Notes to the consolidated financial statements

1. Basis of preparation

Salini Impregilo S.p.A. (the "parent") has its registered office in Italy. These consolidated financial statements at 31 December 2015 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 consolidated financial statements at 31 December 2015 on a going concern basis. As required by Regulation 1606/2002 issued by the European Parliament and Council, implemented in Italy by Legislative decree no. 38/2005, these consolidated financial statements 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.

The format and content of these 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 consolidated financial statements at 31 December 2015 are consistent with those used to prepare the 2014 annual consolidated financial statements, 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 2014.

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 financial reports, made available to the public as required by the current legal provisions, the deterioration in 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 reference to this area.

However, 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.

The "*Convenio Cambiario No. 33*" was published with the Extraordinary Official Journal no. 6.171 of 10 February 2015, written jointly by the Venezuelan Ministry of Communal Economy, Finance and Public Bank (MPPEFBP) and the Venezuelan Central Bank (BCV), replacing the SICAD II exchange rate with three different rates:

1) CENCOEX for food staples;

2) SICAD for specific business sectors and public sector entities;

3) SIMADI where currency transactions are based on demand and offer at a variable exchange rate which is published daily.

The Group decided that the SIMADI is the appropriate exchange rate 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 SIMADI rate in the first half of 2015, the Group recorded a decrease of approximately €4 million in the carrying amount of its assets in local currency. Adoption of SICAD II had a negative effect of €55 million on the Group's income statement for the first half of 2014.

2. Changes in standards

Amendments applicable in 2015

The standards and amendments set out below became applicable from 1 January 2015. The adoption of these new standards, interpretations and amendments did not have significant effects on the Group's consolidated financial statements.

Amendment to IAS 19 - Employee benefits (revised in 2011) - the amendment introduces a simplification whereby employees' or third parties' contributions linked to pension plans may be accounted for as a reduction in service costs in the period in which the service is rendered rather than over the entire vesting period.

Annual improvements to IFRSs - cycle 2010 - 2012 covering IFRS 2 - Share-based payment, IFRS 3 - Business combinations, IFRS 8 - Operating segments, IFRS 13 - Fair value, IAS 16 - Property, plant and equipment, IAS 38 - Intangible assets and IAS 24 - Related party transactions. Issues applicable to the Group included in particular:

- **IFRS 2**: no significant amendments were introduced. Appendix A clarifies the definition of "vesting condition" as "The conditions that determine whether the entity receives the services that entitle the counterparty to receive cash, other assets or equity instruments of the entity, under a share-based payment arrangement" and introduces the definitions of a "service condition" and a "performance condition";

- **IFRS 3**: this standard was amended to clarify that the obligation to pay a contingent consideration is part of the definition of a financial instrument and shall be classified as a financial liability or under equity based on the guidance provided in IAS 32. The amendment also clarified that the non-equity contingent consideration liability shall be measured at fair value through profit or loss at each reporting date;

- **IFRS 8**: the amendment contains a requirement to describe the judgements made by management in aggregating operating segments, including the financial indicators that management has assessed to conclude that operating segments have similar economic characteristics. It also requires a reconciliation of the total of the reportable segments' assets to the entity's assets be presented, if that amount is regularly provided to the chief operating decision maker;

- **IFRS 13**: the Basis for Conclusions of IFRS 13 was amended to clarify that short-term receivables and payables with no stated interest rate can be measured at their invoice amounts when the time value of money is immaterial;

- **IAS 16 and IAS 38:** these standards were amended to clarify how the historical cost and accumulated amortisation/depreciation of a non-current asset shall be measured when the entity adopts the revalued cost method;

- **IAS 24**: the amendment sets out the disclosure requirements when a third party provides key management personnel services to the reporting entity.

Annual improvements to IFRSs - cycle 2011-2013 related to IFRS 3 - Business combinations, IFRS 13 - Fair value measurement and IAS 40 - Investment property.

- **IFRS 1**: the Basis for Conclusions of IFRS 1 was amended to clarify that when adoption of a revised standard is not yet mandatory, but early adoption is permitted, a first-time adopter may apply the old or new version as long as it applies the same standard to all the periods presented;
- **IFRS 3**: the amendment clarifies that IFRS 3 is not applicable to recognise the accounting effects of the formation of a joint venture or a joint operation (as defined by IFRS 11) in the financial statements of the joint venture or the joint operation;
- **IFRS 13**: the amendment clarifies that the provision of IFRS 13 for the measurement of the fair value of a group of financial assets and liabilities on a net basis (the portfolio exception) applies to all contracts within the scope of IAS 39 (or IFRS 9) regardless of whether they meet the definitions of financial assets or liabilities as per IAS 32;
- **IAS 40**: the amendment clarifies that reference shall be made to IFRS 3 to determine whether the acquisition of investment property is a business combination.

Standards and interpretations issued by the IASB/IFRIC and not yet endorsed

This section sets out information useful to assess the potential impact of applying the new standards and interpretations issued but not yet applicable or not yet endorsed by the EU and, hence, not applicable to the financial statements at 31 December 2015.

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 IAS 27 "Equity method in separate financial statements" - the amendment allows entities to use the equity method to measure investments in subsidiaries, joint ventures and associates in their separate financial statements.

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).

Amendment to IFRS 10 - Consolidated financial statements and IAS 28 - Investments in associates and joint ventures on sales and contributions of assets between an investor and its associate or joint venture - the amendment establishes that, in the case of a sale of a contribution of a business to its associate or joint venture, the investor shall apply the principles of IFRS 10 and shall recognise the full gain or loss due to the loss of control in its financial statements. This amendment is not applicable if the assets sold or contributed to the associate or joint venture are not a business pursuant to IFRS 3 - Business combinations, and IAS 28 continues to apply.

Amendment to IAS 16 - Property, plant and equipment and IAS 38 - Intangible assets on amortisation, depreciation and impairment losses - the amendment to both standards provides that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. According to the IASB, revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits arising of the asset.

The amendments included in the 2012-2014 cycle include:

IFRS 5 - the amendment clarifies that when an entity reclassifies a non-current asset (or a disposal group) from "held for sale" (IFRS 5.7-9) to "held for distribution" (IFRS 5.12A) or vice versa, this reclassification is not a modification of a sales or distribution plan and shall not be treated as such.

Therefore, a non-current asset (or disposal group) shall not be represented as if it had never been classified as "held for sale" or "held for distribution" simply because there has been a change in the sale/distribution. The amendment also clarifies that the provisions of IFRS 5 about changes to a sales plan are applicable to an asset (or disposal group) that ceases to be "held for distribution" but is not reclassified as "held for sale";

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.

No new standard or amendment is expected to be effective from 1 January 2017. The standards with an application date after 1 January 2018 (the IASB effective date, which may differ from the EU endorsement date) are set out below:

Standard, amendment or interpretation	Status
IFRS 15 - Revenue from contracts with customers	Endorsement expected by the second quarter of 2016
IFRS 9 - Financial instruments	Endorsement expected by the second quarter of 2016

IFRS 15 - Revenue from contracts with customers replaces IAS 18 - Revenue, IAS 11 - Construction contracts and the interpretations IFRIC 13 - Customer loyalty programmes, IFRIC 15 - Agreements for the construction of real estate, IFRIC 18 - Transfers of assets by customers and SIC 31 - Revenue: Barter transactions involving advertising services. This standard is applicable to all contracts with customers except for those within the scope of IAS 17 - Leases, IFRS 4 - Insurance contracts and IAS 39/IFRS 9 - Financial instruments. The paragraphs of IFRS 15 on the recognition and measurement of revenue introduce a five-step model: i) identify the contract with a customer; ii) identify the performance obligations (distinct elements that are part of a single contract but are separated for accounting purposes) in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; v) recognise revenue when (or as) the entity satisfies a performance obligation. IFRS 15 integrates the financial statements disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

IFRS 9 - Financial instruments and related amendments - this replaces IAS 39 - Financial instruments and includes a model to measure financial statements based on three categories: amortised cost, fair value through profit or loss and fair value through other comprehensive income. The standard also

introduces a new impairment model which differs from that currently provided for in IAS 39 and is mainly based on expected losses.

The standards with an application date after 1 January 2019 (the IASB effective date, which may differ from the EU endorsement date) are set out below.

Standard, amendment or interpretation	Status
IFRS 16 - Leases	No known date for endorsement

IFRS 16 - Leases - this standard replaces IAS 17 - Leases and the interpretations IFRIC 4 - Determining whether an arrangement contains a lease, SIC 15 - Operating leases - incentives and SIC 27 - Evaluating the substance of transactions in the legal form of a lease. IFRS 16 eliminates the difference between operating and finance leases from the lessee's viewpoint. However, IFRS 16's approach to lessor accounting is substantially unchanged from IAS 17. Leases continue to be recognised as a right-of-use asset with a balancing lease liability. Partial exemption to this rule is allowed only when the lease term is 12 months or less or the underlying asset has a low value (e.g., personal computers).

3. Non-current assets held for sale and discontinued operations

USW Campania

Based on information that came to light in previous years and like in previous financial statements, the Group decided that the conditions for application of IFRS 5 - Non-current assets held for sale and discontinued operations continued to exist. Therefore, it has recognised the USW Campania project net assets and operations separately in the statement of financial position and income statement.

Due to reasons outside the Group's control, the period for completion of the sale has extended beyond the year allowed by IFRS 5. Despite this, its commitment to finalising the sale as described in the Annual Report remains unchanged. Therefore, the directors have not deemed it necessary to change the accounting treatment of the assets in question as provided for in IFRS 5.9.

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

Todini Group

The Group has presented the figures of Todini Costruzioni Generali ("Todini") as held for sale following expressions of interest shown in this group's operations in Italy and abroad and Salini Impregilo Group's consequent decision to maintain some activities which it had originally planned to sell.

On 31 December 2014, the Todini Group was divided into business units, each with their own assets and liabilities and the specific technical-administrative skills, in line with the expressions of interest received and with the intention of rationalising management of these assets.

As mentioned in the Directors' report, the composition of the various business units is as follows:

Business unit A - Italian operating contracts for which the Group received expressions of interest for their acquisition from third parties. This business unit includes the Metrocampania contracts (Naples Alifana and Secondigliano), the Variante di Valico and Naples Sarno River contracts and the plant and machinery situated at the Lungavilla Depot.

Busines unit B - Foreign business unit for which the Group received expressions of interest for their acquisition from third parties. It includes all the branches in Georgia, Azerbaijan, Belarus and Kazakhstan. It also comprises the carrying amount of the investments in subsidiaries for the contracts of interest, especially the JV Todini Takenaka and Todini Central Asia.

Business unit C - Business unit to be sold to Salini Impregilo which includes the following contracts: Ukraine, Albania, Argentina, Romania, Tunisia, Algeria, Greece, Dubai and Poland and the Cagliari Capo Boi,

Roma-Fiumicino, Milan-Lecco, Corso del Popolo, Piscine dello Stato contracts and the outstanding work on smaller contracts nearing completion and the "head office"'s asset and liability balances on transactions with third parties and entities included in this business unit. It also includes the carrying amount of the investments in the subsidiaries Groupment Todini Enaler, Groupment Todini Hamilà, GMTI, Corso del Popolo Engineering Scarl, Corso del Popolo S.p.A., Piscine dello Stadio S.r.l., Piscine dello Stadio Scrl, JV Todini - Akkord - Salini and EURL Todini Algerie.

In accordance with IFRS 5, Business units A and B, which are destined for sale to third parties, have been maintained under "Non-current assets held for sale" and "Profit (loss) from discontinued operations", while Business unit C has been reclassified to continuing operations. For comparative purposes, the income statement figures for 2014 have been reclassified accordingly, as required by IFRS 5.

The following information applies to the business units classified in non-current assets held for sale and discontinued operations sold after the 12 months allowed under IFRS 5:

- the changes in 2014 could not have been foreseen by the Group;
- these changes did not occur as a result of the Group's intentions as they were dependent on factors outside its control; and
- regardless of the above, the Group continues to intend to sell Business units A and B, for which it has received expressions of interest.

In light of all this, the directors have decided to continue to classify Business units A and B according to IFRS 5. Comparative income statement figures have been presented using the same logic.

4. Basis of presentation

The Group's consolidated financial statements include the financial statements of the parent, Salini Impregilo S.p.A., and the Italian and foreign operating companies controlled directly or indirectly by Salini Impregilo S.p.A..

The financial statements at 31 December 2015 approved by the internal bodies of the consolidated companies, where applicable, have been used for consolidation purposes.

The financial statements are prepared by adopting the parent's accounting policies. Where necessary, consolidation adjustments are made to make the items affected by different accounting policies consistent.

A list of the companies and other Salini Impregilo Group entities included in the consolidation scope is set out in the annexes with the schedules showing changes therein during the year.

Consolidated financial statements

The Group opted to present its consolidated financial statements at 31 December 2015 in line with previous years 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 realised, sold, used or settled in the Group'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 realised, sold, used or settled after the Group'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 profit or loss from continuing operations, the profit or loss from discontinued operations and the profit or loss attributable to non-controlling interests and that attributable to the owners of the parent are also presented.

- The statement of comprehensive income shows all non-owner changes in equity.
- The statement of cash flows presents the cash flows from operating, investing and financing activities separately. The indirect method is used.

Basis of consolidation

The consolidated financial statements have been prepared by consolidating the financial statements at 31 December 2015 of Salini Impregilo S.p.A., the parent, and the Italian and foreign companies which the parent directly or indirectly controls.

Control exists when the Group has the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities. Generally speaking, control is presumed to exist when the Group holds more than half of the voting rights either directly or indirectly.

Entities or companies over which Salini Impregilo has joint control, by virtue of an investment therein or specific contractual arrangements, are consolidated as follows pursuant to IFRS 11:

- on a line-by-line basis according to the investment percentage, if they are joint operations;
- at equity, if they are joint ventures.

Investments in associates are measured using the equity method.

The financial statements used for consolidation are modified (made consistent) and reclassified to comply with the Group's accounting policies in line with the currently applicable IFRS.

The financial statements used are expressed in the functional currency, being the local currency or another currency in which most of the economic transactions and assets and liabilities are denominated.

Financial statements expressed in currencies other than the Euro are translated into Euros by applying the closing rates to the statement of financial position items and the average annual rates to the income statement items, as these approximate the spot rates.

Differences arising from the translation of the opening equity using the closing rates and from the translation of assets and liabilities at the spot rate and the income statement items at the average annual rate are taken to the translation reserve.

The exchange rates used to translate the foreign currency financial statements into Euros are as follows:

Currency	Closing rate 31 December 2015	2015 average rate	Closing rate 31 December 2014	2014 average rate
ZAR South Africa Rand	16.953	14.172251	14.0353	14.403729
BRL Brazilian Real	4.3117	3.700435	3.22070	3.121129
COP Colombian Peso	3,456.00972	3,048.527066	2,892.26	2,652.451564
PEN Nuevo Sol	3.708331	3.532373	3.6327	3.767811
AED United Arab Emirates Dirham	3.996618	4.073341	4.45942	4.879569
ARS Argentine Peso	14.09723	10.259927	10.2755	10.771757
AUD Australian Dollar	1.4897	1.47766	1.4829	1.471877
BGN Bulgarian New Lev	1.9558	1.955799	1.9558	1.9558
DZD Algerian Dinar	116.702336	111.361305	106.607	106.867232
INR Indian Rupee	72.0215	71.195605	76.719	81.040617
LYD Libyan Dinar	1.510124	1.51826	1.4539	1.646259
MYR Malaysian Ringgit	4.6959	4.337333	4.2473	4.344569
NGN Nigerian Naira	216.703013	219.515233	223.693	219.163465
PES Chilean Peso	772.712673	726.406162	737.297	756.932708
PLN Polish Zloty	4.2639	4.184118	4.2732	4.184258
RUB Russian Ruble	80.6736	68.072032	72.337	50.951836
SAR Saudi Riyal	4.086239	4.162014	4.5573	4.983066
SGD Singapore Dollar	1.5417	1.525491	1.6058	1.68232
TRY Turkish Lira (new)	3.1765	3.025457	2.832	2.906496
USD US Dollar	1.0887	1.109512	1.2141	1.3285
NAM Namibian Dollar	16.953	14.172251	14.0353	14.403729
CHF Swiss Franc	1.0835	1.067857	1.2024	1.214622
GBP British Pound	0.73395	0.72585	0.7789	0.80612
DOP Dominican Peso	49.502209	49.850272	53.6672	57.687707
PKR Pakistani Rupee	114.117781	113.998882	122.146	134.205816
QAR Qatari Riyal	3.962868	4.039028	4.4216	4.837372
SIMADI/ VEF Bolivar	217.078221	217.078221	60.7657775	38.72995

Reference should be made to the information provided earlier about the use of the SIMADI as the exchange rate for the Venezuelan currency.

When an investment in a consolidated entity is sold, the accumulated gain or loss recognised in equity is released to profit or loss.

The consolidation criteria used to prepare these consolidated financial statements may be summarised as follows:

Subsidiaries are consolidated on a line-by-line basis, whereby:

- assets and liabilities, costs and revenue shown in the subsidiaries' financial statements are fully recognised, regardless of the size of the investment therein;
- the carrying amount of the investment is eliminated against the Group's share of its equity;
- the main transactions between consolidated entities, including dividends distributed among group companies, are eliminated;
- non-controlling interests are shown separately under equity and their share of the profit or loss for the year is similarly shown separately in the income statement.

Investments in associates and joint ventures are measured using the equity method whereby the

carrying amount of the investment is adjusted to consider:

- the parent's share of the profits or losses of the investee realised after the acquisition date;
- modifications arising from changes in the investee's equity that are not taken to profit or loss as per the relevant IFRS;
- dividends distributed by the investees;
- any greater value paid at acquisition (measured using the same criteria set out in the section on "Business combinations") and managed pursuant to the relevant standard;
- the share of the profit or loss deriving from application of the equity method, which is taken to profit or loss;
- standardisation to comply with the group accounting policies, where necessary.

Interests in joint ventures that qualify as joint operations are recognised by the investor to the extent of its share of the rights and obligations held.

Dividends, reversals of impairment losses and impairment losses on investments in consolidated companies, gains and losses on the intragroup exchange of investments in consolidated entities are eliminated.

Gains and losses arising from transactions between consolidated companies, which are not realised directly or indirectly through transactions with third parties, are eliminated.

Unrealised intragroup losses are recognised when the transaction shows an impairment of the transferred asset.

Business combinations

Business combinations are recognised using the acquisition method set out in IFRS 3 (revised in 2008). Accordingly, the consideration for a business combination is measured at fair value, being the sum of the fair value of the assets acquired and liabilities assumed or incurred by the Group at the acquisition date and the equity instruments issued in exchange for control of the acquired entity. Transaction costs are recognised in profit or loss when incurred.

The contingent consideration, included as part of the transfer price, is measured at acquisition-date fair value. Any subsequent changes in fair value are recognised in profit or loss.

The identifiable assets acquired and the liabilities assumed are recognised at their acquisition-date fair value.

Goodwill is measured as the difference between the aggregate of the consideration transferred, the amount of any non-controlling interests (NCI) and the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree and the net fair value of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If the difference is negative, the resulting gain is recognised as a bargain purchase in profit or loss.

NCI can be measured at fair value or at its proportionate share of the fair value of the net assets of the acquiree at the acquisition date.

The measurement method is decided on a transaction by transaction basis.

Business combination achieved in stages (step acquisition)

In the case of step acquisitions, the Group's existing investment in the acquiree is measured at fair value on the date that control is obtained.

Any resulting adjustments to previously recognised assets and liabilities are recognised in profit or loss.

Therefore, the previously held investment is treated as if it had been sold and reacquired on the date that control is obtained.

Transactions involving NCI

Changes to the investment percentage of a subsidiary that does not entail loss of control are treated as equity transactions.

Therefore, any differences between the acquisition price and the related share of equity in subsequent acquisitions of investments in entities already controlled by the Group are recognised directly in equity.

With respect to partial disposals of an investment in a subsidiary while control is retained, any gain or loss is recognised in equity.

Basis of preparation

The accounting policies adopted to draw up the Group's consolidated financial statements at 31 December 2015 comply with the IFRS and are consistent with those used to prepare the 2014 consolidated financial statements, except for the standards enacted after 1 January 2015, summarised in the section on the "Changes in standards".

Accounting policies

Property, plant and equipment

Salini Impregilo Group has opted to recognise property, plant and equipment 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	0%
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 continuing use) are measured at the lower of their carrying amount and fair value less costs to sell. Assets held for sale shall be available for immediate sale and their sale shall be highly probable (i.e., the related commitments already exist). Their price shall be reasonable compared to their fair value.

Assets acquired as a result of business combinations are recognised at fair value at the acquisition date and remeasured within a year. Such amount reflects their purchase cost.

After their initial recognition, they are measured at cost, depreciated over their estimated useful lives and shown net of any impairment losses.

When an asset consists of different significant components with different useful lives, the significant components are recognised and subsequently measured separately.

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 may not be recovered.

Reference should be made to the section on "Impairment of non-financial assets" for details on impairment testing.

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

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

Borrowing costs are capitalised 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 the amount to be capitalised.

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

Moreover, capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Subsequent expenditure is only capitalised 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 Group are recognised as group assets and classified as property, plant and equipment.

The related liability to the lessor is shown under financial liabilities. The lease payment is split into the interest 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 recognised over the lease term in order to match the revenue generated by the leased asset.

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

Rights to infrastructure under concession

These rights are covered by IFRIC 12 - Service concession arrangements, issued by the International Financial Reporting Interpretations Committee (IFRIC), which regulates the recognition and measurement of concession arrangements between public sector entities and private sector operators. It was endorsed by the European

Commission with EC regulation 254/2009 dated 25 March 2009 and its application is mandatory for financial statements drawn up under IFRS beginning from the year after which it was endorsed. Therefore, the Group has applied IFRIC 12 since 2010.

The criteria adopted by the Group to apply the interpretation to its concessions are set out below.

Scope and measurement

Scope: IFRIC 12 is applicable to service concession arrangements when the grantor is a public body and the operator is a private entity, when the following conditions are met:

a) the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and

b) the grantor controls - through ownership, beneficial entitlement or otherwise - any significant residual interest in the infrastructure at the end of the term of the arrangement.

Measurement of the revenue arising from the concession arrangement: the operator acts as the service provider (construction and management of the work) and recognises the revenue for the construction and upgrade services in accordance with IAS 11 - Construction contracts and the revenue from management of the infrastructure in line with IAS 18 - Revenue.

The grantor pays the operator a consideration for the construction/upgrade services, to be recognised at fair value, which may consist of rights to:

(a) a financial asset (financial asset model);

(b) an intangible asset (intangible asset model);

(c) both ("mixed" model).

The first model is applicable when the operator has an unconditional contractual right to receive a specified or determinable amount of cash. The second is applicable when the operator acquires the right to charge for use of a public sector asset that it constructs or upgrades.

The amounts are contingent on the extent to which the public uses the service (demand risk). Finally, the third model is applicable when both of the above situations are present.

In this case, the intangible asset is determined as the difference between the fair value of the investment made and the present value of the financial asset obtained by discounting the cash flows from the minimum specified amount.

The Group's concession arrangements (via the operators consolidated on a line-by-line or proportionate basis) fall under the intangible asset model except for two immaterial concessions held by the subsidiaries of Todini Costruzioni Generali S.p.A., wholly owned by the parent, which fall under the "mixed model". The financial asset model is applicable to certain equity-accounted associates.

Recognition of the intangible asset: the intangible asset is recognised during construction of the infrastructure. The main identified cases are as follows:

a. *arrangements that cover the construction of a new infrastructure;* the operator recognises the intangible asset in line with the stage of completion of the construction project. During construction, the operator recognises revenue and costs in line with IAS 11 - Construction contracts.

b. *arrangements that cover management of an existing infrastructure and its extension or upgrading against which the operator acquires specific additional financial benefits;* the operator recognises an increase in the intangible asset as the construction services are provided for these construction and/or upgrade services to be recognised under IAS 11 - Construction contracts.

c. *arrangements that cover management of an existing infrastructure and specific obligations to extend or upgrade it against which the operator does not acquire additional specific financial benefits:* at initial recognition, the operator recognises a liability equal to the present value of the forecast outlay for the construction services to be provided in the future with, as a balancing item, an additional component of the intangible asset for the contract consideration, which begins to be amortised.

Contractual obligations for the infrastructure's efficiency levels: given that the operator does not meet the requirements for recognition of the infrastructure as "Property, plant and equipment", the accounting treatment differs depending on the nature of the work carried out and can be spit into two categories: (i) work related to normal maintenance of the infrastructure; (ii) replacement and scheduled maintenance at a future date.

The first category relates to normal ordinary maintenance of the infrastructure, the cost of which is recognised in profit or loss when incurred, also under IFRIC 12.

Given that the interpretation does not provide for the recognition of the physical asset but of a right, the second category is recognised in line with IAS 37 - Provisions, contingent liabilities and contingent assets, which requires: (i) recognition of an accrual to a provision in profit or loss; and (ii) recognition of a provision for charges in the statement of financial position.

Amortisation of the intangible asset: amortisation of the intangible asset recognised for the rights acquired under the concession arrangement is calculated in line with paragraph 97 of IAS 38 - Intangible assets: "The amortisation method used shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity. If that pattern cannot be determined reliably, the straight-line method shall be used".

Goodwill and intangible assets with indefinite lives

Goodwill and other intangible assets with indefinite lives are recognised at cost net of impairment losses.

At 31 December 2015, Salini Impregilo Group did not have any intangible assets with indefinite lives other than goodwill.

Goodwill acquired as part of a business combination is measured as the difference between the aggregate of the acquisition-date fair value of the consideration transferred, the amount of any NCI and the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree, and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.
Goodwill deriving from acquisitions is not amortised. It is tested annually for impairment or whenever conditions arise that presume impairment as per IAS 36 - Impairment of assets.

For impairment testing purposes, goodwill acquired as part of a business combination is allocated at the acquisition date to each of the cash-generating units (or groups of cash-generating units - CGU) that will benefit from the acquisition. The carrying amount of goodwill is monitored at cash-generating unit level for internal management purposes.

Impairment is determined by defining the recoverable amount of the cash-generating unit (or group of units) to which the goodwill is allocated. When the recoverable amount of the CGU (or group of CGUs) is lower than the carrying amount, an impairment loss is recognised.

When goodwill is allocated to a CGU (or group of CGUs), the asset of which has been partly disposed of, the goodwill allocated to the disposed of asset is considered to determine any gain or loss deriving from the transaction. In this case, the transferred goodwill is measured using the amounts related to the disposed of asset compared to the asset still held by the unit.

Other intangible assets

Other intangible assets acquired or generated internally are recognised 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 acquisition or development cost and amortised 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 Group'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 amortisation is calculated in line with the stage of completion and duration of the work.

Other non-current assets (recognised in Other assets)

Other non-current assets mainly consist of loans and receivables and claims related to completed or nearly completed contracts and companies in liquidation when their liquidation plan provides for the realisation of the assets after twelve months from the reporting date.

These assets are measured at their estimated realisable value, by recognising allowances to adjust their carrying amount accordingly. Claims are only recognised for the amounts matured and that part which is held to be reasonably recoverable. The estimated realisable value is discounted if the time value of money is material depending on when settlement is expected to take place.

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 is 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 entity could obtain by disposing of the asset.

Value in use is determined by discounting 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 current market assessments of the time value of money and the risks specific to the asset.

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 recognised 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 recognised to the extent of the lower of the recoverable amount and original carrying amount less depreciation/ amortisation that would have been recognised had the impairment loss not been recognised.

Inventories of goods

Inventories of goods are measured at the lower of average purchase cost and net realisable value.

Cost includes the directly related costs and

estimated realisable value is determined using the replacement cost of the asset or similar assets.

Any write-downs are eliminated in subsequent years when the reasons therefor 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 recognised 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 recognised 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 if they have been substantially approved by the customer, or, if not yet approved by the customer, are supported by appraisals made by third party consultants and/or documentation prepared by contractual bodies (arbitration tribunals, dispute review boards, dispute adjudication boards, etc.)

In the case of events that take place after the reporting date but before the consolidated 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 total contract costs exceed total contract revenue, the loss to complete the contract is recognised 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; organisation and production start-up costs and 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 recognising any contract output 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, labour, amortisation and depreciation, compulsory purchases, any directly attributable borrowing costs, etc.). They are recognised 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 Group’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 realisable value. Costs incurred consist of the consideration paid for purchasing 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 Group introduced the disclosure required by IFRS 7 in 2007.

The financial instruments used by the Group 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 recognised 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 amortised cost, as detailed further on, and any gains or losses arising therefrom are recognised as "Financing income (costs)" in profit or loss.

This category includes the following items:

- **Trade receivables and payables and other assets and liabilities**
  Trade receivables and other assets are recognised at amortised cost, net of impairment losses determined on the basis of their estimated recoverable amount calculated by analysing 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 recognised in the Group's consolidated financial statements even when they have been legally transferred.

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

  Trade payables and other liabilities are recognised at amortised 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, 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 borrowings and bonds**
  Loans and borrowings and bonds are initially recognised at cost, being the fair value of the consideration received less transaction costs.

  After initial recognition, loans are measured at amortised 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; amortised cost is calculated considering these costs and any discounts or premiums expected at settlement.

  The effects arising from the recognition at amortised 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 Group has the positive intention and ability to hold to maturity. They are recognised at amortised 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-derivative financial instruments that are not classified in the other categories. They include the following items:

- **Equity investments**
  Investments in entities other than subsidiaries, associates, joint operations and joint ventures (reference for which should be made to the section on "Consolidation scope") are classified as "Equity investments" at the time of their acquisition and are included in the available-for-sale financial assets category required by IAS 39.

  Since they mainly relate to consortia and consortium companies of which the Group 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.

  Investments in listed companies belonging to this category are measured at fair value and the related fair value gains or losses are recognised in equity. Material or prolonged decreases in their fair value that are evidence of impairment are, therefore, transferred from equity to profit or loss and offset against the relevant reserve.

  Dividend income from such financial instruments is recognised in profit or loss under financial income when the group companies holding the investments are 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" is measured using the Discounted Cash Flow Model. With respect to interest rate swaps, future cash flows are estimated using the implicit forward rate of the market Euro curve at 31 December 2015 and 2014, while the forward exchange rate market prices at the relevant reporting date are used for currency forward transactions.

- The fair value of loans and receivables is 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 Group. The fair value measurement of loans takes account of the Group's credit risk and uses the rate curves in the different currencies with reference to the reporting date.

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 derecognised when:

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

(ii) the Group 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 Group 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 Group 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 recognise 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 Group could be required to pay.

(b) Financial liabilitie

Financial liabilities are derecognised when the underlying obligation is extinguished, cancelled or settled.

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 recognised 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 Group has derivatives recognised 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.

The Group 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 Group 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 recognised 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 recognised in 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 recognised in 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 that could affect profit or loss, the effective part of the gains or losses on the financial instrument is recognised in equity. The cumulative gain or loss is reclassified from equity to profit or loss in the same period in which the hedged transaction is recognised. 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, recognised 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 unrealised gains and losses recognised in equity are immediately reclassified to 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

- **Short-term and long-term benefits**
  Short-term employee benefits, that is payable within twelve months of the end of the year in which the employees rendered the service, are recognised as a cost and as a liability for the undiscounted amount of benefits expected to be paid in exchange for that service. Long-term benefits, such as remuneration to be paid after twelve months of the end of the year in which the employees rendered the service, are recognised as liabilities for an amount equal to the present value of the benefits at the reporting date.

- **Post-employment benefits**
  Post-employment benefits are recognised at the present value of the Group's liability determined in line with ruling legislation and national and in-house labour agreements. The valuation, based on demographic, financial and turnover assumptions, is carried out by independent actuaries. The gains and losses resulting from the actuarial calculation are recognised in profit or loss if related to service costs and interest expense or in comprehensive income if relating to assets and liabilities.

  The 2007 Finance Act and related implementing decrees introduced significant changes to legislation governing Italian post-employment benefits, effective as from 1 January 2007. These include the option given to employees, to be exercised before 30 June 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 30 June 2007, are considered part of a defined contribution plan and treated like all other social security contributions.

- **Share-based payments**
  The Group has adhered to the guidelines of IFRS 2 - Share-based payments.

  Share-based payments are measured at fair value of the option at the grant date. This amount is recognised in the income statement on a straight-line basis over the vesting period. This treatment is based on an assessment of the stock options that will effectively vest in favour of the qualifying employees. Fair value is determined using the Black-Scholes model.

Income taxes

Current taxes are provided for using the enacted tax rates and laws ruling in Italy and other countries in

which the Group operates, based on the best estimate of the taxable profit for the year.

Group companies net tax assets and liabilities when this is legally allowed.

Beginning from 1 January 2004, the parent, Salini Impregilo, and 17 of its Italian subsidiaries have joined the national tax consolidation system pursuant to article 117 and subsequent articles of Presidential decree no. 917/86, which is regulated by the specific consolidation mechanisms.

Deferred tax assets and liabilities are calculated on the basis of the temporary differences between the tax base of an asset or liability and its carrying amount. Deferred tax assets are recognised when the Group 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 realised or the liability is settled, based on tax rates that have been enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively, and are netted at company level if related to taxes that may be offset.

If the balance is positive, it is recognised as “Deferred tax assets”, if not, as “Deferred tax liabilities”.

Taxes that could arise from the transfer of undistributed profits by subsidiaries are only calculated when the subsidiary has the positive intention to transfer such profits.

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

Provisions for risks and charges

In accordance with IAS 37, the Group makes accruals to provisions for risks and charges when the following conditions exist:

- the Group or a group 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 is material and the obligation payment dates can be estimated reliably, the amount recognised 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 recognised 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 recognised when the parent or relevant group company has approved a detailed formal plan that has been implemented and communicated to the third parties involved.

Translation criteria for foreign currency items and translation of financial statements of consolidated companies or companies measured using the equity method expressed in currencies other than the Euro

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

- foreign currency monetary assets and liabilities, excluding property, plant and equipment, intangible assets and equity investments measured at cost, are translated 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 recognised at historical cost denominated in the foreign currency and translated using the historical exchange rate;
- revenue and costs related to foreign currency transactions are recognised in profit or loss at the exchange rate ruling on the transaction date;
- any material effects deriving from changes in exchange rates after the reporting date are disclosed in the notes.

With respect to the translation of financial statements of consolidated companies or companies measured using the equity method and expressed in currencies other than the presentation currency (functional currency), reference should be made to the section on the "Basis of consolidation".

The Group has applied IAS 29 - Financial reporting in hyperinflationary economies for its subsidiaries and associates that prepare their financial statements in a functional currency of a hyperinflationary economy.

This standard requires that the financial statements of an entity, whose functional currency is that of a hyperinflationary economy, be translated at the closing spot rate.

The statement of financial position items not yet translated into Euros at the reporting date are redetermined using a general price index. All the income statement items are translated into Euros at the exchange rate ruling on the date the revenue and costs were initially recognised.

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 recognised 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, and
- 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 profit or loss from discontinued operations is disclosed separately in the income statement. As required by paragraph 34 of IFRS 5 - Non-current assets held for sale and discontinued operations, the corresponding prior year figures are reclassified accordingly.

Revenue recognition

- **Operating and other revenue**
  Revenue is measured to the extent it is probable that the economic benefits will flow to the Group and the related amount can be determined reliably.

  Revenue from the sale of goods is recognised 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 recognised as provided for in the related Standard, described below.

  When the outcome of a construction contract can be estimated reliably, contract revenue is recognised 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 and price revisions are recognised to the extent that they are reasonably certain.

  Revenue is recognised only to the extent of contract costs incurred that it is probable will be recovered. Contract costs are recognised as an expense in the year in which they are incurred.

- **Interest income**
  Interest income is recognised 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 recognised when the investors' right to receive payment arises in line with local ruling legislation.

Earnings per share

Basic earnings per share are calculated as the ratio of the profit or loss for the year attributable to the holders of the ordinary shares of the parent to the weighted number of ordinary shares outstanding during the year. Diluted earnings per share are calculated considering the potential diluting effect of exercise of their rights by the holders of rights that potentially have a diluting effect on shares when calculating the number of outstanding shares.

Operating segments

The operating segments comply with the reporting system provided to group management which is in charge of allocating the resources and assessing the results obtained by the segments. The Group's management and organisational structure presents the segments according to a geographic breakdown in macro-areas, on the basis of the two primary Italian and foreign segments.

The intrasegment transfer prices related to the exchange of goods and services are agreed at normal market conditions.

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 amortisation and depreciation (see the "Property, plant and machinery", "Leased property, plant and equipment", "Rights to infrastructure under concession" and "Other intangible assets" paragraphs of the "Accounting policies" section);

- recognise impairment losses (see the "Impairment of non-financial assets" paragraph of the "Accounting policies" section);

- recognise employee benefits (see the "Employee benefits" paragraph of the "Accounting policies" section);
- recognise taxes (see the "Income taxes" paragraph of the "Accounting policies" section);
- recognise 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 Group'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 Group 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.

5. Business combinations

Acquisition of an investment in Co.Ge.Fin S.r.l.

On 6 March 2015, the Group acquired 49% of Co.Ge.Fin S.r.l. from the related party Todini Finanziaria for €9,077,348. This acquisition completed the project started in December 2014 when the Group acquired 51% of this investee for €5,77,157 from Todini Costruzioni Generali. Pursuant to the existing quotaholder agreements which gave control over Co.Ge.Fin. S.r.l. to the quotaholder Todini Finanziaria, this investee had been classified as an associate up until 31 December 2014.

The following table summarises Salini Impregilo's share of the assets and liabilities of Co.Ge.Fin S.r.l. at the acquisition date and their fair value determined before such date for the purchase price allocation (PPA):

(€'000)	Carrying amounts	Fair value
Non-current assets	188	21
of which:		
- Intangible assets	167	-
Trade receivables	47,966	47,966
Other current assets	38	38
Total assets	**48,192**	**48,025**
Non-current bank loans and borrowings	(28,168)	(28,001)
Other non-current liabilities		
Current bank loans and borrowings	(1,296)	(1,296)
Trade payables	(338)	(338)
Other current liabilities	(1,556)	(1,556)
Total liabilities	**(31,358)**	**(31,191)**
Net assets acquired	**16,834**	**16,834**
Consideration paid to acquire 49%	-	9,077
Fair value of the previously-held investment (51%)	-	8,585
Fair value of the net assets acquired	-	(16,834)
Difference between the fair value of the consideration paid and the net assets acquired	**-**	**828**
Carrying amount of the equity-accounted investment	-	9,095
Fair value of the previously-held investment	-	8,585
Smaller carrying amount	**-**	**510**

The difference of €0.8 million between the fair value of the consideration paid and the net assets acquired and the fair value loss of €0.5 million on the previously-held investment have been recognised under other operating expenses in the income statement.
The cash used for the acquisition, net of cash acquired, is set out below:

(€'000)	
Total net assets acquired	16,834
Difference between the fair value of the consideration paid and the fair value of the net assets acquired	828
Less non-controlling interests and the fair value of the previously-held investment	(8,585)
Cash and cash equivalents net of cash acquired and used for the acquisition	**9,077**

Co.Ge.Fin has been included in the consolidation scope since 1 January 2015 and the effects of its consolidation on the income statement are shown below:

(€'000)	
Revenue	8,534
Operating expenses	(60)
Operating profit	**8,474**
Net financing costs	(737)
Profit before tax	**7,737**

Acquisition of Seli Tunneling Denmark ApS

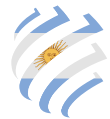
On 19 December 2014, Salini Impregilo S.p.A. and Seli S.p.A. signed a conditional agreement for the sale of the latter's entire investment in Seli Tunneling Denmark ApS ("Seli Denmark").

Seli Denmark has a subcontracting agreement with CMT, which is 99.989% owned by Salini Impregilo S.p.A., for the excavation and lining of the tunnels of two sections of the Copenhagen metro as part of the Cityringen Project.

The acquisition became effective in June 2015, when the conditions precedent were met and the subholding company Impregilo International Infrastructure N.V. acquired the entire investment in Seli Denmark.

The agreed consideration was €1 based on Seli Denmark's financial difficulties.

The following table summarises Impregilo's share of the assets and liabilities of Seli Denmark at the acquisition date and their fair value measured before such date for the purchase price allocation (PPA):



(€'000)	Carrying amounts	Fair value
Non-current assets	29,544	35,352
of which:		
- Intangible assets	-	5,808
- Property, plant and equipment	29,544	29,544
Cash and cash equivalents	1,037	1,037
Trade receivables	24,401	24,401
Other current assets	1,631	1,631
Total assets	**56,613**	**62,421**
Other non-current liabilities	(2,815)	(2,815)
Trade payables	(12,448)	(12,448)
Progress payments and advances on contract work in progress	(45,555)	(45,555)
Other current liabilities	(1,603)	(1,603)
Total liabilities	**(62,421)**	**(62,421)**
Net assets acquired	**(5,808)**	**-**

Seli Tunneling has been included in the consolidation scope since the end of June 2015. The effects on the income statement that would have occurred if the Group had acquired control on 1 January 2014 are shown below:

(€'000)	
Revenue	33,355
Operating expenses	(19,368)
Operating profit	**13,987**
Net financing costs	(288)
Profit before tax	**13,699**

Seli Denmark generates most of its revenue with the Salini Impregilo CMT Group companies.

Other changes in the consolidation scope

Acquisition of another interest in the Riyadh Metro Line 3 contract

On 28 June 2015, Salini Impregilo acquired another interest in the SPE set up to perform the civil works for construction of Line 3 of the Riyadh Metro in Saudi Arabia.

Imprepar

Imprepar's acquisition of control of Ancipa, Diga di Ancipa and Pietrarossa did not have a significant effect on the consolidation scope.

6. 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 centrally operated 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 €143.3 million for 2015 compared to €142.9 million for 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 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 consolidated financial statements figures are summarised below by geographical segment.

Income statement by geographical segment

2015

(€'000)	**Italy (*)**	**Abroad**	**Total**
Revenue	638,866	3,956,617	4,595,483
Other income	71,991	71,402	143,393
Total revenue	**710,857**	**4,028,019**	**4,738,876**
Costs			
Production costs	(529,967)	(3,000,651)	(3,530,618)
Personnel expenses	(164,122)	(373,431)	(537,553)
Other operating expenses	(72,964)	(88,448)	(161,412)
Provisions and impairment losses	(31,020)	8,237	(22,783)
Total costs	**(798,073)**	**(3,454,293)**	**(4,252,366)**
Gross operating profit (loss)	**(87,216)**	**573,726**	**486,510**
Gross operating profit (loss) %	*-12.3%*	*14.2%*	*10.3%*
Amortisation and depreciation	(39,449)	(174,405)	(213,854)
Operating profit (loss)	**(126,665)**	**399,321**	**272,656**
Return on Sales	*-17.8%*	*9.9%*	*5.8%*
Financing income (costs) and gains (losses) on investments			(89,275)
Profit before tax	**-**	**-**	**183,381**
Income tax expense	-	-	(84,577)
Profit from continuing operations	**-**	**-**	**98,804**
Loss from discontinued operations	-	-	(16,573)
Profit for the year	**-**	**-**	**82,231**

(*) The operating profit includes the costs of the central units and other general costs of €143.3 million.

Income statement by geographical segment

2014 (*)

(€'000)	**Italy (**)**	**Abroad**	**Total**
Revenue	690,269	3,446,092	4,136,361
Other income	44,982	60,135	105,119
Total revenue	**735,251**	**3,506,227**	**4,241,480**
Costs	-	-	-
Production costs	(587,137)	(2,578,563)	(3,165,700)
Personnel expenses	(150,725)	(360,880)	(511,605)
Other operating expenses	(84,780)	(49,113)	(133,894)
Provisions and impairment losses	(1,310)	(1,121)	(2,431)
Total costs	**(823,952)**	**(2,989,677)**	**(3,813,630)**
Gross operating profit (loss)	**(88,701)**	**516,550**	**427,851**
Gross operating profit (loss) %	*-12.1%*	*14.7%*	*10.1%*
Amortisation and depreciation	(30,362)	(152,534)	(182,897)
Operating profit (loss)	**(119,063)**	**364,016**	**244,955**
Return on Sales	*-14.5%*	*10.4%*	*5.8%*
Financing income (costs) and gains (losses) on investments			(132,781)
Profit before tax			**112,174**
Income tax expense			(39,607)
Profit from continuing operations			**72,567**
Profit (loss) from discontinued operations			30,553
Profit for the year			**103,120**

(*) The 2014 income statement was restated to comply with IFRS 5 given the new disposal scope of Todini Costruzioni Generali Group.
(**) The operating profit includes the costs of the central units and other general costs of €142.9 million.

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

(€'000)	Italy	Abroad	Total
Non-current assets	677,202	242,239	919,441
Assets (liabilities) held for sale, net	62,169	(20,575)	41,594
Provisions for risks	(97,091)	(9,269)	(106,360)
Post-employment benefits and employee benefits	(14,195)	(11,217)	(25,412)
Net tax assets	89,365	46,700	136,065
Working capital	1,219,967	(941,685)	278,282
Net invested capital	**1,937,417**	**(693,807)**	**1,243,610**
Equity	-	-	1,216,860
Net financial position	-	-	26,750
Total financial resources	**-**	**-**	**1,243,610**

Statement of financial position as at 31 December 2014 by geographical segment

(€'000)	Italy	Abroad	Total
Non-current assets	585,553	246,803	832,356
Assets (liabilities) held for sale, net	160,329	(76,206)	84,123
Provisions for risks	(145,874)	48,347	(97,527)
Post-employment benefits and employee benefits	(13,942)	(9,378)	(23,320)
Net tax assets	83,028	65,670	148,698
Working capital	923,445	(592,134)	331,311
Net invested capital	**1,592,539**	**(316,898)**	**1,275,641**
Equity	-	-	1,186,416
Net financial position	-	-	89,225
Total financial resources	**-**	**-**	**1,275,641**

Statement of financial position

7. Property, plant and equipment

Property, plant and equipment amount to €594.4 million, up from the 31 December 2014 figure by €26.4 million.

The historical cost and carrying amount are given in the following table:

(€'000)	31 December 2015 Cost	31 December 2015 Acc. depreciation	31 December 2015 Carrying amount	31 December 2014 Cost	31 December 2014 Acc. depreciation	31 December 2014 Carrying amount
Land	5,354	-	5,354	2,014	-	2,014
Buildings	152,726	(74,056)	78,670	140,504	(72,470)	68,034
Plant and machinery	1,084,534	(634,156)	450,378	912,076	(481,508)	430,568
Industrial and commercial equipment	112,781	(93,979)	18,802	112,794	(86,981)	25,813
Other assets	57,771	(44,812)	12,959	50,314	(37,085)	13,229
Assets under const. and payments on account	28,201	-	28,202	28,261	-	28,261
Total	**1,441,367**	**(847,003)**	**594,366**	**1,245,963**	**(678,044)**	**567,919**

Changes during the year are summarised below:

(€'000)	31 December 2014	Increases	Depreciation	(Imp. losses)/ Reversals of imp. losses	Reclassific-ations*	Disposals	Exchange rate gains (losses) and other changes	Change in consolidation scope	31 December 2015
Land	2,014	3,207	-	-	-	-	133	-	5,354
Buildings	68,034	25,692	(18,497)	-	2,926	(4,399)	4,401	513	78,670
Plant and machinery	430,568	166,048	(152,220)	(416)	7,201	(29,721)	(2,757)	31,675	450,378
Industrial and commercial equipment	25,813	14,721	(14,231)	-	(6,508)	(809)	(184)	-	18,802
Other assets	13,229	4,444	(4,342)	(1)	(331)	(535)	21	475	12,959
Assets under const. and payments on account	28,261	1,274	-	-	(419)	(1,942)	356	672	28,202
Total	**567,919**	**215,386**	**(189,291)**	**(417)**	**2,869**	**(37,406)**	**1,970**	**33,335**	**594,365**

** Reclassifications related to different entities as per IFRS 5 at 31 December 2015 compared to 31 December 2014.*

Prior year changes are summarised below:

(€'000)	31 December 2013	Increases	Depreciation	(Imp. losses)/ Reversals of imp. losses	Reclassific-ations	Disposals	Exchange rate gains (losses) and other changes	Change in consolidation scope	31 December 2014
Land	2,010	-	-	-	39	-	(35)	-	2,014
Buildings	51,300	29,500	(13,585)	(5)	(314)	(3,213)	3,007	1,344	68,033
Plant and machinery	362,426	192,780	(111,479)	(280)	(1,063)	(18,368)	1,749	4,803	430,568
Industrial and commercial equipment	23,908	20,779	(18,752)		39	(807)	93	553	25,813
Other assets	11,998	7,076	(4,247)	(4)	(649)	(598)	(498)	151	13,229
Assets under const. and payments on account	8,518	20,102		(1,500)	1,948		(783)	(24)	28,261
Total	**460,160**	**270,237**	**(148,063)**	**(1,789)**	**-**	**(22,986)**	**3,533**	**6,827**	**567,918**

The most significant changes include:

- increases of €215.4 million, mainly related to investments for foreign contracts including the Ethiopian branch (€27 million), the Riyadh Metro Line 3 (Saudi Arabia) (€36.9 million), the Red Line North Underground (Qatar) (€31.4 million) and Consorzio Collegamenti Integrati Veloci (CO.C.I.V.) (€30.8 million);
- depreciation for the year of €189.3 million;
- disposals of €37.4 million, principally related to plant and machinery for some contracts nearing completion and to Consorzio Collegamenti Integrati Veloci (CO.C.I.V.) for the sale of a TBM (€10.3 million);
- reclassifications of €2.9 million, mainly to present some assets of the subsidiary Todini Costruzioni Generali as assets held for sale;
- the change in the consolidation scope mostly refers to the newco Seli Tunneling (€29.5 million) and the increase in the Group's involvement in the Riyadh Metro Line 3 (Saudi Arabia) contract (€3.7 million).

The closing balance at 31 December 2015 includes leased assets of €161.6 million recognised under "Buildings" (€0.7 million), "Plant and machinery" (€158.4 million), "Industrial and commercial equipment" (€1.6 million) and "Other assets" (€0.9 million).

8. Intangible assets

This item of €193.8 million includes rights to infrastructure under concession of €64.9 million and other intangible assets of €128.9 million.

The rights to infrastructure under concession are in line with the previous year end. The historical cost and carrying amount are given in the following table:

	31 December 2015			31 December 2014		
(€'000)	Cost	Acc. amortisation	Carrying amount	Cost	Acc. amortisation	Carrying amount
Rights to infrastructure under concession	73,984	(9,098)	**64,886**	78,406	(13,026)	**65,380**

Changes of the year are detailed in the following table:

(€'000)	31 December 2014	Increases	Amortization	Exchange rate gains (losses)	Change in consolidation scope	31 December 2015
SA.BRO.M.	42,552	939	-	-	-	43,491
Parking Glasgow	19,913	-	(1,016)	555	-	19,452
Mercovia	2,915	165	(477)	(660)	-	1,943
Total	**65,380**	**1,104**	**(1,493)**	**(105)**	**-**	**64,886**

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 rights related to Parking Glasgow were tested for impairment using the Scottish operator's 2016-2035 business plan. In order to calculate value in use, the operating cash flows were discounted using the weighted average cost of capital (WACC) of 6.4% (2014: 5.6%). The Group also performed sensitivity analyses considering the potential effect of variations in the discount rate. The resulting recoverable amount was higher than the asset's carrying amount and, therefore, no impairment losses were recognised.

No indications of impairment were identified for Mercovia and, therefore, the Group did not perform the impairment test.

For comparative purposes, prior year changes are as follows:

(€'000)	31 December 2013	Increases	Amortisation	Exchange rate gains (losses)	Change in consolidation scope	31 December 2014
SA.BRO.M.	41,640	912				42,552
Parking Glasgow	20,279		(969)	603		19,913
Mercovia - Argentina	2,895	729	(330)	(379)		2,915
Total	**64,814**	**1,641**	**(1,299)**	**224**	**-**	**65,380**

Other intangible assets amount to €128.9 million, down €34.3 million from the 31 December 2014 figure.

The historical cost and carrying amount are given in the following table:

	31 December 2015			31 December 2014		
(€'000)	Cost	Acc. amortisation	Carrying amount	Cost	Acc. amortisation	Carrying amount
Industrial patents	921	(908)	13	921	(879)	42
Concessions	64	(62)	2	63	(59)	4
Software	1,447	(487)	960	2,072	(1,118)	954
Contract acquisition costs	193,923	(66,209)	127,714	138,381	(45,049)	93,332
Other	899	(653)	246	54,206	(53,904)	302
Total	**197,254**	**(68,319)**	**128,935**	**195,643**	**(101,009)**	**94,634**

Changes during the year are set out below:

(€'000)	31 December 2014	Increases	Amortisation	Reclassific-ations	Disposals	Exchange rate gains (losses)	Change in consolidation scope	31 December 2015
Industrial patents	42	-	(29)	-	-	-	-	13
Concessions	4	-	(2)	-	-	-	-	2
Software	954	375	(271)	(61)	-	(37)	-	960
Contract acquisition costs	93,332	51,258	(22,683)	-	-	-	5,807	127,714
Other intangible assets	302	29	(85)	-	-	-	-	246
Total	**94,634**	**51,662**	**(23,070)**	**(61)**	**-**	**(37)**	**5,807**	**128,935**

Prior year changes are as follows:

(€'000)	31 December 2013	Increases	Amortisation	Reclassifications	Disposals	Exchange rate gains (losses)	Change in consolidation scope	31 December 2014
Industrial patents	8	48	(6)	-	-	-	(8)	42
Concessions	80	-	(4)	-	(72)	-	-	4
Software	983	491	(271)	(15)	-	(9)	(225)	954
Contract acquisition costs	86,886	33,184	(26,738)	-	-	-	-	93,332
Other	11,921	1,188	(1,122)	-	(11,875)	(2)	192	302
Total	**99,878**	**34,911**	**(28,141)**	**(15)**	**(11,947)**	**(11)**	**(41)**	**94,634**

Contract acquisition costs amount to €127.7 million and are analysed in the following table:

(€'000)	31 December 2014	Increases	Amortisation	Disposals	Change in consolidation scope	31 December 2015
Cociv (Milan - Genoa railway section)	48,623		(4,257)			44,366
Riyadh Metro - Saudi Arabia	25,394	38,748	(7,591)			56,551
Iricav Due (Verona - Padua railway section)	-	12,510	-			12,510
Thessalonica Metro - Greece	1,202		(72)			1,130
Yarull - Dom. Republic	3,083		(46)			3,037
Vegas Tunnel - USA	4,687		(4,380)			307
Gerald Desmond Bridge - USA	7,235		(1,971)			5,264
Stavros Niarchos - Greece	3,108		(2,398)			710
Seli Tunnelling Denmark A.p.S.	-		(1,968)		5,807	3,839
Total	**93,332**	**51,258**	**(22,683)**	**-**	**5,807**	**127,714**

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.
The increases include acquisition of another share in the contract to construct the Riyadh Metro Line 3 in Saudi Arabia and the acquisition of a stake in Consorzio Iricav Due held by Lamaro Appalti S.p.A. (6.81%), set up to construct the high speed Verona - Padua railway section. Changes in the consolidation scope refer to the acquisition of Seli Denmark, based in Denmark, to build the new Copenhagen metro.
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.

Prior year changes are as follows:

(€'000)	31 December 2013	Increases	Amortisation	Disposals	Change inconsolidation scope	31 December 2014
Cociv (Milan - Genoa railway section)	51,281	7,790	(10,448)			48,623
Riyadh Metro - Saudi Arabia	-	25,394	-			25,394
United Arab Emirates	8,323		(8,323)			-
Thessalonica Metro - Greece	1,386		(184)			1,202
Yarull - Dom. Republic	3,109		(26)			3,083
Vegas Tunnel - USA	9,424		(4,737)			4,687
Gerald Desmond Bridge - USA	8,153		(918)			7,235
Stavros Niarchos - Greece	5,195		(2,087)			3,108
Ogoni - Nigeria	15		(15)			-
Total	**86,886**	**33,184**	**(26,738)**	**-**	**-**	**93,332**

9. Equity investments

Equity investments increased by €26.8 million to €131.3 million.

(€'000)	31 December 2015	31 December 2014	Change
Investments in subsidiaries	124	174	(50)
Investments in equity-accounted investees	114,990	89,303	25,687
Other investments	16,140	14,945	1,195
Total	**131,254**	**104,422**	**26,832**

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

(€'000)	31 December 2015	31 December 2014
Change in consolidation method	(9,095)	(331)
Capital transactions	36,739	19,855
Acquisitions, capital injections and disinvestments	673	(96)
Share of profit of equity-accounted investees	81	5,572
Dividends from equity-accounted investees	(925)	(549)
Other changes including change in the translation reserve	(641)	6,352
Total	**26,832**	**30,803**

"Capital transactions" mainly refer to the subscription of shares of the company that will develop the concession project for the Lima Metro (Peru) for €9.9 million, the recapitalisation of the SPE Grupo Unido por el Canal (Panama) for €12.2 million and the subscription of shares of the SPE set up to construct the Milan Metro Line 4 for €9.8 million. The change in the consolidation scope column refers to the consolidation of Co.Ge.Fin S.r.l., of which the Group acquired control.

The Group's share of loss of equity-accounted investees totals €0.2 million, considering also the figures shown in note 24, detailing the changes in the provision for risks on equity investments. The effect on profit or loss is analysed in note 33. The carrying amount of the investment in Ochre Solutions Holdings Ltd was tested for impairment using the English operator's 2016-2039 business plan. Its cash flows were discounted using a rate of 5.7% (2014: 6.7%) to calculate the investment's recoverable amount. The Group also performed sensitivity analyses considering the potential effect of a change in the reference parameters.

The resulting recoverable amount was higher than the investment's carrying amount and, therefore, it was not necessary to recognise an impairment loss. The Group performed a similar test for Consorcio Agua Azul S.A. based on the Peruvian operator's 2016-2027 business plan.

Its cash flows were discounted using a rate of 8.8%. The Group again also performed sensitivity analyses considering the potential effect of a change in the reference parameters. The resulting recoverable amount was higher than the investment's carrying amount, showing that it was not impaired.

Investments in associates, jointly controlled entities and other companies

Investments in associates, jointly controlled entities and other companies increased by €26.9 million to €131.1 million:

(€'000)	31 December 2015	31 December 2014	Variation
Investments in associates	103,847	88,981	14,866
Investments in jointly controlled entities	22,831	10,779	12,052
Investments in other companies	4,452	4,488	(36)
Total	**131,130**	**104,248**	**26,882**

Investments in associates, jointly controlled entities and other companies with a negative carrying amount decreased to €2.2 million by €4.5 million at 31 December 2015.

(€'000)	31 December 2015	31 December 2014	Variation
Investments in associates	(1,691)	(955)	(736)
Investments in jointly controlled entities		(4,845)	4,845
Investments in other companies	(499)	(889)	390
Total	**(2,190)**	**(6,689)**	**4,499**

The decrease is mainly a result of inclusion of companies related to Imprepar Impregilo Partecipazioni S.p.A. in the consolidation scope, following acquisition of control thereover. The amount recognised in profit or loss is as follows:

(€'000)	2015	2014	Variation
Investments in associates	222	6,000	(5,778)
Investments in jointly controlled entities	(103)	1,298	(1,401)
Investments in other companies	343	1,308	(965)
Total	**462**	**8,606**	**(8,144)**

The classification of Salini Impregilo Group companies in line with the IFRS referred to earlier was based on the following guidelines:

(i) Paragraphs 5 and 6 of IFRS 10 were adhered to for assessing the existence of control. Group entities were only classified as subsidiaries when the Group has 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 can use its power over the investee to affect the amount of the variable returns. These requirements are met when the Group holds sufficient voting rights to obtain the majority required in decisions for the governance bodies of the Group entities in question.

(ii) Reference was made to paragraphs 4 and 5 of IFRS 11 to assess the existence of joint control. Joint control exists if the majorities required for decision-taking by 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 investors.

(iii) With reference to the type of joint arrangements, in view of the fact that all joint arrangements in which the Group participates are structured through separate vehicles, reference was made to paragraph B15 of IFRS 11, analysing in particular the legal form of the separate vehicle and the terms of the contractual agreement. With reference to the situation at 31 December 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.

Salini Impregilo Group's activities involve its participation in numerous SPEs that, especially in Italy, use the consortium structure, which works using a cost recharging system. For the purposes of classification under IFRS 10 and 11, these entities have been categorized as subsidiaries, associates and joint ventures, according to the guidelines set out above.

Although the investments in the associated consortium entities and entities subject to joint control are measured using the equity method, their revenues are nonetheless presented in the consolidated financial statements as the parent recognises the contract work in progress while the costs incurred by the entities are recharged to the parent 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 tables below, the details are not provided here.

Financial highlights of the significant associates

The Group associates at 31 December 2015 which, in management's opinion are considered relevant for the Group, are presented below. The share capital of the companies listed below consists solely of ordinary shares, which are directly held by the Group; these companies primarily conduct their business in the country of their incorporation or registration.

	Head office	Registered office (if different to the head office)	Investment %	Nature of the relationship	Measurement method
Consorcio Agua Azul S.A.	Peru	n/a	25.5%	(1)	Equity
Ochre Solutions Holdings Ltd	UK	n/a	40%	(2)	Equity
Yuma Concessionaria S.A.	Colombia	n/a	48.33%	(3)	Equity
Gaziantep Hastane Sanglik	Turkey	n/a	35.50%	(4)	Equity

The activities of the above companies are key to the Group's activities. A description of the nature of 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 Salini Impregilo's investment percentage means it can be classified as an associate. Information about the concession's term is provided in the paragraph on "Concessions" of the section on the "Foreign operating segment" of the Directors' report;

(2) the company is held by the sub holding company Impregilo International Infrastrctures N.V. and has a concession contract for Oxford University Hospitals in the United Kingdom, expiring in 2038. The paragraph on "Concessions" of the section on the "Foreign operating segment" of the Directors' report provides a description of this concession. The governance system requires majority resolutions and Salini Impregilo's investment percentage 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 motorway lot of the Ruta del Sol project in Colombia. The contract expires in 2036. The section on "Concessions" in the Directors' report provides a description of this concession. The governance system requires majority resolutions and Salini Impregilo's investment percentage means it can be classified as an associate. Information about the concession's term is provided in the paragraph on "Concessions" of the section on the "Foreign operating segment" of the Directors' report.

(4) the company is held directly by Salini Impregilo S.p.A. and has a concession contract in the hospital sector expiring in 2048. Construction work is at an initial stage and the concession will only become active in future years. The governance system requires majority resolutions and Salini Impregilo's investment percentage means it can be classified as an associate. Information about the concession's term is provided in the paragraph on "Concessions" of the section on the "Foreign operating segment" of the Directors' report.

The above equity investments do not have a market price and their carrying amount is in line with their fair value.

The financial information relating to individually significant associates accounted for using the equity method is shown below. In addition, the financial information of the associates is reconciled with the carrying amount of the related investments.
The information shown reflects the carrying amounts in the associates' financial statements, adjusted to comply with group accounting policies.

Agua Azul (Peru)

(€'000)	31 December 2015	31 December 2014	Variation
Non-current assets			
Property, plant and equipment and intangible assets	22,107	24,458	(2,351)
Other non-current assets	2,900	2,943	(43)
Total non-current assets	**25,007**	**27,401**	**(2,394)**
Current assets			
Cash and cash equivalents and other financial assets	3,583	2,639	944
Other current assets	1,286	1,236	50
Total current assets	**4,869**	**3,875**	**994**
Total assets	**29,876**	**31,276**	**(1,400)**
Equity	**27,473**	**26,590**	**883**
Non-current liabilities			
Non-current financial liabilities	-	221	(221)
Other non-current liabilities	-	-	-
Total non-current liabilities	**-**	**221**	**(221)**
Current liabilities			
Current financial liabilities	248	2,654	(2,406)
Other current liabilities	2,155	1,811	344
Total current liabilities	**2,403**	**4,465**	**(2,062)**
Total liabilities	**29,876**	**31,276**	**(1,400)**

(€'000 Group share)	31 December 2015	31 December 2014
Opening equity	**6,779**	**6,087**
Comprehensive income attributable to the owners of the parent	992	1,119
Dividends distributed	(766)	(427)
Capital increases and other variations	-	-
Closing equity	**7,005**	**6,779**
Carrying amount	**7,005**	**6,779**

(€'000)	31 December 2015	31 December 2014	Variation
Revenue	12,591	10,735	1,856
Costs	(6,449)	(5,957)	(492)
Operating profit	**6,142**	**4,778**	**1,364**
Net financing income (costs)	45	(341)	386
Profit before tax	**6,187**	**4,437**	**1,750**
Income tax expense	(1,895)	(1,526)	(369)
Profit from continuing operations	**4,292**	**2,911**	**1,381**
Other comprehensive income (expense)	(399)	1,480	(1,879)
Profit for the year	**3,893**	**4,391**	**(498)**

Yuma (Colombia)

(€'000)	31 December 2015	31 December 2014	Variation
Non-current assets			
Property, plant and equipment and intangible assets	141,017	120,813	20,204
Other non-current assets		1,956	(1,956)
Total non-current assets	**141,017**	**122,769**	**18,248**
Current assets			
Cash and cash equivalents and other financial assets	2,179	7,255	(5,076)
Other current assets	61,142	60,504	638
Total current assets	**63,321**	**67,759**	**(4,438)**
Total assets	**204,338**	**190,528**	**13,810**
Equity	**23,286**	**22,169**	**1,117**
Non-current liabilities			
Non-current financial liabilities	38,897	32,047	6,850
Other non-current liabilities	802	2,107	(1,305)
Total non-current liabilities	**39,699**	**34,154**	**5,545**
Current liabilities			
Current financial liabilities	130,208	125,819	4,389
Other current liabilities	11,145	8,386	2,759
Total current liabilities	**141,353**	**134,205**	**7,148**
Total liabilities	**204,338**	**190,528**	**13,810**

(€'000 Group share)	31 December 2015	31 December 2014
Opening equity	**8,868**	**6,352**
Comprehensive income attributable to the owners of the parent	83	2,516
Dividends distributed	-	-
Other comprehensive income	2,302	-
Closing equity	**11,253**	**8,868**
Carrying amount	**11,253**	**8,868**

(€'000)	31 December 2015	31 December 2014	Variation
Revenue	86,714	144,747	(58,033)
Costs	(87,199)	(143,725)	56,526
Gross operating profit (loss)	**(485)**	**1,022**	**(1,507)**
Net financing income	7,953	5,068	2,885
Profit before tax	**7,468**	**6,090**	**1,378**
Income tax income/expense	(2,764)	2,133	(4,897)
Profit from continuing operations	4,704	8,223	(3,519)
Other comprehensive expense	(4,533)	(1,933)	(2,600)
Profit for the year	**171**	**6,290**	**(6,119)**

Gaziantep Hastane (Turkey)

(€'000)	31 December 2015	31 December 2014	Variation
Non-current assets			
Property, plant and equipment and intangible assets	5,736	2,926	2,810
Non-current financial assets	-	-	-
Other non-current assets	-	-	-
Total non-current assets	**5,736**	**2,926**	**2,810**
Current assets			
Cash and cash equivalents and other financial assets	1,813	189	1,624
Other current assets	1,721	1,558	163
Total current assets	**3,534**	**1,747**	**1,787**
Total assets	**9,270**	**4,673**	**4,597**
Equity	**7,519**	**4,307**	**3,212**
Non-current liabilities			
Non-current financial liabilities	-	-	-
Total non-current liabilities	**-**	**-**	**-**
Current liabilities			
Other current liabilities	1,751	366	1,385
Total current liabilities	**1,751**	**366**	**1,385**
Total liabilities	**9,270**	**4,673**	**4,597**

(€'000 Group share)	31 December 2015	31 December 2014
Opening equity	**1,529**	**304**
Comprehensive income (expense) attributable to the owners of the parent	(511)	14
Capital increases and other variations	1,651	1,211
Closing equity	**2,669**	**1,529**
Goodwill and other intangible assets	-	-
Carrying amount	**2,669**	**1,529**

(€'000)	31 December 2015	31 December 2014	Variation
Revenue	-	-	-
Costs	(165)	-	(165)
Operating loss	**(165)**	**-**	**(165)**
Net financing income	74	-	74
Loss before tax	**(91)**	**-**	**(91)**
Income tax		-	-
Loss from continuing operations	**(91)**	**-**	**(91)**
Other comprehensive expense	(1,350)	-	(1,350)
Loss for the year	**(1,441)**	**-**	**(1,441)**

Ochre Holding (UK)

(€'000)	31 December 2015	31 December 2014	Variation
Non-current assets			
Property, plant and equipment and intangible assets	-	-	-
Non-current financial assets	177,228	169,847	7,381
Other non-current assets	2,285	965	1,320
Total non-current assets	**179,513**	**170,812**	**8,701**
Current assets			
Cash and cash equivalents and other financial assets	**33,870**	**21,253**	**12,617**
Other current assets	4,299	5,960	(1,661)
Total current assets	**38,169**	**27,213**	**10,956**
Total assets	**217,682**	**198,025**	**19,657**
Equity	**(5,197)**	**(1,885)**	**(3,312)**
Non-current liabilities			
Non-current financial liabilities	184,390	171,481	12,909
Total non-current liabilities	**184,390**	**171,481**	**12,909**
Current liabilities			
Other current liabilities	38,489	28,429	10,060
Total current liabilities	**38,489**	**28,429**	**10,060**
Total liabilities	**217,682**	**198,025**	**19,657**

(€'000 Group share)	31 December 2015	31 December 2014
Opening equity (deficit)	**(754)**	**123**
Net expense for the year	(1,325)	(877)
Capital increases and other variations	-	-
Closing deficit	**(2,079)**	**(754)**
Goodwill and other intangible assets	7,409	7,912
Carrying amount	**5,330**	**7,158**

(€'000)	31 December 2015	31 December 2014	Variation
Revenue	13,177	11,225	1,952
Operating costs	(18,297)	(14,394)	(3,903)
Operating loss	**(5,120)**	**(3,169)**	**(1,951)**
Net financing income	683	1,249	(566)
Loss before tax	**(4,437)**	**(1,920)**	**(2,517)**
Income tax	1,275	35	1,240
Loss from continuing operations	**(3,162)**	**(1,885)**	**(1,277)**
Other comprehensive expense	(150)	(307)	157
Loss for the year	**(3,312)**	**(2,192)**	**(1,120)**

Significant restrictions

At the date of preparation of this Report, there were no restrictions on the associates' ability to transfer dividends, repay loans or make advances to the parent.

Contingent liabilities

At the date of preparation of this Report, there were no contingent liabilities related to the Group's investments in associates. Any related risk areas are described in the paragraph on "Concession" of the section on the "Foreign operating segment" of the Directors' report.

Interests in joint ventures

The most significant joint ventures are listed below:

	Head office	Registered office (if different to the head office)	Investment %	Nature of the relationship	Measurement method
Grupo Unidos Por El Canal S.A.	Panama	n/a	48%	(1)	Equity

(1) The company is held (owned/controlled) directly by Salini Impregilo S.p.A. and is engaged in building the new system of locks on the Panama Canal. Reference should be made to the section of the Directors' report on the "Operating performance by geographical segment" and in particular the paragraphs "Panama Canal" and "Main risk factors and uncertainties" for a detailed description of the concession. The governance system requires qualified majority resolutions passed with the favourable vote of two members, including Salini Impregilo. The above equity investment does not have a market price and its carrying amount is in line with its fair value.

Risks associated with the Group's interest in joint ventures

Commitments

The Group has the following commitments vis-à-vis the joint ventures:

(€'000)	31 December 2015	31 December 2014	Variation
Commitments	1,156,741	638,181	518,560

The increase is mainly due to the guarantees issued on behalf of Grupo Unidos por El Canal and Metro de Lima Linea 2 S.A..

Contingent liabilities

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

Financial highlights of the joint ventures

The financial information related to the joint venture measured using the equity method is set out below with a reconciliation of such information with the carrying amount of the Group's interest in the joint venture as per the shareholder agreements.
The information shown reflects the carrying amounts in the joint venture's financial statements, adjusted to comply with group accounting policies.

Gupc (Panama)

(€'000)	31 December 2015	31 December 2014	Variation
Non-current assets			
Property, plant and equipment and intangible assets	80,079	110,624	(30,545)
Total non-current assets	**80,079**	**110,624**	**(30,545)**
Current assets			
Cash and cash equivalents and other financial assets	30,296	154,880	(124,584)
Other current assets	1,357,931	1,091,856	266,075
Total current assets	**1,388,227**	**1,246,736**	**141,491**
Total assets	**1,468,306**	**1,357,360**	**110,946**
Equity	**(492,519)**	**(441,402)**	**(51,117)**
Non-current liabilities			
Other non-current liabilities	1,141	1,223	(82)
Total non-current liabilities	**1,141**	**1,223**	**(82)**
Current liabilities			
Current financial liabilities	472,832	523,558	(50,726)
Other current liabilities	1,486,852	1,273,981	212,871
Total current liabilities	**1,959,684**	**1,797,539**	**162,145**
Total liabilities	**1,468,306**	**1,357,360**	**110,946**

(€'000)	31 December 2015	31 December 2014
Opening deficit	**(169,499)**	**(149,197)**
Comprehensive expense attributable to the owners of the parent	(19,657)	(48,187)
Capital increases and other variations	29	27,885
Closing deficit	**(189,127)**	**(169,499)**
Loan asset	211,928	180,228
Carrying amount	**22,801**	**10,729**

(€'000)	2015	2014	Variation
Revenue	913,265	708,661	204,604
Costs	(895,765)	(766,502)	(129,263)
Operating profit (loss)	**17,500**	**(57,841)**	**75,341**
Net financing costs	(17,727)	(14,814)	(2,913)
Loss before tax	**(227)**	**(72,655)**	**72,428**
Income tax expense	(116)	(21)	(95)
Loss from continuing operations	**(343)**	**(72,676)**	**72,333**
Other comprehensive expense	(50,847)	(52,809)	1,962
Loss for the year	**(51,190)**	**(125,485)**	**74,295**

The carrying amount of this investment is the balance of the parent's receivable due from the joint venture and the provisions for risks on equity investments set up to reflect the assessment of the losses to complete the contract.

Joint operations

The Group is involved in the following main joint operations: 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. increased its direct stake in the latter to 66% during the year. This joint operation 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. Both entities are structured as separate vehicles, guaranteeing transparency of their rights and obligations with respect to Salini Impregilo S.p.A..

10. Non-current financial assets

Non-current financial assets of €67.8 million are analysed in the following table:

(€'000)	31 December 2015	31 December 2014	Variation
Other financial assets	19,638	21,070	(1,432)
Loans and receivables - unconsolidated group companies	19,986	15,675	4,311
Loans and receivables - third parties	28,208	52,379	(24,171)
Total	**67,832**	**89,124**	**(21,292)**

The other financial assets include unlisted guaranteed-return securities which mature after one year. They amount to €19.6 million at year end (31 December 2014: €21.0 million) and mainly comprise units in the fund financing Yuma.

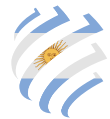
Loans and receivables - unconsolidated group companies increased by €4.3 million to €20.0 million, including an increase of €3.7 million due to reclassifications of the Todini business units held for sale and new financing of €4.2 million granted to the English associate Ochre Holding and a decrease of €3.6 million following the Swiss subsidiary CSC's waiver of its receivables to cover the losses of its SPEs.

Loans and receivables - third parties of €28.2 million decreased by €24.2 million on 31 December 2014 and 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, 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 €13.2 million at the reporting date includes €5.5 million due after one year and € 7.7 million due within one year. The latter amount is shown under "Other current assets";
  - the receivable from the Cordoba provincial authorities, which also refers to the sale of the investment in Caminos de Las Sierras and amounts to €4.8 million, including €1.1 million due after one year and €3.7 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 €21.3 million related to the concessions of the indirect subsidiaries Corso del Popolo S.p.A. and Piscine dello Stadio S.r.l.;
- other of €0.3 million.



The decrease in loans and receivables - third parties is mainly due to the reclassification of amounts due before 31 December 2016. Specifically, in addition to the reclassification of the receivables related to Caminos de Las Sierras (described above), the item includes the receivable of €17.9 million related to the sale of the investment in TE, which will be collected before 31 October 2016.

11. Deferred tax assets and liabilities

Deferred tax assets and liabilities amount to €64.1 million and €55.9 million at 31 December 2015, respectively, as shown in the following table:

(€'000)	31 December 2015	31 December 2014	Variation
Deferred tax assets	64,064	138,402	(74,338)
Deferred tax liabilities	(55,857)	(80,435)	24,578

Changes in deferred tax assets and liabilities and the related impact on profit or loss are set out below:

(€'000)	December 31, 2014	Increases	Decreases	Exchange rate gains (losses)	Change in consolidation scope	Change in tax rate	Reclassific-ations	Other changes	December 31, 2015
Deferred tax assets:									
Amortisation and depreciation exceeding tax rates	9,202				(39)	(177)	(7,727)		1,259
Provisions for risks and impairment losses	47,198	5,490	(9,033)	(106)	(32)	(4,646)	4,312	132	43,315
Tax effect of capital increase	1,205		(301)			(115)			789
Deferred taxes	44,293			(35)				(43,353)	905
Fisia Hiatus transaction	15,789		(4,685)						11,104
Other	97,440	143,694	(68,464)	(61)	(6,872)	(918)	5,681	(29)	170,471
Total	**215,127**	**149,184**	**(82,483)**	**(202)**	**(6,943)**	**(5,856)**	**2,266**	**(43,250)**	**227,843**
Offsetting	(76,725)	621			1,648		(621)	(88,702)	(163,779)
Net deferred tax assets (a)	**138,402**	**149,805**	**(82,483)**	**(202)**	**(5,295)**	**(5,856)**	**1,645**	**(131,952)**	**64,064**
Deferred tax liabilities:									
Fiscally-driven amortisation and depreciation	(5,003)	(392)	1,247	42					(4,106)
Deferred gains	(584)				126		458		
Uncollected default interest	(6,053)					771			(5,282)
Tax effects of PPA	(7,585)		1,575			525			(5,485)
Contract revenue or revenue items	(21,706)	(131)	11,619	(549)	(5,881)				(16,648)
Contract revenue taxable in future years	(59,092)	(197)						43,353	(15,936)
Other	(57,137)	(149,002)	38,048	1,008	(2,496)	1,034	(2,113)	(1,521)	(172,179)
Total	**(157,160)**	**(149,722)**	**52,489**	**501**	**(8,251)**	**2,330**	**(1,655)**	**41,832**	**(219,636)**
Offsetting	76,725				(1,648)			88,702	163,779
Net deferred tax liabilities (b)	**(80,435)**	**(149,722)**	**52,489**	**501**	**(9,899)**	**2,330**	**(1,655)**	**130,534**	**(55,857)**
Net deferred tax (income) expense (a+b)		**83**	**(29,994)**			**(3,526)**			**(33,437)**

"Other" mainly reflects temporary differences related to unrealised exchange rate gains or losses and ordinary maintenance costs for the Group's assets.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively, and are netted at company level when this is allowed.

Changes in 2014 were as follows:

(€'000)	31 December 2013	Increases	Decreases	Exchange rate gains (losses)	Change in consolidation scope	Equity	Other changes	31 December 2014
Deferred tax assets:								
Amortisation and depreciation exceeding tax rates	8,482	21			65		634	9,202
Provisions for risks and impairment losses	47,843	1,952	(8,756)	2	6,157		-	47,198
Tax effect of capital increase			(301)			1,506		1,205
Deferred taxes	37,204	657	-	6,432				44,293
Fisia Hiatus transaction	19,378		(3,589)					15,789
Other	26,421	76,508	(13,208)	248	6,730	106	635	97,440
Total	**139,328**	**79,138**	**(25,854)**	**6,682**	**12,952**	**1,612**	**1,269**	**215,127**
Offsetting	(18,082)						(58,643)	(76,725)
Net deferred tax assets (a)	**121,246**	**79,138**	**(25,854)**	**6,682**	**12,952**	**1,612**	**(57,374)**	**138,402**
Deferred tax liabilities:								
Fiscally-driven amortisation and depreciation	(4,650)	(2,174)	1,847	(26)				(5,003)
Deferred gains	(459)		126		(251)			(584)
Uncollected default interest	(6,053)							(6,053)
Tax effects of PPA	(9,714)		2,129					(7,585)
Contract revenue or revenue items	(7,695)	(22,155)		449			7,695	(21,706)
Contract revenue taxable in future years	(47,426)	(5,369)		(6,297)				(59,092)
Other	(16,100)	(54,562)	15,408	201	(2,089)		5	(57,137)
Total	**(92,097)**	**(84,260)**	**19,510**	**(5,673)**	**(2,340)**		**7,700**	**(157,160)**
Offsetting	18,082						58,643	76,725
Net deferred tax liabilities (b)	**(74,015)**	**(84,260)**	**19,510**	**(5,673)**	**(2,340)**		**66,343**	**(80,435)**
Net deferred tax (income) expense (a+b)		**(5,122)**	**(6,344)**					**(11,466)**

12. Inventories

Inventories total €268.1 million at the reporting date, as shown in the following table:

(€'000)	31 December 2015			31 December 2014			
	Gross carrying amount	Allowance	Carrying amount	Gross carrying amount	Allowance	Carrying amount	Variation
Real estate projects	22,085	(8,597)	13,488	22,285	(8,222)	14,063	(575)
Finished products and goods	3,448		3,448	3,680		3,680	(232)
Raw materials, consumables and supplies	252,666	(1,529)	251,137	246,550	(1,553)	244,997	6,140
Total	**278,199**	**(10,126)**	**268,073**	**272,515**	**(9,775)**	**262,740**	**5,333**

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 €8.6 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 €3.4 million and €251.1 million, respectively, and mainly relates to materials and goods to be used for foreign contracts, including those in Ethiopia (€149 million) and Venezuela (€15 million).

The carrying amount of raw materials, consumables and supplies is net of an allowance of € 1.5 million, analysed below:

(€'000)	31 December 2014	Write-downs	Utilisations	Reversals	Exchange rate gains (losses)	31 December 2015
Allowance - raw materials	(1,553)	(814)	832		6	(1,529)
Total	**(1,553)**	**(814)**	**832**	**-**	**6**	**(1,529)**

Changes in the prior year are shown in the next table:

(€'000)	31 December 2013	Write-downs	Utilisations	Reversals	Exchange rate gains (losses)	31 December 2014
Allowance - raw materials	(726)	(813)			(14)	(1,553)
Total	**(726)**	**(813)**	**-**	**-**	**(14)**	**(1,553)**

13. Contract work in progress

Contract work in progress totals €1,775.8 million at the reporting date, up €523.0 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)	31 December 2015	31 December 2014	Variation
Contract work in progress	27,960,191	18,987,684	8,972,507
Progress payments and advances received (on approved work)	(26,184,400)	(17,734,915)	(8,449,485)
Total	**1,775,791**	**1,252,769**	**523,022**

The most significant contract work in progress relates to railway work in Venezuela (€251.4 million, with production of €57.1 million during the year), the hydroelectric plants in Ethiopia (€164.0 million, with production of €885.1 million during the year), the high speed/high capacity railway work in Italy (€149.5 million, with production of €233.2 million during the year), the hydroelectric, road and civil building works in Nigeria (€109.7 million, with production of €58.4 million during the year), the Copenhagen Cityringen Metro in Denmark (€145.1 million, with production of €415.3 million during the year), the Doha Metro in Qatar (€51.0 million, with production of €333.8 million during the year), the design and construction of motorways in Romania (€75.7 million, with production of €52.7 million during the year) and work in progress in Libya (€143.3 million with production of €2.9 million during the year). With respect to the contracts in Libya, the subsidiary Lidco collected contractual advances in previous years amounting to €183.2 million at the reporting date, recognised as "Advances for contract work in progress" under liabilities in the statement of financial position.

Todini Costruzioni Generali Group's contract work in progress carried out by business units for which expressions of interest have not been received and which are included in the continuing operations amount to €161.6 million.
The item shows an increase over 31 December 2014 mainly attributable to continuation of production on the contracts in Denmark (€118.9 million, due to the Copenhagen Cityringer Metro contract), Qatar (€70 million, mainly referred to construction of the Al Bayt Stadium in Al Khor City and the Red Line North Underground), Ethiopia (€69.5 million, principally for the GIBE III project) and Italy (€59.8 million, high speed/high capacity contract).

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

(€'000)	31 December 2015	31 December 2014	Variation
Italy	399,625	355,219	44,406
EU (excluding Italy)	247,378	80,465	166,913
Non-EU	106,464	16,714	89,750
Asia	16,310	26,184	(9,874)
Middle East	115,991	38,346	77,645
Africa	546,857	378,075	168,782
North America	613		613
Latin America	328,251	357,766	(29,515)
Oceania	14,302		14,302
Total	**1,775,791**	**1,252,769**	**523,022**

The section on the “Main risk factors and uncertainties” in the Directors’ report provides information on pending disputes and assets exposed to country risk in Libya, Venezuela, Nigeria, Ukraine and Turkey.

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 projects.

14. Trade receivables

At 31 December 2015, trade receivables amount to €1,560.7 million, a net decrease of €119.6 million compared to 31 December 2014. The item includes receivables of €180.6 million from unconsolidated group companies and other related parties.
It is analysed in the following table:

(€'000)	31 December 2015	31 December 2014	Variation
Third parties	1,380,098	1,420,589	(40,491)
Unconsolidated group companies and other related parties	180,586	259,714	(79,128)
Total	**1,560,684**	**1,680,303**	**(119,619)**

Trade receivables - third parties may be broken down as follows:

(€'000)	31 December 2015	31 December 2014	Variation
Trade receivables	1,479,741	1,521,485	(41,744)
Allowance for impairment	(99,643)	(100,896)	1,253
Total	**1,380,098**	**1,420,589**	**(40,491)**

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 decrease of €40.5 million is mainly due to the following opposing factors: an increase of roughly €10.5 million following the reclassification of Todini Costruzioni Generali Group’s business units which, after the internal reorganisation mentioned earlier, are presented as part of the continuing operations at 31 December 2015 while they were recognised as non-current assets held for sale at 31 December 2014; an increase of €22.3 million for Imprepar and of €32.5 million for Salini Impregilo Insaat NTF J.V. for the CETIN hydroelectric contract (Turkey); a decrease of €96.7 million following collections for the Ethiopian branch’s contracts and a decrease of €53.2 million for the JV Salini Mukorsi (Zimbabwe), whose contract is nearing completion.

The item also includes € 229.3 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 €87.3 million at the reporting date compared to €109.5 million at 31 December 2014.
The allowance for impairment decreased by €1.3 million to €99.6 million at the reporting date and includes impairment losses on trade receivables of €43.8 million (mostly for the Venezuelan branch and Fisia Ambiente) and on default interest of €55.8 million (mainly related to FIBE). Changes in the allowance are shown in the next table:

(€'000)	31 December 2014	Impairment losses	Utilisations	Reversals	Change in consolidation scope	Other changes	Exchange rate gains (losses)	31 December 2015
Trade receivables	41,098	5,269	(6,722)	(950)	-	2,999	2,123	43,817
Default interest	59,798	86	(3,079)	-	-	(1,014)	35	55,826
Total	**100,896**	**5,355**	**(9,801)**	**(950)**	**-**	**1,985**	**2,158**	**99,643**

Changes in the previous year are as follows:

(€'000)	31 December 2013	Impairment losses	Utilisations	Reversals	Change in consolidation scope	Other changes	Exchange rate gains (losses)	31 December 2014
Trade receivables	42,598	4,230	(6,310)	(1,060)	1,549	95	(3)	41,099
Default interest	60,117	302		(622)				59,797
Total	**102,715**	**4,532**	**(6,310)**	**(1,682)**	**1,549**	**95**	**(3)**	**100,896**

Trade receivables from unconsolidated group companies and other related parties decreased by €79.1 million to €180.6 million at 31 December 2015.

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 €17.5 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 principally attributable to the reduction in the receivable due from the consortium company Metro Blu s.c.r.l. which is involved in constructing Line 4 of the Milan Metro.

15. Derivatives and other current financial assets

At 31 December 2015, this item of €312.1 million (31 December 2014: €156.9 million) includes the following:

(€'000)	31 December 2015	31 December 2014	Variation
Government bonds and insurance shares	2,815	11,433	(8,618)
Loans and receivables - third parties	164,693	40,190	124,503
Loans and receivables - unconsolidated group companies and related parties	144,596	105,285	39,311
Total	**312,104**	**156,908**	**155,196**

The government bonds and insurance shares amount to €2.8 million compared to €11.4 million at 31 December 2014. The item includes unlisted guaranteed-return securities with maturities of less than one year. The decrease in 2015 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:

- current loans and receivables of €65.9 million due from the CAV.TO.MI consortium for the return of the escrow account previously recognised under cash and cash equivalents (see note 18). The section on the "Main risk factors and uncertainties" in the Directors' report provides more information;
- current loans and receivables of €29.9 million related to the surety enforced in 2014 for the delay in the Metro 6 works. The Group is confident 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;

- current loans and receivables of €18.3 million which arose after the sale of TEEM S.p.A. and are due in 2016; they were classified as non-current financial assets at 31 December 2014;
- current loans and receivables of €11.4 million (31 December 2014: €9.4 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) in note 10. To date, these receivables have been collected in line with the contractual terms.

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

- receivables of €14.5 million due from Salini Costruttori S.p.A., principally relating to its participation in the VAT consolidation scheme. At 31 December 2014, this item amounted to €10.0 million and referred to the joint current account;
- the amount of €119.3 million due from Consorzio OIV Tocoma, the SPE in charge of a hydroelectric project in Venezuela.

16. Current tax assets and other current tax assets

Current tax assets amount to €114.6 million as follows:

(€'000)	31 December 2015	31 December 2014	Variation
Direct taxes	56,387	38,483	17,904
IRAP	863	4,088	(3,225)
Foreign direct taxes	57,327	52,906	4,421
Total	**114,577**	**95,477**	**19,100**

The 31 December 2015 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 increased by €46.2 million to €142.7 million at the reporting date as follows:

(€'000)	31 December 2015	31 December 2014	Variation
VAT	107,035	74,906	32,129
Other indirect taxes	35,617	21,583	14,034
Total	**142,652**	**96,489**	**46,163**

VAT assets amount to €107.0 million, which includes €72.2 million due from the Italian taxation authorities and €34.8 million from foreign taxation authorities. The other indirect taxes include withholdings of €8.7 million paid by the Islandic branch on the remuneration paid to foreign temporary workers involved in the work site. More information is available in note 31.

17. Other current assets

Other current assets of €518.6 million show a decrease of €171.4 million on the previous year end and may be analysed as follows:

(€'000)	31 December 2015	31 December 2014	Variation
Other receivables	217,636	257,177	(39,541)
Advances to suppliers	179,268	222,775	(43,507)
Other - unconsolidated group companies and other related parties	33,882	103,544	(69,662)
Prepayments and accrued income	87,856	106,501	(18,645)
Total	**518,642**	**689,997**	**(171,355)**

Specifically, "Other receivables" include:

- €71.2 million (substantially unchanged from 31 December 2014) 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;
- €34.0 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;
- €25.6 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.

Advances to suppliers decreased by €43.5 million due to absorption of advances made in previous years for the Copenhagen Cityringer contracts in Denmark and the contracts in Kazakhstan, partly offset by advances made for the Lima metro in Peru and the hydroelectric plants in Turkey and Georgia.

Other - unconsolidated group companies and other related parties decreased by €69.7 million to €33.9 million at the reporting date. The most significant variations relate to the receivable of €13.7 million (down €8.6 million) from the ultimate parent, Salini Costruttori S.p.A., and the reduction in the receivable from Consorzio OIV Tocoma.

Prepayments and accrued income of €87.9 million show a decrease of €18.6 million on 31 December 2014. 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 Ethiopian contracts and the high capacity Milan - Genoa railway section contract.

(€'000)	31 December 2015	31 December 2014	Variation
Accrued income:			
- Other	301	542	(241)
Total accrued income	**301**	**542**	**(241)**
Prepayments:			
- Insurance	41,024	44,008	(2,984)
- Sureties	6,180	8,465	(2,285)
- Other contract costs	40,351	53,486	(13,135)
Total prepayments	**87,555**	**105,959**	**(18,404)**
Total	**87,856**	**106,501**	**(18,645)**

18. Cash and cash equivalents

At 31 December 2015, cash and cash equivalents amount to €1,410.8 million, up by €379.9 million, as shown below:

(€'000)	31 December 2015	31 December 2014	Variation
Cash and cash equivalents	1,410,775	1,030,925	379,850

A breakdown by geographical segment is as follows:

(€'000)	31 December 2015	31 December 2014	Variation
Italy	253,922	313,098	(59,175)
EU (excluding Italy)	138,975	178,127	(39,152)
Non-EU	26,715	31,418	(4,703)
Asia	33,388	54,070	(20,682)
Middle East	771,495	298,373	473,121
Africa	65,808	46,610	19,199
North America	45,044	43,629	1,415
Latin America	47,051	51,147	(4,096)
Oceania	28,377	14,453	13,924
Total	**1,410,775**	**1,030,925**	**379,850**

The balance includes credit bank account balances at the end of the year 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 increase in the item and changes in current account facilities (note 20).

Imprepar's deposits include €13.2 million collected by it on behalf of third parties.
Parking Glasgow's cash and cash equivalents are tied to specific reserves for €0.6 million, while cash and cash equivalents of €8.5 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 €166.5 million and mainly refer to entities working on the Red Line North Underground and the Al Bayt Stadium in Al Khor in Qatar.

19. Non-current assets (liabilities) held for sale and discontinued operations and profit from discontinued operations

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

(€'000)	31 December 2015	31 December 2014	Variation
Non-current assets held for sale	147,606	344,155	(196,549)
Liabilities directly associated with non-current assets held for sale	(106,012)	(260,031)	154,019
Total	**41,594**	**84,124**	**(42,530)**

A breakdown of this item is as follows:

	31 December 2015		
(€'000)	Todini	USW Campania	Total
Non-current assets	32,291	5,683	37,974
Current assets	109,632	-	109,632
Non-current assets held for sale	**141,923**	**5,683**	**147,606**
Non-current liabilities	(30,485)	-	(30,485)
Current liabilities	(75,527)	-	(75,527)
Liabilities directly associated with non-current assets held for sale	**(106,012)**	**-**	**(106,012)**
Total	**35,911**	**5,683**	**41,594**
- including net financial indebtedness	*(18,939)*		*(18,939)*

	31 December 2014			
(€'000)	Todini	USW Campania	Co.ge.ma	Total
Non-current assets	38,711	5,683	4,676	49,070
Current assets	295,084			295,084
Non-current assets held for sale	**333,795**	**5,683**	**4,676**	**344,154**
Non-current liabilities	(19,860)			(19,860)
Current liabilities	(240,171)			(240,171)
Liabilities directly associated with non-current assets held for sale	**(260,031)**	**-**	-	**(260,031)**
Total	**73,764**	**5,683**	**4,676**	**84,123**
- including net financial indebtedness	*(81,292)*			*(81,292)*

The €42.5 million decrease in this item mainly relates to the reorganisation of Todini Costruzioni Generali Group.

The loss from discontinued operations in 2015 and 2014 is analysed in the following tables:

	31 December 2015		
(€'000)	Todini	USW Campania	Total
Operating revenue	207,911		207,911
Other revenue	16,199		16,199
Total revenue	**224,110**	**-**	**224,110**
Costs			
Raw materials and consumables	(47,269)		(47,269)
Subcontracts	(106,068)		(106,068)
Services	(26,958)	(542)	(27,500)
Personnel expense	(2,983)		(2,983)
Other operating expenses	(18,137)		(18,137)
Amortisation, depreciation, provisions and impairment losses	(33,136)	(4,505)	(37,641)
Total costs	**(234,551)**	**(5,047)**	**(239,598)**
Operating loss	**(10,441)**	**(5,047)**	**(15,488)**
Financing income (costs) and gains (losses) on investments			
Financial income	28		28
Financial expense	(835)		(835)
Net exchange rate gains	2,870		2,870
Net financing income	2,063	-	2,063
Net gains on equity investments	1	-	1
Net financing income and net gains on equity investments	**2,064**	**-**	**2,064**
Loss before tax	**(8,377)**	**(5,047)**	**(13,424)**
Income tax expense	(3,149)		(3,149)
Loss from discontinued operations	**(11,526)**	**(5,047)**	**(16,573)**

	31 December 2014			
(€'000)	**Todini**	**Fisia Babcok**	**USW Campania**	**Total**
Revenue				
Operating revenue	145,709	111,164		256,873
- of which: gains on the sale of equity investments		*89,201*		*89,201*
Other revenue	16,606	2		16,608
Total revenue	**162,315**	**111,166**	**-**	**273,481**
Costs				
Raw materials and consumables	(25,713)	(11,619)		(37,332)
Subcontracts	(105,366)			(105,366)
Services	(23,713)			(23,713)
Personnel expense	(15,172)	(7,604)	(903)	(23,679)
Other operating expenses	(25,403)	(6,880)		(32,283)
Amortisation, depreciation, provisions and impairment losses	(12,980)	(402)		(13,382)
Total costs	**(208,347)**	**(26,505)**	**(903)**	**(235,755)**
Operating profit (loss)	**(46,032)**	**84,661**	**(903)**	**37,725**
Financing income (costs) and gains (losses) on investments				
Financial income	40	801		841
Financial expense	(1,351)	(54)		(1,405)
Net exchange rate losses	(125)	(190)		(315)
Net financing income (costs)	(1,436)	557	-	(879)
Net losses on investments	(244)	-	-	(244)
Net financing income (costs) and net losses on investments	**(1,680)**	**557**	**-**	**(1,123)**
Profit (loss) before tax	**(47,712)**	**85,218**	**(903)**	**36,602**
Income tax expense	(5,923)	(93)	(34)	(6,050)
Profit (loss) from discontinued operations	**(53,635)**	**85,125**	**(937)**	**30,552**

20. Equity

Equity increased to €1,216.9 million at 31 December 2015 from €1,186.4 million at the end of 2014 as follows:

(€'000)	31 December 2015	31 December 2014	Variation
Equity attributable to the owners of the parent			
Share capital	544,740	544,740	-
Share premium reserve	120,798	120,798	-
- Legal reserve	101,535	100,000	1,535
- Reserve for share capital increase related charges	(3,970)	(3,970)	-
- Reserve for treasury shares	(7,677)	(7,677)	-
- LTI reserve	139		139
- Extraordinary and other reserves	136	136	-
Total other reserves	90,163	88,489	1,674
Other comprehensive income (income)			
- Translation reserve	(11,194)	15,575	(26,769)
- *Hedging reserve*	(8,085)	1,987	(10,072)
- Actuarial reserve	(5,273)	(5,447)	174
Total other comprehensive income (expense)	(24,552)	12,115	(36,667)
Retained earnings	324,259	249,988	74,271
Profit for the year	60,592	93,773	(33,181)
Equity attributable to the owners of the parent	**1,116,000**	**1,109,903**	**6,097**
Share capital and reserves attributable to non-controlling interests	79,221	67,166	12,055
Profit for the year attributable to non-controlling interests	21,639	9,347	12,292
Share capital and reserves attributable to non-controlling interests	100,860	76,513	24,347
TOTAL EQUITY	**1,216,860**	**1,186,416**	**30,444**

Changes of the year in the different equity items are summarised in the relevant schedule of the consolidated financial statements. Specifically, in their meeting held on 30 April 2015, the parent's shareholders resolved to allocate the profit for 2014 as follows:

- €1,534,634.74, 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;
- €9,175,299.76 to retained earnings.

At 31 December 2015, the parent's fully paid-up share capital amounts to €544,740.000. It comprises 493,798,182 shares, including 492,172,691 ordinary shares and 1,615,491 savings shares, all without a nominal amount.

Savings shares issued pursuant to the law do not carry voting rights, have preference dividend and capital repayment rights and can be bearer shares, subject to the provisions of article 2354.2 of the Italian Civil Code. Upon the shareholder's requests and at his/her own expense, they can be converted into registered shares and vice versa. Savings shares held by directors, statutory auditors and CEOs are registered. Except when the parent's by-laws or relevant legislation provide for otherwise, savings shares give the holders the same rights as those of ordinary shares.

Holders of savings shares do not have the right to attend the parent's shareholders' meetings or to request that they are called. The special savings shareholders' meeting is regulated by law. When reserves are distributed, the savings shares have the same rights as ordinary shares.

Upon dissolution of the parent, savings shares bear preference rights to capital repayment, up to €5.2 per share. When shares are grouped or split (as well as when capital transactions are carried out and as necessary in order to protect the savings shareholders' rights in the case the shares have nominal value), the above fixed amount shall be adjusted accordingly.

Profit for the year as per the financial statements is allocated as follows:

a) 5% to the legal reserve, up to the legally-required amount;

b) to savings shares, to the extent of 5% of €5.2 per share (i.e., €0.26 per share). If a dividend lower than 5% of €5.2 per share (i.e., €0.26 per share) is paid one year, the difference is taken as an increase in the preferred dividend of the following two years;

c) the residual amount, to all shareholders in such a way as to allocate to savings shares a total dividend which is 2% of €5.2 per share (i.e., €0.104 per share) greater than that distributed to ordinary shares, except when the shareholders decide to allocate an amount to the extraordinary reserves or for other uses.

The reserve for treasury shares is unchanged from 31 December 2014. The Group launched the repurchase programme on 6 October 2014 and has bought back 3,104,377 shares for €7,676,914.46.

The LTI (long term incentive plan) reserve shows the fair value of €0.1 million of this plan rolled out in 2015. The section on the accounting policies describes how the reserve is treated. The following table provides a breakdown of the reserve:

(Euro)	No. of shares	Amount	Start date	End date	Average price	Fair Value
Managing director	**569,573.00**	2,198,551.78	17/12/2015	30/4/2018	3.86	35,583.50
Personnel	**983,286.00**	3,795,483.96	17/12/2015	30/4/2018	3.86	61,429.80
Other managers	**1,025,050.00**	3,964,893.40	22/12/2015	30/4/2018	3.87	41,493.07
Total	**2,577,909.00**	**9,958,929.14**				**138,506.37**

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

(€'000)	2015	2014
Opening balance	15,575	826
Reclassification to profit or loss	-	(333)
Equity-accounted investees	228	(865)
Increase (decrease)	(26,997)	15,947
Total changes	(26,769)	14,749
Closing balance	**(11,194)**	**15,575**

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

(€'000)	2015	2014
Opening balance	1,987	2,151
Reclassification of fair value gains/losses on settled transactions to profit or loss	583	556
Net fair value losses	(10,113)	(854)
Change in consolidation scope	-	307
Net exchange rate losses and other changes	(299)	(316)
Net losses for equity-accounted investees	(243)	143
Total changes	(10,072)	(164)
Closing balance	**(8,085)**	**1,987**

The actuarial reserve underwent the following changes:

(€'000)	2015	2014
Opening balance	(5,447)	(1,874)
Reclassifications	744	-
Net actuarial gains recognised in OCI	(570)	(3,573)
Closing balance	**(5,273)**	**(5,447)**

Retained earnings

This item may be analysed as follows:

(€'000)	2015	2014
Opening balance	249,988	309,453
Allocation of profit	92,237	168,924
Dividend distribution	(19,983)	(420)
Merger	-	(206,146)
Reclassifications	(651)	-
Change in consolidation scope	2,668	(21,823)
Closing balance	**324,259**	**249,988**

Share capital and reserves attributable to non-controlling interests

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

(€'000)	2015	2014
Opening balance	76,513	221,995
Merger	-	(174,044)
Capital increase	11,295	-
Profit attributable to non-controlling interests	21,639	9,347
Dividend distribution to non-controlling interests	(2,938)	-
Change in consolidation scope	(4,306)	17,973
Components of comprehensive income	(1,343)	1,242
Closing balance	**100,860**	**76,513**

At the reporting date, the Group's significant not wholly owned subsidiaries are:

(€ m) **Company**	**Head office**	**Business**	**% of ordinary shares held directly by the parent**	**% of ordinary shares held by the Group**	**% of ordinary shares held by non-controlling investors**	**% of preference shares held by the Group**	**Non-controlling interests**
Salerno-Reggio Calabria S.c.p.a.	Italy	Construction	51%	51%	49%	0%	24.5
Reggio Calabria - Scilla S.c.p.a.	Italy	Construction	51%	51%	49%	0%	17.1
Impregilo-SK E&C-Galfar al Misnad J.V.	Qatar	Construction	41.25%	41.25%	58.75%	0%	14.5
Salini-Kolin-GCF Joint Venture	Turkey	Construction	38%	38%	62%	0%	11.9
Società Autostrada Broni - Mortara S.p.A. (SA.BRO.M)	Italy	Concessions	60%	60%	40%	0%	10.9
Other							22
Total non-controlling interests							**100.9**

A complete list of not wholly-owned subsidiaries is given in the "Consolidation scope" table at the end of these notes.

Summary of financial information of subsidiaries with significant non-controlling interests

Access to the assets of Italian law consortia and consortium companies and foreign SPES and the possibility of using them to settle the Group's liabilities is generally subject to approval by qualified majorities of the members, in order to protect the operating requirements of their contracts. The following table summarises the financial information of each company in which the Group has an investment that has significant non-controlling interests:

Salerno-Reggio Calabria S.c.p.A.

(€'000) Statement of financial position	31 December 2015	31 December 2014	Variation
Assets			
Non-current assets	179	1,118	(939)
Current assets	277,753	247,635	30,118
Total assets	**277,932**	**248,753**	**29,179**
Total equity and liabilities			
Equity	50,000	49,933	67
Non-current liabilities	20	413	(393)
Current liabilities	227,912	198,407	29,505
Total equity and liabilities	**277,932**	**248,753**	**29,179**
Income statement	**2015**	**2014**	**Variation**
Revenue	38,070	41,753	(3,683)
Profit before tax	459	399	60
Income taxes	(391)	(408)	17
Profit (loss) for the year	**68**	**(9)**	**77**
Comprehensive income (expense)	**68**	**(9)**	**77**
Comprehensive income (expense) attributable to non-controlling interests	**33**	**(4)**	**37**
Statement of cash flows			**2015**
Net cash flows generated by operating activities			21,768
Net cash flows used in investing activities			(1)
Net cash flows used in financing activities			(3,173)
Net increase in cash and cash equivalents and current account overdrafts			**18,594**
Opening cash and cash equivalents and current account overdrafts			**6,446**
Closing cash and cash equivalents and current account overdrafts			**25,040**

Reggio Calabria-Scilla S.c.p.A.

(€'000) Statement of financial position	31 December 2015	31 December 2014	Variation
Assets			
Non-current assets	499	755	(256)
Current assets	130,760	117,100	13,660
Total assets	**131,259**	**117,855**	**13,404**
Total equity and liabilities			
Equity	35,000	35,000	-
Non-current liabilities	374	396	(22)
Current liabilities	95,885	82,459	13,426
Total equity and liabilities	**131,259**	**117,855**	**13,404**
Income statement	**2015**	**2014**	**Variation**
Revenue	34,940	92,925	(57,985)
Profit before tax	262	431	(169)
Income taxes	(262)	(431)	169
Statement of cash flows			**2015**
Net cash flows generated by operating activities			25,124
Net cash flows used in financing activities			(11,079)
Net increase in cash and cash equivalents and current account overdrafts			**14,045**
Opening cash and cash equivalents and current account overdrafts			**2,687**
Closing cash and cash equivalents and current account overdrafts			**16,732**

Società Autostrada Broni-Mortara S.p.A.

(€'000)

Statement of financial position	31 December 2015	31 December 2014	Variation
Attività			
Non-current assets	43,491	42,551	940
Current assets	5,044	6,006	(962)
Total assets	**48,535**	**48,557**	**(22)**
Patrimonio netto e passività			
Equity	27,128	27,396	(268)
Current liabilities	21,407	21,161	246
Total shareholders' equity and liabilities	**48,535**	**48,557**	**(22)**
Income statement	**2015**	**2014**	**Variation**
Revenue	1	40	(39)
Loss before tax	(393)	(208)	(185)
Income taxes	126	-	126
Loss for the year	**(267)**	**(208)**	**(59)**
Comprehensive expense	**(267)**	**(208)**	**(59)**
Comprehensive expense attributable to non-controlling interests	**(107)**	**(81)**	**(26)**
Statement of cash flows			**2015**
Net cash flows generated by operating activities			3,412
Net cash flows used in financing activities			(138)
Net increase in cash and cash equivalents and current account overdrafts			**3,274**
Opening cash and cash equivalents and current account overdrafts			**278**
Closing cash and cash equivalents and current account overdrafts			**3,552**

Salini-Kolin-GCF joint venture (Turkey)

(€'000)

Statement of financial position	31 December 2015	31 December 2014	Variation
Assets			
Non-current assets	121	154	(33)
Current assets	45,902	48,675	(2,773)
Total assets	**46,023**	**48,829**	**(2,806)**
Total equity and liabilities			
Equity	19,202	11,767	7,435
Non-current liabilities	3,038	3,038	-
Current liabilities	23,783	34,024	(10,241)
Total equity and liabilities	**46,023**	**48,829**	**(2,806)**
Income statement	**2015**	**2014**	**Variation**
Revenue	13,925	75,930	(62,005)
Profit before tax	7,438	6,515	923
Income taxes	-	(1,303)	1,303
Profit for the year	**7,438**	**5,212**	**2,226**
Other comprehensive income	103	103	-
Comprehensive income	**7,541**	**5,315**	**2,226**
Comprehensive income attributable to non-controlling interests	**4,675**	**3,295**	**1,380**
Statement of cash flows			**2015**
Net cash flows used in operating activities			(1,227)
Net cash flows used in investing activities			(6)
Net increase in cash and cash equivalents and current account overdrafts			**(1,233)**
Opening cash and cash equivalents and current account overdrafts			**16,806**
Closing cash and cash equivalents and current account overdrafts			**15,573**

Impregilo-SK E&C-Galfar al Misnad J.V. (Qatar)

(€'000)

Statement of financial position	31 December 2015	31 December 2014	Variation
Assets			
Non-current assets	74,993	70,448	4,545
Current assets	171,645	98,234	73,411
Total assets	**246,638**	**168,682**	**77,956**
Total equity and liabilities			
Equity	24,632	9,423	15,209
Current liabilities	222,006	159,259	62,747
Total equity and liabilities	**246,638**	**168,682**	**77,956**
Income statement	**2015**	**2014**	**Variation**
Revenue	339,719	181,577	158,142
Profit before tax	13,852	7,109	6,743
Profit for the year	**13,852**	**7,109**	**6,743**
Other comprehensive income	865	865	-
Comprehensive income	**14,717**	**7,974**	**6,743**
Comprehensive income attributable to non-controlling interests	**8,646**	**4,685**	**3,961**
Statement of cash flows			**2015**
Net cash flows generated by operating activities			55,588
Net cash flows used in investing activities			(31,406)
Net cash flows generated by financing activities			344
Net increase in cash and cash equivalents and current account overdrafts			**24,526**
Opening cash and cash equivalents and current account overdrafts			**69,693**
Closing cash and cash equivalents and current account overdrafts			**94,219**

Reconciliation between equity and profit of Salini Impregilo S.p.A. with consolidated equity and consolidated profit

The following table shows the reconciliation of equity and profit of the parent with the corresponding consolidated items:

(€'000)	Equity	Profit for the year
Equity and profit for the year of Salini Impregilo S.p.A.	**937,362**	**35,731**
Elimination of consolidated investments	(567,102)	143,095
Elimination of the provision for risks on equity investments	17,758	
Equity and profit or loss of consolidated companies	673,512	3,929
Other consolidation entries		
Elimination of dividends paid to Salini Impregilo S.p.A.	-	(27,815)
Other consolidation entries	(145)	(47)
Gains on intragroup sales	(3,930)	2,221
Purchase Price Allocation	20,785	3,835
Unrealised net exchange rate losses	(226)	(17,075)
Tax effects	23,454	(212)
Elimination of national tax consolidation system effects	23,475	(74,127)
Lane acquisition costs	(8,943)	(8,943)
Equity and profit for the year attributable to the owners of the parent	**1,116,000**	**60,592**
Equity and profit for the year attributable to non-controlling interests	100,860	21,639
Consolidated equity and profit for the year	**1,216,860**	**82,231**

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

Bank and other loans and borrowings increased by €580.6 million over 31 December 2014 to €1,284.4 million at year end, as summarised below:

(€'000)	31 December 2015	31 December 2014	Variation
Non-current portion			
- Bank and other loans and borrowings	745,554	456,209	289,345
Current portion			
- Current account facilities and other loans	538,802	247,522	291,280
Total	**1,284,356**	**703,731**	**580,625**

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

	31 December 2015			31 December 2014		
(€'000)	Non-current	Current	Total	Non-current	Current	Total
Bank corporate loans	667,328	202,733	870,061	389,775	64,057	453,832
Bank project financing	38,954	76,520	115,474	24,665	89,510	114,175
Bank concession financing	24,776	21,301	46,077	18,515	21,031	39,546
Financing and loans of companies in liquidation	2,136	-	2,136	2,136	-	2,136
Other financing	7,782	53,036	60,818	12,022	32,817	44,839
Total bank and other loans and borrowings	**740,976**	**353,590**	**1,094,566**	**447,113**	**207,415**	**654,528**
Current account facilities	-	115,615	115,615	-	27,711	27,711
Factoring liabilities	944	58,763	59,707	3,374	6,339	9,713
Loans and borrowings - unconsolidated group companies	3,634	10,834	14,468	5,722	6,057	11,779
Total	**745,554**	**538,802**	**1,284,356**	**456,209**	**247,522**	**703,731**

Bank corporate loans

Bank corporate loans amount to €870.1 million at the reporting date (31 December 2014: €453.8 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 2020. 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 31 December 2012 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	Salini Impregilo	Fixed	2019	(1)
Banco do Brasil	Salini Impregilo	Euribor	2018	
Banca IMI	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 Annual Report are fully respected.

The syndicated financing was agreed in the first half of 2015 after the Group renegotiated a large part of its existing bank loans and borrowings to extend their expiry date from 2016 to 2019 and 2020, with repayment starting in 2017.

The non-current portion of the above loans will be repaid at their contractual maturity, based on the following time bands:

(€'000)	Company	Country	Total non-current portion	Due after 13 months but within 24 months	Due after 25 months but within 60 months	Due after 60 months
Banca IMI (agent)	Salini Impregilo	Italy	147,798	-	147,798	-
BPER	Salini Impregilo	Italy	37,500	25,000	12,500	-
Monte dei Paschi di Siena	Salini Impregilo	Italy	49,708	49,708	-	-
Banca IMI Refinancing (Facility B)	Salini Impregilo	Italy	161,988	-	161,988	-
Banca IMI Refinancing (Facility A)	Salini Impregilo	Italy	246,458	243,370	3,088	-
Banco do Brasil	Salini Impregilo	Italy	13,333	13,333	-	-
Banca del Mezzogiorno	Salini Impregilo	Italy	10,543	10,543	-	-
Total			**667,328**	**341,955**	**325,374**	**-**

The fair value of the bank corporate loans, measured as set out in the "Accounting policies" section, is €884.1 million.

Bank project financing

Project financing of €115.5 million at 31 December 2015 mainly relates to the contracts in Colombia (€24.7 million) and Chile (€4.2 million), the Moroccan branch (€5.9 million), the UAE branch (Abu Dhabi) (€10.3 million), the Metro B1 (€19.9 million) the contracts in Nigeria (€8.8 million) and in Switzerland (€1.7 million). The variation is mostly due to the increase recorded for Salini Nigeria's contracts (€8.8 million), those of the UAE branch (€10.3 million) and some contracts of Todini Costruzioni Generali (€10.9 million). This increase was partly countered by the reduction in project financing for the Chilean Metro 6 contract and the Colombian contracts.

The main conditions of the bank project financing in place at 31 December 2012 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
Skye Bank	Salini Nigeria	Nigeria	Fixed	2016
Various	Venezuelan branch	Venezuela	Fixed	n.a.
BMCE	Marocco branch	Marocco	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.

The non-current portion of the above project financing will be repaid at their contractual maturity, based on the following time bands:

(€'000)	Company	Country	Total non-current portion	Due after 13 months but within 24 months	Due after 25 months but within 60 months	Due after 60 months
Various banks	Venezuelan branch	Venezuela	777	777	-	-
Various banks	Ancipa	Italy	20,505	20,505	-	-
Various banks	Ancipa Dam	Italy	1,232	1,232	-	-
Various banks	Pietrarossa	Italy	6,507	6,507	-	-
Banca del Mezzogiorno	Metro B1	Italy	9,933	9,933	-	-
Total			**38,954**	**38,954**	**-**	**-**

The fair value of the project financing, measured as set out in the "Accounting policies" section, is €130.9 million.

Bank concession financing

At 31 December 2015, bank concession financing amounts to €46.1 million and refers to the Piscine dello Stato, Corso del Popolo and Parking Glasgow concessions and the Broni-Mortara (SA.BRO.M.) motorway concession.

				31 December 2015			31 December 2014		
(€'000)	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	491	8,337	9,496	668	8,828
Credito Sportivo	Piscine dello Stadio Srl	Euro	Italy	6,809	285	6,524	-	-	-
Royal Bank of Scotland	Impregilo Parking Glasgow	Sterling	UK	10,280	364	9,916	9,967	280	9,687
Unicredit	S.A.BRO.M	Euro	Italy	20,160	20,160	-	20,082	20,082	-
Total				**46,077**	**21,300**	**24,777**	**39,545**	**21,030**	**18,515**

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 24). 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 31 December 2012 are as follows:

	Company	Country	Reference date	Exp
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 above reference rates provide for floating spreads in line with the bank project financing's term and conditions.

The non-current portion of the above bank concession financing will be repaid at their contractual maturity, based on the following time bands:

(€'000)	Company	Country	Total non-current portion	Due after 13 months but within 24 months	Due after 25 months but within 60 months	Due after 60 months
Royal Bank of Scotland	Impregilo Parking Glasgow	UK	9,915	424	1,444	8,047
Monte dei Paschi di Siena	Corso del Popolo S.p.A.	Italy	8,337	1,097	1,563	5,677
Credito Sportivo	Piscine dello Stadio Srl	Italy	6,524	446	762	5,316
Total			**24,776**	**1,967**	**3,769**	**19,040**

The fair value of the concession financing, measured as set out in the "Accounting policies" section, is €145.4 million.

The related repayment plans are linked to the liquidation procedures of the companies to which the financing and loans refer.

Financing and loans of companies in liquidation

This item of €2.1 million is substantially unchanged from 31 December 2014.

Other financing

This item may be analysed as follows:

			31 December 2015			31 December 2014		
(€'000)	Company	Country	Total other financing	Current portion	Non-current portion	Total other financing	Current portion	Non-current portion
Cat Finance	Salini Impregilo	Italy	11,996	5,057	6,938	16,694	4,757	11,937
Nesma Riyad	Salini Impregilo	Italy	25,076	25,076	-	-	-	-
Bethar Al Amal	Salini Impregilo	Italy	15,303	15,303	-	28,004	28,004	-
Various	Todini	Italy	667	193	475	-	-	-
Various	ANM	Riyadh	948	948	-	-	-	-
Various	Consorzio Lec	Libya	150	150	-	-	-	-
Various	Pietrarossa	Italy	343	-	343	-	-	-
Various	Nepalese branch	Nepal	15	15	-	-	-	-
Grodco	Ariguani	Colombia	869	869	-	-	-	-
Various	Imprepar	Italy	413	413	-	-	-	-
Sace	Salini Namibia	Namibia	4,112	4,112	-	-	-	-
AFCO	Salini Impregilo - Healy JV	Cleveland	841	841	-	-	-	
Cat Finance	Co.Ge.Ma.	Italy	84	59	25	140	56	84
Total			**60,818**	**53,036**	**7,782**	**44,838**	**32,817**	**12,021**

The conditions of the main existing financing may be summarised as follows:

	Company	Country	Interest rate	Expiry date
CAT Finance	Salini Impregilo	Italy	Fixed rate	2019
CAT Finance	Co.Ge.Ma.	Italy	Fixed rate	2019

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

The non-current portion of the above other financing will be repaid at their contractual maturity, based on the following time bands:

(€'000)	Company	Country	Total non-current portion	Due after 13 months but within 24 months	Due after 25 months but within 60 months	Due after 60 months
Cat Finance	Salini Impregilo	Italy	6,964	4,303	2,661	-
Various banks	Todini	Italy	475	475	-	-
Various banks	Pietrarossa	Italy	343	343	-	-
Total			**7,782**	**5,121**	**2,661**	**-**

The fair value of the financing, measured as set out in the "Accounting policies" section, is €61 million.

Current account facilities

Current account facilities increased by €87.9 million to €115.6 million at the reporting date. The increase mainly refers to the subsidiary Todini Costruzioni Generali (€43.9 million), following its reclassification as a result of the new disposal scope of Todini Costruzioni Generali Group to comply with IFRS 5, the Romanian branch (€18.7 million) and the subsidiary Salini Nigeria (€10.0 million).

Factoring liabilities

(€'000)	31 December 2015	31 December 2014	Variation
Salini Impregilo S.p.A. (SACE Factoring S.p.A.)	43,776	-	43,776
Venezuelan branch (various)	944	3,374	(2,430)
Salerno-Reggio Calabria S.c.p.a (Mediofactoring)	-	2,359	(2,359)
Ethiopian branch (Factorit)	14,553	3,853	10,700
Sierra Leone branch (Factorit)	433	97	336
JV Mukorsi (Factorit)		31	(31)
Total	**59,707**	**9,714**	**49,993**

Factoring liabilities relate to receivables mostly factored by Salini Impregilo S.p.A. on behalf of its branches.

Net financial indebtedness of Salini Impregilo Group

(€'000)	Note (*)	31 December 2015	31 December 2014	Variation
Non-current financial assets	10	67,832	89,124	(21,292)
Current financial assets	15	312,104	156,908	155,196
Cash and cash equivalents	18	1,410,775	1,030,925	379,850
Total cash and cash equivalents and other financial assets		**1,790,711**	**1,276,957**	**513,754**
Bank and other loans and borrowings	21	(745,554)	(456,209)	(289,345)
Bonds	22	(396,211)	(394,326)	(1,885)
Finance lease liabilities	23	(79,789)	(102,310)	22,521
Total non-current indebtedness		**(1,221,554)**	**(952,845)**	**(268,709)**
Current portion of bank loans and borrowings and current account facilities	21	(538,802)	(247,522)	(291,280)
Current portion of bonds	22	(10,203)	(166,292)	156,089
Current portion of finance lease liabilities	23	(49,617)	(60,231)	10,614
Total current indebtedness		**(598,622)**	**(474,045)**	**(124,577)**
Derivative liabilities	24	(14,798)	(5,244)	(9,554)
Net financial assets of unconsolidated SPEs (**)		17,512	65,953	(48,441)
Total other financial assets, net		**2,714**	**60,709**	**(57,995)**
Net financial indebtedness - continuing operations		**(26,751)**	**(89,224)**	**62,473**
Net financial indebtedness - discontinued operations		(18,939)	(81,292)	62,353
Net financial indebtedness including discontinued operations		**(45,690)**	**(170,516)**	**124,826**

(*) The note numbers refer to the notes to the 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 consolidated financial statements.

22. Bonds

The outstanding bond issues at 31 December 2015 relate to the parent, Salini Impregilo S.p.A. (€406.4 million). They are analysed in the following table:

(€'000)	31 December 2015	31 December 2014	Variation
Non-current portion	396,211	394,326	1,885
Current portion	10,203	166,293	(156,090)
Total	**406,414**	**560,619**	**(154,205)**

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

		31 December 2015			31 December 2014		
(€'000)	Country	Total bonds	Current portion	Non-current portion	Total bonds	Current portion	Non-current portion
Salini Impregilo S.p.A.	Italy	406,414	10,203	396,211	404,529	10,203	394,326
Impregilo International Infrastructures - 2nd issue	Netherlands	-	-	-	156,090	156,090	-
Total		**406,414**	**10,203**	**396,211**	**560,619**	**166,293**	**394,326**

On 23 July 2013, Salini S.p.A. (now part of Salini Impegilo 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 Annual Report, are fully respected. The decrease in the item is entirely due to redemption of the notes issued by the Dutch company Impregilo International Infrastructures N.V., wholly owned by Salini Impregilo S.p.A. in November 2015. These notes, with a nominal amount of €150 million at 31 December 2014, had been placed with qualified Italian and foreign investors and had been issued in November 2010 for an initial nominal amount of €300 million, listed on the Luxembourg stock exchange and bore interest at a fixed rate of 6.526%.

23. Finance lease liabilities

Finance lease liabilities may be broken down as follows at 31 December 2015:

(€'000)	31 December 2015	31 December 2014	Variation
Non-current portion	79,789	102,310	(22,521)
Current portion	49,617	60,231	(10,614)

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 31 December 2015, 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 €129.4 million (31 December 2014: €162.5 million) as follows:

(€'000)	31 December 2015	31 December 2014
Minimum lease payments:		
Due within one year	43,553	66,270
Due between one and five years	92,134	105,006
Due after five years	4,780	6,410
Total	**140,467**	**177,686**
Future interest expense	(11,060)	(15,145)
Net present value	**129,407**	**162,541**
The net present value is as follows:		
Due within one year	38,752	60,231
Due between one and five years	86,283	96,837
Due after five years	4,372	5,473
Total	**129,407**	**162,541**

24. Derivatives and other current financial liabilities

These items show the reporting-date fair value of the currency and interest rate hedges as follows:

(€'000)	31 December 2015	31 December 2014
Non-current portion	4,113	4,951
Current portion	10,685	293
Total	**14,798**	**5,244**

The following table analyses the items:

(€'000)	31 December 2015	31 December 2014
Interest rate swaps - Cash flow hedges	14,798	5,244
Total derivatives presented in net financial indebtedness	**14,798**	**5,244**

The following tables set out the characteristics of the derivative liabilities existing at 31 December 2015, showing the company owning the contract and the related fair value at the reporting date:

Interest rate swaps - Cash flow hedges: Liabilities

Company	Agreement date	Expiry date	Currency	Notional amount	Fair value (€)
Impregilo Parking Glasgow	27/09/2004	30/06/2029	GBP	7,701,547	(3,005,778)
Impregilo Parking Glasgow	01/06/2003	30/06/2029	GBP	783,974	(1,106,773)
Salini Impregilo S.p.A.	16/11/2015	04/01/2016	USD	400,000,000	(9,920,088)
Salini Impregilo S.p.A.	12/11/2015	24/02/2016	EUR	75,000,000	(382,694)
Salini Impregilo S.p.A.	12/11/2015	24/02/2016	EUR	75,000,000	(382,694)
Total					**(14,798,027)**

This category includes derivatives that have been entered into to hedge the Group against interest rate risks and that meet 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 20).

25. Post-employment benefits and employee benefits

At 31 December 2015, the Group's liability due to its employees determined using the criteria set out in IAS 19 is €25.4 million.

The balance mainly consists of the Italian post-employment benefits (TFR) related to Salini Impregilo S.p.A. and its Italian subsidiaries. At 31 December 2015 and 2014, the liability for post-employment benefits 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, performed with the assistance of an

independent expert, was based on the following rates:

- turnover rate: 7.25%;
- discount rate: 1.27%;
- advance payment rate: 3%;
- inflation rate: 0.60%.

The Group has used the Iboxx AA Corporate index for the Eurozone, which has an average financial duration in line with the fund being valued, to calculate the discount rate.

Changes in the item are as follows:

(€'000)	31 December 2014	Accruals	Payments	Net actuarial gains	Other changes	Contributions paid to INPS treasury and other funds	31 December 2015
Post-employment benefits and employee benefits	23,320	15,443	(11,892)	570	3,507	(5,536)	25,412

(€'000)	31 December 2013	Accruals	Payments	Net actuarial gains	Other changes	Contributions paid to INPS treasury and other funds	31 December 2014
Post-employment benefits and employee benefits	21,755	14,979	(11,613)	3,574	(85)	(5,290)	23,320

"Net actuarial gains" include the actuarial gains and losses recognised in the actuarial reserve as per the revised IAS 19 while "Other changes" includes exchange rate gains and losses and the reclassifications of Todini Group's business units that were part of that group's reorganisation and had been classified as assets held for sale and associated liabilities at 31 December 2014.

An increase or decrease of 0.25% in the discount rate used to calculate the liability at 31 December 2015 would have had a negative effect of €0.9 million or €1.2 million, respectively. A similar increase or decrease at 31 December 2014 would have had a negative or positive effect of €0.2 million, respectively.

26. Provisions for risks

These provisions amount to €106.4 million at the reporting date, as follows:

(€'000)	31 December 2015	31 December 2014	Variation
Provisions for risks on equity investments	2,190	6,694	(4,504)
Other provisions	104,171	90,833	13,338
Total	**106,361**	**97,527**	**8,834**

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)	2015
Change in consolidation method	(4,845)
Acquisitions/disinvestments	(704)
Share of profit of equity-accounted investees	120
Other changes including change in the translation reserve	925
Total	**(4,504)**

The change in the consolidation method relates to the acquisition of control over Ancipa, Diga di Ancipa and Pietrarossa. Other provisions comprise:

(€'000)	31 December 2015	31 December 2014	Variation
USW Campania projects	32,760	30,494	2,266
Provisions set up by Imprepar and its subsidiaries	36,452	32,927	3,525
Contract completion losses	-	38	(38)
Ongoing litigation	9,877	13,406	(3,529)
Building segment litigation	795	2,601	(1,806)
Tax and social security litigation	3,304	39	3,265
Environmental risks	-	385	(385)
Other	20,983	10,943	10,040
Total	**104,171**	**90,833**	**13,338**

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.

The provision for environmental risks of €0.4 million, relating mainly to Fisia Ambiente S.p.A. (€0.2 million), was set up for future liabilities related to the closing and post-closing activities for the management of a landfill. It was released in full at 31 December 2015.

"Other" mainly comprises amounts accrued in 2014 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 2015 are summarised below:

(€'000)	31 December 2014	Accruals	Utilisations	Reclassific-ations	Exchange rate gains (losses)	Discounting and other changes	31 December 2015
Total	90,833	21,646	(12,809)	4,672	(243)	73	104,171

Changes during 2014 are shown in the following table:

(€'000)	31 December 2013	Accruals	Utilisations	Change in consolidation scope	Exchange rate gains (losses)	Discounting and other changes	31 December 2014
Total	89,407	11,687	(9,922)	708	286	(1,334)	90,832

Changes of the year comprise:

- accruals of €21.6 million related mainly to the subsidiary Todini Costruzioni Generali (€2.7 million) and the subsidiary Imprepar (€9.3 million) for the pending litigation about the ICI property tax on the Acerra waste-to-energy plant for the USW Campania contract (reclassified to profit or loss in 2015 pursuant to IFRS 5);
- utilisations of €12.8 million, including €4.9 million related to utilisations and €7.9 million released to profit or loss after the occurrence of the events for which the provision had been set up. The main utilisations referred to the subsidiaries Todini Costruzioni Generali and Imprepar;
- reclassifications, mainly due to the new disposal scope of Todini Costruzioni Generali to comply with IFRS 5.

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

27. Progress payments and advances on contract work in progress

This item, included in “Current liabilities”, amounts to €1,862.8 million, up €136.9 million on the figure at 31 December 2014. It comprises:

(€'000)	31 December 2015	31 December 2014	Variation
Contract work in progress	(4,099,585)	(8,332,057)	4,232,472
Progress payments and advances received (on approved work)	4,211,995	8,501,621	(4,289,626)
Negative work in progress	**112,410**	**169,564**	**(57,154)**
Contractual advances	1,750,349	1,556,319	194,030
Total	**1,862,759**	**1,725,883**	**136,876**

Work in progress recognised under liabilities (negative WIP) of €112.4 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:

	31 December 2015			31 December 2014			
(€'000)	Negative WIP	Advances	Total	Negative WIP	Advances	Total	Variation
Italy	13,862	100,576	114,438	39,058	111,048	150,106	(35,668)
EU (excluding Italy)	48,426	147,413	195,839	17,217	140,433	157,650	38,189
Non-EU	2,523	42,509	45,032	1,651	10,245	11,896	33,136
Asia	-	23,768	23,768	10,387	51,924	62,311	(38,543)
Middle East	10,839	594,991	605,830	23,013	267,370	290,383	315,447
Africa	9,900	725,901	735,801	31,115	846,972	878,087	(142,286)
North America	17,870	-	17,870	38,212	-	38,212	(20,342)
Latin America	8,990	112,640	121,630	2,391	128,327	130,718	(9,088)
Oceania	-	2,551	2,551	6,521	-	6,521	(3,970)
Total	**112,410**	**1,750,349**	**1,862,759**	**169,565**	**1,556,319**	**1,725,884**	**136,875**

The contracts that contributed the most to the negative WIP were those in the US (€17.9 million), Austria (€32.2 million), Denmark (€16.2 million), Peru (€8.4 million) and Italy (€13.9 million).

The most significant changes, compared to 31 December 2014, in terms of increases, relate to work in Denmark, while in terms of decreases, they relate to the work in Nigeria, Italy and Qatar.

The most significant contractual advances relate to the following contracts: the Grand Ethiopian Renaissance Dam Project in Ethiopia (€335.6 million), the Copenhagen Cityringer Metro in Denmark (€108.8 million), contracts in Libya (€191.8 million), the Riyadh Metro Line 3 in Saudi Arabia (€472.5 million), projects in Nigeria (€140.0 million), construction of the Ruta del Sol motorway in Colombia (€53.4 million), design and construction of the Red Line North in Doha (€47.8 million) and construction of the Al Bayt Stadium in Al Khor City in Qatar (€72.1 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 in Libya and Nigeria.

28. Trade payables

Trade payables amount to €1,630.4 million at the reporting date, an increase of €203.7 million on 31 December 2014. They include payables to unconsolidated group companies and other related parties of €128.7 million (31 December 2014: €153.9 million). They are made up as follows:

(€'000)	31 December 2015	31 December 2014	Variation
Third parties	1,501,680	1,273,100	228,580
Unconsolidated group companies and other related parties	128,757	153,643	(24,886)
Total	**1,630,437**	**1,426,743**	**203,694**

The net increase in trade payables is the result of opposing factors. The increase is mainly due to: an approximate €9.4 million increase as a result of the reclassification of the Todini Costruzioni Generali Group business units which are no longer presented as liabilities associated with assets held for sale at 31 December 2015 following the group's reorganisation; increases of €83.8 million due to the roll out of production on the Riyadh Metro Line 3 (Saudi Arabia); the €32 million increase for the new project commenced by Western Station JV (Saudi Arabia) and the increase of €61.2 million for Consorzio Collegamenti Integrati Veloci (CO.C.I.V.). The decreases relate to the normal continuation of work on ongoing contacts and also greater eliminations due to the larger consolidation scope.

As noted earlier, the item includes payables to unconsolidated group companies and other related parties of €128.8 million (31 December 2014: €153.6 million).

The €25.2 million decrease is principally attributable to the reduction in the receivables due from the consortium company Metro Blu s.c.rl.l. which is involved in constructing Line 4 of the Milan Metro.

The item mostly consists of payables from unconsolidated SPEs accrued on work performed by these entities for contracts with Italian and foreign public administrations.

29. Current tax liabilities and other current tax liabilities

Current tax liabilities amount to €68.3 million as follows:

(€'000)	31 December 2015	31 December 2014	Variation
IRES	9,835	8,318	1,517
IRAP	687	292	395
Foreign taxes	57,751	38,874	18,877
Total	**68,273**	**47,484**	**20,789**

Other current tax liabilities of €61.1 million increased by €7.3 million over 31 December 2014. They may be analysed as follows:

(€'000)	31 December 2015	31 December 2014	Variation
Witholdings Tax	284	10	274
VAT	39,311	42,583	(3,272)
Other indirect taxes	21,502	11,158	10,344
Total	**61,097**	**53,751**	**7,346**

30. Other current liabilities

Other current liabilities of €334.2 million (31 December 2014: €335.9 million) comprise:

(€'000)	31 December 2015	31 December 2014	Variation
Social security institutions	16,233	13,304	2,929
Employees	52,225	39,881	12,344
Compensation and compulsory purchases	7,331	16,112	(8,781)
State bodies	115,588	116,235	(647)
Guarantee deposits	198	6	192
Other	108,163	91,312	16,851
Unconsolidated group companies and other related parties	13,060	30,334	(17,274)
Accrued expenses and deferred income	21,400	28,734	(7,334)
Total	**334,198**	**335,918**	**(1,720)**

"Employees" relate to accrued unpaid remuneration.

"Compensation and compulsory purchases" relate to the high speed/capacity railway contracts; the decrease of €8.8 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 - USW Campania projects" section in the Directors' report for more information about the complicated situation surrounding the USW Campania projects.

"Other" of €108.2 million (31 December 2014: €91.3 million) increased by €16.9 million. This variation is due to the rise in payables to partners, mostly for the Qatar and South African contracts and the reduction in payables related to contracts that have been completed or are nearing completion, such as the Angostura hydroelectric project in Chile.

"Unconsolidated group companies and other related parties" of €13.1 million decreased by €17.3 million on 31 December 2014, mainly as a result of:

- elimination of Todini's payables of €12.4 million to the former associate Co.ge.Fin. S.r.l. following the latter's full consolidation as the Group acquired 49% of its quota capital, meaning that the parent now controls this company starting from the first quarter of 2015;
- the reduction in payables to the TAT.Tunnel Alp Transit consortium and Tessaloniki Metro CW, working in Switzerland and Greece, respectively.

Accrued expenses and deferred income of €21.4 million include the ten-year post-contract guarantee of €8.0 million.

(€'000)	31 December 2015	31 December 2014	Variation
Accrued expenses:			
- Commissions on sureties	3,594	3,093	501
- Other	12,485	14,360	(1,875)
Total accrued expenses	**16,079**	**17,453**	**(1,374)**
Deferred income:			
- Provision of services	5,321	11,281	(5,960)
Total deferred income	**5,321**	**11,281**	**(5,960)**
Total	**21,400**	**28,734**	**(7,334)**

31. Guarantees, commitments, risks and contingent liabilities

Guarantees and commitments

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

- contractual sureties of € 7,208.6 million, which are given to customers as performance bonds, to guarantee advances, retentions and involvement in tenders for all ongoing contracts. In turn, the group companies have guarantees given by their subcontractors for some of these contractual sureties;
- sureties for credit of €305.3 million;
- sureties granted for export credit of €160.3 million;
- other guarantees of €881.3 million consisting of guarantees related to customs and tax obligations (€76.7 million) and for other commitments (such as environmental clean-ups and export credit) (€804.6 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 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

Salini Impregilo S.p.A.

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 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. It has extended this audit to 2010 and issued its preliminary assessment report on 8 July 2015 finding a higher tax base for IRES and IRAP purposes of approximately €1.0 million and approximately €0.8 million, respectively. The parent decided to communicate its intention to join the mutually-agreed settlement procedure to the tax authorities pursuant to article 5-bis of Legislative decree no. 218 of 19 June 1997. This procedure was finalised in 2015. Settlement entailed paying higher IRES and IRAP of €0.8 million for 2009.

Islandic branch

With respect to the completed contract for the construction of a hydroelectric plant in Karanjukar (Iceland), a dispute arose with the local 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 2006 on the same matter by the same judiciary authority.

The parent had expected to be refunded both the unduly paid withholdings of € 6.9 million (at the original exchange rate). After the last ruling, 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 (another reimbursement claim presented to the local tax authorities on 23 June 2010) 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
On 13 January 2016, the Milan unit of the tax police commenced a tax audit of this subsidiary, based in Amsterdam.

The audit is still ongoing and no findings have been communicated to date.

32. Financial instruments and risk management

Classes of financial instruments

The Group's financial instruments are broken down by class in the following table, which also shows their fair value:

31 December 2015 (€'000)	Note	Loans and receivables	Financial assets at fair value through profit or loss	Hedging derivatives	Held-to-maturity investments	Available-for-sale financial assets	Total	Fair value
Financial assets								
Non-current financial assets	10	48,195			19,637		67,832	67,832
Trade receivables	14	1,560,684					1,560,684	1,560,684
Other current financial assets	15	309,289			2,815		312,104	312,104
Cash and cash equivalents	18	1,410,775					1,410,775	1,410,775
Total		**3,328,943**			**22,452**		**3,351,395**	**3,351,395**

31 December 2015 (€'000)	Note	Other liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Hedging derivatives	Total	Fair value
Financial liabilities						
Bank and other loans and borrowings	21	1,284,356			1,284,356	1,297,891
Bonds	22	406,414			406,414	556,160
Finance lease liabilities	23	129,406			129,406	129,400
Derivatives	24			14,798	14,798	14,798
Trade payables	28	1,630,437			1,630,437	1,630,437
Total		**3,450,613**		**14,798**	**3,465,411**	**3,628,686**

31 December 2014 (€'000)	Note	Loans and receivables	Financial assets at fair value through profit or loss	Hedging derivatives	Held-to-maturity investments	Available-for-sale financial assets	Total	Fair value
Financial assets								
Non-current financial assets	10	71,320			17,804		89,124	89,124
Trade receivables	14	1,680,303					1,680,303	1,680,303
Other current financial assets	15	145,475			11,433		156,908	156,908
Cash and cash equivalents	18	1,030,925					1,030,925	1,030,925
Total		**2,928,023**			**29,237**		**2,957,260**	**2,957,260**

31 December 2014 (€'000)	Note	Other liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Hedging derivatives	Total	Fair value
Financial liabilities						
Bank and other loans and borrowings	21	703,730			703,730	729,859
Finance lease liabilities	22	162,541			162,541	162,541
Bonds	23	560,618			560,618	577,120
Derivatives	24			5,244	5,244	5,244
Trade payables	28	1,426,744			1,426,744	1,426,744
Total		**2,853,633**		**5,244**	**2,858,877**	**2,901,508**

The note column gives the section in which the relevant item is described.

Reference should be made to the section on the accounting policies for information on the fair value measurement of these items. Specifically, the fair value of the items is based on the present value of estimated future cash flows.

Risk management

The Group is exposed to financial risks which encompass all the risks related to capital availability, affected by credit and liquidity management and/or the volatility of market factors such as interest and exchange rates.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk and interest rate risk.

Currency risk

The Group's international presence entails its exposure to the risk of fluctuations in exchange rates of the Euro and the currencies of the various countries in which it operates.

Currency risk at 31 December 2015 mainly related to the following currencies:

- US dollar (United States)
- SIMADI (Venezuela)
- Dirham (United Arab Emirates)
- Riyal (Qatar)
- Tenge (Kazakhstan)
- Birr (Ethiopia)

The Group's currency risk management strategy is essentially based on the following policies:

- agreement of contractual considerations for works and projects in countries with weak currencies using a primarily multi-currency format, in which only a portion of the consideration is expressed in local currency;

- use of portions of the contractual considerations in local currency mainly to cover project expenses to be incurred in that currency;

- analysis of exposure in US dollars on a cumulative and prospective basis with consistent deadlines and setting up forward transactions in the same currency to hedge the group's net exposure at those deadlines.

Adoption of the above-mentioned policies has contained the Group's exposure to currency risk with respect to the US dollar, the SIMADI, the Dirham, the Tenge and the Ringgit.

Had the Euro appreciated or depreciated by 5% against the US dollar at year end, the profit before tax for the year would have been respectively greater or lower by €12.3 million, assuming that all other variables remained constant, mainly due to exchange rate losses (gains) arising from the adjustment of net liabilities in US dollars. A similar change at the end of the previous year would have led to a €7.2 million decrease (increase in the case of depreciation) in the profit before tax for the year.

Had the Euro appreciated or depreciated by 15% against the Venezuelan SIMADI at year end, the profit before tax for the year would have been respectively greater or lower by €0.6 million, assuming that all other variables remained constant, mainly due to exchange rate losses (gains) arising from the adjustment of net liabilities in the Venezuelan SIMADI. A similar change at the end of the previous year would have led to a €1.7 million decrease (increase in the case of depreciation) in the profit before tax for the year.

Had the Euro appreciated or depreciated by 5% against the UAE Dirham at year end, the profit before tax for the year would have been respectively lower or greater by €0.1 million, assuming that all other variables remained constant, mainly due to exchange rate losses (gains) arising from the adjustment of net assets in the UAE Dirham. A similar change at the end of the previous year would have led to a €2.5 million decrease (increase in the case of depreciation) in the profit before tax for the year.

Had the Euro appreciated or depreciated by 5% against the Qatari Riyal at year end, the profit before tax for the year would have been respectively lower or greater by €1.5 million, assuming that all other variables remained constant, mainly due to exchange rate losses (gains) arising from the adjustment of net assets in the Qatari Riyal.

A similar change at the end of the previous year would have led to a €1.0 million decrease (increase in the case of depreciation) in the profit before tax for the year.

Had the Euro appreciated or depreciated by 5% against the Kazakhstani Tenge at year end, the profit before taxfor the year would have been respectively greater or lower by €0.3 million, assuming that all other variables remained constant, mainly due to exchange rate losses (gains) arising from the adjustment of net liabilities in the Kazakhstani Tenge. A similar change at the end of the previous year would have led to a €13.9 million decrease (increase in the case of depreciation) in the profit before tax for the year.

Had the Euro appreciated or depreciated by 5% against the Ethiopian Birr at year end, the profit before tax for the year would have been respectively lower or greater by €0.9 million, assuming that all other variables remained constant, mainly due to exchange rate losses (gains) arising from the adjustment of net assets in the Ethiopian Birr. A similar change at the end of the previous year would have led to a €1.0 million decrease (increase in the case of depreciation) in the profit before tax for the year.

Interest rate risk

Salini Impregilo group has adopted a combined strategy of streamlining group operations by disposing of non-strategic assets, containing debt and hedging interest rate risks on a portion of the non-current structured loans through interest rate swaps (IRSs).

The financial risks arising from market interest rate fluctuations to which the Group is potentially exposed and which are monitored by the relevant company personnel relate to non-current floating rate loans. Such risk is mitigated by interest accrued on short-term investments of liquidity available at the Italian-based consortia and consortium companies and foreign subsidiaries, which are used to support the Group's operations.

Had interest rates increased or decreased by an average 75 basis points in 2015, the profit before tax for the year would have been respectively lower or greater by €12.3 million (€12.4 million for 2014), assuming that all other variables remained constant and without considering cash and cash equivalents. The sensitivity test on the interest rate derivative of Impregilo Parking Glasgow was only performed on cash flows generated during the year; fair value was not analysed as the derivative qualifies for hedge accounting and the effects of a change in interest rates would only impact equity.

Credit risk

Credit risk is that deriving from the Group's exposure to potential losses arising from the customers' (which are mostly governments or state bodies) non-compliance with their obligations.

Management of this risk is complex, starting as early as the assessment of offers, through a careful analysis of the characteristics of the countries in which the Group's activities should be carried out and the customers, which are usually state or similar bodies, requesting an offer.

Therefore, this risk can be essentially assimilated to the country risk. An analysis of this risk based on the age of the outstanding amounts is not very meaningful, since the receivables should be assessed together with the related working capital items, especially those reflecting the net exposure to customers (positive and negative work in progress, advances and payments on account) in relation to contract work in progress as a whole.

A breakdown of working capital by geographical segment is set out below:

(€'000)	31 December 2015	31 December 2014
Italy	1,219,967	923,445
Other EU countries	(87,457)	(157,827)
Other non-EU countries	8,219	1,206
America	(170,822)	(81,278)
Asia/Middle East	(590,470)	(386,391)
Africa	152,934	124,660
Australia	(55,486)	(19,829)
Eliminations	(198,602)	(72,675)
Total	**278,283**	**331,311**

The reconciliation of the reclassified statement of financial position details the items included in working capital.

The Group's exposure to customers, broken down by contract location, is analysed below:

	Trade receivables	Positive WIP	Negative WIP and advances	Total	Allowances
31 December 2015					
Italy	740,818	399,625	(114,438)	285,187	78,686
Other EU countries	45,257	247,378	(195,839)	51,539	834
Other non-EU countries	89,063	106,464	(45,032)	61,432	-
America	321,296	328,864	(139,499)	189,365	8,462
Asia/Middle East	81,067	132,301	(629,598)	(497,297)	1,939
Africa	276,849	546,857	(735,801)	(188,944)	10,185
Australia	6,334	14,302	(2,551)	11,751	-
Total	**1,560,684**	**1,775,791**	**(1,862,758)**	**(86,967)**	**100,106**
31 December 2014					
Italy	772,943	364,167	(149,012)	988,098	85,219
Other EU countries	57,337	80,466	(144,822)	(7,019)	1,271
Other non-EU countries	34,132	16,715	(11,896)	38,951	54
America	297,280	348,819	(170,027)	476,072	4,862
Asia/Middle East	84,420	64,531	(352,829)	(203,878)	3,978
Africa	425,627	378,071	(877,949)	(74,251)	5,931
Australia	8,564	-	(19,349)	(10,785)	-
Total	**1,680,303**	**1,252,769**	**(1,725,884)**	**1,207,188**	**101,315**

The section on the "Main risk factors and uncertainties" of the Directors' report provides information about country risk for Libya, Venezuela, Nigeria, Ukraine and Turkey.

Liquidity risk

Liquidity risk derives from the risk that the financial resources necessary to meet obligations may not be available to the Group at the agreed terms and deadlines.

The Group's strategy aims at ensuring that each ongoing contract is financially independent, 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. This strategy is strictly monitored centrally.

A breakdown of financial liabilities by composition and due date (based on undiscounted future cash flows) is set out below:

(€'000)	31 December 2016	31 December 2017	31 December 2019	After	Total
Current account facilities	115,615				115,615
Bonds	24,567	24,500	412,216		461,283
Bank loans and borrowings	532,664	211,797	346,624	138,402	1,229,487
Finance lease liabilities	49,617	28,505	46,911	4,372	129,405
Interest rate derivatives	10,685			4,113	14,798
Gross financial liabilities	**733,148**	**264,802**	**805,751**	**146,887**	**1,950,588**
Trade payables	1,630,437				1,630,437
Total	**2,363,585**	**264,802**	**805,751**	**146,887**	**3,581,025**

The prior year figures are given below for comparative purposes:

(€'000)	31 December 2015	31 December 2016	31 December 2019	After	Total
Current account facilities	27,711				27,711
Bonds	181,026	24,567	438,797		644,390
Bank loans and borrowings	297,169	400,074	34,919	17,293	749,455
Finance lease liabilities	60,231	40,604	56,233	5,473	162,541
Interest rate derivatives	293			4,951	5,244
Gross financial liabilities	**566,430**	**465,245**	**529,949**	**27,717**	**1,589,341**
Trade	1,426,743				1,426,743
Total	**1,993,173**	**465,245**	**529,949**	**27,717**	**3,016,084**

Future interest has been estimated based on the market interest rates at the date of preparation of these consolidated financial statements, summarised in the notes.
Liquidity risk management is mainly based on containing debt and maintaining a balanced financial position.

This strategy is pursued by each of the Group's operating companies.
Loans and borrowings (principal) and trade payables (net of advances) falling due before 31 March 2016 are compared with the cash and cash equivalents that can be used to meet such obligations in the table below:

	Total financial commitments due before 31 March 2016	Cash and cash equivalents	Difference
Salini Impregilo (head office and branches)	377,501	170,664	(206,837)
Subsidiaries	108,527	193,645	85,118
SPEs	176,352	430,359	254,007
Joint operations	47,331	592,298	544,967
Total	**709,711**	**1,386,966**	**677,255**

Fair value measurement hierarchy

IFRS 7 requires that the fair value of financial instruments recognised in the statement of financial position be classified using a fair value hierarchy that reflects the significance of the inputs used to determine fair value. There are three different levels:

- Level 1 - Fair values measured using quoted prices in active markets;
- Level 2 - Fair values measured using valuation techniques for which inputs significant to the fair value measurement are based on observable market data;
- Level 3 - Fair values measured using valuation techniques for which inputs significant to the fair value measurement are based on unobservable market data.

Financial instruments recognised by the Group at fair value are classified at the following levels:

(€'000)	Note	Level 1	Level 2	Level 3
Derivative assets	15	-	-	
Derivative liabilities	24	-	(14,798)	
Total		**-**	**(14,798)**	**-**

There were no movements from Level 1 to Level 2 during the year or vice versa.

Income statement

33. Revenue

Revenue for 2015 amounts to €4,738.9 million, up 11.7% on the previous year:

(€'000)	2015	2014	Variation
Revenue	4,595,483	4,136,361	459,122
Other income	143,393	105,119	38,274
Total	**4,738,876**	**4,241,480**	**497,396**

The €459.1 million increase in revenue is mainly due to continuation of work on several large foreign contracts such as the Red Line North in Qatar, the Riyadh Metro in Saudi Arabia and the Gibe II and GERD hydroelectric plants in Ethiopia as well as the high capacity/high speed Milan-Genoa railway section.

A breakdown of revenue is given in the following table:

(€'000)	2015	2014	Variation
Works invoiced to customers	4,339,548	3,857,076	482,472
Services	236,462	249,401	(12,939)
Sales	19,473	29,884	(10,411)
Total	**4,595,483**	**4,136,361**	**459,122**

Services include revenue of €128.7 million for costs recharged to third party partners of fully consolidated consortia and consortia companies.

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

(€'000)	2015	2014	Variation
Rent and leases	1,417	302	1,115
Staff services	123	2,029	(1,906)
Recharged costs	55,538	28,016	27,522
Insurance compensation	1,435	7,722	(6,287)
Gains on the disposal of non-current assets	11,890	10,706	1,184
Prior year income	24,840	18,408	6,432
Other	48,150	37,936	10,214
Total	**143,393**	**105,119**	**38,274**

Recharged costs increased by €27.5 million mainly due to the costs recharged to third parties by the joint venture Salini Impregilo - Salini Insaat - NTF.

"Other" shows a €10.2 million increase, principally attributable to Co.Ge.Fin, which had not been fully consolidated at 31 December 2014.

34 Costs

Costs for the year amount to €4,466.2 million compared to €3,996.5 million for 2014.

They account for 94.2% of revenue, in line with the previous year.

The item may be broken down as follows:

(€'000)	2015	2014	Variation
Purchases	814,368	650,908	163,460
Subcontracts	1,219,834	1,429,610	(209,776)
Services	1,496,415	1,085,181	411,234
Personnel expenses	537,553	511,605	25,948
Other operating expenses	161,412	133,894	27,518
Amortisation, depreciation, provisions and impairment losses	236,638	185,327	51,311
Total	**4,466,220**	**3,996,525**	**469,695**

The difference in the individual items compared to 2014 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.

34.1 Purchases

The cost of raw materials and consumables incurred in 2015 increased by €163.5 million to €814.4 million compared to the corresponding figure of the previous year:

(€'000)	2015	2014	Variation
Purchases of raw materials and consumables	811,329	681,539	129,790
Change in raw materials and consumables	3,039	(30,631)	33,670
Total	**814,368**	**650,908**	**163,460**

The rise in the cost of purchasing raw materials and consumables is in line with the generalised increase in revenue thanks to the fact that some large foreign contracts are now fully operational (Denmark, Qatar and Australia in particular).

34.2 Subcontracts

Costs of subcontracts decreased to €1,219.8 million, down €209.8 million on 2014 as shown in the following table:

(€'000)	2015	2014	Variation
Subcontracts	1,219,834	1,429,610	(209,776)
Total	**1,219,834**	**1,429,610**	**(209,776)**

The €209.8 million decrease mainly refers to the CMT Copenhagen Metro Team I/S - Cityringen project in Denmark (€84.2 million), Grupo ICT II SAS in Colombia (€38.2 million), Costructora Ariguani S.a.s. in Colombia (€44.0 million) and Rc-Scilla Scarl in Italy (€45.5 million); the work for the last few contracts is nearing completion.

34.3 Services

This item increased to €1,496.4 million, up €411.2 million on the previous year, as shown in the following table:

(€'000)	2015	2014	Variation
Consultancy and technical services	490,460	312,662	177,798
Fees to directors, statutory auditors and independent auditors	12,637	14,760	(2,123)
Employee travel costs	2,733	16,394	(13,661)
Maintenance and testing	18,495	16,820	1,675
Transport and customs	136,799	139,769	(2,970)
Insurance	60,647	41,670	18,977
Recharging of costs by consortia	463,451	319,306	144,145
Rent and leases	165,739	97,436	68,303
Charge backs	293	1,305	(1,012)
Other	145,161	125,059	20,102
Total	**1,496,415**	**1,085,181**	**411,234**

"Other" increased by €20.1 million over 2014 and includes the cost of temporary workers on CMT IS' Danish contract (Cityringen project) of approximately €69 million and costs allocated by joint operations of €7.1 million, while the remainder mostly relates to utilities, seconded personnel, security and board costs.

"Consultancy and technical services" increased by €177.8 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)	2015	2014	Variation
Design and engineering services	382,800	250,642	132,158
Legal, administrative and other services	67,575	45,967	21,608
Testing	1,493	2,961	(1,468)
Construction	38,592	13,092	25,500
Total	**490,460**	**312,662**	**177,798**

34.4 Personnel expenses

Personnel expenses for the year amount to €537.6 million, up by €25.9 million on 2014.

The item is made up as follows:

(€'000)	2015	2014	Variation
Wages and salaries	397,946	381,573	16,373
Social security and pension contributions	74,882	68,363	6,519
Post-employment benefits and employee benefits	15,444	15,561	(117)
Other	49,281	46,108	3,173
Total	**537,553**	**511,605**	**25,948**

"Other" mainly relates to termination benefits and reimbursements of travel expenses.

34.5 Other operating expenses

Other operating expense amount to €161.4 million, up €27.5 million on 2014.

The variation in the losses on the sale of property, plant and equipment is mainly due to the sale of a TBM of Consorzio Cociv (high speed railway Milan-Genoa section), which is no longer usable.

This item is made up as follows:

(€'000)	2015	2014	Variation
Other operating costs	81,336	55,016	26,320
Commissions on sureties	47,901	37,348	10,553
Bank charges	5,270	5,443	(173)
Losses on the disposal of property, plant and equipment	12,709	3,480	9,229
Other non-recurring costs	1	3,264	(3,263)
Other prior year expense	14,195	29,343	(15,148)
Total	**161,412**	**133,894**	**27,518**

The increase in other operating costs is mainly due to the Ethiopian branch (€19 million), Salini Nigeria (€3.3 million) and the Cetin contract of Salini - Insaat - NTF JV in Turkey (€2.0 million).

34.6 Amortisation, depreciation, provisions and impairment losses

This item of €236.6 million shows an increase of €51.3 million on the previous year figure. It may be analysed as follows:

(€'000)	2015	2014	Variation
Impairment losses	10,592	6,072	4,520
Provisions (Utilisations)	12,192	(3,642)	15,834
Total provisions and impairment losses, net of the utilisations	**22,784**	**2,430**	**20,354**
Depreciation of property, plant and equipment	189,291	153,456	35,835
Amortisation of intangible assets	387	1,404	(1,017)
Amortisation of rights to infrastructure under concession	1,493	1,299	194
Amortisation of contract acquisition costs	22,683	26,738	(4,055)
Total amortisation and depreciation	**213,854**	**182,897**	**30,957**
Total	**236,638**	**185,327**	**51,311**

"Provisions and impairment losses" increased by €20.4 million in 2015.

Specifically, impairment losses recognised in the related allowance mainly refer to the Venezuelan contracts given the delays in payments by customers, as described in the paragraph on Venezuela in the section on the "Main risk factors and uncertainties" in the Directors' report. They are net of the reversals of impairment losses recognised in previous years following the partial collection of receivables from N.E.A. in Nepal.

The provisions also include accruals made by Imprepar for the three pending disputes and by Todini Group for tax and legal disputes.

35. Net financing costs

Net financing costs amount to €89.6 million compared to €141.8 million for the previous year.

The item may be broken down as follows:

(€'000)	2015	2014	Variation
Financial income	34,587	38,219	(3,632)
Financial expense	(107,523)	(135,630)	28,107
Net exchange rate losses	(16,675)	(44,343)	27,668
Net financing costs	**(89,611)**	**(141,754)**	**52,143**

35.1 Financial income

Financial income totalled €34.6 million (2014: €38.2 million) and is made up as follows:

(€'000)	2015	2014	Variation
Interest income on loans and receivables	**2,373**	**2,403**	**(30)**
Gains on securities	**1**	**272**	**(271)**
Interest and other income from unconsolidated group companies and other related parties	**8,729**	**8,368**	**361**
Interest and other financial income	**23,484**	**27,176**	**(3,692)**
- Interest income on correspondence accounts	6	-	6
- Interest on financing	581	1,333	(752)
- Bank interest	4,590	6,503	(1,913)
- Default interest	9,624	7,743	1,881
- Financial discounts and allowances	527	535	(8)
- Other	8,156	11,062	(2,906)
Total	**34,587**	**38,219**	**(3,632)**

The €3.6 million decrease is due to the reduction in bank interest income caused by the smaller interest rates and the smaller PPA during the year, offset by the recognition of default interest due from customers following the rulings in the Group's favour about the USW Campania projects. Other financial income of €8.2 million mainly consists of the PPA of €4.2 million and interest income of €2.4 million on loans and receivables of the Argentine operator Caminos de las Sierras.

35.2 Financial expense

Financial expense totalled €107.5 million (€135.6 million) and is made up as follows:

(€'000)	2015	2014	Variation
Intragroup interest and other expense	**(200)**	**1,314**	**(1,514)**
Interest and other financial expense	**(107,323)**	**(136,944)**	**29,621**
- Bank interest on accounts and financing	(52,517)	(77,727)	25,210
- Interest on bonds	(29,400)	(30,811)	1,411
- Interest on tax liabilities	(1,392)	(1,854)	462
- Default interest	(62)	(330)	268
- Discounting	(245)	29	(274)
- Bank fees	(3,426)	(5,898)	2,472
- Charges on sureties	(1,311)	(898)	(413)
- Other loans and borrowings	(3,218)	(1,758)	(1,460)
- Factoring and leases	(7,546)	(11,948)	4,402
- Other	(8,206)	(5,749)	(2,457)
Total	**(107,523)**	**(135,630)**	**28,107**

Financial expense decreased by €28.1 million, mainly due to the reduction of €25.2 million in interest expense on bank accounts and financing as a result of the Group's smaller average debt and lower interest rates, thanks in part to the renegotiation of the corporate bank loans during the year.

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 capacity/high speed Milan - Genoa railway section contract.

In addition:

- bank interest on accounts and financing of €52.5 million includes €10.7 million (2014: €16.9 million) arising from the application of the "amortised cost" method, which did not entail cash outlays during the year as it was paid in full in previous years;
- interest on bonds of €29.4 million includes the release of the PPA effects on bonds that did not give rise to cash outlays of €6.9 million (2014: €6.1 million).

35.3 Net exchange rate losses

The net exchange rate losses amount to €16.7 million (2014: €44.3 million).

They mainly arose on the Hryvnia's depreciation against the US dollar for Todini Group's activites in Ukraine and the Ethiopian Birr's and the Namibian Dollar's depreciation against the Euro.

The net exchange rate losses decreased by €27.7 million due to the Group's adoption of the official exchange rate SIMADI in the first half of 2015 replacing the SICAD II exchange rate used in the second six months of 2014 to translate its net financial assets expressed in the Venezuelan currency (the Bolivar).

The Group determined that the SIMADI is the best exchange rate to translate its balances in the local currency into Euros and, hence, has adopted this exchange rate starting from the first half of 2015.

36. Net gains on equity investments

Net gains on equity investments came to €0.3 million compared to €9.0 million for the previous year.

The item may be broken down as follows:

(€'000)	2015	2014	Variation
Share of profit (loss) of equity-accounted investees	(142)	8,584	(8,726)
Dividends	431	57	374
Gain on the disposal of equity investments	-	1,055	(1,055)
Loss on the disposal of equity investments	-	(718)	718
Other income	47	(5)	52
Total	**336**	**8,973**	**(8,637)**

The share of the profit or loss of equity-accounted investees is substantially zero, showing a drop on the previous year, mainly due to the different consolidation scope.

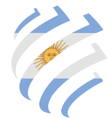
The following table provides a breakdown of this item:

(€'000)	2015	2014	Variation
Share of profit (loss) of equity-accounted investees			
Yuma Concessionaria	3,870	3,289	581
Co.Ge.Fin	-	3,566	(3,566)
Sep Eole	-	1,295	(1,295)
Pietrarossa	-	1,327	(1,327)
Impregilo Arabia	(3,209)	-	(3,209)
Gupc	(103)	-	(103)
Associates of Todini Group	(451)	-	(451)
Metro de Lima Linea 2 S.A.	1,377	-	1,377
Ochre Holding Solution	(1,768)	-	(1,768)
Other	142	(1,025)	1,167
Total	**(142)**	**8,452**	**(8,594)**

37. Income tax expense

The Group's income tax expense for the year is €84.6 million as follows:

(€'000)	2015	2014	Variation
Current taxes (income taxes)	36,976	28,287	8,689
Net deferred tax expense	33,436	12,492	20,944
Prior year taxes	9,531	(6,455)	15,986
Total income taxes	**79,943**	**34,324**	**45,619**
IRAP	4,634	5,283	(649)
Total	**84,577**	**39,607**	**44,970**



An analysis and reconciliation of the theoretical income tax rate, calculated under Italian tax legislation, and the effective tax rate are set out below:

	Income tax expense	
	€m	%
Profit before tax	**183.4**	
Theoretical tax expense	50.4	27.5%
Effect of permanent differences	15.0	8.2%
Net effect of foreign taxes	10.5	5.7%
Adjustment to deferred taxes for reduction in IRES rate	3.5	1.9%
Prior year and other taxes	0.5	0.3%
Total	**79.9**	**43.6%**

The effective tax expense is affected by the following:

- permanent differences;
- the tax asset for taxes paid abroad by the consolidated companies' branches to the extent the Group believes the conditions exist for its recovery in Italy in 2015 or subsequent years;
- the adjustment to deferred tax assets to consider the new IRES rate, which will decrease to 24% on 1 January 2017 as per Law no. 208/2015.

An analysis and reconciliation of the theoretical IRAP tax rate and the effective tax rate are set out below:

	IRAP	
	€m	%
Operating profit	272.6	
Personnel expenses	537.6	
Operating profit for IRAP tax purposes	**810.2**	
Theoretical tax expense	31.6	3.9%
Tax effect of foreign companies' production	(10.0)	(1.2%)
Tax effect of foreign production	(14.5)	(1.8%)
Tax effect of permanent differences	(2.5)	(0.3%)
Total	**4.6**	**0.6%**

The net deferred tax expense contributes negatively to the consolidated profit for €33.4 million as shown below:

(€'000)	
Deferred tax expense for the year	149,722
Reversal of deferred tax liabilities recognised in previous years	(54,819)
Deferred tax income for the year	(149,805)
Reversal of deferred tax assets recognised in previous years	88,339
Total	**33,436**

38. 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 2015:

- 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:

Related party (€'000)	Loans and receivables	Financial assets	Other assets	Trade payables	Financial liabilities	Total revenue	Total costs	Financing income (costs)
C.Tiburtino	4							
CEDIV S.p.A.	649	3,244				11		
Dirlan	73					11		
G.A.B.I.RE S.r.l.	1,112	18,001				11		
Imm. Agricola San Vittorino	44					12		
Infernetto	5			16		6		
Iniziative Immobiliari Italiane S.p.A.	17			267				
Madonna dei Monti S.r.l.		78		61		8		3
Nores	22					6		
Plus	149					11		
Salini Costruttori S.p.A.	85	14,503	13,700		7,596	76	2	(113)
Salini Saudi Arabia Co. L.t.d.	13							
Todini Finanziari	1,506							
Zeis	9	609		38		247		17
Total	**3,688**	**36,435**	**13,700**	**382**	**7,596**	**399**	**2**	**(93)**

In addition to the above transactions, on 6 March 2015, the Group acquired 49% of Co.Ge.Fin. S.r.l. from the related party Todini Finanziaria for €9,077,348. The effects of this acquisition are described in note 3.

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.

	2015			2014		
(€'000)	**Fees and remuneration**	**Termination benefits and post-employment benefits**	**Total**	**Fees and remuneration**	**Termination benefits and post-employment benefits**	**Total**
Directors and statutory auditors	10,781		10,781	6,264		6,264
Key management personnel	5,114		5,114	4,389		4,389
Total	**15,895**	**-**	**15,895**	**10,653**	**-**	**10,653**

The next table shows the impact of transactions with unconsolidated group companies on the statement of financial position and the income statement (including as a percentage), while their effect on cash flows is shown in the statement of cash flows, when material:

31 December 2015 (€'000)	**Non-current loans and receivables (1)**	**Current loans and receivables (2)**	**Current liabilities (3)**	**Revenue**	**Costs**	**Financial income**	**Financial expense**
Total - group companies	19,986	376,930	151,643	502,009	480,983	8,729	189
Total financial statements item	1,051,336	6,103,298	4,566,071	4,738,876	4,466,220	34,587	107,523
% of financial statements item	1.9%	6.2%	3.3%	10.6%	10.8%	25.2%	0.2%

31 December 2014 (€'000)	**Non-current loans and receivables (1)**	**Current loans and receivables (2)**	**Current liabilities (3)**	**Revenue**	**Costs**	**Financial income**	**Financial expense**
Total - group companies	15,657	468,542	190,053	259,493	355,323	9,990	91
Total financial statements item	1,059,881	5,265,608	4,064,118	4,241,480	3,996,525	38,219	135,630
% of financial statements item	1.5%	8.9%	4.7%	6.1%	8.9%	26.1%	0.1%

(1) The percentage of non-current loans and receivables is calculated considering total non-current assets.
(2) The percentage of current loans and receivables is calculated considering total current assets.
(3) The percentage of current liabilities is calculated considering total current liabilities.

39. 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 year attributable to the owners of the parent by the weighted average of the shares outstanding during the year. 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 30 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 shares were issued or repurchased in 2015.

Note 20 describes the long-term incentive plan, which provides for the assignment of shares to the beneficiaries upon the attainment of financial objectives. At the reporting date, the plan did not have diluting effects.

(€'000)	**2015**	**2014**
Profit from continuing operations	98,804	72,567
Non-controlling interests	(21,638)	(9,348)
Profit earmarked for holders of savings shares	588	588
Profit from continuing operations attributable to the owners of the parent	**77,754**	**63,807**
Profit from continuing and discontinued operations	82,231	103,120
Non-controlling interests	(21,638)	(9,348)
Profit earmarked for holders of savings shares	588	588
Profit from continuing and discontinued operations attributable to the owners of the parent	**61,181**	**94,360**
Average outstanding ordinary shares	489,069	467,559
Average outstanding savings shares	1,615	1,615
Average number of shares	**490,684**	**469,174**
Average number of diluted shares	**490,684**	**469,174**
Basic earnings per share (from continuing operations)	**0.16**	**0.14**
Basic earnings per share (from continuing and discontinued operations)	**0.12**	**0.20**
Diluted earnings per share (from continuing operations)	**0.16**	**0.14**
Diluted earnings per share (from continuing and discontinued operations)	**0.12**	**0.20**

40. Events after the reporting date

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

The consideration is roughly USD460 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

Lane 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 history specialized in heavy civil construction and in the transportation infrastructure sector with approximately USD1.5 billion turnover, 53 active projects in more than 50 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 highway construction in Florida, the I-4 Ultimate, a USD2.3 billion contract, in which Lane has a 30% stake.

The acquisition of Lane represents a further step by Salini Impregilo to expand in the US infrastructure market. The US construction sector will become a core market for the company, contributing roughly 21% of its total revenue.

With Lane, Salini Impregilo will be able to access a much larger pool of projects. The US transportation infrastructure market is expected to grow above GDP on the back of a recovering economy, a positive demographic trend and the pent-up demand for significant upgrades and expansions of existing infrastructure after years of underinvestment. The entry of Lane 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. In March 2016, the Purple Line Transit Partners consortium, 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 Montgomer and Prince George's counties in Maryland. The consortium, in which Lane has a 30% share (for USD600 million), includes Flour Enterprises Inc. and Traylor Bros Inc. and will begin construction work before the end of 2016 for a slated completion date in 2022.

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.

Contribution of the Todini Costruzioni Generali S.p.A. business
On 3 February 2016, the consultation as per article 47 of Law no. 428/90 as subsequently amended, commenced with the company's letter dated 27 January 2016 informing the trade unions of the imminent contribution of the business unit by Todini Costruzioni Generali S.p.A. to its subsidiary HCE Costruzioni S.p.A., was completed. The contribution is part of the sale of the Todini shares to Prime System KZ Ltd, described in the previous section on "Introductory comments on the compatibility of data".

S7 Expressway - Poland
On 16 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 project, which will take 22 months, includes roughly 6 kilometres of asphalt road, two interchanges with roundabouts and 21 engineering structures, among which a 992-metre bridge and a 400-metre viaduct with multiple spans. The customer is the General Directorate of National Roads and Motorways (GDDKiA).

This new contract increases the value of Salini Impregilo's order backlog in the country to over €650 million 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 Checiny - Jedrzejow section and the A1 lot F, near Katowice.

41. Significant non-recurring events and transactions

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].

42. Balances or transactions arising from atypical and/or unusual transactions

During the year, 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

1. Significant non-recurring events and transactions are those that do not frequently occur in the normal course of business.
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 group's assets and non-controlling interests.