

## 30. Guarantees, commitments, risks and contingent liabilities

### Guarantees and commitments

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

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

### Litigation and contingent liabilities

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

#### Tax disputes

##### 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 Infrastructures NV was cancelled by the Milan Regional Tax Commission on 11 September 2009 (higher assessed tax base of €70 million);
- the parent’s appeal about reimbursement of tax assets with a nominal amount of €12.3 million acquired from third parties as part of previous non-recurring transactions is still pending before the Supreme Court;

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

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

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

### **Icelandic branch**

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

additional action at international level. Based on the above, Salini Impregilo does not believe objective reasons currently exist to change the valuations made about this dispute.

### **Imprepar**

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

### **Impregilo International Infrastructures NV**

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