

Consolidated financial statements at December 31, 2014

3. Equity investments

Investments totaled €104.4 million, up €30.8 million from December 31, 2013.

(Amounts in thousands of euros)	December 31, 2014	December 31, 2013	Change
Investments in subsidiaries	174	160	14
Investments in companies measured at equity	89,303	70,124	19,179
Other investments	14,945	3,335	11,610
Total	104,422	73,619	30,803

The main changes that led to differences in the carrying amounts of the investees are summarized below:

(Amounts in thousands of euros)	December 31, 2014	December 31, 2013
Change in consolidation method	(331)	(306,724)
Share/quota capital transactions	19,855	25,646
Acquisitions, capital injections and disinvestments	(96)	(106,695)
Share of profit (loss) of equity-accounted investees	5,572	17,478
Dividends from equity-accounted investees	(549)	(4,304)
Other changes	6,352	(724)
Total	30,803	(375,323)

“Capital transactions” mainly refer to the subscription of shares in the company that will develop the concession project for the Lima Metro (Peru) for a total value of €8.7 million and the Grupo Unido por el Canal (Panama) project company for a value of €10.8 million. This change is due to the receivable that the parent company claims is due from the joint venture net of the provisions for risks on equity investments recognized in line with the assessment of the loss to complete the contract; in 2013, the net receivable had a negative value and was recognized in the item provisions for risks on equity investments for €76.6 million, while in 2014, following the increase in the receivables for loans granted during the year, it was positive and classified in the item equity investments.

The Group’s share of profit of equity-accounted investees totaled €8.5 million, considering also the figures shown in note 24 below, detailing the changes in the provision for risks on equity investments. The effect on profit or loss is analyzed in Note 34.

“Other changes” includes the reclassification, worth €5.8 million, of the investment in Co.Ge.Fin. Srl, held by Todini Costruzioni Generali S.p.A. and previously classified in “assets held for sale”.

The change in the previous year was affected by the following factors:

- changes in the scope of consolidation due to the consolidation of the Impregilo Group, for €297.1 million, and to the change in consolidation method of the operator Sa. Bro.M, held by the Impregilo Group and control of which was acquired in 2013, for €9.5 million;
- sale of the equity-accounted investee Shanghai Pucheng for €65.5 million and of the investments in Tangenziali Esterne di Milano S.p.A. (“MET”) and Tangenziale Esterna S.p.A. (“TE”) at the end of 2013, whose carrying amount at the time of sale was €43.8 million;

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- a fair value adjustment of €12.8 million recognized in the PPA, mainly relating to the investment in the operator Ochre Holding Solution.

With reference to the Ochre Holding Solution, the associate that owns a hospital concession in the United Kingdom, a specific impairment exercise was prepared on the basis of the operator's plan for 2015-2039. In order to determine the recoverable value, dividend flows have been discounted based

on the cost of equity at 6.7%. Sensitivity analyses were also performed taking into account the potential effects of changes in the discount rate. No impairment loss was detected as the recoverable value was higher than the carrying amount of the investment.

Investments in associates

Investments in associates, jointly controlled entities and other companies totaled €104.2 million, up €31.2 million from December 31, 2013.

(Amounts in thousands of euros)	2014	2013	Change
Equity investments in associates	88,921	68,359	20,563
Equity investments in jointly controlled entities	10,779	47	10,732
Equity investments in other entities	4,488	4,559	(71)
Total	104,226	73,002	31,224

Investments in associates, jointly controlled entities and other companies with negative carrying value

totaled €6.7 million, down €80.1 million from December 31, 2013.

(Amounts in thousands of euros)	2014	2013	Change
Equity investments in associates	(955)	(2,031)	1,076
Equity investments in jointly controlled entities	(4,845)	(82,759)	77,914
Equity investments in other entities	(889)	(1,979)	1,090
Total	(6,689)	(86,769)	80,080

The change is due above all to the reclassification of the Grupo Unido por el Canal, as mentioned above.

The amount recognized through P/L is shown below:

(Amounts in thousands of euros)	2014	2013	Change
Equity investments in associates	6,000	212,015	(206,015)
Equity investments in jointly controlled entities	1,298	(17,457)	18,755
Equity investments in other entities	1,308	-	1,308
Total	8,606	194,558	(185,952)

The 2013 result included the goodwill recognized in relation to Impregilo S.p.A.

When classifying the entities in which the Salini Impregilo Group holds investments according to the new accounting standards mentioned above, the following guidelines were used:

- Paragraphs 5 and 6 of IFRS 10 were followed for assessing the existence of control. Group entities

were only classified as subsidiaries in the presence of substantial rights over the investee's relevant activities, in exchange for the Group's exposure to variable returns from its involvement with the investee and the Group's ability to use its power over the investee to affect the amount of the variable returns. These requirements were recognized in the ownership of sufficient votes to obtain the majority required in decisions for the governance bodies of the Group entities in question.

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(ii) Paragraphs 4 and 5 of IFRS 11 were followed for assessing the existence of joint control. Joint control was only recognized if the majorities required in the governance bodies of the Group entities in question require the unanimous vote or qualified majorities that can only be reached with the consent of a specific Group of the parties.

(iii) With reference to the type of joint arrangements, in view of the fact that all joint arrangements in which the Group participates are structure through separate vehicles, reference was made to paragraph B15 of IFRS 11, analyzing in particular the legal form of the separate vehicle and the terms of the contractual agreement. With reference to the situation at December 31, 2014 and 2013, only those entities not incorporated into legal entities and structured as separate vehicles that guarantee transparency of the rights and obligations of the parties are classified as joint operations.

The Salini Impregilo Group's activities are characterized by participation in numerous project entities that, above all in Italy, use the consortium structure, which works using a cost recharging system. From the point of view

of classification under the new IFRS 10 and 11, these entities have been categorized as subsidiaries, associates and joint ventures, according to the guidelines set out above.

It is noted that with reference to associated consortium entities and entities subject to joint control, even though these are measured at equity the Consolidated financial statements recognizes their revenues since the exploitation of the contract remains tied to the parent company while the costs incurred by these entities is recharged to the parent company and shown in a single cost item (classified among service costs). Therefore, in view of the fact that the relevant effects concerning consortium entities are already shown in the Financial statement tables below, the details are not provided here.

Investments in associates

The Group associates at December 31, 2014, which, in the opinion of the management are considered relevant for the Group, are presented below. The share capital of the companies listed below consists of ordinary shares only, which are directly held by the Group; these companies primarily conduct their business in the country of incorporation or registration.

Name of company	Head office	Registered office (if different from head office)	% ownership	Nature of relationship	Measurement method
Consorcio Agua Azul S.A.	Peru	N/A	25.5%	(1)	Shareholders' equity
Ochre Solutions Holdings Ltd	UK	N/A	40%	(2)	Shareholders' equity
Yuma Concessionaria S.A.	Colombia	N/A	40%	(3)	Shareholders' equity
Compagnia Gestione Finanziarie - Co.Ge.Fin. Srl	Italy	N/A	51% (*)	(4)	Shareholders' equity

* Even though it holds the majority of the shares of Co.Ge.Fin. Srl, governance of the company is regulated by a shareholders' agreement that gives control to the minority shareholder.

The activities of the above companies are key to the Group's activities. A description of the nature of the Salini Impregilo Group's relationship with the above companies is provided below:

- (1) the company is held by the sub holding company Impregilo International Infrastructures N.V. and has a concession contract expiring in 2027 for the integrated water cycle in Lima, Peru. The governance system requires majority resolutions and the percentage of ownership held by Salini Impregilo means it can be classified as an associate.
- (2) the company is held by the sub holding company Impregilo International Infrastructures N.V. and has a concession contract for Oxford University Hospitals in the United Kingdom, expiring 2038. For a description of the status of the concession, refer to the chapter "Concessions" in the Directors' Report. The governance system requires majority resolutions and the percentage of ownership held by Salini Impregilo means it can be classified as an associate.
- (3) the company is held directly by Salini Impregilo S.p.A. and has a concession contract for the third highway lot of the "Ruta del Sol" project in Colombia. The contract expires in 2036. For a detailed description of the concession, refer to the chapter of the Directors' Report "Operating

performance by geographic region" and in particular the paragraphs "Colombia - Ruta del Sol motorway project" and "Concessions". The governance system requires majority resolutions and the percentage of ownership held by Salini Impregilo means it can be classified as an associate.

- (4) the company is held directly by Salini Impregilo S.p.A. and manages a portfolio of financial assets. The governance systems attributes control to the other shareholder in the investee.

For the investments listed above there is no market price and their carrying amounts are in line with their fair values.

Summary of income-related and financial information relating to significant associates

The income-related and financial information relating to individually significant associates accounted using the equity method is shown below. In addition the reconciliation statement of the income-related and financial information of the associates is shown with the carrying amount of the interests in the associates.

The information shown reflects the values in the financial statements of the associates, adjusted on the basis of the differences in the accounting policies between the Group and the associates.

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Agua Azul

(Amounts in thousands of euro)	12/31/2014	12/31/2013	Change
Non-current assets			
Property, plant and equipment and intangible fixed assets	27,401	27,564	(163)
Other non-current assets	-	-	-
Total non-current assets	27,401	27,564	(163)
Current assets			
Cash and cash equivalents and other financial assets	2,632	3,464	(832)
Other current assets	1,244	1,447	(203)
Total non-current assets	3,876	4,911	(1,035)
Total assets	31,277	32,475	(1,198)
Shareholders' equity	26,590	23,871	2,719
Non-current liabilities			
Non-current financial liabilities	-	-	-
Other non-current liabilities	221	2,630	(2,409)
Total non-current liabilities	221	2,630	(2,409)
Current liabilities			
Current financial liabilities	-	-	-
Other current liabilities	4,466	5,974	(1,508)
Total current liabilities	4,466	5,974	(1,508)
Total liabilities	31,277	32,475	(1,198)

(Amounts in thousands of euro)	12/31/2014	12/31/2013
Initial shareholders' equity	23,871	26,444
Income (expense) for the period	2,911	2,007
Dividends distributed	(1,672)	(1,234)
Exchange rate gains (losses)	1,480	(3,346)
Final shareholders' equity	26,590	23,871
	6,780	6,087
Carrying amount	6,780	6,087

(Amounts in thousands of euro)	12/31/2014	12/31/2013	Change
Revenue	10,735	10,667	68
Operating costs	(4,049)	(3,870)	(179)
Gross operating profit	6,686	6,797	(111)
Amortization and depreciation	(1,908)	(2,004)	96
Operating profit	4,778	4,793	(15)
Financial income	-	-	-
Financial expense	(209)	(1,019)	810
Net exchange rate gains (losses)	(131)	(637)	506
Net financing income (costs)	(340)	(1,656)	1,316
Net financing costs and net gains on investments	(340)	(1,656)	1,316
Profit (loss) before taxes	4,438	3,137	1,301
Income taxes	(1,526)	(1,129)	(397)
Profit (loss) from continuing operations	2,912	2,008	904
Net profit (loss)	2,912	2,008	904

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Yuma

(Amounts in thousands of euro)	12/31/2014	12/31/2013	Change
Non-current assets			
Property, plant and equipment and intangible fixed assets	120,813	70,700	50,113
Other non-current assets	1,956	-	1,956
Total non-current assets	122,769	70,700	52,069
Current assets			
Cash and cash equivalents and other financial assets	7,255	26,866	(19,611)
Other current assets	60,504	43,521	16,983
Total non-current assets	67,759	70,387	(2,628)
Total assets	190,528	141,087	49,441
Shareholders' equity	22,169	15,879	6,290
Non-current liabilities			
Non-current financial liabilities	32,047	15,358	16,689
Other non-current liabilities	2,107	16,235	(14,128)
Total non-current liabilities	34,154	31,593	2,561
Current financial liabilities	125,819	82,334	43,485
Other current liabilities	8,386	11,281	(2,895)
Total current liabilities	134,205	93,615	40,590
Total liabilities	190,528	141,087	49,441

(Amounts in thousands of euro)	12/31/2014	12/31/2013
Initial shareholders' equity	15,879	13,821
Income (expense) for the period	8,223	4,064
Dividends distributed	-	-
Exchange rate gains (losses)	(1,933)	(2,006)
Final shareholders' equity	22,169	15,879
	8,868	6,352
Carrying amount	8,868	6,352

(Amounts in thousands of euro)	12/31/2014	12/31/2013	Change
Revenue	144,747	76,821	67,926
Operating costs	(143,725)	(76,066)	(67,659)
Gross operating profit	1,022	755	267
Amortization and depreciation	-	-	-
Operating profit	1,022	755	267
Financial income	5,068	3,431	1,637
Financial expense	-	-	-
Net exchange rate gains (losses)	-	-	-
Net financing income (costs)	5,068	3,431	1,637
Net financing costs and net gains on investments	5,068	3,431	1,637
Profit (loss) before taxes	6,090	4,186	1,904
Income taxes	2,133	(122)	2,255
Profit (loss) from continuing operations	8,223	4,064	4,159
Net profit (loss)	8,223	4,064	4,159

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Co.Ge.Fin. Srl

(Amounts in thousands of euro)	12/31/2014	12/31/2013	Change
Non-current assets			
Property, plant and equipment and intangible fixed assets	167	382	(215)
Non-current financial assets	-	-	-
Other non-current assets	-	-	-
Total non-current assets	167	382	(215)
Current assets			
Cash and cash equivalents and other financial assets	-	5,004	(5,004)
Other current assets	49,003	40,711	8,292
Total non-current assets	49,003	45,715	3,288
Total assets	49,170	46,097	3,073
Shareholders' equity	17,834	11,588	6,246
Non-current liabilities			
Non-current financial liabilities	18,146	18,022	124
Other non-current liabilities	-	-	-
Total non-current liabilities	18,146	18,022	124
Current liabilities			
Current financial liabilities	10,934	15,000	(4,066)
Other current liabilities	2,256	1,487	769
Total current liabilities	13,190	16,487	(3,297)
Total liabilities	49,170	46,097	3,073

(Amounts in thousands of euro)	12/31/2014	12/31/2013
Initial shareholders' equity	11,588	15,481
Income (expense) for the period	6,104	(4,047)
Other comprehensive income	142	154
Exchange rate gains (losses)	-	-
Final shareholders' equity	17,834	11,588
	9,095	5,910
Goodwill and other intangible fixed assets	-	-
Carrying amount	9,095	-

(Amounts in thousands of euro)	12/31/2014	12/31/2013	Change
Revenue	-	101	(101)
Operating costs	(87)	(2,589)	2,502
Gross operating profit	(87)	(2,488)	2,401
Operating profit	(87)	(2,488)	2,401
Financial income	8,681	1	8,680
Financial expense	(905)	(1,583)	678
Net financing income (costs)	7,776	(1,582)	9,358
Net financing costs and net gains on investments	7,776	(1,582)	9,358
Profit (loss) before taxes	7,689	(4,070)	11,759
Income taxes	(1,585)	24	(1,609)
Profit (loss) from continuing operations	6,104	(4,046)	10,150
Other components of comprehensive income	-	153	(153)
Net profit (loss)	6,104	(3,893)	9,997

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Ochre Holding

(Amounts in thousands of euro)	12/31/2014	12/31/2013	Change
Non-current assets			
Property, plant and equipment and intangible fixed assets	-	-	-
Non-current financial assets	169,847	161,163	8,684
Other non-current assets	3,066	2,920	146
Total non-current assets	172,913	164,083	8,830
Current assets			
Cash and cash equivalents and other financial assets	21,253	15,933	5,320
Other current assets	7,591	126	7,465
Total non-current assets	28,844	16,059	12,785
Total assets	201,757	180,142	21,615
Shareholders' equity	(1,885)	-	(1,885)
Non-current liabilities			
Non-current financial liabilities	171,480	161,715	9,765
Other non-current liabilities	20,250	15,454	4,796
Total non-current liabilities	191,730	177,169	14,561
Current liabilities			
Current financial liabilities	-	-	-
Other current liabilities	11,912	2,973	8,939
Total current liabilities	11,912	2,973	8,939
Total liabilities	201,757	180,142	21,615

(Amounts in thousands of euro)	12/31/2014	12/31/2013
Initial shareholders' equity	-	437
Income (expense) for the period	(1,885)	(491)
Other comprehensive income	-	-
Exchange rate gains (losses)	-	54
Final shareholders' equity	(1,885)	-
	(754)	-
Goodwill and other intangible fixed assets	7,912	8,423
Carrying amount	7,158	8,423

(Amounts in thousands of euro)	12/31/2014	12/31/2013	Change
Revenue	11,225	9,640	1,585
Operating costs	(14,394)	(11,422)	(2,972)
Gross operating profit	(3,169)	(1,782)	(1,387)
Operating profit	(3,169)	(1,782)	(1,387)
Financial income	1,248	1,310	(62)
Financial expense	-	-	-
Net financing income (costs)	1,248	1,310	(62)
Net financing costs and net gains on investments	1,248	1,310	(62)
Profit (loss) before taxes	(1,921)	(472)	(1,449)
Income taxes	36	(19)	55
Profit (loss) from continuing operations	(1,885)	(491)	(1,394)
Other components of comprehensive income	-	-	-
Net profit (loss)	(1,885)	(491)	(1,394)

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Significant restrictions

At the date of preparation of this Financial report, there are no significant restrictions on the ability of associates to transfer funds to the entity in the form of dividends, repayments of loans or advances.

Contingent liabilities

At the date of preparation of this financial report, there are no contingent liabilities relating to the Group's interests in associates. Any related risk areas have been described in the notes above.

Investments in joint ventures

The most significant joint ventures are shown below:

Name of company	Head office	Registered office (if different from head office)	% ownership	Nature of relationship	Measurement method
Grupo Unidos Por El Canal S.A.	Panama	N/A	48%	(1)	Shareholders' equity

(1) The company is held directly by Salini Impregilo S.p.A. and is engaged in building the new system of locks on the Panama Canal. For a detailed description of the concession, refer to the chapter of the Directors' Report "Operating performance by geographic region" and in particular the paragraphs "Expansion of the Panama Canal" and "Segment's risk areas". The governance system requires qualified majority resolutions passed through the favorable vote of two members, including Salini Impregilo.

With reference to the joint ventures listed above, there is no market price and their carrying amounts are in line with their fair values.

Risks associated with the Group's interests in joint ventures

Commitments

With regard to joint ventures, the Group has the following commitments:

(Amounts in thousands of euros)	December 31, 2014	December 31, 2013	Change
Commitments	638,181	590,332	47,848

The change is due above all to the guarantees issued in favor of the Grupo Unido por el Canal.

Contingent liabilities

At the date of preparation of this financial report, there are no contingent liabilities relating to the Group's interests in joint ventures. Any related risk areas have been described in the notes above.

Summary of income-related and financial information concerning joint ventures

The financial information relating to joint ventures accounted using the equity method is shown below.

In addition the reconciliation statement of the income-related and financial information of the joint ventures is shown with the carrying amount of the interest in the joint ventures, as per shareholders' agreements.

The information reflects the values in the financial statements of the joint ventures, adjusted on the basis of the differences in the accounting policies between the Group and the joint ventures.

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(Amounts in thousands of euro)	12/31/2014	12/31/2013	Change
Non-current assets			
Property, plant and equipment and intangible fixed assets	110,624	156,116	(45,492)
Non-current financial assets	0	0	0
Other non-current assets	0	0	0
Total non-current assets	110,624	156,116	(45,492)
Current assets			
Cash and cash equivalents and other financial assets	154,880	45,615	109,265
Other current assets	1,091,787	660,588	431,199
Total non-current assets	1,246,667	706,203	540,464
Total assets	1,357,291	862,319	494,972
Shareholders' equity	(441,403)	(388,534)	(52,869)
Non-current liabilities	0	0	0
Non-current financial liabilities	0	0	0
Other non-current liabilities	1,223	196	1,027
Total non-current liabilities	1,223	196	1,027
Current liabilities			-
Current financial liabilities	597,409	168,782	428,627
Other current liabilities	1,200,063	1,081,876	118,187
Total current liabilities	1,797,472	1,250,658	546,814
Total liabilities	1,357,292	862,320	494,972

(Amounts in thousands of euro)	2014	2013
Initial shareholders' equity	(388,534)	(360,716)
Income (expense) for the period	(62)	(45,221)
Dividends distributed	0	0
Other comprehensive income		
Exchange rate gains (losses)	(52,807)	17,403
Final shareholders' equity	(441,403)	(388,534)
	(169,499)	(149,197)
Loans	180,228	72,616
Goodwill and other intangible fixed assets		
Carrying amount	10,729	(76,581)

(Amounts in thousands of euro)	12/31/2014	12/31/2013	Change
Revenue	781,277	993,629	(212,352)
Operating costs	(703,366)	(960,872)	257,506
Gross operating profit	77,911	32,757	45,154
Amortization and depreciation	(63,136)	(64,464)	1,328
Operating profit	14,775	(31,707)	46,482
Financial income	397	94	303
Financial expense	(20,606)	(11,712)	(8,894)
Net exchange rate gains (losses)	5,394	(1,824)	7,218
Net financing income (costs)	(14,815)	(13,442)	(1,373)
Gains (losses) on investments	0	0	0
Net financing costs and net gains on investments	(14,815)	(13,442)	(1,373)
Profit (loss) before taxes	(40)	(45,149)	45,109
Income taxes	(21)	(72)	51
Profit (loss) from continuing operations	(61)	(45,221)	45,160
Other components of comprehensive income	0	0	0
Net profit (loss)	(61)	(45,221)	45,160

Joint operation

The main joint operations in which the Salini Impregilo Group has an interest are: CMC - Mavundla - Impregilo (South Africa) and Civil Work Group (Saudi Arabia). Salini Impregilo S.p.A. has a direct 39.2% interest in the former, which is engaged in works for the hydroelectric plant in Ingula.

Salini Impregilo S.p.A. has a direct 43% stake in the latter, which is engaged in the civil works for the

Riyadh metro. Both are governed by joint control arrangements as resolutions of the governing bodies require a unanimous vote. Concerning the type of joint arrangement, both entities are structured as separate vehicles, guaranteeing transparency of the rights and obligations with respect to Salini Impregilo S.p.A.

