Notes to the condensed interim consolidated financial statements

1. Basis of preparation

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

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

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

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

Significant accounting estimates

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

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

Seasonality

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

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

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

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

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

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

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

2. Changes in standards

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

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

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

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

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

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

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

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

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

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

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

3. Business combinations

Acquisition of Lane Industries Incorporated

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

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

The agreed consideration was approximately USD 455 million.

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

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

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

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

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

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

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

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

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

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

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

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

Other business combinations

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

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

Other changes in the consolidation scope

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

- Acquisition of Salini Saudi Arabia Co. Ltd

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

- Acquisiton of 30% of Consorcio OHL

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

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

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

4. Segment reporting

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

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

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

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

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

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

The geographical segments are measured based on net invested capital.

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

Income statement by geographical segment

First half 2016

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

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

Income statement by geographical segment

First half 2015 (§)

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

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

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

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

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

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

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

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

Statement of financial position

5. Property, plant and equipment

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

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

Changes during the period are summarised below:

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

The most significant changes include:

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

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

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

6. Intangible assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7. Goodwill

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

The following table shows the variations of the period:

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

8. Equity investments

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

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

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

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

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

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

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

9. Non-current financial assets

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

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

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

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

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

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

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

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

10. Deferred tax assets and liabilities

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

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

11. Inventories

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

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

Real estate projects

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

Finished products and goods and Raw materials, consumables and supplies

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

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

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

12. Contract work in progress

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

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

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

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

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

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

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

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

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

13. Trade receivables

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

It is analysed in the following table:

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

“Third parties” may be broken down as follows:

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

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

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

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

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

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

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

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

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

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

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

14. Derivatives and other current financial assets

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

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

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

Loans and receivables - third parties mainly consist of:

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

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

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

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

15. Current tax assets and other current tax assets

Current tax assets amount to €119.6 million as follows:

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

The 30 June 2016 balance mainly consists of:

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

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

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

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

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

16. Other current assets

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

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

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

Specifically, they include:

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

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

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

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

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

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

17. Cash and cash equivalents

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

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

A breakdown by geographical segment is as follows:

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

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

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

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

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

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

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

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

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

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

A breakdown of this item is as follows:

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

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

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

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

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

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

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

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

19. Equity

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

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

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

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

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

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

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

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

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

The actuarial reserve underwent the following changes:

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

Retained earnings

This item may be analysed as follows:

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

Share capital and reserves attributable to non-controlling interests

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

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

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

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

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

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

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

Bank corporate loans

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

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

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

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

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

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

Bank project financing

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

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

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

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

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

Bank concession financing

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

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

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

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

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

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

Financing and loans of companies in liquidation

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

Other financing

This item may be analysed as follows:

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

Current account facilities

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

Factoring liabilities

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

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

Net financial indebtedness of Salini Impregilo Group

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

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

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

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

21. Bonds

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

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

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

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

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

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

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

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

22. Finance lease liabilities

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

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

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

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

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

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

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

23. Derivatives and other current financial liabilities

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

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

The following table analyses the item:

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

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

Interest rate swaps - Cash flow hedges: negative fair values

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

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

24. Post-employment benefits and employee benefits

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

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

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

Changes in the item are as follows:

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

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

25. Provisions for risks

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

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

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

Changes in this provision are detailed below:

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

Other provisions comprise:

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

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

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

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

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

Changes in the item in the period are summarised below:

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

Changes of the period comprise:

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

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

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

26. Progress payments and advances on contract work in progress

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

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

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

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

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

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

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

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

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

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

27. Trade payables

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

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

The net increase in trade payables is mainly due to:

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

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

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

28. Current tax liabilities and other current tax liabilities

Current tax liabilities amount to €65.8 million as follows:

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

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

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

29. Other current liabilities

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

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

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

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

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

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

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

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

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

30. Guarantees, commitments, risks and contingent liabilities

Guarantees and commitments

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

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

Litigation and contingent liabilities

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

Tax disputes

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 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.

<u>Icelandic branch</u>

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

Imprepar

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

Impregilo International Infrastructures NV

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

Income statement

31. Revenue

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

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

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

A breakdown of revenue is given in the following table:

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

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

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

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

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

32. Operating expenses

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

The item may be broken down as follows:

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

The difference in the individual items compared to the corresponding period of 2015 is mainly due to the different cost structures that vary from contract to contract and may, in some cases, entail changes in the industrial operating model from one year to another. Moreover, as these are large-scale infrastructural works that take several years to complete, resort to normal production factors depends on the stage of completion of each contract in any given year. These changes may generate significant variations in the percentage of the related cost categories depending on the contract and the year, while not affecting the total percentage of operating costs of total revenue.

32.1 Purchases

The cost of raw materials and consumables incurred in the first six months of 2016 increased by €135.7 million to €515.6 million compared to the corresponding period of 2015:

(€'000)	1st half 2016	1st half 2015	Variation
Purchases of raw materials and consumables	508,856	375,860	132,995
Change in raw materials and consumables	6,745	4,090	2,655
Total	**515,600**	**379,950**	**135,650**

The rise in the cost of purchasing raw materials and consumables is in line with the increase in revenue thanks to the acquisition of Lane Group.

32.2 Subcontracts

Costs of subcontracts increased to €645.4 million, up €5.4 million on the corresponding period of 2015 as shown in the following table:

(€'000)	1st half 2016	1st half 2015	Variation
Subcontracts	645,419	640,018	5,401
Total	**645,419**	**640,018**	**5,401**

The €5.4 million increase is the sum of the increase for the IS JV's Australian contracts (€20.5 million) partly offset by the reduction in the subcontract costs of the Colombian contracts of Constructora Ariguani, the Cityringen project of CMT I/S in Denmark and the Italian Salerno Reggio Calabria contract (nearing completion).

32.3 Services

This item increased to €740.0 million, up €102.1 million on the corresponding period of the previous year, as shown in the following table:

(€'000)	1st half 2016	1st half 2015	Variation
Consultancy and technical services	283,590	191,239	92,351
Fees to directors, statutory auditors and independent auditors	6,251	6,430	(179)
Employee travel costs	2,267	3,466	(1,199)
Maintenance and testing	18,986	7,473	11,513
Transport and customs	61,606	86,681	(25,075)
Insurance	27,877	33,011	(5,134)
Recharging of costs by consortia	92,346	189,506	(97,160)
Rent and leases	125,988	66,269	59,719
Charge backs	34	176	(142)
Other	121,003	53,600	67,403
Total	**739,948**	**637,851**	**102,097**

"Other" increased by €67.4 million over the first six months of 2015 and includes the cost of temporary workers on CMT IS' Danish contract (Cityringen project) of approximately €68.8 million and costs allocated by joint operations of €4.7 million, while the remainder mostly relates to utilities, seconded personnel, security and board costs.

"Consultancy and technical services" increased by €92.4 million and mainly consist of the design and construction costs incurred by the SPEs and legal and administrative consultancy fees. A breakdown of this item is as follows:

(€'000)	1st half 2016	1st half 2015	Variation
Design and engineering services	201,765	151,329	50,436
Legal, administrative and other services	33,523	29,757	3,766
Testing	378	495	(117)
Construction	47,924	9,658	38,266
Total	**283,590**	**191,239**	**92,351**

The increase is mainly due to design and engineering services and the construction work performed on the Riyadh Metro in Saudi Arabia.

32.4 Personnel expenses

Personnel expenses for the year amount to €420.2 million, up by €158.1 million on the corresponding period of 2015. The item is made up as follows:

(€'000)	1st half 2016	1st half 2015	Variation
Wages and salaries	335,465	217,367	118,098
Social security and pension contributions	69,938	37,287	32,651
Post-employment benefits and employee benefits	7,203	7,435	(232)
Other	7,629	80	7,549
Total	**420,235**	**262,169**	**158,066**

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

32.5 Other operating expenses

Other operating expenses amount to €73.0 million, up €16.5 million on the corresponding period of 2015.

This item is made up as follows:

(€'000)	1st half 2016	1st half 2015	Variation
Other operating costs	38,462	20,288	18,174
Commissions on sureties	21,105	24,175	(3,070)
Bank charges	5,449	3,115	2,334
Losses on the disposal of property, plant and equipment	2,331	1,053	1,278
Other prior year expense	5,691	7,879	(2,188)
Total	**73,038**	**56,510**	**16,528**

The increase in other operating costs is mainly due to the Ethiopian branch (€11.2 million), Salini Nigeria (€1.7 million) and the Cetin contract of the Salini - Insaat - NTF JV in Turkey (€0.9 million).

32.6 Amortisation, depreciation, provisions and impairment losses

This item of €126.6 million shows an increase of €28.5 million on the balance for the corresponding period of the previous year. It may be analysed as follows:

(€'000)	1st half 2016	1st half 2015	Variation
Impairment losses	4,206	(6,382)	10,588
Provisions (Utilisations)	(1,116)	3,492	(4,608)
Total provisions and impairment losses, net of the utilisations	**3,090**	**(2,890)**	**5,980**
Amortisation of intangible assets	774	186	588
Depreciation of property, plant and equipment	108,001	91,912	16,089
Amortisation of rights to infrastructure under concession	666	752	(86)
Amortisation of contract acquisition costs	14,084	8,174	5,910
Total amortisation and depreciation	**123,525**	**101,024**	**22,501**
Total	**126,615**	**98,134**	**28,481**

Provisions and impairment losses increased by €6.0 million in the period.

Specifically, impairment losses recognised in the related allowance mainly refer to the Kazakhstani branch, recognised to adjust the carrying amount of receivables from Todini Costruzioni Generali S.p.A. as per the agreement for the sale of the Todini branches.

"Provisions (Utilisations)" includes the release of accruals made in previous years following the updated risk forecasts for the consortium active in the Dominican Republic as well as accruals made by the subsidiary Imprepar for three pending disputes.

33. Net financing costs

Net financing costs amount to €44.6 million compared to €26.8 million for the first half of 2015.

The item may be broken down as follows:

(€'000)	1st half 2016	1st half 2015	Variation
Financial income	21,883	19,004	2,879
Financial expense	(68,639)	(49,801)	(18,838)
Net exchange rate gains	2,144	3,999	(1,855)
Net financing costs	**(44,612)**	**(26,798)**	**(17,814)**

33.1 Financial income

Financial income totals €21.9 million (first half of 2015: €19.0 million) and is made up as follows:

(€'000)	1st half 2016	1st half 2015	Variation
Interest income on loans and receivables	-	1,145	(1,145)
Gains on securities	6,256	78	6,178
Interest and other income from unconsolidated group companies and other related parties	5,105	4,270	835
Interest and other financial income	10,522	13,511	(2,989)
- Interest income on correspondence accounts	308	9	299
- Interest on financing	1,260	275	985
- Bank interest	2,753	1,974	779
- Default interest	3,560	7,100	(3,540)
- Financial discounts and allowances	229	381	(152)
- Other	2,412	3,772	(1,360)
Total	**21,883**	**19,004**	**2,879**

The €2.9 million increase is due to the recognition of the gain on the sale of foreign currency securities on the US market and the reduction in default interest due from customers during the period.

Other financial income includes interest income of €1.0 million on loans and receivables of the Argentine operator Caminos de las Sierras.

33.2 Financial expense

Financial expense totals €68.6 million compared to €49.8 million for the corresponding period of 2015 and is made up as follows:

(€'000)	1st half 2016	1st half 2015	Variation
Intragroup interest and other expense	**(52)**	**(102)**	**50**
Interest and other financial expense	**(68,587)**	**(49,699)**	**(18,888)**
- Bank interest on accounts and financing	(41,059)	(25,129)	(15,930)
- Interest on bonds	(14,104)	(15,364)	1,260
- Interest on tax liabilities	(712)	(625)	(87)
- Default interest	(631)	(9)	(622)
- Discounting	(182)	(141)	(41)
- Bank fees	(1,400)	(1,154)	(246)
- Charges on sureties	(984)	(518)	(466)
- Other loans and borrowings	(1,383)	(999)	(384)
- Factoring and leases	(3,056)	(5,026)	1,970
- Other	(5,076)	(734)	(4,342)
Total	**(68,639)**	**(49,801)**	**(18,838)**

Financial expense increased by €18.8 million, mainly due to the increase of €15.9 million in interest expense on bank accounts and financing as a result of the Group's higher debt following the acquisition of Lane.

Interest expense on other loans and borrowings principally refers to the financial liabilities for the factoring of tax and trade receivables. The increase relates to the high speed/capacity Milan - Genoa railway section contract.

"Other" includes the loss of €1.9 million on the securities of the Colombian company Yuma Concessionaria S.A..

In addition:

- bank interest on accounts and financing of €41.1 million includes €13.5 million arising from the application of the amortised cost method, including €5.7 million which did not entail cash outlays during the period as it was paid in full in previous years, while €7.8 million was paid in 2015 and during the period, recognised in full in profit or loss in the period in conjunction with the financing agreed to acquire Lane Group;
- interest on bonds of €14.1 million includes €1.7 million arising on the calculation of amortised cost.

33.3 Net exchange rate gains

The net exchange rate gains amount to €2.1 million (first half of 2015: €4.0 million).

The decrease of €1.9 million compared to the corresponding period of 2015 is due to negative factors such as the Group's adoption of the new official exchange rate, DICOM, instead of the SIMADI, used since the first half of the previous year to translate its net financial assets expressed in the Venezuelan currency (Bolivar Fuerte, VEF), as well as the depreciation of the US dollar and the South African rand against the Euro, offset by the measurement of Salini Nigeria's receivables in the hard currency rather than the naira, which lost value significantly during the period.

34. Net gains on equity investments

Net gains on equity investments came to €7.4 million compared to net gains of €1.2 million for the corresponding period of the previous year.

The item may be broken down as follows:

(€'000)	1st half 2016	1st half 2015	Variation
Share of profit of equity-accounted investees	7,208	757	6,451
Dividends	235	493	(258)
Loss on the disposal of equity investments	(311)	-	(311)
Other income	281	(38)	319
Total	**7,413**	**1,212**	**6,201**

The share of profit of equity-accounted investees is €7.4 million, an increase on the first half of 2015 mainly due to the change in the consolidation scope following the acquisition of the US group Lane.

The following table provides a breakdown of this item:

(€'000)	1st half 2016	1st half 2015	Variation
Share of profit (loss) of equity-accounted investees			
Yuma Concessionaria	1,149	2,375	(1,226)
Agua Azul	558	558	-
Impregilo Arabia	(173)	(2,148)	1,975
Gupc	(4,993)	893	(5,886)
Ochre Holding Solution	(365)	(1,024)	659
Metro de Lima Linea 2 S.A.	319	-	319
Other	34	103	(69)
Sub-total	**(3,471)**	**757**	**(4,228)**
Lane Group companies:			
Agl Constructor JV (Lane I.I.)	1,425	-	1,425
Gemma Lane Liberty	904	-	904
Gemma Lane Patriot	2,149	-	2,149
Hot Lanes 2	627	-	627
Purple Line	259	-	259
Skanka Granite Lane Jv	5,223	-	5,223
SGL I4 Leasing (Lane I.I.)	92	-	92
Total Lane Group joint ventures	10,679	-	10,679
Total	**7,208**	**757**	**12,902**

35. Income tax expense

The Group's income tax expense for the period is €31.8 million. It is calculated using the tax rate expected to be applied to the forecast annual profit based on updated estimates at the reporting date. The tax rate used for this reporting period was 39%.

36. Related party transactions

Transactions with related parties, as defined by IAS 24, were of an ordinary nature and were carried out with the following counterparties in the period:

- directors, statutory auditors and key management personnel, solely related to the contracts regulating their positions within the Group;
- associates and joint arrangements; these transactions mainly relate to:

  - commercial assistance with purchases and procurement of services necessary to carry out work on contracts, contracting and subcontracting;

- services (technical, organisational, legal and administrative), carried out at centralised level;
- financial transactions, namely loans and joint current accounts as part of cash pooling transactions and guarantees given on behalf of group companies.

Transactions are carried out with associates in the interests of Salini Impregilo, aimed at building on existing synergies in the Group in terms of production and sales integration, efficient use of existing skills, streamlining of centralised structures and financial resources. These transactions are regulated by specific contracts and are carried out on an arm's length basis;

- other related parties: the main transactions with other related parties, identified pursuant to IAS 24, including companies managed and coordinated by Salini Costruttori S.p.A., are summarised below:

Name €'000	Loans and receivables	Financial assets	Other assets	Trade payables	Financial liabilities	Total revenue	Total costs	Financing income (costs)
C.Tiburtino	15					9		
Casada S.r.l.	25			157		9	128	
CEDIV S.p.A.	1,687	3,241				9		
Dirlan	88					12		
G.A.B.I.RE S.r.l.	1,148	18,001				10		
Galla Placida	11					9		
Imm. Agricola San Vittorino	55					9		
Infernetto	9					3		
Iniziative Immobiliari Italiane S.p.A.	17			253			529	
Madonna dei Monti S.r.l	3			19		6	71	1
Nores	26					3		
Plus	167					15		
Salini Costruttori S.p.A.	137	7,256	11,956		7,957	58	2	(100)
Salini Simonpietro & C S.A.P.A.	29					7		
Todini Finanziaria	1,506							
Zeis	20	756		51		126	78	12
Total	**4,943**	**29,254**	**11,956**	**480**	**7,957**	**285**	**808**	**(87)**

Most of the Group's production is carried out through SPEs, set up with other partners that have participated with Salini Impregilo in tenders. The SPEs carry out the related contracts on behalf of its partners.

The other transactions refer to costs for design and similar activities, incurred when presenting bids and for recently started contracts. They are also governed by specific agreements and carried out on an arm's length basis and, where applicable, in line with the contract terms.

Their effects on the statement of financial position and income statement are shown together with the related contract, when appropriate.

37. Earnings per share

Earnings per share are disclosed at the foot of the income statement.

Basic earnings per share are calculated by dividing the profit (loss) for the period attributable to the owners of the parent by the weighted average of the shares outstanding during the period. Diluted earnings per share are calculated considering the weighted average of the outstanding shares adjusted by assuming the conversion of all the shares with potentially diluting effects.

The following table summarises the calculation. Following the merger resolution of 12 September 2013, 44,974,754 new ordinary Salini Impregilo S.p.A. shares were issued to Salini Costruttori S.p.A. to service the merger.

On 20 June 2014, the board of directors approved a capital increase with the related issue of 44,740,000 new shares. This took place on 25 June 2014 and the parent's share capital comprises 492,172,691 ordinary shares and 1,615,491 savings shares.

In October 2014, the parent repurchased 3,104,377 own shares. No subsequent issues or repurchases have taken place.

(€'000)	**1st half 2016**	**1st half 2015**
Profit from continuing operations	49,667	65,394
Non-controlling interests	(18,026)	(7,269)
Profit earmarked for holders of savings shares	588	588
Profit from continuing operations attributable to the owners of the parent	**32,229**	**58,713**
Profit from continuing and discontinued operations	29,250	60,299
Non-controlling interests	(18,026)	(7,269)
Profit earmarked for holders of savings shares	588	588
Profit from continuing and discontinued operations attributable to the owners of the parent	**11,811**	**53,617**
Average outstanding ordinary shares	489,069	489,069
Average outstanding savings shares	1,615	1,615
Average number of shares	**490,684**	**490,684**
Average number of diluted shares	**490,684**	**490,684**
Basic earnings per share (from continuing operations)	**0.07**	**0.12**
Basic earnings per share (from continuing and discontinued operations)	**0.02**	**0.11**
Diluted earnings per share (from continuing operations)	**0.07**	**0.12**
Diluted earnings per share (from continuing and discontinued operations)	**0.02**	**0.11**

38. Events after the reporting period

On 1 July 2016, Salini Impregilo signed a framework agreement with the Tajikistan government worth approximately USD3.9 billion to build a hydroelectric power plant. The Group, share 100%, has also been assigned the first lot of roughly USD1.9 billion to build a 335 metre-high rockfill dam with a clay core, the tallest in the world, on the Vakhsh River in Pamir, one of Central Asia's main mountain ranges.
The agreement between Salini Impregilo and OJSC "Rogun Hydropower Project" (the state-run company that is coordinating the project) covers the exploitation of the Pamir's huge hydroelectric potential and includes four lots. The three remaining lots will be assigned to the Group by 30 September 2016.
Once completed, the plant will have six turbines of 600 MW each with a total installed capacity of 3,600 MW (the equivalent of three nuclear power plants).

On 11 July 2016, the parent successfully completed the placement of additional bonds with a total nominal amount of €171,736,000, reserved to institutional investors. The new bonds form part of a single series with the previous bonds of €428,264,000 issued on 24 June 2016 with a redemption date of 24 June 2021 for a total of €600 million. The new bonds will be quoted on the Irish Stock Exchange in Dublin starting from 20 July 2016.

39. Significant non-recurring events and transactions

Except for the acquisition of Lane and completion of the sale of Todini Costruzioni Generali (described earlier), the Group's financial position, performance and cash flows were not affected by significant non-recurring events and transactions, as defined by Consob communication no. DEM/6064293[1].

[1] Significant non-recurring events and transactions are those that do not frequently occur in the normal course of business.

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

During the period, Salini Impregilo Group did not carry out any atypical and/or unusual transactions, as defined in the above Consob communication no. DEM/6064293[2].

On behalf of the board of directors

Chairman

(signed on the original)

[2] Atypical and/or unusual transactions are those that, due to their significance and relevance, the counterparty, the object of the transaction, exchange pricing and timing, may cast doubts as to the accuracy and completeness of disclosures, conflicts of interest, protection of the company's assets and non-controlling interests.