Notes to the Financial statements

Introduction

Salini Impregilo S.p.A. has prepared its 2014 Separate financial statements on a going concern basis. As required by Regulation no. 1606/2002 issued by the European Parliament and Council, implemented in Italy by Legislative decree no. 38/2005, these Separate financial statements of Salini Impregilo S.p.A have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, in force at December 31, 2014. They comprise a statement of financial position, an income statement, a statement of comprehensive income, a statement of cash flows, a statement of changes in equity and these notes.

The Separate financial statements have been prepared using the historical cost principle, except for those items which are recognized at fair value in accordance with the IFRS, as described in the section on "Accounting policies". The carrying amounts of assets and liabilities, hedged with transactions which qualify for hedge accounting, are adjusted to reflect changes in fair value related to the hedged risks.

The statement of financial position, income statement and statement of comprehensive income are presented in Euros, whereas the amounts in the statement of cash flows, statement of changes in equity and these notes are shown in thousands of Euros, unless stated otherwise.

Foreign currency translation of the assets and liabilities related to Venezuela

Please note that, from the end of the first half of 2014, the estimates referring to the set of industrial activities that the Group has in the Bolivarian Republic of Venezuela needed to be updated. In line with the previous financial reports, made available to the public as required by the current legal provisions, the deterioration of the economic conditions of the country, which have been going downhill since the early months of the year, were such that it became necessary to review the time and financial parameters according to which the Group's net assets can be generated in reference to this area. The Group's relations with the local economic system as well as with the client local administrations are still excellent and geared toward maximum cooperation in pursuit of the respective goals, as demonstrated by the additional work awarded at the end of June 2014 in relation to existing railway contracts. However, in light of the current general framework of the local currency/financial market situation in the area, stemming from the conditions of the above-mentioned local economic system, and consistent with the changes to the currency regulations of the country during 2014, it was considered reasonable, among other things, to adopt, with effect from June 30, 2014, a new reference exchange rate for the translation of both the current values of working capital denominated in Venezuelan currency and the perspective values both to be paid/realized in the entire life estimates of the ongoing railway projects under direct management.

The new official exchange rate used, called SICAD 2, whose first fixing took place during the last few days of the first quarter of 2014, is currently believed to be the most representative of the relationship under which future cash flows, expressed in local currency, may be adjusted in the event that they were verified at the valuation date also considering the possibility to access the Venezuelan currency market and the Group's specific needs to obtain currency other than the functional currency.

This new exchange rate expresses a substantial depreciation (by about 9 times) of the local currency against the US Dollar, compared with the official exchange rate previously used, i.e. CENCOEX (formerly CADIVI), for the purposes of preparing both the Consolidated financial statements of the Salini Group as at December 31, 2013 and the interim financial report as at March 31, 2014.

The updated estimates had a number of effects on the accounts as at December 31, 2014, the most significant of which is the overall reduction in the value of net assets in local currency, for a total of approximately €97 million, of which €55 million calculated upon adoption of the new exchange rate and the remaining €42 million connected to changes in balances and the exchange rate during the second half of 2014.

Lastly as regards the impacts that this update has had from the point of view of the railway projects in progress in the area, it is noted that the credit and liquidity risk management policies adopted by the Group for its operations in areas characterized by structural currency weaknesses, like Venezuela, has always been based on a number of rules, including, in particular: (i) contracts with clients being denominated partly in 'strong' currencies (e.g. Euro, US Dollar) and partly in 'local' currency; (ii) the preparation of full-life production cost structure, accordingly composed of 'local' currency based on a 'natural hedging' approach; and (iii) covering temporary financial requirements to support the management of working capital through borrowings in the same currency as the working capital. In the specific situation of Venezuela, this risk management policy – bearing in mind the long-term presence of the Group in this market, which in previous years has shown moments of economic and currency uncertainty, albeit of shorter duration but of equivalent economic/ financial significance – has been in effect in a situation characterized by (i) a surplus of net working capital offset by (ii) a more than corresponding expected deficit for the periods subsequent to that under review and expressed in the same currency. As in the past, updating the aforementioned estimates – which is one part of the review of full-life projections of railway works in progress in the area – has resulted in the recognition of mainly positive current and future impacts on profit and loss, even taking into account the conservative assumptions made in connection with the future development of production.

Furthermore, in the Extraordinary Official Gazette No. 6,171 of February 10, 2015, the Ministry of Popular Power for the Economy, Finance and Public Banking (MPPEFBP) and the Central Bank of Venezuela (BCV) published the "Convenio Cambiario No. 33", replacing the SICAD II exchange rate system with a newly-introduced floating official exchange rate called SIMADI.

To sum up, with the entry into force of this latest exchange convenio, three levels of exchange rate are set:

- CENCOEX 6.30 BSF per 1 US$, for essential foodstuffs;
- SICAD 12 BSF per 1 US$, for specific economic sectors and public sector enterprises;
- SIMADI, whereby exchange rate transactions will be executed based on offer and demand, generating a floating exchange rate that will be published on a daily basis.

To date, there are no large exchange volumes to establish whether the aforementioned free exchange rate will effectively be supplied by operators with hard currency needed for transactions. At the moment, the SIMADI exchange rate is set at 187.78 BSF per US$.

In compliance with the provisions of international financial reporting standards, the effects of this further change in Venezuela's currency system – which are not expected to be significant – will be reflected in the 2015 financial year.

Changes in standards

The following accounting standards, amendments and interpretations have been implemented since January 1, 2014.

On May 29, 2013 the IASB published an amendment to IAS 36 "Impairment of non-financial assets – Recoverable Amount Disclosures for Non-Financial Assets" to provide guidance on the recoverable amount of assets, when this amount is based on fair value less costs of disposals, for impaired assets. The amendments establish that disclosure of the recoverable amount for assets or cash generating units in only required when an impairment or a reversal of a previous impairment have been recognized. The amendment also provides guidance on the disclosure of the impairment of assets, when the recoverable amount has been determined on the basis of fair value less costs to sell.

On May 12, 2011, the IASB issued IFRS 10, IFRS 11 and IFRS 12 and amendments to IAS 27 and IAS 28. The main changes covered:

- ***IFRS 10 - Consolidated financial statements***
  This standard replaces SIC 12 Consolidation - Special purpose entities and certain parts of IAS 27 - Consolidated and Separate financial statements. The new standard identifies a single control model and defines, on a more structured basis, the requirements for determining whether or not control exists. This provision is particularly important for cases that qualify as "de facto control".

- ***IFRS 11 - Joint Arrangements***
  This standard replaces IAS 31 - Interests in joint ventures and SIC 13 - Jointly controlled entities - Non-monetary contributions by venturers. It defines the criteria for the identification of joint arrangements and how they should be accounted for based on the rights and obligations arising from the contract, regardless of its legal form. The new standard provides for different recognition methods, depending on whether the transaction is a joint operation or a joint venture, and eliminates the possibility to apply different accounting treatments to the same types of arrangements and, conversely, defines a single model based on the contractual rights and obligations.

- ***IFRS 12 - Disclosure of interests in other entities***
  The standard sets out the disclosures to be provided about any type of interest in other entities, including joint arrangements, associates, special purpose entities and other entities not included in the financial statements.
  Its aim is to provide information to allow users of financial statements to best understand the nature of risks associated with interests in strategic entities (qualified or not) which the entity intends to hold on to for the medium to long-term.

- ***IAS 27 - Separate financial statements***
  The standard defines how investments in subsidiaries, associates and joint ventures should be treated in the Separate financial statements. The standard has been amended following the changes introduced by IFRS 10 and IFRS 11.

- ***IAS 28 – Investments in Associates and Joint Ventures***
  This standard defines the accounting treatment of investments in associates and joint venture and is a rewording of the old IAS 28 in light of the new provisions introduced with IFRS 10 and IFRS 11.

IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28 were published in the EU Official Journal on 29 December 2012. Their latest application date is the start of the first annual period beginning on or after 1 January 2014.

On December 16, 2011, the IASB published an amendment to IAS 32: *Offsetting Financial Assets and Financial Liabilities* to clarify the rules for offsetting financial assets and liabilities. The amendment clarified that:

- the right of set-off shall exist at the reporting date instead of being contingent on a future event;

- this right shall be legally enforceable by the counterparties during the normal course of business or in the event of insolvency or bankruptcy of the entity and all of the counterparties.

The amendment was published in the EU Official Journal on 29 December 2012. It is applicable retrospectively to annual periods beginning on or after 1 January 2014.

Except for IFRS 11, the application of the above amendments did not have significant effects on the Separate financial statements. The effects of the application of IFRS 11 are highlighted in the Section "Effects of the application of the new financial reporting standards".

The following standards, amendments and interpretations will be applied after the current reporting period and the Group has not adopted them early.

On November 12, 2009, the IASB issued the first part of *IFRS 9 - Financial instruments*, which will replace *IAS 39 - Financial instruments: recognition and measurement.* This part covers the classification of financial instruments and is part of a three-phase project. The next parts will cover how to determine impairment of financial assets and application of hedge accounting, respectively. Issue of the new standard, designed to simplify and reduce the complexity of recognizing financial instruments, provides for the classification of financial instruments into three categories which the Group will define based on its business model, contractual terms and the related cash flows of the instruments.

On October 28, 2010, the IASB issued new requirements for the recognition of financial liabilities. They will be integrated into IFRS 9 to complete the classification and measurement phase as part of the project to replace IAS 39.

On 16 December 2011, the IASB published the *Mandatory effective date and transition disclosures* (amendment to IFRS 9 and IFRS 7), which postpones the application date for IFRS 9 from 1 January 2013 to 1 January 2015. However, the standard may still be applied early.

The adoption of the above-mentioned amendments will not have significant effects on the Consolidated financial statements.

A list of the accounting standards, amendments and interpretations published by the IASB is provided below. However, at the reporting date, the competent bodies of the European Union have yet to complete the approval process of the amendment:

- ***Annual Improvements*** 2010-2012 and ***Annual Improvements*** 2011-2013 published on December 12, 2013;
- IFRS 9 ***Financial Instruments***, published on July 24, 2014;
- IFRS 14 ***Regulatory Deferral accounts***, published on January 30, 2014;
- IFRS 15 ***Revenue from contracts with customers***, published on May 28, 2014;
- amendments to IAS 16 and IAS 41: ***Bearer Plants***, published on June 30, 2014;
- amendments to IAS 16 and 38: ***Clarification of Acceptable Methods of Depreciation and Amortization***, published on May 12, 2014;
- amendments to IFRS 11: ***Accounting for Acquisitions of Interest in Joint Operations***, published on May 6, 2014;
- amendments to IAS 19: **Defined Benefit Plans: *Employee Contributions***, published on November 21, 2013.

Effects of the application of the new financial reporting standards

These new standards were adopted retrospectively to allow a presentation of results on a like-for-like basis with the information for previous periods. As mentioned above, the adoption of the new standards did not have any significant impacts except as regards IFRS 11, for which the greatest difficulties in interpretation and application were encountered above all in relation to Special Purpose Vehicles ("SPVs") in which the Group participates jointly with other partner companies and which are established for the sole purpose of carrying out specific construction projects. These entities were mainly identified as Joint Ventures and recognized in the Group Consolidated financial statements using the proportional consolidation option provided in the previously applicable IAS 31, while in the Separate financial statements they were measured at cost minus permanent impairment (where applicable) after the allocation of costs and revenues in the cases specifically set out in the contractual agreements.

With reference to the application of IFRS 11 and the definition of joint control and the cases of Joint Operations and Joint Ventures, in relation to the foreign entities, under the new standards, Joint Operations are recognized on a line by line basis in the Separate financial statements.

For entities qualified as Italian Special Purpose Vehicles that recharge costs and are under joint control, application of IFRS 11 resulted in them being classified as Joint Ventures, which are measured at cost minus permanent impairment.

As these entities recharge their costs, the main effect on the income statement is recognition of the costs incurred and charged back by the SPV in a single cost item while revenues and works in progress are recognized in the financial statements of the venturers on the basis of their quotas.

Given the cost recharging system, the parent company's net financial position represents the net balance of receivables/payables with the SPV, which corresponds to the Group's share of cash and cash equivalents or financial debt with SPVs.

The tables below contain the reconciliation of the amounts in the financial statements before and after the application of the new standards, specifically:

(a) reconciliations of the separate shareholders' equity at December 31, 2012 and December 31, 2013 and the consolidated net profit for 2013;

(b) comparative tables of the statement of financial position as at December 31, 2013;

(c) comparative tables of the income statement and statement of cash flows of 2013.

Certain items included in the financial statements needed to be reviewed and adapted because of the application of the new standards. In addition, some reclassifications were carried, mainly regarding intragroup transactions which were previously represented in a single current/non-current receivable/payable item but are now represented by type under current and non-current trade, financial and other items.

Reconciliation	Shareholders' equity at January 1, 2013	Income statement 2013	Shareholders' equity at December 31, 2013
Shareholders' equity and income before introduction of new standards	**1,682,283**	**113,829**	**1,193,824**
Effects of the application of the new standards	-	2,657	-
Total shareholders' equity and income after introduction of new standards	**1,682,283**	**116,486**	**1,193,824**

Statement of financial position as at January 1, 2013

ASSETS (Amounts in thousands of euros)	Published	Reclassifications	Implementation of Joint Operations	Reclassified due to the adoption of the new standards
Non-current assets				
Property, plant and equipment	32,986		6,206	39,192
Intangible Fixed Assets	32,941			32,941
Investments in associates	580,195	(87,780)		492,415
Non-current financial assets	4,960	88,595		93,555
Non-current intragroup loans and receivables	88,595	(88,595)		
Other non-current assets	436	(436)		
Deferred tax assets	37,948			37,948
Total non-current assets	**778,061**	**(88,216)**	**6,206**	**696,051**
Current assets				
Inventories	32,763		4,882	37,645
Contract work in progress	490,758			490,758
Trade receivables	647,868	(27,305)	(23,950)	596,613
Derivatives and other current financial assets	1,092	274,521		275,613
Current tax assets	52,565	403	3,897	56,865
Other tax receivables	45,004	(403)	141	44,742
Other current assets	51,659	51,878	(482)	103,055
Cash and cash equivalents	876,982		10,393	887,375
Total current assets	**2,198,691**	**299,094**	**(5,119)**	**2,492,666**
Non-current assets held for sale				
TOTAL ASSETS	**2,976,752**	**210,878**	**1,087**	**3,188,717**

SHAREHOLDERS' EQUITY AND LIABILITIES (Amounts in thousands of euros)	Published	Reclassifications	Implementation of Joint Operations	Reclassified due to the adoption of the new standards
Shareholders' equity				
Share capital and reserves	1,682,283			1,682,283
Total shareholders' equity	**1,682,283**	-	-	**1,682,283**
Non-current liabilities				
Bank loans and other facilities	100,835			100,835
Finance lease payables	15			15
Post-employment benefits and employee benefits	11,403			11,403
Deferred tax liabilities	115,575			115,575
Provisions for risks	253,477	(56,018)		197,459
Total non-current liabilities	**481,305**	**(56,018)**	-	**425,287**
Current liabilities				
Bank account overdrafts and current portion of financing facilities	**115,411**	**189,485**		**304,896**
Current portion of bond issues				
Current portion of finance lease payables	28			28
Derivatives and other current financial liabilities	65			65
Advances on contract work in progress	74,813	65,540	14,381	154,734
Trade payables to suppliers	512,969	1,398	(15,117)	499,250
Current tax liabilities	41,848			41,848
Other tax payables	8,315		33	8,348
Other current liabilities	59,715	10,473	1,790	71,978
Total current liabilities	**813,164**	**266,896**	**1,087**	**1,081,147**
Liabilities directly associated with non-current assets held for sale				
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**2,976,752**	**210,878**	**1,087**	**3,188,717**

Statement of financial position as at December 31, 2013

ASSETS (Amounts in thousands of euros)	Published	Reclassifications	Implementation of Joint Operations	Reclassified due to the adoption of the new standards
Non-current assets				
Property, plant and equipment	16,731		3,244	19,975
Intangible Fixed Assets	44,948			44,948
Investments in associates	580,537	(96,285)	(1)	484,251
Non-current financial assets	28,287	1,524		29,811
Non-current intragroup loans and receivables	1,524	(1,524)		
Other non-current assets	588	(1,381)	793	
Deferred tax assets	36,434			36,434
Total non-current assets	**709,049**	**(97,666)**	**4,036**	**615,419**
Current assets				
Inventories	30,333		3,501	33,834
Contract work in progress	437,560		3,884	441,444
Trade receivables	805,797	63,693	(29,444)	840,046
Derivatives and other current financial assets	392	226,597		226,989
Current tax assets	42,712	466	3,363	46,541
Other tax receivables	51,992	(466)	1,437	52,963
Other current assets	46,637	67,967	1,615	116,219
Cash and cash equivalents	304,032		6,410	310,442
Total current assets	**1,719,455**	**358,257**	**(9,234)**	**2,068,478**
Non-current assets held for sale				
TOTAL ASSETS	**2,428,504**	**260,591**	**(5,198)**	**2,683,897**

SHAREHOLDERS' EQUITY AND LIABILITIES (Amounts in thousands of euros)	Published	Reclassifications	Implementation of Joint Operations	Reclassified due to the adoption of the new standards
Shareholders' equity				
Share capital and reserves	1,079,995		(2,657)	1,077,338
Net profit (loss)	113,829		2,657	116,486
Total shareholders' equity	**1,193,824**	-	-	**1,193,824**
Non-current liabilities				
Bank loans and other facilities	98,839			98,839
Finance lease payables	2		10	12
Post-employment benefits and employee benefits	11,690			11,690
Deferred tax liabilities	98,932			98,932
Provisions for risks	206,867	(72,638)		134,229
Total non-current liabilities	**416,330**	**(72,638)**	**10**	**343,702**
Current liabilities				
Bank account overdrafts and current portion of financing facilities	105,158	252,767		357,925
Current portion of bond issues				
Current portion of finance lease payables	17		5	22
Derivatives and other current financial liabilities				
Advances on contract work in progress	130,837	63,566	4,081	198,484
Trade payables to suppliers	486,314	2,775	(12,861)	476,228
Current tax liabilities	45,748		2	45,750
Other tax payables	4,325		17	4,342
Other current liabilities	45,951	14,121	3,548	63,620
Total current liabilities	**818,350**	**333,229**	**(5,208)**	**1,146,371**
Liabilities directly associated with non-current assets held for sale				
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**2,428,504**	**260,591**	**(5,198)**	**2,683,897**

Income statement

(Amounts in thousands of euros)	Published	Reclassifications	Implementation of Joint Operations	Reclassified due to the adoption of the new standards
Revenue				
Revenue	1,235,136		(4,237)	1,230,899
Other income	41,255		1,972	43,227
Total revenue	**1,276,391**	**-**	**(2,265)**	**1,274,126**
Costs				
Purchasing costs	(51,992)		(397)	(52,389)
Subcontracts	(101,355)		(29,441)	(130,796)
Service costs	(830,120)	28,810	36,238	(765,072)
Personnel costs	(114,503)		(551)	(115,054)
Other operating costs		(28,810)	(132)	(28,942)
Amortization, depreciation, provisions and impairment losses	(26,076)		(2,658)	(28,734)
Total costs	**(1,124,046)**	**-**	**3,059**	**(1,120,987)**
Operating profit	**152,345**	**-**	**794**	**153,139**
Financing income (costs) and gains (losses) on investments				
Financial income	*13,333*		*143*	*13,476*
Financial expense	*(28,382)*		*(13)*	*(28,395)*
Net exchange rate gains (losses)	*40,025*		*1,736*	*41,761*
Net financing income (costs)	24,976	-	1,866	26,842
Gains (losses) on investments	(13,245)			(13,245)
Net financing costs and net gains on investments	**11,731**	**-**	**1,866**	**13,597**
Profit (loss) before taxes	**164,076**	**-**	**2,660**	**166,736**
Income taxes	(50,247)		(3)	(50,250)
Profit (loss) from continuing operations	**113,829**	**-**	**2,657**	**116,486**
Net profit (loss)	**113,829**	**-**	**2,657**	**116,486**

Statement of cash flows at December 31, 2014

(Amounts in thousands of euro)	Salini Impregilo S.p.A. Published	Salini Impregilo S.p.A. Reclassified due to the adoption of the new standards	Change
Cash and cash equivalents at start of year	**794,164**	**804,556**	**(10,392)**
Cash flows generated (used) in operations	58,314	(63,148)	121,462
Cash flows generated (used) in investing activities	(16,509)	(8,741)	(7,768)
Cash flows generated (used) in financing activities	(617,109)	(507,397)	(109,712)
Increase (decrease) in cash and cash equivalents	(575,304)	(579,286)	3,982
Cash and cash equivalents at end of year	**218,860**	**225,270**	**(6,410)**

Merger of Salini S.p.A. into Impregilo S.p.A.

On January 1, 2014, the merger of Salini S.p.A. into Impregilo S.p.A. became effective, in implementation of the Shareholders' Meeting resolution of September 12, 2013. The share capital of the company resulting from the merger, which assumed the name Salini Impregilo S.p.A., was established at €500.0 million. At the same time, a legal reserve was established in the amount of €100.0 million and 44,974,754 new ordinary shares of Salini Impregilo S.p.A. were issued to Salini Costruttori S.p.A. Starting from the effective date, Salini Impregilo S.p.A. took over all contracts, assets and existing legal relationships of Salini S.p.A. which the latter was previously a party to, taking on the relevant rights and obligations without interruption. The process was launched on June 24, 2013 when the Board of Directors of Salini S.p.A. and Impregilo S.p.A. approved the merger plan.

The merger was an essential step in the industrial and strategic plan to create a Campione Nazionale® in the complex works and infrastructures construction industry, thus becoming a major Italian player with shares listed on the Italian MTA market that can be a leading industry player worldwide. In this perspective, the merger between the two companies will enable the optimization of the critical success factors that characterize the business sectors of interest and yielding further significant benefits, including:

- broader geographical presence, founded on expert knowledge of the individual countries where the two groups have been successfully operating for decades;
- scale on a par with global industry leaders, providing possible access to large-scale and technologically complex infrastructure projects;
- solid financial structure characterized by an adequate credit standing and better conditions for access to capital markets;
- commercial and cost synergies that can be achieved by pooling specific expertise and reputations acquired in other market segments, and by striving for greater efficiency through integrated resource management;
- creation of value for all shareholders and stakeholders by significantly increasing the value of production and operating margins.

The merger was defined under international financial reporting standards as a 'business combination under common control' and is excluded from the scope of IFRS 3 Business Combinations as it does not involve an exchange with any third parties.

Therefore, in determining the effects of the merger on the Separate financial statements of Salini Impregilo S.p.A., the instructions of the document Assirevi OPI No. 2 – Accounting treatment of mergers in the financial statements, which affirms that, in accordance with the accounting continuity principle, it is necessary "*take account of the pre-existing relationship of control between the companies involved in the merger (surviving and merged), as well as the cost incurred by the surviving company for the original acquisition of the merged company.*

This cost, as well as the allocation thereof to the current values of the assets and liabilities of the merged company, are added the Consolidated financial statements of the Group formed by the surviving company and the merged company".

Consequently, the difference from offsetting the acquisition cost incurred by Salini S.p.A. for the acquisition of control over Impregilo S.p.A. on April 1, 2013 and the corresponding portion of Impregilo S.p.A. shareholders' equity has been allocated for the corresponding amounts up to the net book value of assets recognized in the Group Consolidated financial statements at the merger effective date.

Since it was a merger of the subsidiary into the parent ("reverse merger"), the merger deficit arising from the transaction is the difference between the cost incurred by Salini S.p.A. for the acquisition of Impregilo S.p.A. and the shareholders' equity of the latter at January 1, 2014:

Portion of Impregilo S.p.A. shareholders' equity held by Salini S.p.A. at January 1, 2014	1,061,191
Carrying amount of Impregilo S.p.A. in Salini S.p.A. at January 1, 2014	1,253,318
Theoretical merger goodwill	**192,127**
Attributed to:	
Investments in associates	117,359
Intangible fixed assets (contract acquisition costs)	36,269
Non-current financial assets	(2,582)
Receivables	(1,013)
Deferred tax assets (liabilities)	(8,986)
Total merger goodwill attributed to the pre-existing assets and liabilities of Impregilo S.p.A.	**141,047**
Difference not attributed recognized at equity	51,080

As noted above, the merger in question is a so-called reverse merger, so in the financial statements below the comparative data refer to Impregilo S.p.A. at December 31, 2013, prior to the merger.

With reference to the method of presentation of the merger for comparative purposes, the decision was taken not to use the retroactive method set out in OPI 2, also in view of the fact that acquisition of control of Impregilo S.p.A. by Salini S.p.A. took place on April 1, 2013, hence in restated income statement and financial position are not shown the financial statements as if the merger took place on January 1, 2013.

Form and content of the Separate financial statements

Format of the Consolidated financial statements
Impregilo S.p.A. opted to present its Separate financial statements at December 31, 2014 as follows:

- Current and non-current assets and current and non-current liabilities are presented separately in the statement of financial position. Current assets and liabilities are those expected to be realized, sold, used or settled in the company's normal operating cycle, which usually exceeds 12 months. Non-current assets and liabilities include non-current assets, deferred tax assets, employee benefits, deferred tax liabilities and other balances expected to be realized, sold, used or settled after the company's normal operating cycle, i.e., more than twelve months after the reporting date.

- The income statement gives a classification of costs by nature and shows the profit or loss before "Financing income (costs) and gains (losses) on investments" and income taxes. The statement of comprehensive income shows all non-owner changes in equity.

- The cash flow statement presents the cash flows from operating, investing and financing activities separately. The indirect method is used.

Accounting policies

The accounting policies adopted to draw up Salini Impregilo S.p.A.'s Separate financial statements at December 31, 2014 comply with IFRS/IAS and are consistent with those used to prepare the 2013 Separate financial statements, except for the standards coming into force after January 1, 2014, summarized in the section on "Changes in accounting standards".

Property, plant and equipment

Property, plant and equipment are recognized at purchase or production cost, net of accumulated depreciation and any impairment losses.

Depreciation is calculated on a straight-line basis using rates determined based on the assets' residual possible use. The annual rates are as follows:

Category	Depreciation rate
Land	-
Buildings	3
Plant and machinery	from 10 to 20
Industrial and commercial equipment	from 25 to 40
Other assets	from 12 to 25

Land and buildings, plant and machinery with a carrying amount to be recovered mainly through their sale (rather than the asset's continued use) are measured at the lower of their carrying amount and fair value less costs to sell.

Assets held for sale shall be immediately available for sale and their sale shall be highly probable (i.e., the related commitments already exist). Their sales value shall be reasonable compared to their fair value.

The carrying amount of property, plant and equipment is tested for impairment whenever events or changes in circumstances take place indicating that the carrying amount will not be recovered. Reference should be made to the section on "Impairment of financial assets" for details of impairment testing.

Borrowing costs directly related to the acquisition or construction of an asset are capitalized as part of the cost of the asset, to the extent of its recoverable amount.

As established by IAS 23 - Borrowing costs, the company has applied this method to all qualifying assets.

Borrowing costs are capitalized when the costs of the acquisition of the asset and borrowing costs are incurred, and the activities necessary to bring the asset to a condition for its use have been started.

The costs provided for but not yet paid related to qualifying assets are excluded from determination of the amount to be capitalized.

Capitalization of borrowing costs is suspended during periods in which active development is interrupted.

Subsequent expenditure is only capitalized if it increases the future economic benefits of the related asset. All other expenditure is expensed when incurred.

Ordinary maintenance costs are fully expensed when incurred. Costs that increase the carrying amount of assets are allocated thereto and depreciated over their residual economic lives.

Dismantlement and restoration costs of assets used for contract work in progress are added to the cost of the related asset and depreciated in line with the depreciation pattern of the asset to which they refer when they are foreseeable and objectively determinable.

Leasehold improvements are classified in the different items of property, plant and equipment on the basis of their nature. They are depreciated over the shorter of the estimated useful life of the relevant asset and the residual term of the lease.

Leased property, plant and equipment
Assets held under finance leases whereby all the risks and rewards of ownership are substantially transferred to the company are recognized as company assets and classified as property, plant and equipment.

The related payable to the lessor is shown under financial liabilities. The lease payment is split into the financial expense, taken to the income statement, and the principal repayment, offset against the financial liability. The carrying amount of the leased asset is determined considering its fair value or, if lower, the present value of the minimum future lease payments.

The depreciation method and subsequent measurement are consistent with those applied to non-leased assets.

Leases where the lessor retains all the risks and rewards of ownership are treated as operating leases. The initial negotiation costs incurred for this type of lease increase the value of the related lease and are recognized over the lease term netted against the revenue generated by the lease.

Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

Other intangible assets
Other intangible assets purchased or generated internally are recognized under assets in accordance with IAS 38 - Intangible assets when it is probable that the use of the asset will generate future economic benefits and the cost of the asset can be measured reliably. Those assets with finite useful lives are measured at purchase or development cost and amortized on a straight-line basis over their estimated useful lives. Recoverability of their carrying amount is checked by using the criteria set out in the section on "Impairment of non-financial assets".

The excess of the purchase cost compared to the company's share of the net fair value of the high capacity business units acquired in the past is classified as other intangible assets and mainly refers to acquisition costs of the business units purchased.

The related amortization is calculated in line with the stage of completion and duration of the work.

Investments in associates
Investments in subsidiaries and associates and interests in joint ventures are measured at cost and tested regularly for impairment. This test is carried out whenever there is an indication that the investment may be impaired.

The method used is described in the section on "Impairment of non-financial assets". When an impairment loss is required, this is recognized immediately in profit or loss. When the reasons for a previous impairment loss no longer exist, the carrying amount of the investment is restated to the extent of its original cost. Reversals of impairment losses are recognized in profit or loss.

Impairment of non-financial assets
If there is any indication that an intangible asset or an item of property, plant and equipment is impaired, the recoverable amount of the asset is estimated to determine the amount of the impairment loss.

Goodwill and other intangible assets with indefinite lives are tested at least annually for impairment.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

If a binding sales agreement does not exist, fair value is estimated using the observable prices of an active market, recent transactions or the best information available to reflect the amount the Group could obtain by disposing of the asset.

Value in use is determined by discounting to present value the estimated future cash flows expected to arise from the continuing use of an asset, net of taxes, and, if reasonably determinable, from its disposal at the end of its useful life.

Discounting is applied by using a post-tax discount rate which reflects the present market value of the time value of money and specific risks.

The assessment is made for individual assets or the smallest identifiable Group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets from its continuing use (cash-generating unit).

An impairment loss is recognized when the recoverable amount is lower than the carrying amount. If the reasons for the impairment loss are no longer valid, the impairment loss (except in the case of goodwill) is reversed and the adjustment is taken to profit or loss as a reversal of impairment losses.

A reversal of impairment losses is recognized to the extent of the lower of the recoverable amount and original carrying amount less depreciation/amortization that would have been recognized had the impairment loss not been recognized.

Inventories of goods

Inventories of goods are measured at the lower of average purchase cost and net realizable value. Cost includes the directly related costs and estimated realizable value is determined using the replacement cost of the assets or similar assets.

Any writedowns are eliminated in subsequent years when the reasons therefore are no longer valid.

Contract work in progress and revenue from construction contracts

Contract work in progress consists of work performed net of progress billings issued to customers.
When final payment of the consideration is made, the related progress billings and advances are recognized under "Operating revenue" in the income statement, with the related variation in inventories.

The provision for contractual risks directly offsets inventories and is set up to cover possible charges and losses on contracts performed either directly by the Group or as part of a joint venture.

Contract work in progress is measured considering the consideration agreed with the customer and the stage of completion of the work.

Revenue related to contract work in progress is recognized using the stage of completion method.

The stage of completion is determined using the cost to cost method whereby the percentage of completion (the ratio between costs incurred and total estimated costs) is applied to the total estimated revenue.

Given the technical complexity, size and length of time involved in completing contracts, the additional considerations are measured before an agreement is reached with the customer.

Claims for additional considerations are considered when measuring contract work in progress when they can be quantified and they are reasonably certain to be made.

In the case of events that take place after the reporting date but before the financial statements are approved, which provide additional information about expected profits or losses on the contract, this additional information is considered when determining the contractual revenue or costs to be incurred to complete the contract and for the recognition of any profits or losses.

When it is probable that total contract costs will exceed total contract revenue, the loss to complete the contract is recognized as an expense immediately.

The contract costs, included in the cost to cost calculation, may be classified as:

- pre-operating costs, which include costs incurred during the start-up stage of the contract, before construction starts, such as the costs of design and specific studies carried out for the contract; organization and production start-up costs; building site start-up costs.

  These pre-operating costs are included in the stage of completion calculation and in the cost to cost calculation once they have been incurred. During the initial stage of the contract, they are included in the carrying amount of contract work in progress, if recoverable, without recognizing any profit margin when the contract profit or loss cannot be reliably estimated;

- contract operating costs, which include those directly attributable to the contract (e.g., materials, subcontracting, labor, amortization and depreciation, compulsory purchases, any directly attributable borrowing costs, etc.). They are recognized on an accruals basis and included in the calculation of the stage of completion;

- post-operating costs, which include site dismantlement costs generally incurred after the contract has been closed to remove the installations (or entire sites) and to return the machinery or plant to the company's premises or transfer them to another site.

  This category also includes losses on abandoned materials and the cost of transporting unused materials. They are included in the contract estimate and, therefore, if incurred during the contract term, they are comprised in the calculation of the progress billings. Therefore, no specific accruals are made to the income statement;

- costs for services to be rendered after completion of the contract, which mainly relate to services rendered after the contract has been completed. They may include assistance and supervision provided in the early stages of use of the plant or scheduled maintenance.

  If the contract does not include specific additional considerations for these services and the contract may be "closed" for accounting purposes (contracts are usually closed once work is completed and the customer has accepted the end result), the costs to be incurred to render these services when the contract is closed in the accounting records should be estimated and provided for in the specific items. These costs are included in the calculation to determine the contract revenue.

Real estate projects

Closing inventories of real estate projects are those real estate areas developed with a view to selling them.

They are measured at the lower of cost and estimated realizable value. Costs incurred consist of the consideration paid to purchase the areas and related charges, construction costs and borrowing costs related to the project up to and not exceeding its completion.

Financial assets and liabilities

Measurement and presentation of financial instruments are covered by IAS 39 and IAS 32, respectively. The company introduced the disclosure required by IFRS 7 in 2007.

The financial instruments used by Salini Impregilo S.p.A. are classified as follows: financial assets or financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

Financial assets or financial liabilities at fair value through profit or loss

This category includes derivatives that do not meet hedge accounting requirements.

Fair value gains or losses on derivatives in this category are recognized as “Financing income (costs)” in profit or loss when they arise.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market.

They are measured at amortized cost, as detailed further on, and any gains or losses arising therefrom are recognized as “Financing income (costs)” in profit or loss under the amortized cost method.

This category includes the following items:

- Trade receivables and payables and other receivables and payables

  Trade and other receivables are recognized at amortized cost, net of impairment losses determined on the basis of their estimated recoverable amount calculated by analyzing each position and the total non-collection risk.

  If the collection date is postponed and exceeds normal collection times for the sector, these receivables are discounted.

  All factored receivables that do not meet the requirements for derecognition under IAS 39 continue to be recognized in the Impregilo S.p.A.’s Separate financial statements even when they have been legally transferred.

  They are thus included as assets and a financial liability of the same amount is recognized.

  Trade and other payables are recognized at amortized cost, allocating interest to the income statement based on the effective interest rate, being the rate that exactly discounts estimated future cash payments through to the carrying amount of the related asset.

- Cash and cash equivalents

  Cash and cash equivalents comprise cash on hand and demand deposits and other short-term, highly liquid investments with a term of less than three months. This item is shown in the statement of cash flows net of bank borrowings at the reporting date.

- Loans and bonds

  Loans and bonds are initially recognized at cost, being the fair value of the consideration received less transaction costs.

  After initial recognition, loans are measured at amortized cost, whereby repayments are determined using the effective interest method with a rate which matches, at initial recognition, the expected cash flows with the initial carrying amount.

  Loan transaction costs are classified under liabilities decreasing the loan; amortized cost is calculated considering these costs and any discounts or premiums expected at settlement.

  The effects arising from the recognition at amortized cost are taken to “Financing income (costs)”.

Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the company has the positive intention and ability to hold to maturity. They are recognized at amortized cost and interest accrued thereon is taken to profit or loss under “Financial income” using the effective interest method.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are not classified in the other categories. They mainly relate to consortia and consortium companies of which the company holds less than 20%. In accordance with IAS 39, such investments are stated as non-current

assets measured at cost, adjusted for impairment, since their fair value cannot be determined. Dividend income from such financial instruments is recognized in profit or loss under financial income when the company is given the right to such dividend.

Fair value of financial instruments

The fair value of financial instruments has been estimated as follows:

- The fair value of financial instruments traded on an active market is based on the market price at the reporting date.

  This method has been applied especially to listed financial instruments classified as “Available-for-sale financial assets” and financial instruments classified as “Held-to-maturity investments”.

- The fair value of the derivatives classified as “Hedging derivatives” and “Financial assets and financial liabilities at fair value through profit or loss” has been measured using the Discounted Cash Flow Model. With respect to interest rate swaps, future cash flows have been estimated using the implicit forward rate of the market Euro curve at December 31, 2013 and 2012, while the forward exchange rate market prices at the relevant reporting date have been used for currency forward transactions.

- The fair value of loans and receivables has been determined, for disclosure purposes in the notes, on the basis of the present value of their future cash flows discounted at a rate equal to the current interest rates applicable in the relevant markets and the average spread agreed by the company.

Derecognition of financial assets and liabilities

(a) Financial assets

A financial asset (or, where applicable, part of a financial asset or parts of a Group of similar financial assets) is derecognized when:

(i) the contractual rights to the cash flows from the financial asset expire;

(ii) the company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in full and immediately;

(iii) the company transfers the contractual rights to receive the cash flows of the asset and has transferred substantially all the risks and rewards of ownership of the financial asset and the related control.

When the company has transferred the contractual rights to receive the cash flows of the financial asset and has neither transferred nor retained substantially all the risks and rewards or has retained control, it continues to recognize the asset to the extent of its continuing involvement in the asset.

Continuing involvement that takes the form of guaranteeing the transferred asset is measured at the lower of the initial carrying amount of the asset and the maximum amount of the consideration that the company could be required to pay.

(b) Financial liabilities

Financial liabilities are derecognized when the underlying obligation is discharged, cancelled or expires.

When an existing financial liability is exchanged with another by the same lender at substantially different terms, or the terms of an existing liability are substantially modified, this exchange or modification is treated as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amounts is recognized in profit or loss.

Impairment of financial assets

If there is any indication that a financial asset is impaired, the recoverable amount of the asset is estimated to determine the amount of the impairment loss.

Derivatives and hedging transactions

Salini Impregilo S.p.A. has derivatives recognized at fair value when the related agreement is signed and for subsequent fair value changes. The treatment of the related fair value gains or losses changes depending on whether the conditions for hedge accounting are met, as described below.

Salini Impregilo S.p.A. has derivatives to hedge currency and financial risks. At the inception of the transaction, it documents the hedging relationship, its risk management and strategy objectives in entering into the transaction, the hedging instrument and hedged item or transaction and the nature of the hedged risk.

Moreover, at the inception of the transaction and thereafter on an ongoing basis, the company documents whether or not the hedge meets the effectiveness requirements to offset its exposure to changes in the fair value of the hedged item or cash flows attributable to the hedged risk.

Based on the above-mentioned documentation, derivatives used for specific hedging purposes are classified and recognized as follows:

(a) ***Fair value hedges*** - If a derivative is designated as a hedge of exposure to changes in the fair value of an asset or liability due to a specific risk that may affect profit or loss, the gain or loss deriving from the subsequent measurement of the fair value of the hedging instrument is taken to profit or loss. The gain or loss on the hedged item, related to the hedged risk, changes the carrying amount of this item and is taken to profit or loss.

(b) ***Cash flow hedges*** - If a derivative is designated as a hedge of exposure to changes in cash flows of an asset or liability or a highly probable transaction and could affect profit or loss, the effective part of the gains or losses on the financial instrument is taken to equity.

The cumulative gain or loss is derecognized from equity and taken to profit or loss in the same period in which the hedged transaction is recognized.

The gain or loss related to a hedge or part of a hedge which has become ineffective is taken to profit or loss immediately. If a hedging instrument or a hedging relationship is closed, but the hedged transaction has not yet taken place, the cumulative gains and losses, recognized in equity up to then, are reclassified to profit or loss when the transaction takes place. If it is unlikely the hedged transaction will take place, the unrealized gains and losses recognized in equity are immediately recognized in profit or loss.

"Hedging purposes" are assessed in strategic terms. When they do not meet the requirements of IAS 39 for hedge accounting, the derivatives are classified as "Financial assets or financial liabilities at fair value through profit or loss".

Employee benefits

- Post-employment benefits

Post-employment benefits are recognized at the actuarial value of the company's liability determined in line with ruling legislation and national and in-house labor agreements.

The actuarial method, based on demographic, financial and turnover assumptions, is applied by independent actuaries.

The gains and losses resulting from the actuarial calculation are recognized in profit or loss for the cost items related to work service and net financial expenses, whereas the actuarial gains and losses resulting from the measurement of the liabilities and assets are recognized in comprehensive income.

The 2007 Finance Act and related implementing decrees introduced significant changes to legislation governing Italian post-employment benefits, effective as from January 1, 2007.

These include the option given to employees, to be exercised before June 30, 2007, of where to allocate their future benefits.

Specifically, employees can opt to allocate them to selected pension funds or maintain them with the company, in which case, the latter shall pay the contributions to the treasury fund of INPS (the Italian social security institution).

Following these changes, the Italian post-employment benefits accruing after the date of the employees' decision and, in any case, after June 30, 2007, are considered part of a defined contribution plan and treated like all other social security contributions.

Income taxes

Current taxes are provided for using the tax rates and applying the tax laws ruling in Italy and other countries in which the company operates, including through its branches, based on the best estimate of the taxable profit for the year.

Beginning from 2004, the company has joined the national tax consolidation system, which is regulated by the conditions set out in agreements drawn up by the participating companies, as the consolidating party.

The agreements provide that tax losses transferred by the subsidiaries give rise to a benefit for them to the extent to which they could have been used had the national tax consolidation system not existed.

Otherwise, the parent benefits, except for a partial payment to the companies transferring the losses, in proportion to the effective use in the national tax consolidation system.

Moreover, the smaller taxes paid by Impregilo following the national tax consolidation system are prudently provided for when it is probable that the tax losses will be paid in the future to the subsidiaries that transferred them.

Deferred tax assets and liabilities are calculated on the basis of the temporary differences between the tax base of an asset or liability and their carrying amount in the statement of financial position. Deferred tax assets are recognized when the company holds their recovery to be probable.

The carrying amount of deferred tax assets is reviewed at each reporting date and, to the extent necessary, is decreased when it is no longer probable that sufficient taxable profits will be available in the future to use all or part of the related benefit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantially enacted by the reporting date.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

In the case of transactions recognized directly in equity, the related deferred tax asset or liability also affects equity.

Provisions for risks and charges

In accordance with IAS 37, Salini Impregilo S.p.A. makes accruals to provisions for risks and charges when the following conditions exist:

- the company has a present obligation (legal or constructive) at the reporting date as a result of a past event where an outflow of resources embodying economic benefits will be required to settle the obligation;
- it is probable that the obligation (through an outflow of resources) will have to be settled;
- a reliable estimate can be made of the amount of the obligation.

When the time value of money is material and the obligation payment dates can be estimated reliably, the amount recognized as the provision equals the pre-tax future cash flows (i.e., forecast outflows) discounted at a rate that reflects the present market value and risks specific to the liability.

The increase in the provision due to discounting is recognized as a financial expense.
When the expected cash flows are included in an estimate range with the same probability of occurrence, the median value is discounted to measure the liability.

Provision for restructuring costs is recognized when the company has approved a detailed formal plan that has been implemented and communicated to the third parties involved.

Translation criteria for foreign currency items
The translation criteria for foreign currency items adopted by the company are as follows:

- foreign currency monetary assets and liabilities, excluding property, plant and equipment, intangible assets and equity investments measured at cost are measured at the closing spot rate with any exchange rate gains or losses taken to the income statement;

- property, plant and equipment and intangible assets (non-monetary assets) are recognized at historical cost denominated in the foreign currency and translated using the historical exchange rate;

- revenue and costs related to foreign currency transactions are recognized in profit or loss at the exchange rate ruling on the date of the transaction;

- any material effects deriving from changes in exchange rates after the reporting date are disclosed in the notes.

The foreign branches' functional currency is the Euro, as it is the primary currency they use in their operations.

Non-current assets held for sale and discontinued operations
Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

Assets held for sale are recognized as such when the following events take place:

- signing of a binding sales agreement;

- approval and communication of a formal sales plan by directors.

In order to be correctly measured, the assets shall be:

- available for immediate sale in their present condition;

- subject only to terms that are usual and customary for sales of such assets;

- the sale must be highly probable and expected to take place within twelve months.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A discontinued operation is a component of an entity that either has been disposed of or classified as held for sale and that meets any of the following criteria: i) it represents a separate major line of business or geographical area of operations; ii) it is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or iii) it is a subsidiary acquired exclusively with a plan to resell.

The results of discontinued operations are disclosed separately in the income statement.
As required by IFRS 5.34 - Non-current assets held for sale and discontinued operations, the corresponding prior year figures are restated accordingly.

Revenue recognition
Revenue is measured to the extent it is probable that the economic benefits will flow to the company and the related amount can be determined reliably.

Revenue from the sale of goods is recognized when the Group has shipped the goods and has transferred all the material risks and rewards of ownership to the buyer. Revenue from construction contracts is recognized as provided for in the related Standard, described below.

When the outcome of a construction contract can be estimated reliably, contract revenue is recognized by reference to the stage of completion of the contract activity at the reporting date based on the ratio of the costs incurred up to the reporting date to the total estimated contract costs, unless this is held to not represent the stage of completion of the contract.

Changes in the contract, claims and incentive payments are recognized to the extent that they are reasonably certain.
Revenue is recognized only to the extent of contract costs incurred that it is probable will be recovered. Contract costs are recognized as an expense in the year in which they are incurred.

Interest income
Interest income is recognized on an accruals basis, considering the principal and applicable effective interest rate, i.e., the rate that discounts the estimated future inflows over the expected life of the financial asset to return it to its carrying amount.

Dividends
Dividends are recognized when the investors' right to receive payment arises in line with local ruling legislation.

Risks relating to customers and the countries in which Salini Impregilo S.p.A. operates
Salini Impregilo S.p.A. is active in sectors where most of the contracts are with state-owned customers. Therefore, its results are strictly related to the amount and term of investments in large-scale infrastructure works scheduled and awarded by governments or public bodies of the countries in which Salini Impregilo S.p.A. carries out its ongoing activities. Impregilo is also exposed to a series of country risks, such as changes in political or social conditions and developments in economic policies.

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 estimates are used to:

- determine amortization and depreciation (see the "Property, plant and equipment", "Leased property, plant and equipment" and "Other intangible assets" paragraphs of the "Accounting policies" section);
- recognize impairment losses (see the "Impairment of non-financial assets" paragraph of the "Accounting policies" section);
- recognize employee benefits (see the "Employee benefits" paragraph of the "Accounting policies" section);
- recognize taxes (see the "Income taxes" paragraph of the " Accounting policies" section);
- recognize provisions for risks and charges (see the "Provisions for risks and charges" paragraph of the "Accounting policies" section);
- determine total contract costs and the related stage of completion (see the "Contract work in progress and revenue from construction contracts" paragraph of the "Accounting policies" section). A significant part of the company's activities is typically performed on the basis of contracts which provide that a specific consideration is agreed when

the contract is awarded. This implies that the profits on these contracts may undergo change compared to the original estimates depending on the recoverability of greater expenses and/or costs the company may incur during performance of such contracts.

The actual results may differ from those estimated due to uncertainties underlying the assumptions and the conditions on which the estimates are based.

Fundamental assumptions about the future and other reasons for uncertainty when making the estimates at the reporting date that may lead to material adjustments to the carrying amount of the assets and liabilities are described in the specific section of the Directors' Report which gives an analysis of the risk areas of each segment.

Income statement 2014 of Salini Impregilo S.p.A. by geographical region

(Amounts in thousands of euros)	Italy	Other countries	Total
Operating revenue	498,602	1,748,914	2,247,516
Other revenue	30,404	63,941	94,345
Total revenue	**529,006**	**1,812,855**	**2,341,861**

Statement of financial position at December 31, 2014 of Salini Impregilo S.p.A. by geographical region

(Amounts in thousands of euros)	Italy	Other countries	Total
Net non-current assets	836,512	218,977	1,055,489
Provisions for risks	(34,494)	(2,458)	(36,952)
Post-employment benefits and employee benefits	(10,367)	(955)	(11,322)
Tax assets (liabilities)	20,233	(1,604)	18,629
Working capital	***775,445***	***(315,706)***	***459,739***
Net invested capital	**1,587,329**	**(101,746)**	**1,485,583**
Shareholders' equity			942,987
Net financial position			542,596
Total financial resources			**1,485,583**