Variation
Interest income on loans and receivables	-	1,145	(1,145)
Gains on securities	6,256	78	6,178
Interest and other income from unconsolidated group companies and other related parties	5,105	4,270	835
Interest and other financial income	10,522	13,511	(2,989)
- Interest income on correspondence accounts	308	9	299
- Interest on financing	1,260	275	985
- Bank interest	2,753	1,974	779
- Default interest	3,560	7,100	(3,540)
- Financial discounts and allowances	229	381	(152)
- Other	2,412	3,772	(1,360)
Total	**21,883**	**19,004**	**2,879**

The €2.9 million increase is due to the recognition of the gain on the sale of foreign currency securities on the US market and the reduction in default interest due from customers during the period.

Other financial income includes interest income of €1.0 million on loans and receivables of the Argentine operator Caminos de las Sierras.

33.2 Financial expense

Financial expense totals €68.6 million compared to €49.8 million for the corresponding period of 2015 and is made up as follows:

(€'000)	1st half 2016	1st half 2015	Variation
Intragroup interest and other expense	**(52)**	**(102)**	**50**
Interest and other financial expense	**(68,587)**	**(49,699)**	**(18,888)**
- Bank interest on accounts and financing	(41,059)	(25,129)	(15,930)
- Interest on bonds	(14,104)	(15,364)	1,260
- Interest on tax liabilities	(712)	(625)	(87)
- Default interest	(631)	(9)	(622)
- Discounting	(182)	(141)	(41)
- Bank fees	(1,400)	(1,154)	(246)
- Charges on sureties	(984)	(518)	(466)
- Other loans and borrowings	(1,383)	(999)	(384)
- Factoring and leases	(3,056)	(5,026)	1,970
- Other	(5,076)	(734)	(4,342)
Total	**(68,639)**	**(49,801)**	**(18,838)**

Financial expense increased by €18.8 million, mainly due to the increase of €15.9 million in interest expense on bank accounts and financing as a result of the Group's higher debt following the acquisition of Lane.

Interest expense on other loans and borrowings principally refers to the financial liabilities for the factoring of tax and trade receivables. The increase relates to the high speed/capacity Milan - Genoa railway section contract.

"Other" includes the loss of €1.9 million on the securities of the Colombian company Yuma Concessionaria S.A..

In addition:

- bank interest on accounts and financing of €41.1 million includes €13.5 million arising from the application of the amortised cost method, including €5.7 million which did not entail cash outlays during the period as it was paid in full in previous years, while €7.8 million was paid in 2015 and during the period, recognised in full in profit or loss in the period in conjunction with the financing agreed to acquire Lane Group;
- interest on bonds of €14.1 million includes €1.7 million arising on the calculation of amortised cost.

33.3 Net exchange rate gains

The net exchange rate gains amount to €2.1 million (first half of 2015: €4.0 million).

The decrease of €1.9 million compared to the corresponding period of 2015 is due to negative factors such as the Group's adoption of the new official exchange rate, DICOM, instead of the SIMADI, used since the first half of the previous year to translate its net financial assets expressed in the Venezuelan currency (Bolivar Fuerte, VEF), as well as the depreciation of the US dollar and the South African rand against the Euro, offset by the measurement of Salini Nigeria's receivables in the hard currency rather than the naira, which lost value significantly during the period.

34. Net gains on equity investments

Net gains on equity investments came to €7.4 million compared to net gains of €1.2 million for the corresponding period of the previous year.

The item may be broken down as follows:

(€'000)	1st half 2016	1st half 2015	Variation
Share of profit of equity-accounted investees	7,208	757	6,451
Dividends	235	493	(258)
Loss on the disposal of equity investments	(311)	-	(311)
Other income	281	(38)	319
Total	**7,413**	**1,212**	**6,201**

The share of profit of equity-accounted investees is €7.4 million, an increase on the first half of 2015 mainly due to the change in the consolidation scope following the acquisition of the US group Lane.

The following table provides a breakdown of this item:

(€'000)	1st half 2016	1st half 2015	Variation
Share of profit (loss) of equity-accounted investees			
Yuma Concessionaria	1,149	2,375	(1,226)
Agua Azul	558	558	-
Impregilo Arabia	(173)	(2,148)	1,975
Gupc	(4,993)	893	(5,886)
Ochre Holding Solution	(365)	(1,024)	659
Metro de Lima Linea 2 S.A.	319	-	319
Other	34	103	(69)
Sub-total	**(3,471)**	**757**	**(4,228)**
Lane Group companies:			
Agl Constructor JV (Lane I.I.)	1,425	-	1,425
Gemma Lane Liberty	904	-	904
Gemma Lane Patriot	2,149	-	2,149
Hot Lanes 2	627	-	627
Purple Line	259	-	259
Skanka Granite Lane Jv	5,223	-	5,223
SGL I4 Leasing (Lane I.I.)	92	-	92
Total Lane Group joint ventures	10,679	-	10,679
Total	**7,208**	**757**	**12,902**

35. Income tax expense

The Group's income tax expense for the period is €31.8 million. It is calculated using the tax rate expected to be applied to the forecast annual profit based on updated estimates at the reporting date. The tax rate used for this reporting period was 39%.

36. Related party transactions

Transactions with related parties, as defined by IAS 24, were of an ordinary nature and were carried out with the following counterparties in the period:

- directors, statutory auditors and key management personnel, solely related to the contracts regulating their positions within the Group;
- associates and joint arrangements; these transactions mainly relate to:
  - commercial assistance with purchases and procurement of services necessary to carry out work on contracts, contracting and subcontracting;

- services (technical, organisational, legal and administrative), carried out at centralised level;
- financial transactions, namely loans and joint current accounts as part of cash pooling transactions and guarantees given on behalf of group companies.

Transactions are carried out with associates in the interests of Salini Impregilo, aimed at building on existing synergies in the Group in terms of production and sales integration, efficient use of existing skills, streamlining of centralised structures and financial resources. These transactions are regulated by specific contracts and are carried out on an arm's length basis;

- other related parties: the main transactions with other related parties, identified pursuant to IAS 24, including companies managed and coordinated by Salini Costruttori S.p.A., are summarised below:

Name €'000	**Loans and receivables**	**Financial assets**	**Other assets**	**Trade payables**	**Financial liabilities**	**Total revenue**	**Total costs**	**Financing income (costs)**
C.Tiburtino	15					9		
Casada S.r.l.	25			157		9	128	
CEDIV S.p.A.	1,687	3,241				9		
Dirlan	88					12		
G.A.B.I.RE S.r.l.	1,148	18,001				10		
Galla Placida	11					9		
Imm. Agricola San Vittorino	55					9		
Infernetto	9					3		
Iniziative Immobiliari Italiane S.p.A.	17			253			529	
Madonna dei Monti S.r.l	3			19		6	71	1
Nores	26					3		
Plus	167					15		
Salini Costruttori S.p.A.	137	7,256	11,956		7,957	58	2	(100)
Salini Simonpietro & C S.A.P.A.	29					7		
Todini Finanziaria	1,506							
Zeis	20	756		51		126	78	12
Total	**4,943**	**29,254**	**11,956**	**480**	**7,957**	**285**	**808**	**(87)**

Most of the Group's production is carried out through SPEs, set up with other partners that have participated with Salini Impregilo in tenders. The SPEs carry out the related contracts on behalf of its partners.

The other transactions refer to costs for design and similar activities, incurred when presenting bids and for recently started contracts. They are also governed by specific agreements and carried out on an arm's length basis and, where applicable, in line with the contract terms.

Their effects on the statement of financial position and income statement are shown together with the related contract, when appropriate.

37. Earnings per share

Earnings per share are disclosed at the foot of the income statement.

Basic earnings per share are calculated by dividing the profit (loss) for the period attributable to the owners of the parent by the weighted average of the shares outstanding during the period. Diluted earnings per share are calculated considering the weighted average of the outstanding shares adjusted by assuming the conversion of all the shares with potentially diluting effects.

The following table summarises the calculation. Following the merger resolution of 12 September 2013, 44,974,754 new ordinary Salini Impregilo S.p.A. shares were issued to Salini Costruttori S.p.A. to service the merger.

On 20 June 2014, the board of directors approved a capital increase with the related issue of 44,740,000 new shares. This took place on 25 June 2014 and the parent's share capital comprises 492,172,691 ordinary shares and 1,615,491 savings shares.

In October 2014, the parent repurchased 3,104,377 own shares. No subsequent issues or repurchases have taken place.

(€'000)	**1st half 2016**	**1st half 2015**
Profit from continuing operations	49,667	65,394
Non-controlling interests	(18,026)	(7,269)
Profit earmarked for holders of savings shares	588	588
Profit from continuing operations attributable to the owners of the parent	**32,229**	**58,713**
Profit from continuing and discontinued operations	29,250	60,299
Non-controlling interests	(18,026)	(7,269)
Profit earmarked for holders of savings shares	588	588
Profit from continuing and discontinued operations attributable to the owners of the parent	**11,811**	**53,617**
Average outstanding ordinary shares	489,069	489,069
Average outstanding savings shares	1,615	1,615
Average number of shares	**490,684**	**490,684**
Average number of diluted shares	**490,684**	**490,684**
Basic earnings per share (from continuing operations)	**0.07**	**0.12**
Basic earnings per share (from continuing and discontinued operations)	**0.02**	**0.11**
Diluted earnings per share (from continuing operations)	**0.07**	**0.12**
Diluted earnings per share (from continuing and discontinued operations)	**0.02**	**0.11**

38. Events after the reporting period

On 1 July 2016, Salini Impregilo signed a framework agreement with the Tajikistan government worth approximately USD3.9 billion to build a hydroelectric power plant. The Group, share 100%, has also been assigned the first lot of roughly USD1.9 billion to build a 335 metre-high rockfill dam with a clay core, the tallest in the world, on the Vakhsh River in Pamir, one of Central Asia's main mountain ranges.
The agreement between Salini Impregilo and OJSC "Rogun Hydropower Project" (the state-run company that is coordinating the project) covers the exploitation of the Pamir's huge hydroelectric potential and includes four lots. The three remaining lots will be assigned to the Group by 30 September 2016.
Once completed, the plant will have six turbines of 600 MW each with a total installed capacity of 3,600 MW (the equivalent of three nuclear power plants).

On 11 July 2016, the parent successfully completed the placement of additional bonds with a total nominal amount of €171,736,000, reserved to institutional investors. The new bonds form part of a single series with the previous bonds of €428,264,000 issued on 24 June 2016 with a redemption date of 24 June 2021 for a total of €600 million. The new bonds will be quoted on the Irish Stock Exchange in Dublin starting from 20 July 2016.

39. Significant non-recurring events and transactions

Except for the acquisition of Lane and completion of the sale of Todini Costruzioni Generali (described earlier), the Group's financial position, performance and cash flows were not affected by significant non-recurring events and transactions, as defined by Consob communication no. DEM/6064293[1].

[1] Significant non-recurring events and transactions are those that do not frequently occur in the normal course of business.

40. Balances or transactions arising from atypical and/or unusual transactions

During the period, Salini Impregilo Group did not carry out any atypical and/or unusual transactions, as defined in the above Consob communication no. DEM/6064293[2].

On behalf of the board of directors

Chairman

(signed on the original)

[2] Atypical and/or unusual transactions are those that, due to their significance and relevance, the counterparty, the object of the transaction, exchange pricing and timing, may cast doubts as to the accuracy and completeness of disclosures, conflicts of interest, protection of the company's assets and non-controlling interests.

List of companies included in the consolidation scope

	Country	Currency	Share/quota capital subscribed	Invest-ment %	% direct	% Investment indirect held by	Method 30.06.2016
Salini Impregilo S.p.A.	Italy	Euro	544,740,000	100		100	line-by-line
A1 Motorway Tuszyn-Pyrzowice lot F Joint Venture	Poland	PLN		100	94.99	5 Salini Polska L.t.d. Liability Co	line-by-line
						0.01 HCE Costruzioni S.p.A.	
Alia S.c.r.l. (in liq.)	Italy	Euro	10,200	100		100 Imprepar S.p.A.	line-by-line
Ancipa S.c.r.l. (in liq.)	Italy	Euro	10,200	100		100 Imprepar S.p.A.	line-by-line
Bocoge S.p.A. - Costruzioni Generali	Italy	Euro	1,702,720	100		100 Imprepar S.p.A.	line-by-line
CIS Divisione Prefabbricati Vibrocesa Scac - C.V.S. S.r.l. (in liq.)	Italy	Euro	10,000	100		100 INCAVE S.r.l.	line-by-line
CO. MAR. S.c.r.l. (in liq.)	Italy	Euro	10,200	84.99		84.99 Imprepar S.p.A.	line-by-line
Collegamenti Integrati Veloci C.I.V. S.p.A.	Italy			85	85		line-by-line
Compagnia Gestione Finanziarie - Co.Ge.Fin S.r.l.	Italy	Euro	100,000	100	100		line-by-line
Compagnia Gestione Macchinari CO.GE.MA. S.p.A.	Italy	Euro	1,032,000	100	100		line-by-line
Congressi 91 S.c.r.l. (in liq.)	Italy	Euro	25,000	100		80 Impresa Castelli S.r.l.	line-by-line
						20 Bocoge S.p.A.	
Consorcio Acueducto Oriental	Dom. Republic	-	-	67	67		line-by-line
Consorcio Impregilo - OHL	Colombia			100		100 Impregilo Colombia SAS	line-by-line
Consorcio Impregilo Yarull	Dom. Republic			70	70		line-by-line
Consorzio Alta Velocità Torino/Milano - C.A.V.TO.MI.	Italy	Euro	5,000,000	74.69	74.69		line-by-line
Consorzio C.A.V.E.T. - Consorzio Alta Velocità Emilia/Toscana	Italy	Euro	5,422,797	75.98	75.98		line-by-line
Consorzio Caserma Donati	Italy	Euro	300,000	84.2	84.2		line-by-line
Consorzio Cociv	Italy	Euro	516,457	68.25	64	4.25 C.I.V. S.p.A.	line-by-line
Consorzio FAT	Italy	Euro	45,900	100		99 Imprepar S.p.A.	line-by-line
						1 CO.GE.MA. S.p.A.	
Consorzio Libyan Expressway Contractor	Italy	Euro	10,000	58	58		line-by-line
Consorzio Scilla (in liq.)	Italy	Euro	1,000	51	51		line-by-line
Consorzio Torre (in liq.)	Italy	Euro	5,000,000	94.6	94.6		line-by-line
Consorzio tra le Società Impregilo/Bordin/Coppetti/Icep - CORAV	Italy	Euro	51,129	96.97	96.97		line-by-line
Consorzio/Vianini lavori/Impresit/Dal Canton/Icis/Siderbeton - VIDIS (in liq.)	Italy	Euro	25,822	60		60 Imprepar S.p.A.	line-by-line
Constructora Ariguani SAS	Colombia	COP	100,000,000	58.22	58.22		line-by-line
Constructora Mazar Impregilo-Herdoiza Crespo	Ecuador	-	-	70	70		line-by-line
Construtora Impregilo y	Brazil	BRL	7,641,014	100	100		line-by-line

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Method 30.06.2016
Associados S.A.-CIGLA S.A.								
Copenaghen Metro Team I/S	Denmark			99.99	99.99			line-by-line
Corso del Popolo Engineering S.c.r.l.	Italy	Euro	10,000	64.71		64.71	HCE Costruzioni S.p.A.	line-by-line
Corso del Popolo S.p.A.	Italy	Euro	1,200,000	55		55	HCE Costruzioni S.p.A.	line-by-line
Costruzioni Ferroviarie Torinesi Duemila S.c.r.l. (in liq.)	Italy	Euro	10,328	100		100	INCAVE S.r.l.	line-by-line
CSC Impresa Costruzioni S.A.	Switzerland	CHF	2,000,000	100	100			line-by-line
Diga Ancipa S.c.r.l. (in liq.)	Italy	Euro	10,200	100		100	Imprepar S.p.A.	line-by-line
Effepi - Finanza e Progetti S.r.l. (in liq.)	Italy	Euro	78,000	100		100	SGF INC S.p.A.	line-by-line
Empresa Constructora Angostura Ltda	Chile	CLP	22,422,000	65	65			line-by-line
Empresa Constructora Metro 6 L..t.d.a.	Chile	CLP	25,000,000	100	99.9	0.1	Cigla S.A.	line-by-line
Engeco France S.a.r.l.	France	Euro	15,470	100		99.67	Imprepar S.p.A.	line-by-line
						0.33	Incave S.r.l.	
EURL Todini Algerie	Algeria	DZD	5,000,000	100		100	HCE Costruzioni S.p.A.	line-by-line
Eurotechno S.r.l. (in liq.)	Italy	Euro	26,245	100		100	Imprepar S.p.A.	line-by-line
Fibe S.p.A.	Italy	Euro	3,500,000	99.998	99.989	0.003	Impregilo Intern. Infrastruc. N.V.	line-by-line
						0.006	Fisia Ambiente S.p.A.	
Fisia - Alkatas Joint Venture	Turkey			51		51	Fisia Italimpianti S.p.A.	line-by-line
Fisia Ambiente S.p.A.	Italy	Euro	3,000,000	100	100			line-by-line
Fisia Italimpianti S.p.A.	Italy	Euro	7,000,000	100	100			line-by-line
Galfar - Salini Impregilo - Cimolai J.V.	Qatar			40	40			line-by-line
Generalny Wykonawca Salini Polska - Impregilo - Kobylarnia S.A.	Poland			66.68	33.34	33.34	Salini Polska Limited Liability Company	line-by-line
Gestione Napoli S.r.l. (in liq.)	Italy	Euro	10,000	99	24	75	Fisia Ambiente S.p.A.	line-by-line
Groupe Mediterraneen di Travaux d'Infrastructures (in liq.)	Algeria	DZD	1,000,000	98		98	HCE Costruzioni S.p.A.	line-by-line
Groupement Todini - Enaler Autoroute Algeria	Algeria	DZD	1,000,000	84		84	HCE Costruzioni S.p.A.	line-by-line
Grupo ICT II SAS	Colombia	COP	1,000,000,000	100	100			line-by-line
HCE Costruzioni S.p.A.	Italy	Euro	2,186,743	100	100			line-by-line
HCE Costruzioni Ukraine LLC	Ukraine	Euro	10,000	100	1	99	HCE Costruzioni S.p.A.	line-by-line
I.L.IM. - Iniziative Lombarde Immobiliari S.r.l. (in liq.)	Italy	Euro	10,000	100	100			line-by-line
IGLYS S.A.	Argentina	ARS	10,000,000	100		98	Impregilo Intern. Infrastruc. N.V.	line-by-line
						2	INCAVE S.r.l.	
Imprefeal S.r.l. (in liq.)	Italy	Euro	20,000	100		100	Imprepar S.p.A.	line-by-line
Impregilo Colombia SAS	Colombia	COP	6,455,000,000	100	100			line-by-line
Impregilo International Infrastructures N.V.	Netherlands	Euro	50,000,000	100	100			line-by-line
Impregilo Lidco Libya Co	Libya	DL	5,000,000	60	60			line-by-line
Impregilo New Cross Ltd	GB	GBP	2	100		100	Impregilo Intern. Infrastruc. N.V.	line-by-line
Impregilo Parking Glasgow Ltd	GB	GBP	1	100		100	Impregilo Intern. Infrastruc. N.V.	line-by-line
Impregilo-SK E&C-Galfar al Misnad J.V.	Qatar			41.25	41.25			line-by-line
Impregilo-Terna SNFCC J.V.	Greece	Euro	100,000	51	51			line-by-line
Imprepar-Impregilo Partecipazioni S.p.A.	Italy	Euro	3,100,000	100	100			line-by-line

	Country	Currency	Share/quota capital subscribed	Invest-ment %	% direct	% Investment indirect held by		Method 30.06.2016
Impresa Castelli S.r.l. (in liq.)	Italy	Euro	10,000	100		100	Imprepar S.p.A.	line-by-line
Impresit del Pacifico S.A.	Peru	PEN	35,000	100		100	Imprepar S.p.A.	line-by-line
INC - Algerie S.a.r.l.	Algeria	DZD	301,172,000	99.98		99.98	SGF INC S.p.A.	line-by-line
INCAVE S.r.l. (in liq.)	Italy	Euro	90,000	100		100	Imprepar S.p.A.	line-by-line
IS Joint Ventures	Australia			100	50	50	Salini Australia PTY L.t.d.	line-by-line
Joint Venture Impregilo S.p.A. - S.G.F. INC S.p.A.	Greece	-	-	100	99	1	SGF INC S.p.A.	line-by-line
Lane Abrams Joint Venture	USA			51		81	Lane Construction Corporation	line-by-line
Lane Construction Corporation	USA	USD	991,600	100		100	Lane Industries Incorporated	line-by-line
Lane Corman Joint Venture	USA			60		60	Lane Construction Corporation	line-by-line
Lane DS - NC Consortium	United Arab Emirates			24.5		24.5	Lane Mideast Contracting LLC	line-by-line
Lane Industries Incorporated	USA	USD	1	100		100	Salini Impregilo - US Holdings Inc.	line-by-line
Lane Infrastructure Inc.	USA	USD	10	100		100	Lane Industries Incorporated	line-by-line
Lane International B.V.	USA	USD	18,000	100		100	Lane Worldwide	line-by-line
Lane Mideast Contracting LLC	United Arab Emirates	AED	300,000	49		49	Lane International B.V.	line-by-line
Lane Mideast Qatar LLC	Qatar	QAR	5,000,000	49		49	Lane International B.V.	line-by-line
Lane National Contracting Joint Venures	United Arab Emirates			24.99		24.99	Lane Mideast Contracting LLC	line-by-line
Lane Solid - Tadmur Joint Venture	Qatar			24.5		24.5	Lane Mideast Qatar LLC	line-by-line
Lane Worldwide Infrastructure Inc..	USA	USD	10	100		100	Lane Industries Incorporated	line-by-line
Lanecon Corporation	USA			100		100	Lane Construction Corporation	line-by-line
Librino S.c.r.l. (in liq.)	Italy	Euro	45,900	66		66	Imprepar S.p.A.	line-by-line
Melito S.c.r.l. (in liq.)	Italy	Euro	77,400	66.67		66.67	Imprepar S.p.A.	line-by-line
Mercovia S.A.	Argentina	ARS	10,000,000	60		60	Impregilo Intern. Infrastruc. N.V.	line-by-line
Metro B S.r.l.	Italy	Euro	20,000,000	52.52	52.52			line-by-line
Metro B1 S.c.a.r.l.	Italy	Euro	100,000	80.7	80.7			line-by-line
Perugia 219 S.c.r.l.	Italy	Euro	10,000	55		55	Imprepar S.p.A.	line-by-line
PGH Ltd	Nigeria	NGN	52,000,000	100	100			line-by-line
Pietrarossa S.c.r.l. (in liq.)	Italy	Euro	10,200	100		100	Imprepar S.p.A.	line-by-line
Piscine dello Stadio S.r.l.	Italy	Euro	1,100,000	70		70	HCE Costruzioni S.p.A.	line-by-line
Piscine S.c.r.l.	Italy	Euro	10,000	70		70	HCE Costruzioni S.p.A.	line-by-line
Reggio Calabria - Scilla S.c.p.a.	Italy	Euro	35,000,000	51	51			line-by-line
RI.MA.TI. S.c.a.r.l.	Italy	Euro	100,000	83.42	83.42			line-by-line
Rivigo J.V. (Nigeria) Ltd	Nigeria	NGN	100,000,000	70		70	PGH Ltd	line-by-line
S. Leonardo Due S.c.r.l. (in liq.)	Italy	Euro	40,800	60		60	Imprepar S.p.A.	line-by-line
S. Leonardo S.c.r.l. (in liq.)	Italy	Euro	25,500	99.99		99.99	Imprepar S.p.A.	line-by-line
S.A. Healy Company	USA	USD	11,320,863	100		100	Lane Construction Corporation	line-by-line
S.G.F. - I.N.C. S.p.A.	Italy	Euro	3,859,680	100	100			line-by-line
SA.CO.LAV. S.c.r.l. (in liq.)	Italy	Euro	10,200	100	100			line-by-line
SA.MA. S.c.a.r.l. (in liq.)	Italy	Euro	40,800	99	99			line-by-line
Salerno-Reggio Calabria S.c.p.a.	Italy	Euro	50,000,000	51	51			line-by-line
Salini - Impregilo Joint Venture for Mukorsi	Zimbabwe		-	100	99.9	0.1	Imprepar S.p.A.	line-by-line
Salini Rus L.t.d. Liability Company.	Russia	RUB	3,000,000	99	99			line-by-line
Salini Australia PTY L.t.d.	Australia			100	100			line-by-line
Salini Bulgaria A.D.	Bulgaria	BGN		100	100			line-by-line
Salini Hydro L.t.d.	Ireland	Euro	20,000	100	100			line-by-line
Salini Impregilo - Duha Joint Venture	Slovakia			75	75			line-by-line
Salini Impregilo - Healy J.V. (Cleveland)	USA			100	60	40	S.A. Healy Company	line-by-line

	Country	Currency	Share/quota capital subscribed	Invest-ment %	% direct	% Investment indirect held by	Method 30.06.2016
Salini Impregilo - NRW Joint Venture	Australia			80	80		line-by-line
Salini Impregilo - Salini Insaat - NTF J.V.	Turkey			85	55	30 Salini Insaat T.S.V.T.A.S.	line-by-line
Salini Impregilo - US Holdings Inc.	USA	USD	1,000	100	100		line-by-line
Salini Impregilo S.p.A. - S.A. Healy Company Jose J Chediack S.A. UTE	Argentina	ARS	10,000	75	73	2 S.A. Healy Company	line-by-line
Salini India Private L.t.d.	India	INR	93,500,000	100	95	5 CO.GE.MA. S.p.A.	line-by-line
Salini Insaat Taahhut Sanayi Ve Ticaret Anonim Sirketi	Turkey	TRY	50,000	100	100		line-by-line
Salini Malaysia SDN BHD	Malaysia	MYR	1,100,000	100	90	10 CO.GE.MA. S.p.A.	line-by-line
Salini Namibia Proprietary L.t.d.	Namibia	NAD	100	100	100		line-by-line
Salini Nigeria L.t.d.	Nigeria	NGN	10,000,000	100	99	1 CO.GE.MA. S.p.A.	line-by-line
Salini Polska - Todini - Salini Impregilo - S7 JV	Poland	PLN		100	74.99	25 Salini Polska L.t.d. Liability Co	line-by-line
						0.01 HCE Costruzioni S.p.A.	
Salini Polska - Todini - Salini Impregilo - Pribex - S3 JV	Poland	PLN		95	71.24	23.75 Salini Polska L.t.d. Liability Co.	line-by-line
						0.01 HCE Costruzioni S.p.A	
Salini Polska - Todini - Salini Impregilo - Pribex - S8 JV	Poland	PLN		95	71.24	23.75 Salini Polska L.t.d. Liability Co	line-by-line
						0.01 HCE Costruzioni S.p.A.	
Salini Polska L.t.d. Liability Co	Poland	PLN	393,000	100	100		line-by-line
Salini Saudi Arabia Company L.t.d.	Saudi Arabia			51	51		line-by-line
Salini-Kolin-GCF Joint Venture	Turkey	Euro	4,000	38	38		line-by-line
San Martino Prefabbricati S.p.A. (in liq.)	Italy	Euro	10,000	100		100 Impresa Castelli S.r.l.	line-by-line
Savico S.c.r.l. (in liq.)	Italy	Euro	10,200	100		81 Imprepar S.p.A.	line-by-line
						19 Sapin S.r.l.	
Seli Tunneling Denmark A.p.s.	Denmark	DKK	130,000	100		100 Impregilo Intern. Infrastruc. N.V.	line-by-line
Società Autostrada Broni - Mortara S.p.A.	Italy	Euro	28,902,600	60	60		line-by-line
Società Industriale Prefabbricazione Edilizia del Mediterraneo - S.I.P.E.M. S.p.A. (in liq.)	Italy	Euro	10,000	100	100		line-by-line
Sti Abwicklungs Gmbh	Germany	Euro	25,000	100		100 Impregilo Intern. Infrastruc. N.V.	line-by-line
Suramericana de Obras Publicas C.A.- Suropca C.A.	Venezuela	VEB	2,874,118,000	100	99	1 CSC S.A.	line-by-line
Sviluppo Applicazioni Industriali - SAPIN S.r.l. (in liq.)	Italy	Euro	51,480	100		100 Imprepar S.p.A.	line-by-line
TB Metro S.r.l. (in liq.)	Italy	Euro	100,000	51	51		line-by-line
Todini - Hamila	Tunisia			100		100 HCE Costruzioni S.p.A.	line-by-line
Todini Akkord Salini	Ukraine			100	25	75 HCE Costruzioni S.p.A.	line-by-line
Trincerone Ferroviario S.c.r.l. (in liq.)	Italy	Euro	45,900	60		60 Imprepar S.p.A.	line-by-line
Vegas Tunnel Constructors	USA			100	40	60 S.A. Healy Company	line-by-line
Vittoria S.c.r.l. (in liq.)	Italy	Euro	20,400	58		58 Imprepar S.p.A.	line-by-line
Western Station J.V,	Saudi Arabia			51	51		line-by-line
Arge Tulfes Pfons	Austria	Euro	1,000	49	49		joint oper.
Arriyad New Mobility Consortium	Saudi Arabia			33.48	33.48		joint oper.
Civil Works Joint Ventures	Saudi Arabia			66	66		joint oper.

	Country	Currency	Share/quota capital subscribed	Invest-ment %	% direct	% Investment indirect held by	Method 30.06.2016
CMC - Mavundla - Impregilo J.V.	South Africa			39.2	39.2		joint oper.
Consorcio Contuy Medio Grupo A C.I. S.p.A. Ghella Sogene C.A., Otaola C.A.	Venezuela	-	-	36.4	36.4		joint oper.
Consorzio Constructor M2 Lima	Peru			25.5	25.5		joint oper.
Ghazi-Barotha Contractors J.V.	Switzerland	-	-	57.8	57.8		joint oper.
Impregilo-Healy-Parsons J.V.	USA	USD		65	45	20 S.A. Healy Company	joint oper.
Kayi Salini Samsung Joint Venture	Turkey	Euro		33		33 Salini Insaat Taahhut Sanayi Ve Ticaret Anonim Sirketi	joint oper.
Nathpa Jhakri J.V.	India	USD	1,000,000	60	60		joint oper.
Riyadh Metro Line 3	Saudi Arabia	SAD	10,000,000	66	66		joint oper.
Tristar Salini Joint Venture	United Arab Emirates			40	40		joint oper.
Aegek-Impregilo-Aslom J.V.	Greece			45.8	45.8		equity
Aguas del Gran Buenos Aires S.A. (in liq.)	Argentina	ARS	45,000,000	42.58	16.5	23.72 Impregilo Intern. Infrastruc. N.V.	equity
						2.36 Iglys. S.A.	
Aguas del Oeste S.A.	Argentina	ARS	170,000	33.33		33.33 Iglys S.A.	equity
ANBAFER S.c.r.l. (in liq.)	Italy	Euro	25,500	50		50 Imprepar S.p.A.	equity
Arge Haupttunnel Eyholz	Switzerland			36		36 CSC S.A.	equity
Arge Sisto N8	Switzerland			50		50 CSC S.A.	equity
Autopistas del Sol S.A.	Argentina	ARS	175,396,394	19.82		19.82 Impregilo Intern. Infrastruc. N.V.	equity
Barnard Impregilo Healy J.V.	USA			45	25	20 S.A. Healy Company	equity
C.P.R.2	Italy	Euro	2,066	35.97		35.97 Imprepar S.p.A.	equity
C.P.R.3	Italy	Euro	2,066	35.97		35.97 Imprepar S.p.A.	equity
C.U.S. Consorzio Umbria Sanità (in liq.)	Italy	Euro	10,000	31		31 Imprepar S.p.A.	equity
Cagliari 89 S.c.r.l. (in liq.)	Italy	Euro	10,200	49		49 Sapin S.r.l.	equity
CE.S.I.F. S.c.p.a. (in liq.)	Italy	Euro	250,000	24.18	24.18		equity
CGR Consorzio Galliera Roveredo	Switzerland			37.5		37.5 CSC S.A.	equity
Churchill Construction Consortium	GB			30		30 Impregilo New Cross Ltd	equity
Churchill Hospital J.V.	GB			50		50 Impregilo New Cross Ltd	equity
CMC - Consorzio Monte Ceneri lotto 851	Switzerland			40		40 CSC S.A.	equity
Coincar S.A.	Argentina	ARS	40,465,122	35	26.25	8.75 Iglys S.A.	equity
Con. Sal S.c.n.c. (in liq.)	Italy	Euro	15,494	30	30		equity
Consorcio Agua Azul S.A.	Peru	PEN	69,001,000	25.5		25.5 Impregilo Intern. Infrastruc. N.V.	equity
Consorcio Carvalho Pinto	Brazil			40	20	20 Cigla S.A.	equity
Consorcio Cigla-Sade	Brazil	-	-	50		50 Cigla S.A.	equity
Consorcio Contuy Medio	Venezuela	-	-	29.04	29.04		equity
Consorcio Federici/Impresit/Ice Cochabamba	Bolivia	USD	100,000	25		25 Imprepar S.p.A.	equity
Consorcio Grupo Contuy-Proyectos y Obras de Ferrocarriles	Venezuela	-	-	33.33	33.33		equity
Consorcio Normetro	Portugal			13.18	13.18		equity
Consorcio OIV-TOCOMA	Venezuela			40	40		equity
Consorcio Serra do Mar	Brazil			40	20	20 Cigla S.A.	equity
Consorcio V.I.T. - Tocoma	Venezuela	-	-	35	35		equity
Consorcio V.I.T. Caroni - Tocoma	Venezuela			35	35		equity
Consorcio V.S.T.	Venezuela	-	-	35		35 Suropca C.A.	equity
Consorcio V.S.T. Tocoma	Venezuela	-	-	30	30		equity
Consorzio 201 Quintai	Switzerland			60		60 CSC S.A.	equity
Consorzio 202 Quintai	Switzerland			30		30 CSC S.A.	equity

	Country	Currency	Share/quota capital subscribed	Invest-ment %	% direct	% Investment indirect held by	Method 30.06.2016
Consorzio Astaldi-Federici-Todini (in liq.)	Italy	Euro	46,000	33.34		33.34 HCE Costruzioni S.p.A.	equity
Consorzio Astaldi-Federici-Todini Kramis	Italy	Euro	100,000	50		50 HCE Costruzioni S.p.A.	equity
Consorzio Biaschina	Switzerland			33.34		33.34 CSC S.A.	equity
Consorzio CEMS	Switzerland			33.4		33.4 CSC S.A.	equity
Consorzio CGMR	Switzerland			40		40 CSC S.A.	equity
Consorzio Coltum	Switzerland			50		50 CSC S.A.	equity
Consorzio Consavia S.c.n.c. (in liq.)	Italy	Euro	20,658	50		50 Imprepar S.p.A.	equity
Consorzio Costruttori Strade Lazio - COSTRAL (in liq.)	Italy	Euro	20,000	70		70 Imprepar S.p.A.	equity
Consorzio CRS 9	Switzerland			33.33		33.33 CSC S.A.	equity
Consorzio del Sinni	Italy	Euro	51,646	43.16		43.16 Imprepar S.p.A.	equity
Consorzio di Riconversione Industriale Apuano - CO.RI.A. S.c.r.l.	Italy	Euro	46,481	10		10 Imprepar S.p.A.	equity
Consorzio Edilizia Sociale Industralizzata Lazio - CESIL (in liq.)	Italy	Euro	49,993	19.79		19.79 Imprepar S.p.A.	equity
Consorzio EPC	Peru			18.25	18.25		equity
Consorzio Felce BP	Switzerland			33.34		33.34 CSC S.A.	equity
Consorzio Felce lotto 101	Switzerland			25		25 CSC S.A.	equity
Consorzio Ferrofir (in liq.)	Italy	Euro	30,987	33.33		33.33 Imprepar S.p.A.	equity
Consorzio Ferroviario Milanese	Italy	Euro	154,937	18.26		18.26 Imprepar S.p.A.	equity
Consorzio Imprese Lavori FF.SS. di Saline - FEIC	Italy	Euro	15,494	33.33		33.33 Imprepar S.p.A.	equity
Consorzio Iniziative Ferroviarie - INFER	Italy	Euro	41,316	35		35 Imprepar S.p.A.	equity
Consorzio Iricav Due	Italy	Euro	510,000	34.09	34.09		equity
Consorzio Kallidromo	Greece	Euro	8,804	23		23 HCE Costruzioni S.p.A.	equity
Consorzio MARC - Monitoraggio Ambientale Regione Campania (in liq.)	Italy	Euro	25,822	10		10 Effepi S.r.l.	equity
Consorzio MITECO (in liq.)	Italy	Euro	10,000	44.16	44.16		equity
Consorzio MM4	Italy	Euro	200,000	32.13	32.13		equity
Consorzio MPC	Switzerland			33		33 CSC S.A.	equity
Consorzio NOG.MA (in liq.)	Italy	Euro	600,000	14	14		equity
Consorzio Pedelombarda 2	Italy	Euro	10,000	40	40		equity
Consorzio Piottino	Switzerland			25		25 CSC S.A.	equity
Consorzio Pizzarotti Todini-Kef-Eddir.	Italy	Euro	100,000	50		50 HCE Costruzioni S.p.A.	equity
Consorzio Portale Vezia (CVP Lotto 854)	Switzerland			60		60 CSC S.A.	equity
Consorzio Probin	Switzerland			50		50 CSC S.A.	equity
Consorzio Sarda Costruzioni Generali - SACOGEN	Italy	Lit	20,000,000	25		25 Sapin S.r.l.	equity
Consorzio Sardo d'Imprese (in liq.)	Italy	Euro	103,291	34.38		34.38 Sapin S.r.l..	equity
Consorzio SI.VI.CI.CA.	Switzerland			25		25 CSC S.A.	equity
Consorzio SIVICICA 3	Switzerland			25		25 CSC S.A.	equity
Consorzio SIVICICA 4	Switzerland			25		25 CSC S.A.	equity
Consorzio Stazione Mendrisio	Switzerland			25		25 CSC S.A.	equity
Consorzio TAT-Tunnel Alp Transit	Switzerland	-	-	25	17.5	7.5 CSC S.A.	equity

	Country	Currency	Share/quota capital subscribed	Invest-ment %	% direct	% Investment indirect held by	Method 30.06.2016
Ticino, Arge							
Consorzio Trevi - S.G.F. INC per Napoli	Italy	Euro	10,000	45		45 SGF INC S.p.A.	equity
Constuctora Embalse Casa de Piedra S.A. (in liq.)	Argentina	ARS	821	72.93		72.93 Imprepar S.p.A.	equity
Depurazione Palermo S.c.r.l. (in liq.)	Italy	Euro	10,200	50		50 Imprepar S.p.A.	equity
E.R. Impregilo/Dumez y Asociados para Yaciretê - ERIDAY	Argentina	USD	539,400	20.75	18.75	2 Iglys S.A.	equity
EDIL.CRO S.c.r.l. (in liq.)	Italy	Euro	10,200	16.65		16.65 Bocoge S.p.A.	equity
Edil.Gi. S.c.r.l. (in liq.)	Italy	Lit	20,000,000	50		50 Imprepar S.p.A.	equity
Empresa Constructora Lo Saldes L..t.d.a.	Chile	CLP	10,000,000	35	35		equity
Enecor S.A.	Argentina	ARS	8,000,000	30		30 Impregilo Intern. Infrastruc. N.V.	equity
Eurolink S.c.p.a.	Italy	Euro	150,000,000	45	45		equity
Executive J.V. Impregilo S.p.A. Terna S.A. - Alte S.A. (in liq.)	Greece	-	-	33.33	33.33		equity
FE.LO.VI. S.c.n.c. (in liq.)	Italy	Euro	25,822	32.5		32.5 Imprepar S.p.A.	equity
Forum S.c.r.l. (in liq.)	Italy	Euro	51,000	20	20		equity
Galileo S.c.r.l. (in liq.)	Italy	Euro	10,000	40		40 Imprepar S.p.A.	equity
Gaziantep Hastane Sanglik Hizmetleri Isletme Yatrim Joint Stock Company	Turkey	TRY	45,000,000	35.5	35.5		equity
Gaziantep Hastanesi Isletme Ve Bakim Hizmetleri	Turkey			50	50		equity
Grupo Empresas Italianas - GEI	Venezuela	VEB	10,000,000	33.33	33.33		equity
Grupo Unidos Por El Canal S.A.	Panama	USD	1,000,000	48	48		equity
Healy-Yonkers-Atlas-Gest J.V.	USA	-	-	45		45 S.A. Healy Company	equity
Impregilo - Rizzani de Eccher J.V.	Switzerland			67	67		equity
Impregilo Arabia Ltd	Saudi Arabia	SAD	40,000,000	50	50		equity
Impregilo Wolverhampton Ltd	GB	GBP	1,000	20		20 Impregilo Intern. Infrastruc. N.V.	equity
Imprese Riunite Genova Irg S.c.r.l. (in liq.)	Italy	Euro	25,500	26.3		26.3 Imprepar S.p.A.	equity
Imprese Riunite Genova Seconda S.c.r.l. (in liq.)	Italy	Euro	25,000	26.3		26.3 Imprepar S.p.A.	equity
Impresit Bakolori Plc	Nigeria	NGN	100,800,000	50.71	50.71		equity
Interstate Healy Equipment J.V.	USA			45		45 S.A. Healy Company	equity
IRINA S.r.l. (in liq.)	Italy	Euro	103,000	36		36 Imprepar S.p.A.	equity
Isarco S.c.r.l.	Italy	Euro	10,000	41	41		equity
Isibari S.c.r.l.	Italy	Euro	15,300	55		55 Bocoge S.p.A.	equity
Joint Venture Aegek-Impregilo-Ansaldo-Seli-Ansaldobreda	Greece			26.71	26.71		equity
Joint Venture Aktor Ate - Impregilo S.p.A. (Constantinos)	Greece	-	-	40	40		equity
Joint Venture Impregilo S.p.A. - Empedos S.A. - Aktor A.T.E.	Greece	-	-	66	66		equity
Joint Venture Terna - Impregilo	Greece	-	-	45	45		equity
JV Salini - Secol	Romania			80	80		equity
Kallidromo Joint Venture	Greece	Euro	29,347	23		20.7 HCE Costruzioni S.p.A.	equity
						2.3 Consorzio Kallidromo	
La Quado S.c.a.r.l.	Italy	Euro	10,000	35	35		equity
Line 3 Metro Stations	Greece			50	50		equity
Metro Blu S.c.r.l.	Italy	Euro	10,000	50	50		equity

	Country	Currency	Share/quota capital subscribed	Invest-ment %	% direct	% Investment indirect held by	Method 30.06.2016
Metro de Lima Linea 2 S.A.	Peru	PEN	368,808,060	18.25	18.25		equity
Metrogenova S.c.r.l.	Italy	Euro	25,500	35.63	35.63		equity
Ochre Solutions Holdings Ltd	GB	GBP	20,000	40		40 Impregilo Intern. Infrastruc. N.V.	equity
Olbia 90 S.c.r.l. (in liq.)	Italy	Euro	10,200	24.5		24.5 Sapin S.r.l.	equity
Pantano S.c.r.l. (in liq.)	Italy	Euro	40,800	10.5	10.5		equity
Passante di Mestre S.c.p.A.	Italy	Euro	10,000,000	42	42		equity
Passante Dorico S.p.A.	Italy	Euro	24,000,000	47	47		equity
Pedelombarda S.c.p.a.	Italy	Euro	80,000,000	47	47		equity
Pedemontana Veneta S.p.A. (in liq.)	Italy	Euro	6,000,000	20.23	20.23		equity
Puentes del Litoral S.A. (in liq.)	Argentina	ARS	43,650,000	26	22	4 Iglys S.A.	equity
RCCF Nodo di Torino S.c.p.a. (in liq.)	Italy	Euro	102,000	26		26 INCAVE S.r.l.	equity
Risalto S.r.l. (in liq.)	Italy	Euro	89,000	100	66.67	33.33 Imprepar S.p.A.	equity
Riviera S.c.r.l.	Italy	Euro	50,000	12.94	12.94		equity
S. Anna Palermo S.c.r.l. (in liq.)	Italy	Euro	40,800	71.6	71.6		equity
S. Ruffillo S.c.r.l.	Italy	Euro	60,000	35	35		equity
Saces S.r.l. (in liq.)	Italy	Euro	26,000	37		37 Imprepar S.p.A.	equity
Salini Acciona Joint Venture	Ethiopia	Euro	20,000	50	50		equity
Salini Strabag Joint Ventures	Guinea	Euro	10,000	50	50		equity
Salini USA Inc	USA	USD	20,000	100	100		equity
San Benedetto S.c.r.l. (in liq.)	Italy	Euro	25,823	57		57 Imprepar S.p.A.	equity
San Giorgio Caltagirone S.c.r.l. (in liq.)	Italy	Euro	25,500	33		33 Imprepar S.p.A.	equity
SCAT 5 S.c.r.l. (in liq.)	Italy	Euro	25,500	25		25 Imprepar S.p.A.	equity
Sclafani S.c.r.l. (in liq.)	Italy	Euro	10,400	41		41 Imprepar S.p.A.	equity
SEDI S.c.r.l.	Italy	Euro	10,000	34		34 HCE Costruzioni S.p.A.	equity
SFI Leasing Company	USA			30	30		equity
Shimmick CO. INC. - FCC CO S.A. - Impregilo S.p.A -J.V.	USA			30	30		equity
SI.VI.CI.CA. 2	Switzerland			25		25 CSC S.A.	equity
Sibar Arge	Switzerland	-	-	60		60 CSC S.A.	equity
Sirjo S.c.p.A.	Italy	Euro	30,000,000	40	40		equity
Sistranyac S.A.	Argentina	ARS	3,000,000	20.1		20.1 Impregilo Intern. Infrastruc. N.V.	equity
Società di Progetto Consortile per Azioni M4	Italy	Euro	360,000	29	29		equity
Soingit S.c.r.l. (in liq.)	Italy	Lit	80,000,000	29.49		29.49 Imprepar S.p.A.	equity
SPV Linea M4 S.p.A.	Italy	Euro	26,700,000	9.63	9.63		equity
Stazione Tribunale S.c.r.l.	Italy	Euro	20,000	43	43		equity
Strade e Depuratori Palermo S.c.r.l. (in liq.)	Italy	Euro	10,200	16		16 Imprepar S.p.A.	equity
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A.-Iglys S.A. UTE	Argentina	-	-	35	26.25	8.75 Iglys S.A.	equity
Thessaloniki Metro CW J.V.	Greece			42.5	42.5		equity
TM-Salini Consortium	Malaysia	-	-	90	90		equity
Todedil S.c.r.l. (in liq.)	Italy	Euro	10,200	85		85 Imprepar S.p.A.	equity
Trasimeno S.c.r.l. (in liq.)	Italy	Euro	10,000	30		30 Imprepar S.p.A.	equity
Variante di Valico S.c.r.l. (in liq.)	Italy	Euro	90,000	100	66.67	33.33 Imprepar S.p.A.	equity
VE.CO. S.c.r.l.	Italy	Euro	10,200	25	25		equity
Yacylec S.A.	Argentina	ARS	20,000,000	18.67		18.67 Impregilo Intern. Infrastruc. N.V.	equity
Yuma Concessionaria S.A.	Colombia	COP	26,000,100,000	48.33	40	8.33 Impregilo Intern. Infrastruc. N.V.	equity

Entered the consolidation scope in the first six months of 2016

Name	Country	Currency	Share/quota capital subscribed	Invest-ment %	% direct	% Investment indirect held by	Method
Line-by-line – first-time (Salini Impregilo Group)							
Fisia - Alkatas Joint Venture	Turkey			51		51 Fisia Italimpianti S.p.A.	line-by-line
HCE Costruzioni S.p.A.	Italy	Euro	2,186,743	100		100 .	line-by-line
Lane Industries Incorporated (*)	USA	USD	1	100		100 US Holdings Inc	line-by-line
Salini Impregilo - NRW Joint Venture	Australia			80	80		line-by-line
Salini Impregilo - US Holdings Inc.	USA	USD	1,000	100	100		line-by-line
Salini Impregilo US Holdings Inc	USA		USD 1,000	100	100		line-by-line
Salini Saudi Arabia Company L.t.d.	Saudi Arabia			51	51		line-by-line
Line-by-line – first-time (HCE Group)							
HCE Costruzioni Ukraine LLC	Ukraine	Euro	10,000	100	1	99 HCE Costruzioni S.p.A.	line-by-line
Line-by-line – consolidation percentage changed (Salini Impregilo Group)							
Consorcio Impregilo - OHL	Colombia			100		100 Impregilo Colombia SAS	line-by-line
Salini Impregilo S.p.A. - S.A. Healy Company Jose J Chediack S.A. UTE	Argentina	ARS	10,000	75	73	2 S.A. Healy Company	line-by-line
Line-by-line – consolidation percentage changed (HCE Group)							
Groupe Mediterraneen di Travaux d'Infrastructures (in liq.)	Algeria	DZD	1,000,000	98		98 HCE Costruzioni S.p.A.	line-by-line

Excluded from the consolidation scope in the first six months of 2016

	Country	Currency	Share/quota capital subscribed	Invest-ment %	% direct	% Investment indirect held by	Method
Line-by-line – excluded (Salini Impregilo Group)							
CCTE	Italy	Euro		100	60	40 ILIM S.r.l.	line-by-line
Montenero S.c.r.l. (in liq.)	Italy	Euro	10,400	61.11		61.11 Imprepar S.p.A.	line-by-line
Salini USA Inc	USA	USD	20,000	100	100		line-by-line
Todini Costruzioni Generali S.p.A.	Italy	Euro	56,907,000	100	100		line-by-line
Line-by-line excluded (HCE Group)							
Todini - Takenaka Joint Venture	Azerbaijan			60		60 HCE Costruzioni S.p.A.	line-by-line
Todini Central Asia	Kazakhstan			100		100 HCE Costruzioni S.p.A.	line-by-line

(*) It includes (i) the subsidiaries: Lane Construction Corporation, Lane Abrams Joint Venture, Lane Corman Joint Venture, Lane DS-NC Consortium, Lane Infrastructure Inc., Lane International BV, Lane Midwest BV, Lane Mideast Contracting LLC, Lane Mideast Qatar LLC, Lane National Contracting Joint Ventures, Lane Solid-Tadmur Joint Venture, Lane Worldwide Infrastructure Inc., Lanecon Corporation and; (ii) the joint ventures measured according to the equity method: AGL Constructor JV, Skanka Granite JV, SGL i4 Leasing, Fluor Lane, Fluor Lane 95, Flat Iron, GLLP Gemma Liberty, GLLP Gemma Patriot, Purple Line.

Statement on the condensed interim consolidated financial statements

pursuant to article 81-ter of Consob regulation no. 11971 of 14 May 1999 and subsequent amendments and integrations

1. Pietro Salini, as chief executive officer, and Massimo Ferrari, as manager in charge of financial reporting, of Salini Impregilo S.p.A., considering the provisions of article 154-bis.3/4 of Legislative decree no. 58 of 24 February 1998:
- that the administrative and accounting procedures are adequate given the Group's characteristics; and
- that they were actually applied during the first half of 2016 to prepare the condensed interim consolidated financial statements.

2. No significant issues arose.

3. Moreover, they state that:

3.1 the condensed interim consolidated financial statements:

a) have been prepared in accordance with the applicable International Financial Reporting Standards endorsed by the European Union pursuant to EC Regulation 1606/2002 of the European Parliament and Council of 19 July 2002;

b) are consistent with the accounting records and entries;

c) are suitable to give a true and fair view of the financial position at 30 June 2016 and the results of operations and cash flows for the six months then ended of the Issuer and its consolidated companies;

3.2 the directors' report includes a reliable analysis of the key events that took place during the period and their impact on the condensed interim consolidated financial statements, together with information about the main risks and uncertainties to which the Group is exposed for the second half of the year. It also sets out a reliable analysis of relevant related party transactions.

Milan, 27 July 2016

Chief executive officer	Manager in charge of financial reporting
Pietro Salini	Massimo Ferrari
(signed on the original)	(signed on the original)

Independent Auditor's Report

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(Translation from the Italian original which remains the definitive version)

Report on review of condensed interim consolidated financial statements

To the shareholders of
Salini Impregilo S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Salini Impregilo Group, comprising the statement of financial position, income statement, statement of comprehensive income, statement of cash flows, statement of changes in equity and notes thereto, as at and for the six months ended 30 June 2016. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Salini Impregilo Group as at and for the six months ended 30 June 2016 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Emphasis of matters

Without modifying our conclusion, we bring your attention to the following matters:

— the directors have described the significant litigation and exposure to countries with risk and/or uncertainty profiles. Reference should be made to the "Main risk factors and uncertainties" section of the directors' report and the notes to the condensed interim consolidated financial statements;

— the directors have described the methods used to restate the prior year corresponding figures presented for comparative purposes. Reference should be made to the "Initial considerations on the comparability of data" section of the directors' report and the notes to the condensed interim consolidated financial statements.

Milan, 3 August 2016

KPMG S.p.A.

(signed on the original)

Paola Maiorana
Director of Audit