Annual Report
as at 31 December 2013

impregilo

Annual Report
as at 31 December 2013

Table of contents

Company officers

Board of Directors [1]

Chairperson	Claudio Costamagna
Chief executive officer	Pietro Salini
Directors	Marina Brogi
	Giuseppina Capaldo
	Mario Giuseppe Cattaneo
	Roberto Cera
	Laura Cioli
	Alberto Giovannini
	Nicola Greco [3]
	Pietro Guindani
	Geert Linnebank
	Giacomo Marazzi [3]
	Franco Passacantando [4]
	Laudomia Pucci
	Simon Pietro Salini

Executive committee

Pietro Salini
Claudio Costamagna
Alberto Giovannini
Giacomo Marazzi [3]
Simon Pietro Salini

Risk and control committee

Mario Giuseppe Cattaneo
Giuseppina Capaldo
Pietro Guindani
Franco Passacantando [4]

Remuneration and appointment committee

Marina Brogi
Nicola Greco [3]
Geert Linnebank
Laudomia Pucci

Related party transactions committee

Alberto Giovannini
Marina Brogi
Giuseppina Capaldo
Geert Linnebank

Board of statutory auditors [2]

Chairperson	Alessandro Trotter
Standing statutory auditors	Nicola Miglietta
	Pierumberto Spanò [5]
Alternate statutory auditors	Marco Tabellini [6]

Independent auditors

PricewaterhouseCoopers S.p.A.

(1) Appointed by the shareholders on 17 July 2012; in office until approval of the financial statements as at and for the year ending 31 December 2014.
(2) Appointed by the shareholders on 28 April 2011; in office until approval of the financial statements as at and for the year ending 31 December 2013.
(3) Appointed by the shareholders on 12 September 2013; in office until approval of the financial statements as at and for the year ending 31 December 2014.
(4) The appointment of the director Franco Passacantando, approved by the shareholders on 12 September 2013, shall take effect from 15 December 2013 and shall remain in office until approval of the financial statements as at and for the year ending 31 December 2014.
(5) Standing statutory auditor from 10 January 2014.
(6) Alternate statutory auditor from 30 April 2013.

Impregilo Group structure

at 31 December 2013

Impregilo Group structure at 31 December 2013

CONSTRUCTION		%
Impregilo S.p.A.		**100**
CIGLA S.A.		100
CSC Impresa Costruzioni S.A.		100
Grupo ICT II S.a.s.		100
Imprepar S.p.A.		100
Bocoge S.p.A.		100
Imprepar S.p.A.	100	
J.V. Igl S.p.A.-S.G.F. INC S.p.A.		100
Impregilo S.p.A.	99	
S.G.F. INC S.p.A.	1	
S.A. Healy Company		100
S.G.F. - I.N.C. S.p.A.		100
PGH Ltd.		100
Vegas Tunnel Constructors		100
Impregilo S.p.A.	40	
Healy S.A.	60	
Consorzio C.A.V.E.T.		75.98
Consorzio C.A.V.TO.MI.		74.69
Consorcio Impregilo OHL		70
Impregilo Colombia S.a.s.	70	
Empresa Constr. Angostura Ltda.		65
Impregilo-Healy-Parsons J.V.		65
Impregilo S.p.A.	45	
Healy S.A.	20	
Consorzio Cociv		64
Impregilo Lidco Libya Co.		60
Constructora Ariguani S.a.s.		51
Impregilo-Terna SNFCC J.V.		51
Reggio Calabria - Scilla S.c.p.A.		51
Salerno-Reggio Calabria S.c.p.A.		51
Metro Blu S.c.r.l.		50
Grupo Unidos por el Canal S.A.		48
Pedelombarda S.c.p.A.		47
Eurolink S.c.p.A.		45
Barnard Impregilo Healy J.V.		45
Impregilo S.p.A.	25	
Healy S.A.	20	
Passante di Mestre S.c.p.A.		42
Impregilo-SK E&C-Galfar al M. J.V.		41,25
La Quado S.c.ar.l.		35
Shimmick-FCC-IGL S.p.A - J.V.		30
Other 219 companies		
Total: 283		

CONCESSIONS		%
Impregilo Internat. Infrastr. N.V.		**100**
Impregilo Parking Glasgow Ltd.		100
Impregilo New Cross Ltd.		100
IGLYS S.A.		100
Impregilo Intern. Infrastruc. N.V.	98	
Incave S.r.l.	2	
Mercovia S.A.		60
Società Autostrade Broni-Mortara S.p.A.		61.08
Ochre Solutions Holding Ltd.		40
Yuma Concessionaria S.A.		40
Puentes del Litoral S.A.		26
Impregilo S.p.A.	22	
Iglys S.A.	4	
Consorcio Agua Azul S.A.		25.50
Yacylec S.A.		18.67
Other 12 companies		

ENGINEERING & PLANT CONSTRUCTION		%
Fisia Italimpianti S.p.A.		**100**
Fisia Babcock Engineering Co. Ltd.		100
Fisia Babcock Environment GmbH	100	
Fisia Babcock Environment GmbH		100
Impregilo Intern. Infrastruc. N.V.	100	
Steinmuller International GmbH		100
Fisia Babcock Environment GmbH	100	
Gestione Napoli S.r.l. (in liquidazione)		99
Fisia Italimpianti S.p.A.	75	
Impregilo S.p.A.	24	
Other 4 companies		

USW CAMPANIA PROJECT		%
FIBE		
FIBE S.p.A.		99.998
Impregilo S.p.A.	99.989	
Fisia Italimpianti S.p.A.	0.006	
Impregilo Intern. Infrastruc. N.V.	0.003	

Group highlights

Introduction

Impregilo Group closed 2013 with total revenue of € 2,323.3 million (2012: € 2,281.0 million), an operating profit of € 157.9 million (2012: operating loss of € 25.1 million) and a profit attributable to the owners of the parent of € 187.7 million (2012: € 603.1 million).

The parent, Impregilo S.p.A., recorded total revenue of € 1,276.4 million (2012: € 1,367.0 million), an operating profit of € 152.3 million (2012: € 111.5 million) and a profit for the year of € 113.8 million (2012: € 739.3 million).

The year 2013 was characterised by the substantial completion of the project known as 'National Champion' in which the shareholder Salini S.p.A., which at the beginning of the year had a shareholding of 29.9% of the share capital of Impregilo S.p.A., launched a voluntary takeover bid, pursuant to and for the purposes of articles 102 and 106, fourth paragraph, of Legislative Decree no. 58/1998, and designed to obtain all the ordinary shares of Impregilo. The Bid, whose full documentation was made available to the public under the terms and conditions required by current regulations, was launched on 18 March 2013 and was completed on 2 May 2013, at which date Salini S.p.A. held a shareholding of 92.08% of the ordinary shares making up the share capital of Impregilo. The shareholding in Impregilo was subsequently reduced and at the reference date of this Annual Report 2013 stood at 88.83%.

As an additional part of this plan, on 12 September 2013, the respective Extraordinary General Meetings of Salini S.p.A. and Impregilo S.p.A. approved the merger of Salini S.p.A. and Impregilo S.p.A. The merger became fully effective from 1 January 2014, with an exchange ratio of 6.45 Impregilo ordinary shares for each Salini share, excluding cash adjustments, and from that date the merged company has assumed the name of Salini Impregilo S.p.A. For the purposes of this Annual Report, to ensure the provision of consistent and uniform information, the previous company name will be retained for everything relating to management events prior to the effective date of the merger, in respect of which more complete information is contained in the disclosure documents made available to the public as required by the current legal and regulatory provisions.

An overview of the markets in which the Group is operating has in 2013 again shown somewhat diversified scenarios both in terms of the recovery of production levels in different geographical areas and from the political and social points of view. The international financial markets are still showing signs of uncertainty and do not yet support full deployment of the resources necessary for the development of large infrastructure projects, especially in the areas most affected by the recent financial crisis. In this context, however, the positioning of the Impregilo Group and the strategic synergies already implemented within the framework of commercial relations entered into with the Parent Company Salini S.p.A. have allowed important opportunities to be seized, both in markets where the two companies were already operating and in certain important new markets including Australia and Saudi Arabia.

Among the major events marking management of the financial year 2013 by Impregilo, particular importance has attached to further progress in the process of realising the non-core assets of the Group, including completion of sales to third parties of (i) the remaining share of 6.5% of the holding in the Brazilian group Ecorodovias, (ii) the entire interest held by the Group in the Chinese company Shanghai Pucheng Thermal Power Energy Co. Ltd. amounting to 50% of its capital stock and (iii) the holdings in the company Tangenziali Esterne di Milano S.p.A. ("TEM") amounting to 3.74% of its capital and Tangenziale Esterna S.p.A. ("TE") amounting to 17.77 % of its capital, including realisation of the stake held by Impregilo in infrastructure construction works through sale of the holding in Lambro S.c.a.r.l. within the Costruttori TEEM Consortium.

These operations produced € 11.4 million before tax. As part of the complex events concerning the Campania Urban Solid Waste (USW) Projects, on the other hand, positive developments in the dispute over claims for damages made by the Group relating to former waste-derived fuel plants assumed particular importance during 2013, with the recovery of approximately € 240.8 million. Taking into account the impairment losses already made in respect of these claims in the financial years 2006 and 2007 (and only partly paid in 2012), a net profit of € 84.0 million was made and, in line with previous practice, this has been included in the results of discontinued operations. Another important feature of the Campania USW Projects was the absolute acquittal issued by the Court of Naples at the end of 2013 in relation to the criminal proceedings commenced in 2004. It should also be mentioned that, in this context, the Group had been the subject of significant in rem precautionary measures which in previous years had been quashed absolutely by the Court of Cassation. For more complete information regarding events related to the Campania urban solid waste projects, please refer to the next section of this Annual Report entitled 'Assets held for sale and discontinued operations'.

In terms of growth in industrial and commercial activities, major new orders were received in 2013 relating to works on the metro in Riyadh (Saudi Arabia), on the 'Red Line North' metro in Doha (Qatar) and the 'Skytrain' project in Australia in respect of which more complete information is provided, along with other new contracts received during the year, in the second part of the management information in this Annual Report.

Lastly, since the last half of 2013, events that have characterised the Group's operations to widen the Panama Canal, and which have already been covered specifically in previous Group financial documentation, have undergone significant developments, in particular an unexpected deterioration in contractual relations with the client. In this context, which is examined in greater detail in subsequent sections of this Annual Report, the group of international companies awarded the contract in which Impregilo is participating (which has in previous years already suffered major crises and increased costs due to causes largely attributable to the sphere of responsibility of the client) has found itself unable to continue construction activities. It was only recently possible to stabilise this development, which resulted from the repeated refusal of the client to collaborate in pursuing contractually agreed procedures governing the rights of the parties, by reaching an agreement under which it has been possible to resume construction activities. Inter alia, this agreement provided for resumption of the works and their completion by 31 December 2015 on the following basis: (i) joint financing by the client and the contractor of the remaining works, with particular reference to the extra costs incurred compared with the original estimates, and (ii) postponement of the refund of contractual advance payments, with a schedule compatible with the final allocation of all the extra costs between the parties on completion of the arbitration proceedings commenced at the same time. In this regard it should be noted that, from as early as 2012, the Impregilo Group, following a reasonably prudence-oriented approach and supported by the opinions of independent experts, had updated its own estimates relating to this order and recorded a significant final loss. On this assumption, following an evaluation approach which is consistently established and takes account of recent events, it was decided to update the evaluations previously carried out and consequently record additional net residual costs even though the overall amount is not particularly significant.

2013 total revenue is € 2,323.3 million compared with € 2,281.0 million for 2012.

The Group's consolidated operating profit is € 157.9 million (2012: operating loss of € 25.1 million), with a return on sales (R.o.S.) of 6.8% (2012: -1.1%). The Construction segment contributed profits of € 210.0 million (R.o.S. of 9.7%) and Plant € 0.3 million (R.o.S. of 0.2%) (2012: € 21.0 million). The Concessions segment made an operating loss of € 6.0 million.

The Group's other segments made an operating loss of € 1.8 million (€ 1.8 million), while the corporate structure's net costs came to € 44.7 million (€ 44.7 million).

Financing income (costs) and gains (losses) on investments came to a positive € 3.3 million compared with a negative € 29.3 million for 2012.

The profit from discontinued operations amounts to € 80.6 million (profit of € 717.0 million for 2012) and mainly reflects the results of the Campania urban solid waste projects, regarding which more complete information is provided elsewhere in this Annual Report.

The profit attributable to the owners of the parent for the year is € 187.7 million (€ 603.1 million for 2012). Both of the foregoing figures benefit from the effects of the discontinued operations described above.

The net financial position at 31 December 2013 is € 421.5 million compared with € 613.4 million at 31 December 2012. The net debt/equity ratio is therefore a negative value of -0.30.

At year end, the Group's order backlog amounted to € 18.4 billion, including € 12.8 billion in the Construction & Plant segments and € 5.6 billion related to the residual backlog in the Concessions segment.

The Group acquired new contracts worth € 6,374.0 million during the year.

The parent's 2013 total revenue is € 1,276.4 million compared with € 1,367.0 million for 2012).

The operating profit of Impregilo S.p.A. is € 152.3 million (€ 111.5 million for 2012) with a R.o.S. of 11.9% (8.2% in 2012).

The parent's financing income (costs) and gains (losses) on investments for 2013 come to a positive € 11.7 million compared with a positive € 671.4 million for 2012).

Finally, the separate financial statements of Impregilo S.p.A., show a profit for 2013 of € 113.8 million compared with a profit of € 739.3 million for 2012) and a net financial position at 31 December 2013 of € 128.7 million (€ 666.7 million at 31 December 2012).

Financial highlights

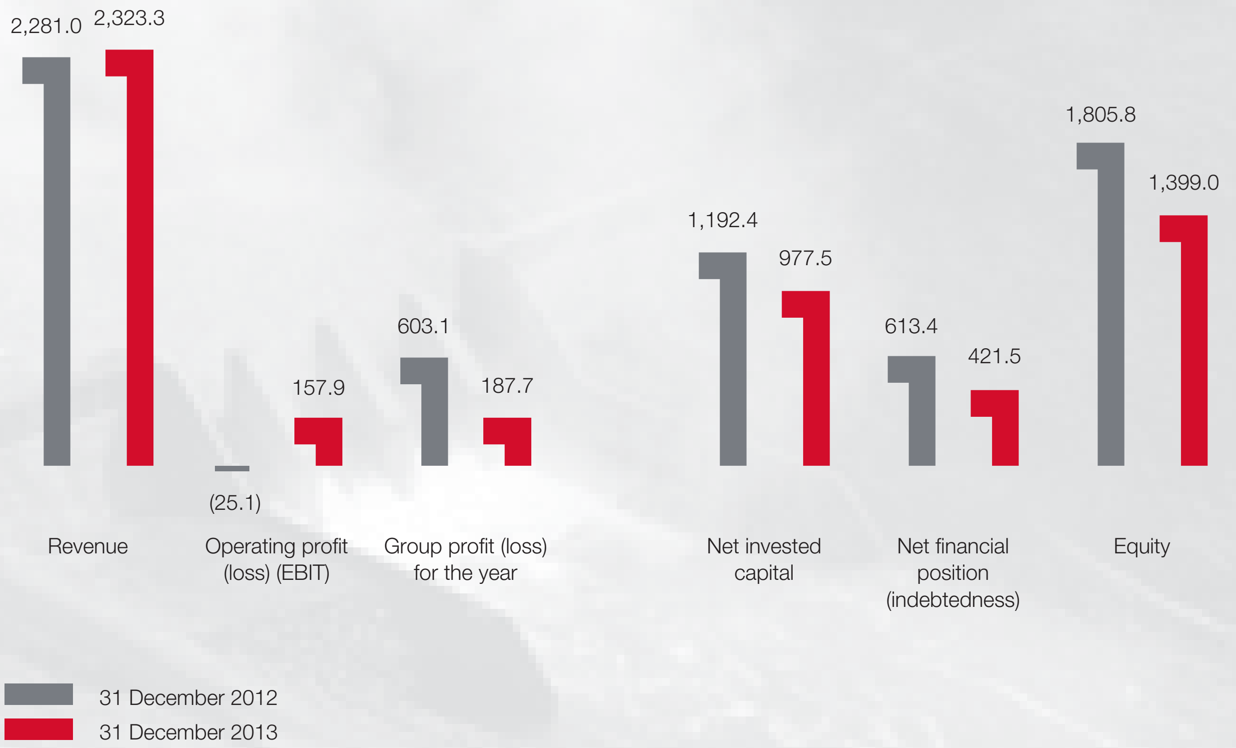
(in millions of Euros)

Impregilo Group

The paragraph "Alternative performance indicators" in the "Other information" section gives a definition of the financial statements indicators used to present the Group's highlights.

The income statement for 2012 has been resubmitted to reflect the effects of IAS 19 revised in 2011 and applied retrospectively by the Impregilo Group as from 2013.

To align with the informational approach followed by the parent, activities relating to subordinated loans granted to affiliated companies and receivables from the sale of investments – previously shown in Net Invested Capital – have been reclassified in the Net Financial Position.



Consolidated income statement

(Values in millions of Euros)	2013	2012 (*)
Revenue	2,323.3	2,281.0
Costs	(2,072.4)	(2,196.3)
Gross operating profit	250.9	84.7
Gross operating profit %	10.8%	3.7%
Operating profit (loss)	157.9	(25.1)
R.o.S.	*6.8%*	*-1.1%*
Net financing income (costs)	0.7	(30.7)
Net gains (losses) on investments	2.5	1.4
Profit (loss) before tax	161.2	(54.4)
Income tax expense	(53.7)	(59.3)
Profit from continuing operations	107.4	(113.6)
Profit from discontinued operations	80.6	717.0
Profit attributable to the owners of the parent	187.7	603.1

(*) Figures restated following the application of IAS 19 revised.

Consolidated statement of financial position

(Values in millions of Euros)	31 December 2013	31 December 2012 (*)
Non-current assets	345.2	408.2
Goodwill	11.9	30.4
Non-current assets held for sale, net	5.7	307.6
Provisions for risks, post-employment benefits and employee benefits	(112.4)	(118.5)
Other non-current assets, net	10.7	11.6
Net tax liabilities	139.2	137.6
Working capital	577.2	415.5
Net invested capital	**977.5**	**1,192.4**
Equity	**1,399.0**	**1,805.8**
Net financial position	**421.5**	**613.4**
Debt/equity ratio	***-0.30***	***-0.34***

(*) To align with the informational approach followed by the parent, activities relating to subordinated loans granted to affiliated companies and receivables from the sale of investments – previously shown in “Other non-current assets, net” and “Working capital” – have been reclassified in the Net Financial Position.

Separate income statement

(Values in millions of Euros)	2013	2012 (*)
Revenue	1,276.4	1,367.0
Costs	(1,106.9)	(1,223.7)
Gross operating profit	169.5	143.3
Gross operating profit %	13.3%	10.5%
Operating profit	152.3	111.5
R.o.S.	*11.9%*	*8.2%*
Net financing income (costs)	25.0	1.5
Net gains (losses) on investments	(13.2)	669.9
Profit (loss) before tax	164.1	782.9
Income tax expense	(50.2)	(43.6)
Profit from continuing operations	113.8	739.3
Profit for the year	113.8	739.3

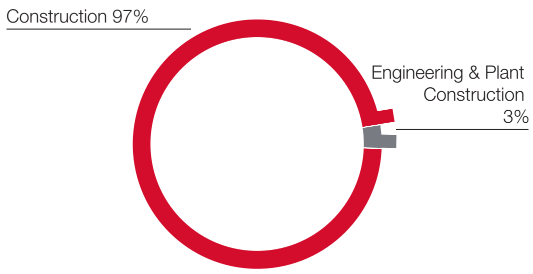
(*) Figures restated following the application of IAS 19 revised.

Separate statement of financial position

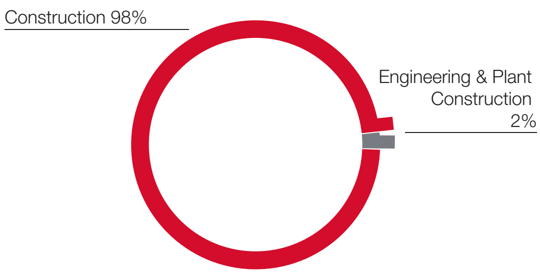
(Values in millions of Euros)	31 December 2013	31 December 2012
Non-current assets	642.2	646.1
Provisions for risks, post-employment benefits and employee benefits	(218.5)	(264.9)
Other non-current assets, net	2.1	89.0
Net tax liabilities	(17.9)	(30.2)
Working capital	657.2	575.6
Net invested capital	**1,065.2**	**1,015.6**
Equity	**1,193.8**	**1,682.3**
Net financial position	**128.7**	**666.7**
Debt/equity ratio	***-0.11***	***-0.40***

Order backlog - Construction, plant

December 2012
(total € 10,587 million)

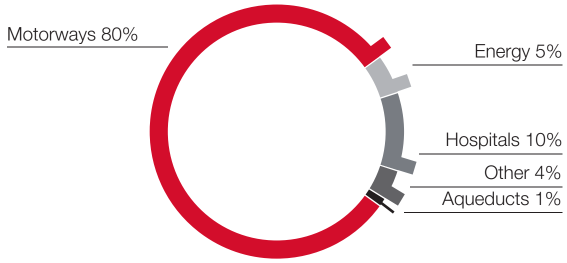


December 2013
(total € 12,831 million)

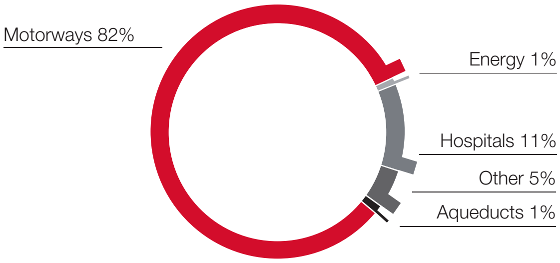


Order backlog - Concessions

December 2012
(total € 6,261 million)

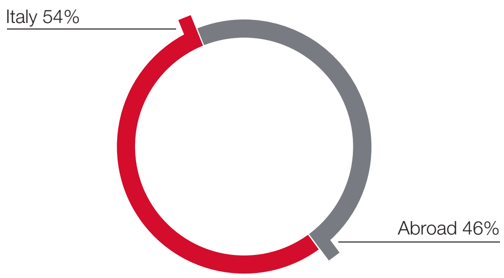


December 2013
(total € 5,561 million)

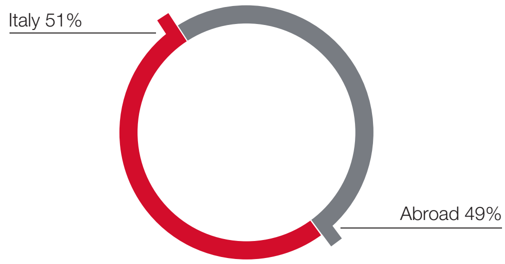


Order backlog by geographical segment - Construction, plant and concessions

December 2012
(total € 16,848 million)

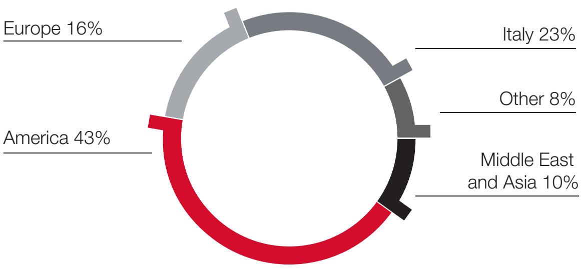


December 2013
(total € 18,392 million)

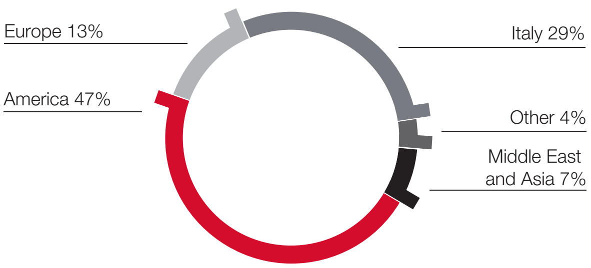


Revenue by geographical segment

2012
(tot. Italy € 522.6 million - tot. abroad € 1,758.4 million)



2013
(tot. Italy € 681.1 million - tot. abroad € 1,642.2 million)



Directors' report
- Part I

Performance of the Group and the Parent Company in 2013

Macroeconomic scenario and principal markets

The competitive scenario of the Salini-Impregilo Group is represented by the global market for investment in the construction sector with specific reference to that of large complex infrastructures.

World economic and commercial activity has shown signs of growth in the second half of 2013 and in particular the International Monetary Fund has noted that final demand in advanced countries has grown moderately but in line with forecasts, while in emerging markets exports have been the main driver, with domestic demand remaining fairly weak and financial conditions still difficult.

Forecasts of economic progress in the Euro zone refer to a recovery from the recent period of recession. The International Monetary Fund predicts growth in the European Union of 1% in 2014 and 1.4% in 2015, although with rates differing from country to country: the German economy is expected to improve by 1.6% in 2014 and 1.4% in 2015, while for Italy the projections remain cautious, with increases of 0.6% and 1.1% in 2014 and 2015 respectively. The emerging economies, again according to the IMF, should grow by 5.1% and 5.4% in the period 2014-15.

According to a study conducted by McKinsey for the OECD, from 2014 to 2030 there will be 57,300 billion dollars of investment in infrastructure, of which approximately 29% will be investment in roads and highways, 21% in energy infrastructure, 20% in water projects, 17% in telecommunications, and 13% in metros /railways, ports and airports.

In the more immediate future (2014-2017), an increase of 9% per annum is predicted in global demand for infrastructure, in the segments of energy, transport and other civil infrastructure projects. In this context, an important business opportunity arises out of the need for the most economically developed countries to replace or expand existing infrastructures which are no longer adequate to meet growing energy needs, and the need for mass transport, energy and water associated with the economic development and urbanization of many emerging and developing countries.

The “Great Recession” of 2008-2011, while penalizing some segments within the construction sector, such as residential and commercial building, has not slowed the demand for major infrastructure projects which, on the contrary, continue to be a strategic priority for the growth of the economies of most industrialised and emerging countries, affecting in particular the Middle East, Central Asia, Latin America and India.

In this context, the merger between Salini and Impregilo has strengthened the Group’s competitive position globally, consolidating its presence in the geographical areas already covered and providing the operational function with the skills needed to break into new markets and sustain the continued growth of the business.

The new dimension of the Salini Impregilo Group, designed to detect early signs of change, has successfully implemented the *National Champion*® project, characterised by:

- a wealth of engineering and technological expertise of the highest order in the construction sector;
- an integrated management team, with the necessary experience and determination to compete in large and highly complex infrastructure projects;
- a global presence with an almost unique sales force;
- the dimensional scale of a market leader;
- a solid financial structure, characterised by an appropriate credit standing (Issuer Ratings of *BB (Fitch)/BB (Standard & Poor's).*

The value of the backlog of projects at the end of 2017 is expected to be approximately € 27 billion, with a well- balanced geographical make-up and with major contracts in Latin America, Europe and the Middle East and a greater focus on hydroelectric infrastructure projects, dams, subways, roads, motorways and railways.

Analysis of Impregilo Group's and parent's financial position and results of operations for the year

This section includes the Group's and parent's reclassified income statement and reclassified statement of financial position, as well as a breakdown of their net financial position at 31 December 2013. It also includes a summary of the main changes in the consolidated income statement, compared with those for the previous year, and in the statement of financial position, in comparison with the related figures for the previous year.

Unless indicated otherwise, figures are provided in millions of Euros and those shown in brackets relate to the previous year.

The paragraph "Alternative performance indicators" in the "Other information" section gives a definition of the financial statements indicators used to present the Group's and parent's financial position and results of operations for the year.

In line with the process of realising the *non-core* assets of the Group, which was begun in October 2012, at the end of 2013 the Impregilo Group sold the 50% shareholding held by its subsidiary Impregilo International Infrastructures N.V. in the Chinese company Shanghai Pucheng Thermal Power Energy Co. Ltd. (hereinafter 'Shanghai'), which is active in the field of waste treatment, for approximately € 65 million (at the exchange rate on the date of sale).

In the same period, Impregilo finalised the sale of its holdings in the companies Tangenziali Esterne di Milano S.p.A. ("TEM") amounting to 3.74% of its share capital, for € 4.7 million, and Tangenziale Esterna S.p.A. ("TE") equal to 17.77% of its share capital for € 39.1 million, selling both holdings to Itinera S.p.A. (Gavio Group). This agreement also provided for realisation of the share of works for about € 23.2 million, through the sale of Impregilo's holdings in the Costruttori TEEM Consortium for approximately € 13.4 million, and in Lambro S.c.a.r.l. for approximately € 9.8 million.

With reference to the Campania urban solid waste projects, it should also be noted that in April 2013, the Court of Cassation definitively rejected the appeal of the Regional Government against the decision of the Council of State relating to the former waste-derived fuel plants. With this decision, the decision at first instance of the Regional Administrative Court of Lazio – already ratified by the Council of State on 20 February 2012 – by which the Regional Government had been ordered to pay the Group subsidiary FIBE approximately € 204 million plus legal costs and interest from 15 December 2005, corresponding to the costs incurred by FIBE for the construction of the plants and not yet amortised at that date, has become definitively enforceable. The total amount of € 240 million was received on 1 August 2013. As a result of this latest development, total proceeds of € 84 million were received after tax, and classified in the results for discontinued operations. More complete information regarding the complex litigation surrounding this decision is provided in subsequent sections of this Annual Report.

Lastly, since the last half of 2013, events that have characterised the Group's operations to widen the Panama Canal and which have already been covered specifically in previous Group financial documentation, have undergone significant developments, in particular an unexpected deterioration in contractual relations with the client. In this context, which is examined in greater detail in subsequent sections of this Annual Report, the Group of international companies awarded the contract in which Impregilo is participating, (which has in previous years already suffered major crises and increased costs due to causes largely attributable to the sphere of responsibility of the client) has found itself unable to continue construction activities. It was only recently possible to stabilise this development, which resulted from the repeated refusal of the client to collaborate in pursuing contractually agreed procedures governing the rights of the parties, by reaching an agreement under which it has been possible to resume construction activities. Inter alia, this agreement provided for resumption of the works and their completion by 31 December 2015 on the following basis: (i) joint financing by the client and the contractor of the remaining works, with particular reference to the extra costs incurred compared with the original estimates, and (ii) postponement of the refund of contractual advance payments, with a schedule compatible with the final allocation of all the extra costs between the parties on completion of the arbitration proceedings commenced at the same time. In this regard it should be noted that already in previous years, the Impregilo Group, following a reasonably prudence-oriented approach and supported by the opinions of independent experts, had updated its own estimates relating to this order and recorded a significant final loss. On this assumption, following an evaluation approach which is consistently established and takes account of recent events, it was decided to update the evaluations previously carried out and consequently record additional net residual costs even though the overall amount is not particularly significant.

Group performance

Reclassified consolidated income statement of Impregilo Group

(Values in €/000)	Note (**)	2013	2012 (§)	Variation
Operating revenue		2,261,406	2,200,382	61,024
Other revenue		61,928	80,609	(18,681)
Total revenue	**32**	**2,323,334**	**2,280,991**	**42,343**
Costs	33	(2,072,404)	(2,196,287)	123,883
Gross operating profit (*)		**250,930**	**84,704**	**166,226**
Gross operating profit % (*)		*10.8%*	*3.7%*	
Amortisation and depreciation	33	(93,052)	(109,755)	16,703
Operating profit (loss) (*)		**157,878**	**(25,051)**	**182,929**
Return on Sales (*)		*6.8%*	*-1.1%*	
Financing income (costs) and gains (losses) on investments				
Net financing income (costs)	34	735	(30,720)	31,455
Net gains (losses) on investments	35	2,546	1,431	1,115
Net financing income (costs) and net gains (losses) on investments		**3,281**	**(29,289)**	**32,570**
Profit before tax		**161,159**	**(54,340)**	**215,499**
Income tax expense	36	(53,728)	(59,270)	5,542
Profit from continuing operations		**107,431**	**(113,610)**	**221,041**
Profit (loss) from discontinued operations	17	80,635	717,036	(636,401)
Profit for the year		**188,066**	**603,426**	**(415,360)**
Non-controlling interests		(318)	(340)	22
Profit for the year attributable to the owners of the parent		**187,748**	**603,086**	**(415,338)**

(*) The section "Other information" gives a definition of these indicators.
(**) The note numbers refer to the notes to the consolidated financial statements where the items are analysed in detail.
(§) Figures restated following the application of IAS 19 revised.

Revenue

Total revenue for 2013 is € 2,323.3 million (€ 2,281.0 million). Of this value, € 1,642.2 million was achieved abroad (€ 1,758.4 million) and mainly reflects the growth of the Construction segment (+5.5%).

(Values in €/000)	2013	2012	Variation	%
Construction	2,155,416	2,043,959	111,457	5.5%
Concessions	20,797	18,443	2,354	12.8%
Engineering & Plant Construction	149,245	221,953	(72,708)	(32.8%)
Other segments and adjustments	(2,124)	(3,364)	1,240	(36.9%)
Total revenue	**2,323,334**	**2,280,991**	**42,343**	**1.9%**

The increase in revenues in the construction sector was driven primarily by the Italian contracts, which include the Pedelombarda Motorway, the Milan - Genoa High-Speed & Capacity Railway Project and works on the Milan East Outer Ring Road, for the period prior to the transfer of the associated activities to third parties, which was carried out in the latter part of the year under review.

The value of production in overseas construction projects has remained broadly stable compared with the previous year; this is attributable to the temporary slowdown shown by some projects in Venezuela that were affected by the particular socio-political conditions prevailing in the country during the year, which further deteriorated in the first half of 2014. However, the Group has been present in this region for many years and there have been similar temporary situations of instability in the past. Given the social importance of the works in progress in Venezuela, as well as the relationships at social and contractual level, it is reasonable to assume that the conditions currently being experienced are temporary and it may therefore be assumed that the occurrence of specific situations of a critical nature are attributable to mere chance.

The following table summarises the breakdown of revenues for the construction segment:

(Values in €/000)	2013	2012	Variation	%
Italy	674,083	516,424	157,659	30.5%
Abroad	1,481,333	1,527,535	(46,202)	(3.0%)
Total Construction revenue	**2,155,416**	**2,043,959**	**111,457**	**5.5%**

The decrease in Plant segment revenue is due to the substantial completion of the FISIA Italimpianti projects and the timescales of the operations of FISIA Babcock.

Operating profit

The Group's operating profit is € 157.9 million (loss of € 25.1 million). The contribution to the operating profit of the different segments is summarised in the following table:

(Values in €/000)	2013	2012	Variation
Construction	210,016	1,128	208,888
Concessions	(5,972)	(605)	(5,367)
Engineering & Plant Construction	320	20,976	(20,656)
Campania USW projects	(1,779)	(1,849)	70
Corporate costs (unallocated items)	(44,707)	(44,701)	(6)
Consolidated operating profit	**157,878**	**(25,051)**	**182,929**

The operating profit of the Construction segment is € 210.0 million, with a R.o.S. of 9.7% (respectively € 1.1 million and R.o.S. of 0.1%). It should be noted that the operating result of the previous year was significantly affected by the critical issues affecting certain large infrastructure projects overseas (Panama, Colombia and Chile) which, having resulted in the recording of a residual loss in the related contracts, had already been fully recorded in the consolidated income statement for the period in question. With particular reference to the works in Panama and Chile, the current year has seen further problems in these areas but they have had a less significant economic effect. The financial year 2013, therefore, having benefited from positive developments in certain disputes that resulted in an improvement in the figures compared to the previous valuations made, was able to show positive operating results consistent with earlier forecasts for that period.

The Plant and Concessions segments had an overall operating loss of € 5.7 million, while net corporate structural costs amounted to € 44.7 million.

Financing income (costs) and gains (losses) on investments

Overall, financial management showed a positive result of € 0.7 million (loss of € 30.7 million), while management of investments contributed a profit of € 2.5 million (€ 1.4 million).

Financial management mainly reflects the following situations:

- net financial expenses increased overall by € 16.0 million over 2012. This effect mainly reflects higher net default charges – reasonably assessable as not significant and non-recurring items – totalling € 35.0 million, including approximately € 15.2 million relating to the resolution in early 2013 of a number of disputes with client administrations regarding the return of advances received. Interest payable is, however, reduced overall by € 18.5 million compared with the previous year, mainly due to the reduction of gross financial debt, which fell from € 655.0 million to € 488.8 million, and to timing and currency changes for the debt. Other net financial charges decreased by € 0.5 million.
- Net exchange rate gains amount to € 50.8 million (€ 3.4 million in the previous year). It should be noted that again in 2013 there was a benefit from the positive effects resulting from asymmetries in the foreign exchange market in relation to certain currencies for which the official exchange rates are artificially fixed. To this effect, moreover, is added the benefit resulting from the release to the income statement of the reserve for exchange rate fluctuations relating to the company Shanghai Pucheng Thermal Power Energy, which was sold at the end of 2013 and previously recorded in a separate item of consolidated shareholders' equity.

Profit from discontinued operations

This item shows a profit of € 80.6 million (€ 717.0 million). This result mainly reflects the positive effects – net of estimated applicable tax – resulting from the decision of the Court of Cassation and the results of the enforcement procedures implemented by the Group in connection with the dispute pertaining to claims for damages made through the FIBE subsidiary, in respect of the former waste-derived fuel plants. As a result of these events, the net value of the assets subject to litigation which in previous years had been reduced, have been fully restored, taking into account the legal interest paid and collected to date. More complete information about the litigation described and the wider context of which it forms part is provided in the next section of this Annual Report entitled 'Assets held for sale and discontinued operations - Campania USW Projects'.

Income tax

Income taxes for 2013 amounted to € 53.7 million (€ 59.3 million) and correspond to an average rate of 33.3%. The tax liability for the previous year had been affected, in particular, by the fact that some consolidated Project Companies (SPVs) had experienced losses, including tax losses, amounting to approximately € 244 million. Although these losses can be legally carried forward, they were regarded as permanent differences consistent with the evaluations relating to projects carried out by the SPVs and in accordance with the respective predictions.

Non-controlling interests

Non-controlling interests in the subsidiaries contributed negatively to the profit for the year attributable to the owners of the parent and amount to € 0.3 million. The contribution for 2012 was a negative € 0.3 million.

31,000
employees

The Group's financial position

Reclassified consolidated statement of financial position

(Values in €/000)	Note (*)	31 December 2013	31 December 2012 (§)	Total variation
Non-current assets	1-2-3-5	345,207	408,275	(63,068)
Goodwill	4	11,875	30,390	(18,515)
Non-current assets held for sale, net	17	5,683	307,588	(301,905)
Provisions for risks	24	(94,161)	(98,285)	4,124
Post-employment benefits and employee benefits	23	(18,145)	(20,234)	2,089
Other non-current assets, net	7-8-25	10,704	11,659	(955)
Net tax liabilities	9-14-28	139,225	137,576	1,649
Inventories	*10*	*83,500*	*95,376*	*(11,876)*
Contract work in progress	*11*	*876,186*	*864,368*	*11,818*
Advances on contract work in progress	*26*	*(842,120)*	*(844,440)*	*2,320*
Loans and receivables	*12*	*1,168,118*	*1,062,865*	*105,253*
Payables	*27*	*(748,830)*	*(818,599)*	*69,769*
Other current assets	*15*	*259,618*	*288,955*	*(29,337)*
Other current liabilities	*29*	*(219,297)*	*(233,069)*	*13,772*
Working capital		577,175	415,456	161,719
Net invested capital		**977,563**	**1,192,425**	**(214,862)**
Equity attributable to the owners of the parent		**1,384,704**	**1,800,954**	**(416,250)**
Non-controlling interests		14,310	4,851	9,459
Equity	18	**1,399,014**	**1,805,805**	**(406,791)**
Net financial position		**421,451**	**613,380**	**(191,929)**
Total financial resources		**977,563**	**1,192,425**	**(214,862)**

(*) The note numbers refer to the notes to the consolidated financial statements where the items are analysed in detail.
(§) Figures restated following the application of IAS 19 revised and to reflect the different presentation of certain financial assets following acquisition by Salini S.p.A. To align with the information disclosure approach followed by the parent, activities relating to subordinated loans granted to affiliated companies and receivables from the sale of investments – previously shown in "Other non-current assets, net" and "Other current assets" – have been reclassified in the Net Financial Position.

Net invested capital

This item decreased by € 214.9 million on the previous year end to € 977.6 million at 31 December 2013.

The main changes are primarily attributable to the factors mentioned below.

Non-current assets

Net non-current assets fell overall by € 63.1 million:

(Values in €/000)	31 December 2013	31 December 2012	Variation
Property, plant and equipment	199,915	298,777	(98,862)
Intangible assets - Rights to infrastructure under concession	53,332	12,818	40,514
Other intangible assets	45,965	34,043	11,922
Equity investments	45,995	62,637	(16,642)
Total non-current assets	**345,207**	**408,275**	**(63,068)**

With reference to property, plant and equipment, investments for the period amounted to € 35.3 million, primarily relating to orders in the Construction segment (Panama, Colombia, United States and Italy). Disposals amounted to € 15.1 million and depreciation and amortisation € 89.0 million. The effects of exchange rate fluctuations have reduced the value of property, plant and equipment by € 14.1 million and a further reduction of € 15.8 million is attributable to the sale of the Chinese company Shanghai Pucheng Thermal Power Energy, previously recorded according to the so-called "proportionate consolidation" method.

Rights to infrastructure under concession show a total increase of € 40.5 million, largely attributable to the "Broni-Mortara" motorway concession project following acquisition of control of the concessionary company Sa.Bro.M. S.p.A. during the first half of 2013. Other variations for investments, disinvestments, amortisation and foreign exchange differences amounted to € 0.7 million.

The main item included in other intangible assets concerns the costs of obtaining orders relating entirely to the Milan-Genoa High-Speed & Capacity Railway Project. This asset increased by € 15.0 million in 2013 following the acquisition by third parties of a further stake in the project. The other variations in this item are largely related to amortisation.

The overall value of investments decreased by a total of € 16.6 million mainly due to the sale of holdings related to the "Milan East Outer Ring Road" concession project, which was explained in the first part of this Report and which involved an overall reduction of € 18.2 million. The acquisition of control of SABROM, previously recorded according to the equity method, also led to a further reduction in this item amounting to € 9.5 million. These effects were partially offset by the subscription of shares in the new Passante Dorico project consortium amounting to € 11.3 million. The other variations relate to the results of investments valued using the equity method and to exchange rate fluctuations.

Goodwill

Goodwill at 31 December 2013 is wholly attributable to the subsidiary Fisia Babcock. The change from the previous year, amounting to € 18.5 million, follows the sale of Shanghai Pucheng Thermal Power Energy.

Non-current assets held for sale, net

Non-current assets held for sale as at 31 December 2013 amount to € 5.7 million and have decreased compared with the previous year by € 301.9 million due to the sale of the remaining stake of 6.5% in the capital of the EcoRodovias group, which resulted in a reduction of approximately € 186.4 million, and to recovery of the compensation claimed by the Impregilo Group relating to the former waste-derived fuel plants forming part of the Campania USW Projects which at the end of the previous year were recorded with a total value of € 121.2 million.

Provisions for risks

Provisions for risks amounted to € 94.2 million, a decrease of € 4.1 million compared with the previous year. The decrease is largely attributable to the occurrence in 2013 of a number of events, individually not particularly important, in respect of which the provisions had been made in previous years. These events, more fully described in the notes to the consolidated financial statements of the Group, did not incur significant additional costs compared with the estimates made when the Group set up the provisions.

Post-employment benefits and employee benefits

This item amounted to € 18.1 million, a decrease of € 2.1 million compared with the previous year. This variation is attributable to ordinary operating dynamics, characterised by provisions totalling € 16.2 million, payments and transfers to funds of € 17.8 million, and other decreases, including the effects of currency fluctuations, amounting to € 0.5 million.

Other non-current assets, net

Other non-current assets, net of liabilities, amounted to € 10.7 million, down by € 1.0 million compared with 31 December 2012, and comprising the following items:

(Values in €/000)	31 December 2013	31 December 2012	Variation
Non-current intragroup loans and receivables	2,791	3,478	(687)
Other non-current assets	9,018	10,782	(1,764)
Other non-current liabilities	(1,105)	(2,601)	1,496
Total other non-current assets, net	**10,704**	**11,659**	**(955)**

Net tax assets

Net tax assets amounted to € 139.2 million, an overall increase of € 1.6 million. This item is broken down as follows:

(Values in €/000)	31 December 2013	31 December 2012	Variation
Deferred tax assets	102,650	105,484	(2,834)
Deferred tax liabilities	(47,809)	(46,507)	(1,302)
Total net deferred assets (liabilities)	**54,841**	**58,977**	**(4,136)**
Current tax assets	60,644	67,253	(6,609)
Current tax liabilities	(57,477)	(52,630)	(4,847)
Total net current tax assets (liabilities)	**3,167**	**14,623**	**(11,456)**
Other current tax assets	96,538	80,579	15,959
Other current tax liabilities	(15,321)	(16,603)	1,282
Total other current tax assets (liabilities)	**81,217**	**63,976**	**17,241**
Total tax assets (liabilities)	**139,225**	**137,576**	**1,649**

Net deferred tax assets decreased by € 4.1 million as a result of deferred tax costs of € 4.3 million and reversal to the income statement of pre-paid tax in prior years of € 13.6 million, net of income for pre-paid tax for the period of € 8.1 million, and transfer to the income statement of deferred tax recorded in prior years amounting to € 0.9 million. The effect of exchange rate fluctuations and other variations have resulted in an increase of € 4.8 million.

Current net income tax assets (liabilities) increased by € 11.5 million, mainly due to the valuation of income tax liabilities on income arising out of the ordinary revenue dynamics of the period.

Other net tax assets increased by € 17.2 million mainly due to the change in VAT receivables and other Italian indirect taxes.

Working capital

Working capital increased by € 161.7 million, from € 415.5 million to € 577.2 million. The main changes in working capital related to developments in the Group's operating activities and the greater production on certain domestic and international contracts during the year. They are summarised below:

- Inventories amounted to € 83.5 million, down by € 11.9 million compared with the prior year as a result of their use in the construction activities of certain foreign contracts including in particular the Angostura and river Sogamoso hydroelectric projects and lots 2 and 3 of the Abu Dhabi hydraulic tunnel.
- Work in progress increased overall by € 11.8 million, from € 864.4 million to € 876.2 million. This variation reflects the effects of increased production in the Construction segment, resulting in an increase in work in progress of € 81.6 million; this was offset by a further reduction in Plant assets of € 69.8 million due largely to the progress reached on major projects in the Desalination segment.
- Advances on work in progress amounted to € 842.1 million, a decrease of € 2.3 million. The net decrease stems from the combined effect of the net increase in contractual advance payments of € 22.0 million and the decrease of € 24.3 million in negative value work in progress (advances progressively higher than the value of production). The net increase in contractual advance payments reflects new deliveries relating to contracts in the Construction segment in Saudi Arabia and Qatar – totalling approximately € 102 million – net of absorptions arising from production achieved by active contracts, with particular reference to the projects in Colombia.
- Receivables increased by € 105.3 million, due to an increase in third party receivables of € 117.3 million and a reduction in non-consolidated Group company receivables of € 12.0 million. The increase in third party receivables is due in large part to the Construction segment which saw an overall increase of € 180.6 million (mainly Venezuela and Pedelombarda), while the Plant segment contributed with a reduction of € 81.7 million. The increase in receivables relating to Venezuela reflects temporary delays in payments by clients in this area resulting from conditions recently experienced in the country and described in the 'Risk Areas' section for the Construction segment elsewhere in this Report.
- Payables decreased by € 69.8 million, resulting in a net increase in working capital. The fall is due to a reduction in third party payables of € 55.4 million and in non-consolidated Group company payables of € 14.4 million. The reduction in third party payables is due largely to the Plant segment which saw a decrease of € 81.5 million, which was offset by an increase in the Construction segment of € 27.1 million (mainly the Panama Canal and Pedelombarda).
- Other current assets decreased by € 29.3 million, mainly due to the absorption of advances to suppliers and subcontractors in large overseas projects in the Construction segment. Other current liabilities decreased by € 13.8 million, mainly as a result of the adjustment of certain accounts payable relating to the purchase of business units in previous years.

Net financial position

As from the financial year covered in this Report, using an information disclosure approach consistent with that used within the Salini Group and reflected in the disclosure documentation published in 2013 concerning the merger, the value of the net financial position of the Impregilo Group also reflects subordinated loans granted to affiliated companies and receivables from the sale of investments previously classified in "Other non-current assets (liabilities)" and "Other current assets", totalling € 119.2 million. To allow a consistent comparison of the values stated at the end of 2013 with those for the previous year, the comparative figures amounting to € 46.6 million have been restated on a like-for-like basis.

As at 31 December 2013, the Impregilo Group has a positive net financial position of € 421.5 million compared with a net financial position of € 613.4 million as at 31 December 2012, a net variation of € 191.9 million. At Group level, the debt/equity ratio is -0.30 at year end, due to the fact that its financial position is positive.
The variation in the net financial position, in addition to that arising out of the ordinary operating dynamics of the Group, also reflects the effects of the following situations:

- proceeds from the sale of the remaining 6.50% stake in the Brazilian group Ecorodovias Infrastructura e Logistica S.A., which was completed in January 2013 for a total of € 187.0 million;
- recovery of the claims for damages and legal interest relating to former waste-derived fuel plants amounting to € 240.5 million, made following

enforcement of the decision of the Court of Cassation, which had definitively established such right in favour of the Group.

- payment in May of the dividends approved by the Shareholders' Meeting on 30 April 2013, totalling € 602.2 million;
- early repayment of the variable rate debenture loan taken out by the Impregilo subsidiary International Infrastructures NV in November 2013 totalling € 114.7 million, including interest.

Impregilo has given guarantees of € 86.8 million in favour of unconsolidated Group companies securing bank loans.

The Group's net financial position at 31 December 2013 is summarised in the following table.

Net financial position of Impregilo Group

(Values in €/000)	Note (*)	31 December 2013	31 December 2012	Variation
Non-current financial assets	6	10,868	4,960	5,908
Current financial assets	13	590	10,590	(10,000)
Cash and cash equivalents	16	813,290	1,243,086	(429,796)
Total cash and cash equivalents and other financial assets		**824,748**	**1,258,636**	**(433,888)**
Non-current bank loans	19	(94,947)	(104,634)	9,687
Bonds	20	(149,212)	(148,840)	(372)
Finance lease payables	21	(13,319)	(40,028)	26,709
Total non-current indebtedness		**(257,478)**	**(293,502)**	**36,024**
Current portion of bank loans and current account facilities	19	(205,590)	(225,043)	19,453
Current portion of bonds	20	(952)	(113,689)	112,737
Current portion of finance lease payables	21	(24,804)	(22,785)	(2,019)
Total current indebtedness		**(231,346)**	**(361,517)**	**130,171**
Derivative assets	13	1,016	1,091	(75)
Derivative liabilities	22	(4,350)	(5,265)	915
Other non-current financial assets	6	48,123	50,707	(2,584)
Other current financial assets	13	80,482	7,313	73,169
Current portion of factoring payables	19	(19,579)	(10,168)	(9,411)
Non-current portion of factoring payables	19	(20,165)	(33,915)	13,750
Total other items in net financial indebtedness		**85,527**	**9,763**	**75,764**
Net financial position (indebtedness) - continuing operations		**421,451**	**613,380**	**(191,929)**
Net financial position (indebtedness) including discontinued operations		**421,451**	**613,380**	**(191,929)**

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

World **leader** in the water segment

Performance of the parent Impregilo S.p.A.

Reclassified separate income statement

(Values in €/000)	Note (**)	2013	2012 (§)	Variation
Operating revenue		1,235,136	1,302,378	(67,242)
Other revenue		41,255	64,626	(23,371)
Total revenue	27	**1,276,391**	**1,367,004**	**(90,613)**
Costs	28	(1,106,913)	(1,223,644)	116,731
Gross operating profit (*)		**169,478**	**143,360**	**26,118**
Gross operating profit % (*)		13.3%	*10.5%*	
Amortisation and depreciation	28	(17,133)	(31,826)	14,693
Operating profit (*)		**152,345**	**111,534**	**40,811**
Return on Sales (*)		11.9%	*8.2%*	
Financing income (costs) and gains (losses) on investments				
Net financing income (costs)	29	24,976	1,508	23,468
Net gains (losses) on investments	30	(13,245)	669,886	(683,131)
Net financing income (costs) and net gains (losses) on investments		**11,731**	**671,394**	**(659,663)**
Profit before tax		**164,076**	**782,928**	**(618,852)**
Income tax expense	31	(50,247)	(43,605)	(6,642)
Profit for the year		**113,829**	**739,323**	**(625,494)**

(*) The section “Other information” gives a definition of these indicators.
(**) The note numbers refer to the notes to the separate financial statements where the items are analysed in detail.
(§) Figures restated following the application of IAS 19 revised.

Revenue

2013 revenue amounts to € 1,276.4 million (€ 1,367.0 million). Revenues in Italy were € 645.4 million (€ 496.9 million) and € 631.0 million abroad (€ 870.1 million). The limited decrease in the volume of activities carried out in 2013 over the previous year is mainly attributable to the lower production achieved in projects directly attributable to the Parent Company, against an increase in the value produced by project consortia legally distinct from Impregilo S.p.A., the economic effects of which can only be seen at the consolidated level.

Other revenues mainly comprise revenues from support and coordination activities carried out by the Parent Company on behalf of its subsidiaries and charged to them, and contingent assets.

Operating profit

The operating profit is € 152.3 million (€ 111.5 million) with a Return on Sales of 11.9% (8.2%).

The operating profit is affected by the corporate structure’s costs of € 44.7 million, unchanged from the previous year.

Financing income (costs) and gains (losses) on investments

The parent recorded net financing income of € 25.0 million (€ 1.5 million) while net losses on investments amounted to € 13.2 million (gains of € 669.9 million).

The increase in net financing income is a result of the following:

- greater overall net financial expenses of approximately € 9.0 million. This effect mainly reflects higher net default charges reasonably deemed to be non-recurring, while interest paid to banks and other financial institutions decreased overall by € 5.5 million. Other net financial charges decreased by € 1.6 million.

- Net exchange rate gains amount to € 40.0 million (€ 7.5 million for the previous year). It should be noted that again in 2013 there was a benefit from the positive effects resulting from asymmetries in the foreign exchange market in relation to certain currencies for which the official exchange rates are artificially fixed, asymmetries which in 2013 have increased further compared with previous years.

Net losses on investments of € 13.2 million (net gains of € 669.9 million) mainly reflect:

- the recognition of impairment losses on the carrying amount of investments in *joint ventures* and *special purpose entities* (SPE), based on their equity and revised forecasts of contract costs which gave rise to a net estimated loss of roughly € 14.6 million;
- the net effect was negative and amounted to € 2.1 million, resulting from adjustments to the carrying values of certain investments in subsidiaries determined under the *impairment testing* procedures. In this context, more fully described in the notes to the separate financial statements of Impregilo S.p.A. presented elsewhere in this Report, impairment reversals (positive effect) of € 23.3 million and impairment losses (negative effect) o € 25.4 million are recorded.

Financial position of the parent Impregilo S.p.A.

Reclassified statement of financial position

(Values in €/000)	Note (*)	31 December 2013	31 December 2012 (§)	Variation
Non-current assets	1-2-3	642,216	646,122	(3,906)
Provisions for risks	20	(206,866)	(253,477)	46,611
Post-employment benefits and employee benefits	19	(11,690)	(11,403)	(287)
Other non-current assets, net	5-6	2,111	89,031	(86,920)
Net tax liabilities	7-12-23	(17,866)	(30,221)	12,355
Inventories	*8*	*30,333*	*32,763*	*(2,430)*
Contract work in progress	*9*	*437,560*	*490,758*	*(53,198)*
Advances on contract work in progress	*21*	*(130,837)*	*(74,813)*	*(56,024)*
Loans and receivables	*10*	*805,797*	*647,868*	*157,929*
Payables	*22*	*(486,314)*	*(512,968)*	*26,654*
Other current assets	*13*	*46,637*	*51,659*	*(5,022)*
Other current liabilities	*24*	*(45,950)*	*(59,715)*	*13,765*
Working capital		657,226	575,552	81,674
Net invested capital		**1,065,131**	**1,015,604**	**49,527**
Equity	**15**	**1,193,825**	**1,682,283**	**(488,458)**
Net financial position		**128,694**	**666,679**	**(537,985)**
Total financial resources		**1,065,131**	**1,015,604**	**49,527**

(*) The note numbers refer to the notes to the separate financial statements where the items are analysed in detail.
(§) Figures restated following the application of IAS 19 revised.

Net invested capital

For the Parent Company, this item increases overall by € 49.5 million compared with the previous year.
The main variations of the year contributing to the decrease are described below.

Non-current assets

Net non-current assets fell overall by € 3.9 million:

(Values in €/000)	31 December 2013	31 December 2012	Variation
Property, plant and equipment	16,731	32,986	(16,255)
Intangible assets	44,948	32,941	12,007
Equity investments	580,537	580,195	342
Total non-current assets	**642,216**	**646,122**	**(3,906)**

Property, plant and equipment decreased by approximately € 16.3 million due to depreciation of € 14.1 million and disposals of € 4.0 million at certain sites being closed down, net of investments of € 1.9 million, mainly relating to foreign contracts.

Intangible assets increased by € 12.0 million following the acquisition of an additional stake in the Milan-Genoa High-Speed & Capacity Railway Project.

Provisions for risks

Risk provisions amounted to € 206.9 million, an overall decrease of € 46.6 million, due mainly to provision for risks on investments (i.e.: investments with negative carrying value). This item was increased by € 14.6 million as a result of adjustments to the carrying values in some SPVs performing contracts for which a residual loss has been recorded, and reduced by about € 61.3 million due to write-offs recorded during 2013, corresponding to losses detected and recorded the previous year.

Post-employment benefits and employee benefits

This item amounted to € 11.7 million, with little change compared with the previous year. Ordinary operating dynamics saw operational provisions of € 6.6 million, payments and transfers to the funds of € 6.7 million and other variations decreased to € 0.4 million.

Other non-current assets, net

This item mainly comprises non-current intragroup loans and receivables. Compared with the previous year, they are reduced to a total of € 86.9 million attributable mainly to the recoveries made during the year by the subsidiary Fibe S.p.A. which allowed it to repay some of the loans made by the Parent Company to support its operations in the light of the continuing defaults of the debtor public administrations.

Net tax liabilities

At 31 December 2013, net tax liabilities showed a balance of € 17.9 million, down by € 12.4 million compared with the previous year. The breakdown and variations for this item are as follows:

(Values in €/000)	31 December 2013	31 December 2012	Variation
Deferred tax assets	36,434	37,948	(1,514)
Deferred tax liabilities	(98,931)	(115,575)	16,644
Total deferred assets (liabilities)	**(62,497)**	**(77,627)**	**15,130**
Current tax assets	42,712	52,565	(9,853)
Current tax liabilities	(45,748)	(41,848)	(3,900)
Total	**(3,036)**	**10,717**	**(13,753)**
Other current tax assets	51,992	45,004	6,988
Other current tax liabilities	(4,325)	(8,315)	3,990
Total other current tax assets (liabilities)	**47,667**	**36,689**	**10,978**
Total tax assets (liabilities)	**(17,866)**	**(30,221)**	**12,355**

A more detailed examination of the variations affecting these items is provided in the notes to the separate financial statements of Impregilo S.p.A. for the year 2013 provided elsewhere in this Report.

Salini Impregilo is operative in **5** continents

Working capital

Working capital at 31 December 2013 amounted to € 657.2 million, an increase of € 81.7 million compared with the previous year. The main changes in working capital related to developments in the Company’s operating activities and the greater production on certain domestic and international contracts during the year. They are summarised below:

- inventories amounted to € 30.3 million, a decrease of € 2.4 million mainly due to the progress achieved in the Orastie-Sibiu motorway works in Romania;
- contract work in progress fell from € 490.8 million to € 437.6 million, a decrease of € 53.2 million. This variation reflects, on the one hand, the decrease resulting from progress achieved in certain domestic projects which, at the end of 2013, were substantially complete, and the sale of the contract relating to the construction activities for the Milan East Outer Ring Road project, as mentioned earlier in this Report; and on the other hand, it reflects the increase due to the start-up of certain new contracts – Qatar and Jonica Trunk Road – and activities in Venezuela;
- advances on work in progress amounted to € 130.8 million, an increase of € 56.0 million. The variation is due mainly to payments received under contracts acquired in 2013 in Saudi Arabia (Riyadh Metro) and Qatar (Red Line North);
- receivables increased by € 157.9 million from € 647.9 million to € 805.8 million. The increase in receivables largely reflects the greater exposure to Venezuelan clients recorded during the period as a result of temporary delays in payments in this area resulting from conditions recently experienced in the country and described in the ‘Risk Areas’ section for the Construction segment elsewhere in this Report; and the recording of receivables from Italian projects due to improved prospects concerning certain disputes with clients compared with forecasts for previous years.
- payables decreased by € 26.7 million, resulting in an increase in working capital. Third party payables decreased by € 37.6 million, while payables to Group companies increased by € 10.9 million.
- other current assets decreased by € 5.0 million mainly due to the absorption of advances to suppliers;
- other current liabilities decreased by € 13.8 million compared with the previous year, due largely to the settlement of debts for the previous purchase of a business unit relating to the Milan-Genoa High-Speed & Capacity Railway contract. Payment of these amounts occurred in the second half of the year after reaching agreement with the other party.

Net financial position

The net financial position of the Parent Company at 31 December 2013 was positive and amounted to € 128.7 million, compared with the previous year’s figure which was positive and amounted to € 666.7 million.

In addition to the amount arising from the ordinary operating dynamics of the Parent Company for 2013, Impregilo S.p.A. distributed ordinary dividends totalling € 602.2 million.

The following table shows the Parent’s net financial position at 31 December 2013 compared with the previous year-end.

Net financial position of Impregilo S.p.A.

(Values in €/000)	Note (*)	31 December 2013	31 December 2012	Variation
Non-current financial assets	4	10,867	4,960	5,907
Cash and cash equivalents	14	304,032	876,983	(572,951)
Total cash and cash equivalents and other financial assets		**314,899**	**881,943**	**(567,044)**
Non-current bank loans	16	(78,674)	(78,295)	(379)
Finance lease payables	17	(2)	(16)	14
Total non-current indebtedness		**(78,676)**	**(78,311)**	**(365)**
Current portion of bank loans and current account facilities	16	(94,981)	(105,243)	10,262
Current portion of finance lease payables	17	(17)	(28)	11
Total current indebtedness		**(94,998)**	**(105,271)**	**10,273**
Derivative assets	11	392	1,091	(699)
Derivative liabilities	18	–	(65)	65
Other non-current financial assets	4	17,420	–	17,420
Current portion of factoring payables	16	(10,178)	(10,168)	(10)
Non-current portion of factoring payables	16	(20,165)	(22,540)	2,375
Total other items in net financial indebtedness		**(12,531)**	**(31,682)**	**19,151**
Net financial position		**128,694**	**666,679**	**(537,985)**

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

Directors' report
- Part II

Performance by business segment

This section analyses the main results and most significant events affecting management of the Group in 2013. It is organised according to the distribution of the Group's activities into its various segments.

- Corporate, coordination and supervision of Impregilo S.p.A.'s main investments; this is carried out by central units forming part of the parent.
- Construction, business headed by Impregilo S.p.A.
- Concessions, business coordinated by Impregilo International Infrastructures (the Netherlands) and carried out through subsidiaries, jointly controlled entities and associates.
- Engineering & Plant Construction, business headed by FISIA Italimpianti and FISIA Babcock Environment (Germany).

The tables on the following pages highlight the contribution of the individual business segments to the consolidated results, and provide a breakdown of net invested capital by business segment.

The remaining waste disposal activities in the Campania region ("Campania USW projects") are discussed in a separate section of this Report.

2013 performance by business segment

(Values in €/000)	Construction	Concessions	Engineering & Plant Construction	Campania USW projects	Eliminations	Corporate costs (unallocated items)	Total
Operating revenue	2,101,823	19,118	141,810	–	(1,345)		2,261,406
Other revenue	53,593	1,679	7,435	821	(1,600)		61,928
Total revenue	**2,155,416**	**20,797**	**149,245**	**821**	**(2,945)**	**–**	**2,323,334**
Costs							
Purchases, sub-contracts and other operating expenses	(1,527,229)	(19,315)	(105,702)	(2,357)	2,257	(25,448)	(1,677,794)
Personnel expenses	(316,153)	(6,629)	(43,953)	(241)	688	(18,131)	(384,419)
Provisions and impairment losses	(12,757)	–	3,648	–		(1,082)	(10,191)
Total costs	**(1,856,139)**	**(25,944)**	**(146,007)**	**(2,598)**	**2,945**	**(44,661)**	**(2,072,404)**
Gross operating profit (loss)	**299,277**	**(5,147)**	**3,238**	**(1,777)**	**–**	**(44,661)**	**250,930**
Gross operating profit (loss) %	*13.9%*	*n.a.*	*2.2%*	*n.a.*			*10.8%*
Amortisation and depreciation	(89,261)	(825)	(2,918)	(2)		(46)	(93,052)
Operating profit (loss) before non-recurring items	**210,016**	**(5,972)**	**320**	**(1,779)**	**–**	**(44,707)**	**157,878**
Return on Sales	*9.7%*	*n.a.*	*0.2%*	*n.a.*			*6.8%*
Operating profit	**210,016**	**(5,972)**	**320**	**(1,779)**	**–**	**(44,707)**	**157,878**
Profit (loss) from discontinued operations		**(766)**		**81,401**			**80,635**

Consolidated statement of financial position as at 31 December 2013 by business segment

(Values in €/000)	Construction	Concessions	Engineering & Plant Construction	Campania USW projects	Eliminations and unallocated	Total
Total non-current assets	547,727	83,721	13,129	791	(288,286)	357,082
Assets held for sale, net				5,683		5,683
Provisions for risks, post-employment benefits and employee benefits and other non-current assets (liabilities)	(47,602)	(1,519)	(6,441)	(30,432)	(15,608)	(101,602)
Net tax liabilities					139,225	139,225
Working capital	**479,659**	**19,355**	**28,016**	**50,157**	**(12)**	**577,175**
Net invested capital	**979,784**	**101,557**	**34,704**	**26,199**	**(164,681)**	**977,563**
Equity					**1,399,014**	**1,399,014**
Net financial position					**(421,451)**	**(421,451)**
Total financial resources						**977,563**

Corporate activities are centralised within the parent, Impregilo S.p.A., and relate to the following:

- 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.

The net cost of corporate activities amounted to € 44.7 million, unchanged compared with the previous year (€ 44.7 million).

During 2013, the central structures of the Parent Company were significantly affected by development of the "National Champion" project by the shareholder Salini S.p.A. In this context, and in line with the strategic objectives characterising it, a takeover bid for all the ordinary shares of Impregilo S.p.A. was launched by Salini S.p.A., as a result of which it obtained control of the Impregilo Group in April 2013; in addition, the boards of directors of Impregilo and Salini approved the merger plan, which was also approved by the respective extraordinary general meetings of shareholders held during September 2013. As part of this process, a concrete start was made to the series of activities aimed at effectively integrating the two Groups, including their operations. These activities, however, are still developing and it is reasonable to assume that they will occupy the corporate structures for much of 2014.

Corporate

The merger will take full effect under civil and fiscal law on 1 January 2014. For more exhaustive information in relation to this operation, please refer to the disclosure documents made available to the public in accordance with the laws and regulations in force, prior to the preparation date of this Report.

Risk areas

Tax litigation

With regard to the dispute with the Revenue Agency, this is still pending in the Court of Cassation, following an appeal by the Agency; the dispute concerns the notice of assessment challenging the tax treatment of impairment losses and capital losses recorded by the company during financial year 2003. In particular, the main irregularity concerning the sale – by Impregilo S.p.A. to Impregilo International NV – of the shareholding in the Chilean concessionary company Costanera Norte SA, has been rejected by the Regional Tax Tribunal of Milan.

There are also two disputes pending at first instance relating to financial year 2005 mainly concerning (i) the costs relating to a joint venture set up in Venezuela and (ii) the technicalities employed in the so-called realignment of the value of the shareholdings referred to in art. 128 of Presidential Decree 917/86. A further dispute for financial year 2006 concerning (a) the costs relating to a joint venture set up in place in Venezuela, (b) a capital loss made on equity investments and (c) costs for services not relating to the year, was reduced to approximately 20% of the initial claim by the Provincial Tax Tribunal of Milan and is still pending its decision at second instance. The company, supported by its legal advisers, believes that its actions were proper and has consistently regarded the risk of losing in these cases as improbable, although not impossible.

Other litigation

The corporate structure is not currently involved in any major litigation. Except as more fully described in the context of the Campania USW Projects, it is simply stated that, starting in 2009, following the transfer of the registered office of the Parent Company from the municipality of Sesto San Giovanni (in the province of Milan) to the municipality of Milan, a dispute arose with the lessor of the building in which the former head office was located. The dispute was settled by arbitration in December 2012, the decision upholding the claims made by the lessor, and ordering the Parent Company to pay the remaining lease instalments for the entire duration of the lease, expiring in July 2012. The decision was promptly challenged in the Milan Court of Appeal where the proceedings are still pending. The Parent Company, however, pending the terms of the appeal, had already reflected the effects of the arbitration award in its balance sheet for 2012. Pending appeal of the award, the Parent Company was obliged to pay, subject to the right to claim repayment, the amount of the award to the lessor.

It should be noted that, in relation to the dispute, Impregilo S.p.A., pursuant to the provisions of the contracts entered into with Immobiliare Lombarda S.p.A., the original lessor of the present registered office, is entitled to be held harmless in relation to claims made by the previous lessor for amounts exceeding € 8 million, such entitlement already being exercised by application for a court order. The order was issued by the Court of Milan, and was challenged by Immobiliare Lombarda. Pending the proceedings, however, Impregilo paid the required amount under the contested decision for which no stay was granted.

Construction

The Construction segment, which also reports to Impregilo S.p.A., today reflects the main area of operation of the Group covering large-scale infrastructure projects such as dams, hydroelectric plants, motorways, railways, metros, underground works, bridges and similar works.

In 2013, the Construction segment recorded revenue of € 2,155.4 million (€ 2,044.0 million) and an operating profit of € 210.0 million (€ 1.1 million).

During the year, the Construction segment continued to manage projects relating to the construction of large-scale infrastructure.

In particular, the most significant events that affected the year in relation to the main contracts, broken down by geographical segment, are the following.

Italy

Salerno-Reggio Calabria Motorway: Lots 5 and 6

This project relates to the improvement and upgrading of the last section of the Salerno-Reggio Calabria motorway, between Gioia Tauro and Scilla (Lot 5) and between Scilla and Campo Calabro (Lot 6). Impregilo's share of the contract is 51%.

As regards Lot 5, in relation to which major disputes had arisen with the client, which were however successfully resolved, new critical situations have arisen in the second half of the previous year. These are due to the difficulty in obtaining the desired productivity targets and the social and environmental conditions at the construction sites, which remain critical. As a result, Impregilo has revised the contract life cycle estimates, identifying a loss situation, which was already fully reflected in the income statement for the financial year 2012. During 2013, no new and significant critical elements have arisen that would require changes to the assessments made at the time.

Progress on Lot 5 at 31 December 2013 is 94.7%, and on Lot 6 it is 79.0%.

Pedemontana Lombarda motorway

This contract entails the final and executive designs and construction of the first section of the Como and Varese ring roads and the connector between the A8 and the A9 motorways (from Cassano Magnago to Lomazzo) with construction of roughly 26 kilometres of motorway and secondary roads, including roughly 7 kilometres of tunnels.

During February 2010, the final plan was approved and Rider no. 1 was signed. In addition to fixing the total value of the contract at € 880 million, this Rider provided for and governed the early performance of certain works and associated separate executive planning without involving the commencement of contractual timetables. During December 2010, in addition to approval of the executive plan, Rider no.1 (which in fact increased the activities defined as early works) was signed and on 7 December partial delivery of the works was made.

However, starting from 2011 and throughout 2012, the client has encountered increasing difficulties in meeting its contractually provided for financial commitments. Despite this, the general contractor commenced construction as per the agreed work schedule and the procedures provided for by contract to safeguard itself in relation to the above difficulties. In this regard it should be noted that, during the first half of 2013, the client has largely overcome these financial difficulties and, during the current year, activities are progressing correctly and according to schedule. In particular, on 30 November 2013, as provided in the contract documents, substantial completion of the link road between the A8 and A9 motorways was achieved.

At 31 December 2013, 77.0% of the work was complete.

Third lane of the A4 Venice-Trieste motorway (Quarto d'Altino-San Donà di Piave)

In November 2009, the joint venture led by Impregilo as lead contractor won the tender for the planning and execution of the works to widen to three lanes the A4 Venice-Trieste motorway between the municipalities of Quarto d'Altino and San Donà di Piave (VE). The contract is worth € 224 million.

The works involve widening the motorway over a length of 18.5 km by building a third lane and include, in particular, the construction of two new viaducts with an overall length of about 1.4 km over the Piave River, the construction of four bridges, nine overpasses, four motorway underpasses and the rebuilding of the San Dona di Piave motorway exit.

At 31 December 2013, 62.7% of the work was complete.

High-speed/capacity Milan-Genoa Railway Project

The project for the construction of this railway line was assigned to Consorzio CO.C.I.V. as general contractor with the TAV (as operator on behalf of Ferrovie dello Stato)/CO.C.I.V. agreement of 16 March 1992. Impregilo is the project leader.

As described in previous years, this project's pre-contractual stage has been complicated and difficult, with developments from 1992 to 2011 on various fronts, including many disputes.

Following the entry into force of Legislative Decree no. 112/2008, as converted into Law no. 133/2008, and the Finance Law 2010 which provided for performance of works by way of construction batches, new contacts were initiated between the parties to explore the possibility of executing the Agreement again and waiving, as expressly provided by the said Finance Law 2010, the claims for compensation made in the ongoing litigation.

The contract for the works on the Terzo Valico dei Giovi section of the high speed/capacity Milan-Genoa railway line was signed in November 2011. The works assigned to the general contractor CO.C.I.V., led by Impregilo with a 64% interest, approximate € 4.8 billion. The first lot, already financed by CIPE for € 500 million, includes works and activities for € 430 million. CIPE has also assigned the funds for the second lot as per its resolution no. 86/2011, published in the Italian Official Journal no. 65 of 17 March 2012. The Court of Auditors recorded the funding of the second lot (€ 1.1 billion) on 5 March 2012. CO.C.I.V. and RFI agreed commencement of Lot 2 for € 617 million on 23 March 2013.

Towards the end of the first half of 2013, arbitration proceedings started in previous years were successfully concluded; these concerned payment to the Consortium of fees owed to it in relation to activities carried out prior to the entry into force of the abovementioned Decree 112/2008 in relation to which the Consortium had recorded only the item relating to the costs actually incurred. In addition, with the conclusion of these arbitration proceedings, the Consortium became liable to repay the contractual advance payment received at the time, plus default interest. This obligation was fulfilled early in the third quarter of 2013 by offsetting it against the amounts owed to the Consortium pursuant to the arbitration decision, all in accordance with the provisions of the Rider to the Convention of November 2011.

Lastly, the Impregilo Group's share in the CO.C.I.V. Consortium was increased to 64% as a result of the finalization of the agreements signed with partner Tecnimont S.p.A. during September 2013.

At 31 December 2013, 7.6% of the work was complete.

Line 4 of the Milan metro

Impregilo, the leader and representative of a joint venture comprising Astaldi, Ansaldo STS, AnsaldoBreda, ATM-Azienda Trasporti Milanese (the Milan municipal transport company) and Sirti, has been definitively awarded the contract issued by the Milan municipality for the selection of a private partner of a public/private partnership to which the concession for the design, construction and subsequent operation of Line 4 of the Milan metro will be granted. The new line, which will be fully automated (i.e. driverless), will cover a 15.2 km stretch from Linate to Lorenteggio. The contract includes the final and executive design and construction of two single-track tunnels, one in each direction, with 21 stations and a depot/workshop.

The overall value of the investment, mainly for the civil works, the supply of technological services and mechanical engineering, is roughly € 1.7 billion, two thirds of which is financed by the Italian state and the Milan municipality.

To coordinate the construction work, Impregilo S.p.A. and the private partners (Astaldi, Ansaldo STS, AnsaldoBreda and Sirti) have set up the MM4 Consortium which, in turn, has entrusted the civil works and non-system plant engineering to the consortium members Impregilo and Astaldi, in turn 50% joint partners in Metroblu S.c.r.l.

On 20 June 2013, the M4 S.c.p.A. (project consortium replacing the temporary association of companies and comprising the companies belonging to it) and the Client signed the Addendum to the Ancillary Contract which redefined the schedule of works, separately detailing the works on the 'EXPO section' and increasing the total investment to approximately € 1.8 billion.

At 31 December 2013, 3% of the work was complete.

Jonica highway

At the end of 2011, Impregilo and Astaldi were awarded the tender called by ANAS (the Italian national roads authority) for the construction of the third maxi-lot of the Jonica highway no. 106 as general contractor. This new contract is worth approximately € 791 million, of which 40% for Impregilo. The new infrastructure will stretch over 38.0 km from the junction with highway no. 534 to Roseto Capo Spulico (CS). The project main works include the construction of some 13 km of tunnels, 5 km of viaducts and 20 km of embankments. The project is scheduled to take approximately seven years and eight months, including 15 months to develop the designs (final and executive) and for the preliminary work, and another six years and five months for the construction work.

At 31 December 2013, 2.0% of the work was complete.

Abroad

Venezuela-Puerto Cabello-La Encrucijada Railway

This project consists of the construction of civil works of the railway line along approximately 110 km, connecting Puerto Cabello and La Encrucijada.

Impregilo signed a contract addendum with the Venezuelan Independent Railway Institute for completion of the Puerto Cabello - La Encrucijada line in November 2011. The addendum includes extension of the line from the city of Moron to the port of Puerto Cabello. These new works are worth approximately € 763 million (Impregilo's share is 33.33%).

At 31 December 2013, 72.7% of the work was complete.

Venezuela - San Juan de los Morros - San Fernando de Apure Railway and Chaguaramas - Cabruta Railway

Impregilo is involved (33.33% interest) in the construction of two new railway lines: "San Juan de los Morros - San Fernando de Apure" (252 km) and "Chaguaramas - Las Mercedes-Cabruta" (201 km).

The projects comprise the design and installation of a railway superstructure, the construction of 11 stations and nine logistics centres as well as the laying of 453 km of new lines.

Work was 33.2% complete for the "San Juan de los Morros - San Fernando de Apure" section at 31 December 2013.

It was 45.6% complete for the "Chaguaramas - Cabruta" section at 31 December 2013.

With regard to the main critical issues affecting the Group's operations in Venezuela, please refer to the descriptions in the paragraph "Risk areas" elsewhere in this section.

Greece - Thessalonica metro project

This project relates to the construction of the automated metro in Thessalonica. The contract was signed in 2006 and Impregilo is participating jointly in the civil works with the Greek construction company Aegek S.A. and Seli S.p.A. The project entails the construction of an automated light metro system with the excavation of two 9.5-km tunnels and 13 new underground stations.

At 31 December 2013, 33.3% of the work was complete.

Greece - Stavros Niarchos Foundation Cultural Centre

At the end of 2012, the Group was awarded the contract for the new Stavros Niarchos Foundation Cultural Centre (SNFCC) in Athens, Greece as part of a joint venture with the Greek company Terna S.A.. The contract is worth approximately € 325 million (Impregilo's share: 51%) and is guaranteed and financed in full by the Stavros Niarchos Foundation. Designed by the architectural consultancy Renzo Piano Building Workshop, the project is an ecologically sustainable multi-purpose centre located about 4.5 km from central Athens on a 232,000 square metre site devoted largely to public parkland. It will be completed in 38 months. The initiative also provides for the construction of the new Greek National Opera, with a main 1,400-seat theatre and an experimental 400-seat theatre, and the National Library which will be open to the general public and house up to 750,000 books. Finally, on completion of the Opera, the contract also provides for the management and maintenance of the Cultural Centre for a period of five years, with an additional value of about € 10 million.

At 31 December 2013, 19.9% of the work was complete.

Romania - Orastie-Sibiu motorway

In April 2011, Impregilo was awarded the tender for the engineering and construction of Lot 3 of the Orastie-Sibiu motorway by the Romanian National Road & Highways Company (CNADNR). The contract is worth approximately € 144 million and is 85% funded by the European Union and 15% by the Romanian government. It includes the construction of 22.1 km of a four-lane dual carriageway stretch of motorway with hard shoulders and a total width of 26 metres. The Orastie-Sibiu project is part of a larger project known as "Motorway corridor no. 4", which will link the city of Nadlac on the Hungarian border with the city of Constanza on the western shore of the Black Sea.

At 31 December 2013, 84.2% of the work was complete.

United States - Lake Mead tunnel

In 2008, Impregilo won the international tender called by the Southern Nevada Water Authority (SNWA) for the construction of an articulated water extraction and transportation system from Lake Mead to the Las Vegas area to increase water supplies for drinking and domestic use. Lake Mead is one of the biggest reservoirs in the United States. The contract is worth USD 447 million.

At 31 December 2013, 72.3% of the work was complete.

United States - San Francisco Central Subway

At the end of June 2011, the board of directors of the San Francisco Transportation Agency awarded the Impregilo Group (in a consortium with the American company Barnard) the contract to extend the city's Central Subway line. The contract is worth USD 233 million and Impregilo has a 45% share therein with its subsidiary SA Healy. It covers the underground extension of the existing surface line in the city centre, with two new single-track tunnels for a total length of 5 km to be excavated with two 6.40-metre diameter TBMs. It is expected to take 35 months.

At 31 December 2013, 64.8% of the work was complete.

South Africa - Ingula hydroelectric plant

The procedures for the participation of Impregilo, CMC of Ravenna and a local company in construction of a hydroelectric plant in South Africa were finalised in March 2009. Impregilo has a 39.2%

share of the project ("Ingula Pumped Storage Scheme"), which is currently worth approximately € 948 million. It consists of the construction of a generating and pumping plant with total installed capacity of 1100 MW which will generate electricity at peak times and reuse the water pumping it into the upper reservoir during times of less demand.

At 31 December 2013, 88.1% of the work was complete.

Widening of the Panama Canal

In July 2009, Impregilo obtained official confirmation that "Grupo Unido por el Canal", the consortium of which it is a member – together with Sacyr Vallehermoso (Spain), Jan de Nul (Belgium) and the Panamanian company Constructora Urbana (Cusa) – had been awarded the contract for the construction of a new system of locks as part of the project to widen the Panama Canal. The bid was for USD 3.22 billion.

The contract is one of the largest and most important civil engineering projects ever to take place. It involves the construction of two new series of locks, one on the Atlantic side and another on the Pacific side, which will allow an increase in commercial traffic through the Canal and better meet developments in the sea freight market with bigger ships that have greater capacity (the Post Panamax ships) compared with those that can currently use the existing locks.

Please refer to the "Risk areas" paragraph of this section for information about certain critical issues affecting this contract.

At 31 December 2013, 71.3% of the work was complete.

United Arab Emirates - Abu Dhabi hydraulic tunnel - Lots 2 and 3

Impregilo is currently completing the construction in the UAE of two lots of the Strategic Tunnel Enhancement Programme (STEP) which involves the construction of a tunnel to collect wastewater by gravity on the island and mainland of Abu Dhabi and convey it to the treatment station at Al Wathba. Impregilo is constructing 25 km of the tunnel. The contract is worth approximately USD 445 million.

In the course of 2013, Lot 2 was completed and Lot 3 was 91.3% complete at 31 December 2013.

Colombia - Hydroelectric project on the Sogamosa River

In December 2009, Impregilo was awarded the tender to build a hydroelectric plant on the Sogamoso River in north-western Colombia, about 40 km from the city of Bucaramanga.

The project comprises construction of a 190-metre high, 300-metre long dam and an underground power station, which will house three turbines with installed capacity of 820 MW. The contract is currently worth roughly € 590 million and the client is ISAGEN S.A., a public/private operator active in power generation in Colombia.

Impregilo has already completed the preliminary work for the dam, which includes construction of two diversion tunnels of roughly 870 metres long and a diameter of 11 metres, as well as a system of access tunnels and roads to the underground station.

With respect to the main project, construction of the dam, critical issues came to light in the second half of 2011, which negatively impacted both production levels and associated profitability. These issues included, in particular, the exceptionally adverse weather conditions affecting a large part of Colombia, which considerably delayed the river diversion activities, the concomitant presence of geological conditions significantly different from those provided for in the contract and changes in the scope of work requested by the client. In this regard, during the first part of 2012 some of the most important claims made by Impregilo were accepted and in 2013 a new version of the contract covering the performance of further ancillary works on the basin affected by the dam was obtained. The additional reservations submitted to the client are still under discussion.

At 31 December 2013, 91.1% of the work was complete.

Colombia - "Ruta del Sol" motorway

At the end of July 2010, the Impregilo Group won the tender for the operation under concession of the third motorway lot of the "Ruta del Sol" project in Colombia. This concession, awarded to a Group headed by Impregilo and including the Colombian companies Infracon, Grodco, Tecnica Vial and the private investment fund RDS (owned by Bancolombia and Fondo Pensioni Proteccion), provides for the upgrading, widening to four lanes and operation of the two motorway sections between the cities of San Roque and Ye de Cienaga and the cities of Carmen de Bolivar and Valledupar. The related investment approximates USD 1.3 billion. The concession contract provides for total revenue of roughly USD 3.7 billion (of which 40% for Impregilo), including revenue from tolls and a government grant of USD 1.7 billion, to be provided during the construction stage. The concession will have a 25-year term, including six years for the design and infrastructure modernisation stage and 19 years for operation.

At 31 December 2013, 9.8% of the work was complete.

Chile - Angostura hydroelectric project

At the end of June 2010, Impregilo was awarded the contract issued by Colbun S.A., a Chilean company active in the power generation sector, for a hydroelectric project in Chile with a current value of approximately € 250 million.

The plant will be located in the Angostura area roughly 600 km south of the capital Santiago.

The contract includes construction of a main dam, 152-metres long and 63-metres high, a secondary dam, 1.6-km long and 25-metres high, and an underground power chamber housing three generators with installed power of 316 MW. The generated electricity will approximate 1540 Gwh per annum.

In the second half of 2011, the project began to experience certain critical issues, owing to growing problems relating to the socio-environmental conditions, which differ substantially from those forecast in the bid phase, and site operating conditions partly due to variations requested by the client. The litigation initiated against the client, some of which is ongoing, have allowed a partial containment of the effects of these problems on the profitability of the project which, at the reference date of this financial report, 31 December 2013, is still negative and fully reflected in the amounts recorded in the financial statements as at that date.

At 31 December 2013, the construction works were substantially completed.

Order backlog

The Construction segment's order backlog at 31 December 2013 is as follows:

Area/Country (Impregilo's share in millions of Euros)	Project	Residual backlog at 31 December 2013	Percentage of total	Percentage of completion
High speed		**2,929.9**	**23.4%**	
Italy	Mestre motorway connector	20.8	0.2%	94.6%
Italy	Salerno-Reggio di Calabria motorway Lot 5	33.6	0.3%	94.7%
Italy	Salerno-Reggio di Calabria motorway Lot 6	57.5	0.5%	79.0%
General Contracting		**111.9**	**0.9%**	
Italy	Genoa metro	–	0.0%	100.0%
Italy	Highway 36/Milan motorway connector	14.6	0.1%	95.0%
Italy	Spriana landslide	1.5	0.0%	96.5%
Italy	New offices of the Lombardy Regional Authorities	–	0.0%	100.0%
Italy	Pedemontana Lombarda - Lot 1	99.0	0.8%	77.0%
Italy	Riviera Scarl	–	0.0%	100.0%
Italy	A4 building of third lane	29.4	0.2%	62.7%
Italy	Milan metro Line 4	469.3	3.7%	3.0%
Italy	Jonica highway	310.0	2.5%	2.0%
Italy	Broni-Mortara	981.5	7.8%	0.0%
Italy	Porto di Ancona	223.5	1.8%	0.0%
Italy	SGF	11.4	0.1%	
Other work in Italy		**2,140.0**	**17.1%**	
Total work in Italy		**5,181.7**	**41.4%**	
Greece	Support Tunnel Achelos	2.3	0.0%	69.1%
Greece	Thessalonica metro	184.4	1.5%	33.3%
Greece	Stavros Niarchos Cultural Center	133.1	1.1%	19.9%
Romania	Orastie-Sibiu motorway	24.8	0.2%	84.2%
Poland	A1 Motorway Torun-Strykow	69.1	0.6%	0.0%
Kazakhstan	Almaty-Khorgos Motorway	91.3	0.7%	0.0%
Switzerland	Transalp Tunnel	9.5	0.1%	97.3%
Switzerland	CSC	86.4	0.7%	
Europe		**601.0**	**4.8%**	

Area/Country (Impregilo's share in millions of Euros)	Project	Residual backlog at 31 December 2013	Percentage of total	Percentage of completion
Dom. Republic	Consorcio Acqueducto Oriental	0.8	0.0%	99.5%
Dom. Republic	Guaigui hydraulic plant	66.2	0.5%	15.8%
Venezuela	Puerto Cabello-Contuy Ferrocarriles	386.2	3.1%	72.7%
Venezuela	Puerto Cabello-Contuy Ferrocarriles stations	476.5	3.8%	12.8%
Venezuela	Chaguaramas railway	169.2	1.4%	45.6%
Venezuela	San Juan de Los Morros railway	448.9	3.6%	33.2%
Venezuela	OIV Tocoma	44.3	0.4%	96.1%
Panama	Widening of the Panama Canal	327.8	2.6%	71.3%
Chile	Angostura	–	0.0%	100.0%
Chile	Santiago Metro	51.4	0.4%	0.0%
Colombia	Sogamoso	49.5	0.4%	91.1%
Colombia	Ruta del Sol motorway	360.7	2.9%	9.8%
Colombia	Quimbo	72.3	0.6%	69.9%
Brazil	Serra Do Mar	21.6	0.2%	75.6%
United States	Vegas Tunnel - Lake Mead	103.3	0.8%	72.3%
United States	San Francisco Central Subway	28.1	0.2%	64.8%
United States	Gerald Desmond Bridge	123.0	1.0%	14.4%
United States	Anacostia	112.5	0.9%	2.5%
Argentina	Riachuelo	314.3	2.5%	0.0%
America	SGF	1.6	0.0%	
Americas		**3,158.3**	**25.2%**	
United Arab Emirates	Step Deep Tunnel Sewer Contract T-02	0.3	0.0%	99.8%
United Arab Emirates	Step Deep Tunnel Sewer Contract T-03	13.0	0.1%	91.3%
Qatar	Abu Hamour	81.3	0.6%	9.0%
Qatar	Red Line North	642.3	5.1%	1.4%
Saudi Arabia	Riyadh Metro	1,008.4	8.1%	0.0%
Asia		**1,745.3**	**13.9%**	
Australia	NW Rail Link Project	217.6	1.7%	1.4%
Australia		**217.6**	**1.7%**	
Africa	Rivigo	–	0.0%	100.0%
Africa	Lidco	1,015.2	8.1%	12.7%
Africa	Libyan coast motorway	547.8	4.4%	0.0%
Africa	Ingula	45.7	0.4%	88.1%
Africa	SGF - Il nuovo Castoro	9.0	0.1%	0.0%
Africa		**1,617.7**	**12.9%**	
Total Abroad		**7,339.8**	**58.6%**	
Total Construction		**12,521.6**	**100.0%**	

90%
of employees from local communities

The section on the segment's Risk areas comments on the Libyan contracts which are worth € 1,015.2 million.

Acquisition of new contracts

United States - Anacostia River Tunnel

On 8 May 2013, the Impregilo Group in association with Parsons Corporation, a leading construction company in the United States, won the tender for the design and construction of a section of the wastewater collection and treatment system for the city of Washington D.C..

The value of this technologically advanced project is approximately $ 254 million (the overall Group share is 65%). Impregilo will be the leader of the project which is expected to be completed in about four and a half years after starting work.

The 'Anacostia River Tunnel' project is part of the DC Water 'Clean Rivers' project and involves the construction of a hydraulic tunnel running partly under the Anacostia River, a tributary of the Potomac River. The tunnel will be about 3.8 km long, with an internal diameter of 7 metres, and it is also planned to build six 30-metre shafts for collecting water. The tunnel will channel wastewater and stormwater separately to prevent pollution of the rivers during floods (*combined sewer overflows* or "CSO") that occur during periods of heavy rainfall.

Qatar - Red Line North Underground

On 17 May 2013, Impregilo, leading a consortium of companies (share 41.25%), won the tender issued by the Qatar Railways Company for the design and construction of the 'Red Line North Underground' in Doha. The Red Line North will run about 13 kilometres north from Mushaireb station with the construction of 7 new underground stations. The project involves the excavation of two parallel tunnels, one for each direction, approximately 11.6 km long with an internal diameter of 6.17 metres. The new project, along with another three metro lines, is part of a programme to build a new transport system infrastructure promoted by Qatar under the National Development Plan for 2030 ('Qatar National Vision 2030'), which provides for significant investment to ensure sustainable economic growth over time within the country and abroad.

The total contract value of the 'Red Line North' is about 8.4 billion Qatari Rials, or € 1.7 billion, of which approximately € 630 million is allocated for the design and civil works, with a further € 1.1 billion of 'provisional sums' for preparatory works, electromechanical systems and architectural work on the stations.

Saudi Arabia - Riyadh Metro Line 3

On 29 July 2013, Impregilo, as the leader (share 18.85%) of an international consortium including Ansaldo STS (Italy), Bombardier (Canada), Larsen & Toubro (India) and Nesma (Saudi Arabia), won the tender for the Maxi contract issued by the Riyadh Development Authority for the design and construction of the new Line 3 (40.7 km) of the Riyadh metro, the longest line in the major project for the new metro network in the capital of Saudi Arabia.

The batch assigned to the Consortium is a significant part of the broader project for the contemporaneous construction of the new metro network of Riyadh, comprising six lines with an overall length of about 180 km) and a total value of about $US 23.5 billion. The other two large batches awarded at the same time as the one assigned to the Salini Impregilo consortium have been awarded to two other global Groups containing some of the largest companies in the world: one led by the American company Bechtel and consisting of Almabani, CCC and Siemens and the other led by the Spanish company FCC and including Samsung, Freyssinet Arabia, Strukton and Alstom.

The total value of the works to be carried out by the Consortium for the design and construction of Line 3 is about $US 6.0 billion, of which about $US 4.9 is for the associated civil works.

Argentina - Riachuelo

On 15 July 2013, Impregilo, in association with its U.S. subsidiary S.A. Healy, won the tender for a batch of the construction works relating to a new main sewer, as part of the environmental remediation programme for the metropolitan region of the Province of Buenos Aires. The value of the project – promoted by AySA (Agua y Sanamientos Argentinos S.A.), one of the major operators in the water sector in Argentina – is approximately € 360 million.

The project involves the collection of wastewater from the Riachuelo treatment plant by means of a shaft about 40 metres deep. The wastewater will then be directed, through a tunnel approximately 11 km long and with a diameter of 3.8 metres, to a diffuser to be built on the bed of the Rio de la Plata (River Plate).

The initiative has a significant social and environmental value and is the first part of a wider programme, funded by the World Bank, for sustainable development of the Matanza-Riachuelo catchment basin, aimed at the environmental restoration of the Riachuelo River and the areas it passes through, considered to be among the most polluted in the world.

Kazakhstan - Almaty - Khorgos Motorway

On 15 July in Kazakhstan, Impregilo and Todini, the latter as leader in a joint venture with local company Kazakhdorstroy, were awarded the contract for the construction of four batches of the motorway between Almaty and Khorgos.

The project, promoted by the Ministry of Transport and Communications of the Republic of Kazakhstan, has a total value of approximately € 295 million (Impregilo share 33.5%).

The works, funded by the World Bank, consist of modernising and doubling the existing motorway to a total of about 193 km and include the construction of five flyovers and a workforce of about 900 people.

The four batches are part of a wider project known as the 'Western Europe - Western China International Transit Corridor'. This is the road corridor between Western Europe and Western China, the new 'Silk Road' that will link Europe and China, improving the infrastructural network of the area, promoting trade to and from Europe, and providing an important contribution to road safety in these areas.

Australia - Skytrain

On 18 December 2013, Salini Impregilo, through its Australian subsidiary, was awarded the first contract in Sydney for the design and construction of the "Skytrain" bridge and other civil works constituting one of the main sections of the new North West Rail Link (NWRL) railway line. The project has a value of about 340 million Australian dollars, equivalent at the current exchange rate to about € 220 million. It will have a total length of about 6.2 km and include the construction of a bridge 4.6 kilometres long and a 270-meter long cable-stayed bridge over one of the city's busiest roads. Completion of the work is scheduled for the first half of 2017.

The North West Railway Link is the largest public transport infrastructure project currently under way in Australia and the biggest public transport project in Sydney since construction of the Harbour Bridge almost 100 years ago. The NWRL project includes eight new stations and 4,000 parking spaces, and is expected to be open to the public by 2019, with a total investment of about 8.3 billion Australian dollars. This is the first system for fully automated high-speed trains on the continent, the first step towards the new rapid transit network in Sydney.

Italy - Porto di Ancona

On 18 December 2013, Salini Impregilo as head of a consortium was awarded the contract for the construction and operation of the road link between the Porto di Ancona, the A14 motorway and the SS 16 trunk road (the "Adriatica"). The value of the project is approximately € 480 million, and concession period is 30 years after completion of the works. The concession provides for total revenue for the period of operation of the infrastructure of about € 2.54 billion. The project financing proposal submitted by the consortium had been declared of public interest by the Board of Directors of ANAS (Italian Highways Agency) as early as April 2008.

Work on the new road infrastructure will begin in 2015, on completion of the procedure for the preparation and approval of the final design, and will be completed within five years. The new road will have a total length of about 11 km, plus main roads and link roads, representing a strategic initiative to optimise traffic flows between the Porto di Ancona, the city and the A14 motorway and allowing adequate growth of the Ancona logistical system based on the port, the freight terminal and the airport.

U.A.E. - Abu Dhabi - Dubai Motorway - Lot B

On 20 December 2013, Salini Impregilo was awarded lot B of the new Abu Dhabi-Dubai motorway in the United Arab Emirates. The work was commissioned by Abu Dhabi General Services ("Musanada") and represents one of the largest infrastructure projects in the country as part of the innovative "Abu Dhabi Plan 2030". The contract was awarded to a consortium formed by Salini Impregilo S.p.A. and the local company Tristar Engineering & Construction (TE&C) and involves the construction of 28 km of the Abu Dhabi-Dubai motorway, with a completion period of 27 months. The works relating to Lot B of the project have a value of about 840 million United Arab Emirates Dirhams (AED), corresponding to some € 168 million at current exchange rates.

Risk areas

Libya

Impregilo is active in Libya through its subsidiary Impregilo Lidco Libya General Contracting Company (Impregilo Lidco) in which it has a 60% interest. The other shareholder is Libyan.

In the past, the subsidiary had acquired important contracts for the construction of:

- infrastructural works in Tripoli and Misuratah;
- university campuses in Misuratah, Tarhunah and Zliten;
- a new Conference Hall in Tripoli.

With respect to the political upheaval in Libya from February 2011 to the date of this Report, the subsidiary has always acted in accordance with the contractual terms and the investments made up until the deterioration of the country's political situation are fully covered by the contractually provided for advances.

The works covered by the contracts agreed by the Libyan subsidiary are works of national interest which are currently expected to be continued. It is also clear that there are major problems concerning the effective capacity of the subsidiary to increase its production in line with what was agreed before the onset of the crisis and, to that end, Impregilo has ruled out the possibility of a major new increase in the production activities of their subsidiary Impregilo Lidco in the short term.

Starting in 2012 preparatory procedures were initiated for the resumption of industrial activities although the local situation remains critical and still does not guarantee completely safe conditions. However, it resumed commercial and contractual relations with the clients to open up the building sites again and restore the financial conditions originally provided for in the related contracts. In 2012 more precise information was obtained concerning the economic and financial values affecting the Group consolidated financial statements. As a result, Impregilo updated the carrying amounts of the Libyan subsidiary's assets, liabilities, revenue and expenses in its consolidated financial statements in line with its accounting policies, based on the information gathered during the year and the valuations performed by the subsidiary's independent legal advisers. Compared to the situation presented in the Group's 2011 consolidated financial statements, which was based on the latest available figures at 31 March 2011, the subsidiary's net assets were impaired by approximately € 40.7 million to reflect the above events in relation to contract work in progress. These losses were included in contract work in progress as the Group deems them recoverable considering the renewed contacts with clients. Net cash and cash equivalents held in Libya decreased by roughly € 13.9 million due to costs incurred locally in the period from 31 March 2011 to 31 December 2013.

In early 2013, the Group carried out a physical count of the plant, machinery and supplies for the main building sites, recognised at € 29.9 million, although complete access to all the sites where the assets are held was not possible for safety reasons. Given that any additional costs that may arise following completion of the count would be covered by the clients as per the contractual terms for force majeure, as also assessed by the legal advisers assisting the subsidiary, the Group does not believe that any new significant risks will arise from the above valuations with respect to the recovery of the company's net assets, thanks in part to the actions taken and requests and claims presented to the client.

The Group is monitoring the situation closely and it cannot be ruled out that events which cannot currently be foreseen could take place after the date of preparation of this Annual Report and could require changes to the valuations made to date.

Tax litigation - Iceland

With respect to the contract for the construction of a hydroelectric plant in Karanjukar (Iceland) that the Group successfully completed in previous years, a dispute arose with the local tax authorities in 2004 about the party required to act as the withholding agent for the remuneration of foreign temporary workers at the building site. 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 company's claims were fully satisfied. Nevertheless, the local authorities subsequently commenced new proceedings over a similar issue. The Supreme Court rejected the company's claims in its ruling handed down in February 2010, which is blatantly contrary to the previous ruling issued in 2006 on the same matter by the same judicial authority. The company had expected to be refunded both the unduly paid withholdings of € 6.9 million (at the original exchange rate) and the related interest accrued to date of € 6.0 million. Impregilo had prudently impaired the interest amount in previous years, despite a previous local court ruling and the opinion of its consultants that confirmed its grounds, and only continued to recognise the unduly paid principal. After the last ruling, the company took legal action at international level (appeal presented to the EFTA Surveillance Authority on 22 June 2010) and, as far as possible, again at local level (another reimbursement claim presented to the local tax authorities on 23 June 2010) as it deems, again supported by its advisers, that the last ruling issued by the Icelandic Supreme Court is unlawful both in respect of local legislative and international agreements which regulate 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. As a result of these proceedings, in April 2013, the EFTA Surveillance Authority issued its reasoned opinion that Icelandic law, in relation to the rules relating to the litigation described herein, does not comply with the rules governing trade relations between the member countries of the organisation and demanded that Iceland should comply with this position; the Impregilo Group has therefore called for the case to be reopened. In view of the above, it is considered that at the present time there are no objective reasons to change the valuations made hitherto in relation to this dispute.

Ente irriguo Umbro-Toscano - Imprepar

The Group was informed that part of the sill above the surface discharge of the Montedoglio dam in the Arezzo province had been damaged on 29 December 2010. The Irrigation Body notified Imprepar in January 2011 that "*investigations and checks are being carried out to ascertain the reasons and responsibilities for the damage*". As the transferee of the "sundry activities" business unit, which includes the "Montedoglio dam" contract, Imprepar informed the body that the activities related to the damaged works were carried out by another company in 1979 and 1980, from which Impregilo (then COGEFAR) only took over the contract in 1984. The works had been tested and inspected with positive results. Imprepar specifically explained its non-liability for any damage caused by the event in its communication to the Body and does not believe that there are reasons to modify its related assessments, supported by the opinion of its legal advisors.

It should be noted that in 2012 the management of The Tuscany and Umbria Water Authority and the Works Director signed a notice to proceed concerning the request to the works contractor to immediately commence, at its own expense, preparation of the executive design and initiate the associated works. Imprepar challenged these actions in full although the amounts involved are not considered significant.

Imprepar deems it too early to be able to assess any risks arising from the Montedoglio dam contract other than those already assessed in the previous year, given the above recent developments and supported by its legal advisors.

Widening of the Panama Canal

In relation to this contract, it should be noted that, during the first stage of full-scale production, certain critical issues were encountered that, due to their specific characteristics and the importance of the works to which they related, made it necessary to revise downwards the estimates on which the early phases of the project had been based. The most critical issues relate to, *inter alia*, the geological characteristics of the excavation areas with respect to the raw materials necessary to produce the concrete and the processing of such raw materials during normal production activities. Additional problems were discovered as a result of the adoption by the client of operating and management procedures differing materially from those contractually agreed, with particular reference to the approval procedures for the technical and design solutions proposed by the contractor. These situations, already specifically addressed in previous financial reports drawn up by the Group, have been further protracted in 2013. In view of the persistent unwillingness of the client to reasonably implement the appropriate tools contractually provided for the management of these disputes, the Group has acknowledged the consequent impossibility of the contractor – and therefore of the original contracting partners – to continue, at their own entire and exclusive risk, the construction activities required for completion of the project, with full assumption of the financial burden required for this purpose, without any concrete guarantee of specifying a mutually agreed objective with their counterparts. Against this background, therefore, at the end of 2013 the Group stated its formal intention to suspend work immediately if the client once again demonstrated its unwillingness to deal with the dispute in accordance with a contractual approach characterised by good faith and the mutual willingness of all parties to come to a reasonable agreement.

Meetings between the parties, assisted by their respective legal and contract advisers and experts lasted throughout February 2014 and on 13 March 2014 a memorandum of agreement was signed. The essential elements of the agreement provide, in return for the undertaking of the contractor to resume work and finish it by 31 December 2015, a commitment by the client and the contracting companies to providing funding for the outstanding works up to a maximum of $US 1.4 billion. This commitment will be met by the client through (i) suspension of the return of contractual advances already paid of approximately $US 800 million and (ii) the provision of additional advances of $US 100 million, while the Group of contracting companies will contribute through (i) the direct provision of their own financial resources of $US 100 million and (ii) the provision of additional financial resources, through the conversion into cash of existing contractual guarantees, totalling $US 400 million. Repayment of the amounts allocated for the financing of the works to be carried out has been delayed in order to coincide with the pending outcome of arbitration proceedings, initiated contemporaneously, which will set out the liabilities of the parties in relation to all the extra costs incurred or remaining to be incurred as a result of the situation described.
In this context, it should be remembered that in previous years, the Impregilo Group had already applied an approach to the project which was reasonably prudence-oriented and clearly supported by its legal advisers, on the basis of which it had already provided for significant final losses, at that time only partially limited by the corresponding recording of additional fees claimed from the client and based on the expectation that their payment might be considered reasonably certain. Bearing in mind that since the end of the previous year the general critical situation, far from being resolved, had become further protracted as described below, it was decided, pending finalisation of the abovementioned agreements, to update the overall economic forecasts for the

Active in over **50** countries

whole life of the contract. In accordance and continuity with the assumptions previously made, in the face of a further increase in expected final costs, it was decided to update the valuation of the series of additional payments regarded as contractually payable and reasonably certain to be made, although deferred over time in accordance with the deadlines fixed in the agreement with the client. This activity has generated additional net residual costs which, in view of provisions made in previous years, have not assumed significant values in either absolute or relative terms and have been fully reflected in the income statement for 2013.

Bridge crossing the Messina Strait and roadway and railway connectors from Calabria to Sicily

In March 2006, as lead contractor of the joint venture created for this project (interest of 45%), Impregilo signed a contract with Stretto di Messina S.p.A. for its engagement as general contractor for the final and executive designs and construction of the Messina Strait Bridge and related roadway and railway connectors.

A bank syndicate also signed the financial documentation required in the General Specifications after the joint venture won the tender, for the concession of credit lines of € 250 million earmarked for this project. The client was also given performance bonds of € 239 million, as provided for in the contract. Reduction of the credit line to € 20 million was approved in 2010.

Stretto di Messina S.p.A. and Eurolink S.c.p.A. signed a rider in September 2009 which covered, *inter alia*, suspension of the project works carried out since the contract was signed and until that date. As also provided by the rider, the final design was delivered to the client. On 29 July 2011, the Board of Directors of Stretto di Messina S.p.A. approved the final plan.

Law decree no. 187 was issued on 2 November 2012 providing for "Urgent measures for the renegotiation of the contracts with Stretto di Messina S.p.A. (the client) and for local public transport". Following enactment of this decree and given the potential implications for its position as general contractor, Eurolink (led by Impregilo) notified the client of its intention to withdraw from the contract under the contractual terms, also to protect the positions of all the Italian and foreign co-venturers. However, given the immense interest in constructing the works, the general contractor also communicated its willingness to review its position should the client demonstrate its real intention to carry out the project. To date, the ongoing negotiations have not been successful despite the parties' sincere interest in coming to an agreement. Eurolink has initiated several legal actions at national and EU level, on the one hand arguing that the provisions of the aforementioned decree are contrary to constitutional rules and EU treaties and are prejudicial to the rights legitimately acquired by Eurolink under the contractual terms and, on the other hand, seeking an order compelling Stretto di Messina to pay the amounts claimed, for various reasons, by Eurolink due to the absence of the contract for reasons beyond its control. With reference to the legal actions at EU level, in November 2013 the European Commission announced its decision to dismiss the action as there was no infringement of EU treaties, the decision being confirmed on 7 January 2014 with notification by the European Commission that the complaint had been dismissed. As a result, Impregilo Group's order backlog as at 31 December 2012 was adjusted to reflect discontinuation of the above-mentioned contract. Considering the complex nature of the various legal proceedings initiated and although the legal advisers assisting Impregilo and the General Contractor are reasonably positive about the outcome of the proceedings and the recoverability of the remaining balance sheet assets recorded in relation to this contract, it cannot be ruled out that events which are at present unforeseeable could arise in the future and require current valuations to be revised.

Venezuela

Impregilo is present in Venezuela through its permanent organisation which, directly or in partnership with international partners, is carrying out various railway and hydroelectric projects. It has had an established presence over more than a decade in the local area at social, economic and industrial level.

In recent years, relations with clients, all government-sponsored, have been characterised by persistent slowness of payments. This aspect has been exacerbated over the past year as a result of the change of leadership in the government, which took place in early 2013, and the simultaneous worsening of social tensions that have accompanied this political transition.

In view of the essential stalemate existing with clients in this context, the Group has temporarily suspended production activities.

As regards the railway projects, at the beginning of February 2014 an agreement (the "Punto de Cuenta") was signed by the Chairman of the client IFE (State Railways) and the Ministry of Finance but is awaiting formal ratification by the President of the Republic. This agreement provides for the progressive payment by the end of 2014 of approximately 82% of all receivables outstanding at the end of 2013.

As regards the hydroelectric projects, carried out by the OIV Tocoma consortium, in view of the expiry of the contractual period for completion of the works – scheduled for mid-November 2013 – rescheduling of the outstanding works has been arranged at the request of the client, with a forecast resumption of work at the beginning of May 2014 and completion by the end of 2016.

This proposal is still being analysed by the client, despite the legitimate claims for payment of its certified debt and definition of the future financial resources required to guarantee normal performance of the outstanding works.

The works being carried out by the Impregilo Group are highly important infrastructures from the economic, industrial and social standpoints, and although the events marking the recent political history of the country have resulted in temporary situations of uncertainty not dissimilar to the current position, these have always been positively resolved and have not generated significant liabilities.

On the basis of these assumptions and with continuous and careful monitoring of the situation in the country, carried out jointly with partners, including meetings with the clients and with local government authorities aimed at safeguarding and protecting the position of the Impregilo Group, there are currently no particular problems regarding the potential realisation of the Group's net assets, except for the extension of revenue collection times, which has been adequately reflected in the balance sheet valuations. In light of the sensitivity and complexity of the situation that has arisen at political level, it cannot be ruled out that events which cannot currently be foreseen could take place after the date of preparation of this Annual Report and could require changes to the valuations made to date.

1,250 km of underground works

Group activities in this business segment relate to the management of investments in numerous subsidiaries and other investees that hold concessions, mainly for the management of motorway networks, plants that generate energy from renewable sources, electricity transmission, integrated cycle water systems and the management of non-medical hospital service activities.

The segment is headed by Impregilo International Infrastructures N.V., the Dutch sub-holding company wholly owned by Impregilo S.p.A. It coordinates the segment.

As already mentioned in previous sections of this Report, in line with the new strategic guidelines identified by the Impregilo Group in the second half of 2012, which was followed by the preparation of the Business Plan 2013-2015, which was approved in December 2012, the Concessions segment, during 2012, was involved in initiating the process of realising its main assets that were no longer considered strategic in relation to the development of the Group's core business. In this context, early in the first quarter of 2013 the Group completed the disposal of the controlling shareholding which Impregilo International Infrastructures held in the Brazilian group EcoRodovias Infraestrutura e Logistica S.A., originally equal to 29.74% of the share capital of the Group holding company. This transaction did not generate any significant differences from the value at which the remaining share had been recorded at 31 December 2012.

Concessions

Full disclosure information relating to the transactions concerning the shareholding in EcoRodovias was published pursuant to art. 71 and in accordance with Appendix 3B Scheme no. 3 of the Regulations implementing Legislative Decree n. 58 of 24 February 1998, adopted by CONSOB (Italian Stock Exchange Commission) by Resolution no. 11971 of 14 May 1999, as amended on 31 October 2012 and 26 January 2013.

As part of the same asset realisation process, at the end of November 2013, Impregilo finalized the sale of its holdings in the companies Tangenziali Esterne di Milano S.p.A. ("TEM") amounting to 3.74% of its share capital, for € 4.7 million, and Tangenziale Esterna S.p.A. ("TE") equal to 17.77% of its share capital for € 39.1 million, selling both holdings to Itinera S.p.A. (Gavio Group). This agreement also provided for realisation of the share of works for about € 23.2 million, through the sale of Impregilo's holdings in the Costruttori TEEM Consortium for approximately € 13.4 million, and in Lambro S.c.a.r.l. for approximately € 9.8 million.

The Concessions segment, finally, did not record significant volumes of business in 2013 (total revenues of € 20.8 million against € 18.4 million in the previous year), taking into account that the activities already under way in its order backlog consist predominantly of minority investments, and that the most significant and recently obtained (i.e.: 'Ruta del Sol' motorway – Colombia, Milan Subway Line 4 – Italy, etc.) are still under construction.

The following tables summarise the key figures of the Concessions backlog at year end, split by business segment.

Motorways

Country	Operator	% of investment	Total km	Stage	Start date	End date
Italy	Broni-Mortara	61.08	50	not yet active		
	Passante Dorico S.p.A. - Porto di Ancona link	47%	11	not yet active		
Argentina	Iglys S.A.	98		holding		
	Autopistas Del Sol	19.82	120	active	1993	2020
	Puentes del Litoral S.A.	26	59.6	active	1998	2023
	Mercovia S.A.	60	18	active	1998	2023
Colombia	Yuma Concessionaria S.A. (Ruta del Sol)	40	465	active	2011	2036

Metros

Country	Operator	% of investment	Total km	Stage	Start date	End date
Italy	Milan metro Line 4	31.05	15	Not yet active		

Energy from renewable sources

Country	Operator	% of investment	Installed power	Stage	Start date	End date
Argentina	Yacilec S.A.	18.67	T line	active	1994	2088
	Enecor S.A.	30.00	T line	active	1992	2088

Integrated water cycle

Country	Operator	% of investment	Pop. served	Stage	Start date	End date
Argentina	Aguas del G. Buenos Aires S.A.	42.58	210 k	liquidation		
Peru	Consorcio Agua Azul S.A.	25.50	740 k	active	2002	2027

Hospitals

Country	Operator	% of investment	No. of beds	Stage	Start date	End date
GB	Impregilo Wolverhampton Ltd.	20.00	150k medical visits	active	2002	2032
	Ochre Solutions Ltd.	40.00	220	active	2005	2038
	Impregilo New Cross Ltd.	100.00		holding		

Car parks

Country	Operator	% of investment	No. of beds	Stage	Start date	End date
GB	Impregilo Parking Glasgow Ltd.	100.00	1,400	active	2004	2034

The remaining backlog held by Impregilo Group in this segment is now characterised by two main areas of operation: investments in operating companies already active in Argentina, Peru and the United Kingdom; and "*green field*" initiatives involving motorway infrastructure projects in Italy and Peru, for which construction activities are still ongoing and which from the point of view of the licensee will therefore only start operations in future years.

No significant events or circumstances took place in 2013 and the Concessions segment companies continued their normal activities in line with their objectives identified by the company heading the segment, Impregilo International Infrastructures.

This section briefly describes the main projects of the Concessions segment by country.

Argentina

The Group operates in Argentina via its subsidiary Mercovia S.A. and several associates and other investees.

The subsidiary Mercovia S.A. continued its activities recording a substantial breakeven. Negotiations are still ongoing for the associate Puentes del Litoral S.A. to redefine the financial terms of the concession agreement.

Italy

In the domestic market, the Concessions segment is operating in three major recently acquired projects, for which the construction activities have not yet been started in a fully operational manner. These projects are:

(i) Milan metro Line 4: this contract entails construction of a new metro line from Linate to Lorenteggio in Milan. Impregilo's share of the contract is 29%.
(ii) Broni-Mortara motorway: the contract includes the design, construction and 43-year operation of a new roughly 50-km long motorway section between Lombardy and Piedmont. Impregilo's share of the contract is 61.08%.
(iii) Porto di Ancona: The project refers to the construction and management for 30 years of the road link between the Port of Ancona, the A14 motorway and the SS 16 trunk road (the "Adriatica"). The new road will have a total length of about 11 km, plus main roads and link roads, and Salini Impregilo has a share of 47% in the initiative.

42%

of employees under 30 years old

The Engineering & Plant Construction segment, headed by FISIA Italimpianti and FISIA Babcock Environment (Germany), includes the operation of plants for the desalination of sea water, fume treatment and waste-to-energy processes.

Until 31 December 2013, the Plant segment also included responsibility for the activities of the Chinese company Shanghai Pucheng Thermal Power Energy Co. Ltd., 50% owned by Fisia Babcock and consolidated on a proportionate basis.

In line with the process of realising the non-core assets of the Group, which was begun in October 2012, at the end of 2013 the Impregilo Group completed the sale of the shareholding held by its subsidiary Impregilo International Infrastructures N.V. for approximately € 65 million (at the exchange rate on the date of sale). This transaction did not generate any significant differences of an economic nature compared to the carrying value recorded in the consolidated financial statements at the time of sale.

Engineering & Plant Construction

In accordance with the guidelines contained in the Impregilo Business Plan 2013-2015, the activities of the Plant segment in December 2013 were marked, on the one hand, by recovery of the assets of the subsidiary Fisia Italimpianti which are still undergoing litigation – relating to the Campania USW projects and to certain projects involving desalination plants in the Persian Gulf, and which in previous years have involved major legal proceedings with the clients – and on the other hand, by development of the activities of the subsidiary Fisia Babcock Environment in order to seize the best opportunities for exploiting the whole sector, while maintaining leadership in the market segments which are currently of strategic importance for the German company.

The Plant segment's revenue amounted to € 149.2 million for the year (€ 222.0 million) and the operating profit totalled € 0.3 million (€ 21.0 million for the previous year).

Order backlog

The Plant segment order backlog at 31 December 2013 is as follows:

Area/Country (Values in millions of Euros)	Project	Residual backlog at 31 December 2013	Percentage of total	Percentage of progress (%)
Fisia Italimpianti				
Middle East	Jebel Ali L2	2.4	1%	98.8%
Middle East	Ras Abu Fontas B2	3.3	1%	98.3%
Middle East	Jebel Ali M	7.8	3%	99.0%
Middle East	Jebel Ali M - spare parts	8.5	3%	1.9%
Middle East	Ras Abu Fontas A1	2.9	1%	99.1%
Middle East	Shuaiba North	2.2	1%	99.4%
Middle East	Shuaiba North - spare parts	9.2	3%	50.6%
Middle East	Takreer Cbdc	11.0	4%	46.1%
Total FISIA Italimpianti		**47.3**	**15%**	
Fisia Babcock				
Germany	Datteln REA	2.1	1%	94.0%
Germany	Moorburg - ESP	1.6	1%	96.0%
Germany	Manheim Block 9 RRA	12.2	4%	85.0%

Area/Country (Values in millions of Euros)	Project	Residual backlog at 31 December 2013	Percentage of total	Percentage of progress (%)
Netherlands	Maasvlakte Block 3 REA	1.1	0%	97.0%
Turkey	Yildizlar Orta FGD	1.1	0%	17.0%
Panama	Paco - FGD	3.7	1%	74.0%
Poland	Plock FGD	36.5	12%	7.0%
United Arab Emirates	Takreer - SWFGD	5.1	2%	19.0%
Other Abroad		1.0	0%	n.a.
Fume treatment		**64.4**	**21%**	
Russia	Moskau WtE	92.5	30%	18.0%
Germany	Ruhleben Wte	1.6	1%	98.6%
Germany	Wuppertal K 13 EfW	1.9	1%	92.0%
Switzerland	Linköping EfW	49.7	16%	4.0%
Finland	Tampere EfW	33.0	11%	5.0%
China	Haidian EfW	8.3	3%	43.0%
China	Hefei 3/4 EfW	5.3	2%	4.0%
Other Italy		0.2	0%	n.a.
Other Abroad		1.4	0%	n.a.
Waste-to-energy		**193.9**	**63%**	
Italy		0.1	0%	n.a.
Abroad		3.7	1%	n.a.
Other		**3.8**	**1%**	
Total FISIA Babcock		**262.1**	**85%**	
Total Engineering & Plant Construction		**309.4**	**100%**	

Acquisition of new contracts

During the current year FISIA Babcock Environment (FBE) has been awarded two major new orders in Finland and Sweden with a total value of approximately € 90 million. The first relates to a new waste incineration plant in the city of Tampere; the plant will become operational in 2015 and will have a waste disposal capacity of 180,000 tonnes/year. The project was commissioned by the "Tampereen Sahkolaitos Oy", which, since 1888, has produced and managed the supply of energy in Tampere, one of the first cities in Europe to adopt municipally-owned companies of this kind. The second, in Sweden, involves the construction of a new boiler (62KV) in the important industrial and university city of Linkoping, forming the central unit of a new waste incineration line that will enter service in 2016 as part of the existing Garstadverket energy from waste (EfW) plant that currently handles about 260,000 tonnes of waste per year. The client is "Tekniska Verken i Linkoping" (TvAB), one of the largest Swedish municipally-owned companies in the field of electricity supply.

Risk areas

The considerable slow-down in industrial production seen in international markets due to the widespread financial crisis, which began in previous years, continues to be highly critical for the markets in which FISIA Italimpianti, the company which heads the segment, operates. The Arabian Gulf countries, which are FISIA Italimpianti's key markets, have not yet recommenced their development programmes halted in 2008 in an organised manner. Although this has critical repercussions on the company's order backlog, the Group company acquired a contract to build a new desalination plant worth approximately $US 28 million towards the end of the year.

Even if this contract's value is not comparable to those acquired in previous years, it represents the first important step towards recovery, also considering the technologies provided for in the contract, which are an interesting alternative to those used for the large plants built in the past.

Impregilo Group risk management

Impregilo Group uses its complex and articulated risk management process as an important strategic tool in achieving its objectives in terms of creating utmost value for, and protecting shareholders.

The diversification of the Group's operating activities, both in core business sectors and in non-core sectors, means that its management faces a wide variety of different problems, which, in many cases, are difficult to foresee. Depending on the various operating situations and the different resulting risk types that can arise, management has created specific ongoing management and monitoring strategies to limit as far as possible fluctuations in cash flows due to the development of situations that arise.

To this end, the risk areas existing currently are described in the sections on each segment's performance so as to allow comparison with the comments given in the 2012 Annual Report and an analysis of any new situations that have arisen at the date of preparation of this Report.

These descriptions are integrated by additional general considerations about risks common to the entire Group's operations. The key types of risks identified and monitored by Impregilo are:

(i) **operational risk** being the risk related to performance of contracts and relationships with individual clients;

(ii) **financial risk**, split into the following components:
  - **market risk** deriving from the Group's exposure to interest rate fluctuations, exchange rate fluctuations and, with respect to the Engineering & Plant Construction Segment, commodity price volatility;
  - **credit risk** deriving from the Group's exposure to potential losses arising from the clients' non-compliance with their obligations;
  - **liquidity risk** deriving from the risk that the financial resources necessary to meet obligations may not be available at the agreed terms and deadlines.

The notes to the consolidated and separate financial statements give detailed information about management of these risks.

Non-current assets held for sale

I.1 Campania USW projects: summary of events up to 31 December 2013

I.1.1 Introduction

As already described in detail in previous reports, Impregilo Group became involved in the urban solid waste disposal projects in the Province of Naples and other provinces in Campania at the end of the 1990s through its subsidiaries FIBE and FIBE Campania. Bearing in mind that in 2009 FIBE Campania S.p.A. was incorporated into FIBE S.p.A., in the remainder of this section – unless otherwise specified – reference is made exclusively to the latter company even for positions or events originated by the former company extinguished as a result of the merger.

The relevant issues which, from the 1999-2000 period, have characterised the activities of the company in performing the waste disposal contracts and which have been widely discussed and dealt with in all the financial disclosure information the Group has produced since these periods, have evolved and spread over the years, giving rise to a wide range of disputes, some of which – as will be described later in this section – are of great importance and partly still ongoing at the date of this Report.

In order to make a concise correlation between the various operational phases of the Campania USW Projects and the major disputes still existing and with the evaluations relating to them, it is useful to divide the long timeframe during which the events in question occurred into the following main phases:

- the "Contractual" phase: This phase begins in the 2000-2001 period with the signing by the two project companies FIBE and FIBE Campania of the contracts for the disposal of urban solid waste in the provinces of Campania, and ends on 15 December 2005 with the 'operation of law' termination of these contracts pursuant to Legislative Decree no. 245/2005 (converted into Law no. 21 of 27 January 2006);
- the "Transitional" phase: this phase, the start of which coincides with the conclusion of the Contract phase, lasts until the entry into force of Decree Law no. 90 of 23 May 2008 and Decree Law no. 107 of 17 June 2008, both converted into Law no. 123 of 14 July 2008, which, among other things, finally sanctioned the Impregilo Group's exit from the waste disposal business, transferring to the provinces the "ownership" of the WDF plants "*located in their municipalities*" (see art. 6-bis, para. 1) and provides for "*the use of the Armed Forces for the technical and operating management of the plants*" (see art. 6-bis, para. 3);
- the "Post-transitional" phase which, beginning from the end of the "Transitional" phase and lasting until today, may be briefly defined as the "Current" phase.

I.1.2 The "Contractual" phase

From the early stages of the Project, following the signing of the contracts, major problems arose, the most important of which were as follows:
- failure by the Campania Regional Authorities to commence the scheduled separated waste collection at the agreed volumes, an essential factor underpinning the project and service contracts agreed by the companies with the Government Commissioner and which constitutes one of the causes of some of the most serious ongoing disputes relating to the management of the former WDF (now "STIR") plants;
- inadequate landfill areas made available by the government commissioner;
- delayed start of work on construction of the EfW plants at Acerra and Santa Maria La Fossa. Work at the Acerra plant which, according to the contract, should have started at the beginning of 2001, was actually only started in August 2004, following special action by more than 450 policemen who cleared the work areas which had been occupied by protesters since January 2003. As regards the Santa Maria La Fossa plant, which should have completed the project framework for the provinces of Campania apart from Naples, and whose construction should have started at the same time as the Acerra plant, after obtaining the E.I.A. (environmental impact assessment) in 2007, the works were never started.

In parallel with the rapid deterioration in the economic and operating conditions under which the company was obliged to operate as a result of these problems, the administrations – both local and central – variously involved in management of the contracts proved to be in breach with regard to FIBE concerning the fees contractually due to it.

On 12 May 2004, moreover, the Naples public prosecutor, in proceedings which included investigation of the directors of the Group companies involved in the project (FIBE, FIBE Campania and Fisia Italimpianti), as well as senior management in the Commission, sequestrated the plants, at the same time allowing their return against a bond, thus starting new litigation of a criminal nature which is more fully described elsewhere in this section and which is still partly ongoing.

At the end of Contractual phase, therefore, the company was significantly exposed financially, due on the one hand to having used its own resources, including loans from banks, to make most of the investments for which it was contractually responsible and, on the other to hand, the failure of the local administrations to pay a significant proportion of the fees due to FIBE.

Construction of the Acerra plant had only been partially started and in the meantime numerous disputes had been started in both civil and administrative legal proceedings.

These disputes, more fully described in the remainder of this section, involved a number of parties. In most cases, one party was the company (depending on the individual cases, FIBE could be summoned together with the other Group subsidiaries participating in the contractual activities in various capacities, for example FISIA Italimpianti and Impregilo Edilizia e Servizi, then part of Impregilo), which was acting in all proceedings to maintain the correctness of its actions and to enforce its rights against debtors, and the other side were the public administrations which, in continuing the emergency situation with the concomitant deterioration in their own financial situations, argued that it was primarily FIBE which was in breach of its contractual obligations.

Finally, starting from the final stages of the Contractual phase, into this already complex framework of litigation have gradually come many companies and individuals who, for various reasons, and in some cases in a completely indirect way, were involved in the management activities as suppliers or sub-suppliers of FIBE and who, for reasons directly dependent on the breaches of the public administration with regard to FIBE, were also in increasingly difficult financial conditions.

I.1.3 The "Transitional" phase

Legislative Decree no. 245/2005 (converted into Law no. 21 of 27 January 2006), among other things, (i) on 15 December 2005 terminated "by operation of law" the existing service contracts between FIBE, FIBE Campania and the Special Commissioner for the Waste Emergency in Campania, "without prejudice to any claims arising from the terminated contracts", ordered the company (ii) to continue its activities in strict compliance with the control and coordination of the Special Commissioner with the right to be reimbursed by the Commission for the costs and expenses incurred in connection therewith and (iii) to continue construction of landfills and the Acerra plant, while, with the utmost urgency and using public evidence procedures, the Commissioner identified a new operator to be entrusted with the service. The law also imposes an obligation on the Government Commissioner to recover the sums owed to the company by the local administrations as fees for waste disposal until the date of termination of the service contracts.

This changed regulatory framework, already spoiled by significant difficulties relating to both the nature of the new legal relationships dependent on it and the unrealistic expectations about the possibility of finding a new operator to whom to entrust the service under the same conditions as those that had already led to collapse of the management system in the Contractual phase, resulted in the start of the "Transitional" phase and further complicated the activities of FIBE which was unable to resolve any of the most important critical issues characterising the previous phase. The most significant of these issues were:

- the insufficient allocations of financial resources to the Commission in order to carry out its required control and coordination activities, in relation to both operating expenses and the significant capital expenditures still to be made;
- the illegitimate continuation of FIBE's obligation to continue its business because of the lack of new operators to take over the service (all the calls for bids were successful due to the lack of appropriate guarantees regarding the availability of sites for disposal of the WDF processing residues), although this was the same regulation that prescribed early termination of the service contracts;
- the lack of specific and precise provisions regarding the manner in which the company could have received compensation to satisfy its claims for damages arising from the early termination of its service contracts.

With an operational profile consistently governed by compliance with the rules then in force and by more open collaboration with the Commission, FIBE has nevertheless continued construction work at the Acerra plant, without access to adequate funding from the public administration which would subsequently become the owner, thereby further burdening its budget.

The end of this phase, as previously described, coincided with the entry into force of Decree Law no. 90 of 23 May 2008 and Decree Law no. 107 of 17 June 2008, both converted into Law no. 123 of 14 July 2008. On the one hand, these measures oblige FIBE to complete the EfW plant at Acerra and, on the other hand, finally sanction the Impregilo Group's exit from the waste disposal business, transferring to the Provinces the ownership of the WDF plants and the operating resources present at each plant, including the personnel (other than management), who are employed under temporary contracts.

Even though an important result had been achieved, the situation of the company was evidence of an absolutely critical operational and financial picture. Among the most significant elements of this situation are:

- the increased deficit attributable to the enforced continuation of construction work at the Acerra plant in respect of which no specific procedural or contractual framework had been established concerning its intended use;
- the final removal of FIBE from management of all the plants and equipment until then used by the company to carry out their activities as the mere executor, on behalf of the Commission, of the waste disposal activities, together with the absence of any decision relating to the reimbursement of costs incurred in the construction of such plants;
- the legally required abolition of the public administrative structures that had coordinated the activities in the Transitional phase without the provision of any concrete measure for the reimbursement of the huge financial resources which, during performance of the disposal activities for and on behalf of the administration, FIBE still had to pay in advance – with the financial support of the Group as in the previous periods – and for which, again, no specifically identified debtor nor specific procedures for payment by the public administration were provided.

As a further burden on the already extensive impacts the situation described was imposing on both FIBE and the whole Group, litigation of a criminal nature was initiated with, on the one hand, the succession of precautionary measures (i.e.: seizures of amounts equivalent to loss incurred) requested by the investigating magistrates, originally granted by the Court of Naples and subsequently quashed on final appeal by the Supreme Court and, on the other hand, the commencement of new criminal proceedings against the Company's directors and the officials of the public administration, and the legal persons connected with such persons for alleged liability pursuant to Law 231.

I.1.4 The "Post-transitional" or "Current" phase

The start of this phase was mainly characterised by two new scenarios which involved (i) the completion of the EfW plant at Acerra and development of associated events and (ii) the initiation of a new phase of disputes between the company and the public administration relating to the management of the plants, storage sites and equipment in respect of which full and exclusive possession of the same by the administration had been registered pursuant to the aforementioned Law 123/2008.
As regards the Acerra plant, in December 2008, as part of the procedure for awarding the service management contract for the EfW plant, a new service provider was identified in the shape of a leading Italian company which owned other large plants for waste disposal and associated energy recovery. In parallel, FIBE, in accordance with the provisions of the aforementioned Law 123/2008, continued the technical activities aimed at completion of the plant and the related testing. Final acceptance testing of the Acerra plant was carried out in the first two months of 2010 and the relative certificate was issued on 16 July 2010 confirming successful completion of the procedure. In this context, Decree Law 195/2009 was converted with amendments into Law no. 26 of 26 February 2010, which, inter alia, contains some significant provisions that can be summarised as follows:

a) sale of the EfW plant at Acerra for € 355 million and transfer of ownership by the Impregilo Group to the Campania Region (or to the President of the Council of the Civil Protection Department or a private individual). The transfer was set for 31 December 2011 in accordance with a new decree of the Prime Minister and after allocation of the related financial resources. Until then, the former service provider would be paid a monthly lease payment of € 2.5 million for 15 years. The payments for the 12 months before transfer of title would be deducted from the consideration to be paid, together with the amounts advanced to the former service provider, pursuant to article 12 of Law Decree no. 90/2008, as advances for work in progress when the plant was being built;
b) still in relation to the Acerra plant (i) the deadline for performance of the acceptance test was fixed as 28 February 2010, (ii) it was agreed that, until the transfer of ownership, the plant would not be transferable, it would not be subject to seizure or other transactions or registrations or other acts detrimental to the plant, and (iii) further significant charges would be imposed on the former service provider in relation to a series of guarantees substantially different and significantly more costly than the current best practices in the field of plant engineering. Management of the plant, however, was assigned to the new operator starting from 2010, despite the required presence of issued guarantees and continuing ownership on the part of FIBE.

As regards the development of the disputes relating to the management of the plants and storage sites, the first period of the 'Post-transitional' phase was marked, among other things, by the development of two key administrative disputes, namely:

- definitive identification of the role played by FIBE in relations with the public administration after termination of the service contracts and
- determination of the entity which, after entry into force of Law 123/2008, would take over and manage all the plants, storage sites and equipment which, during the Contractual phase, had been carried out by FIBE for the performance of its activities.

In relation to the definition of the role played by FIBE in the Transitional phase, decision no. 7280 of the Regional Administrative Court of Lazio of July 2008, which became final by failure to appeal, provided – in the grounds for the decision – a precise reconstruction of the role and responsibilities attributable to the former service providers after 15 December 2005 – now "mere executors" of the Commissioner's orders – and to the Commissioner – sole responsibility for the waste disposal service and coordination activities, required to identify the best solutions for waste disposal.

At the same time the decision pointed out that all the obligations imposed on the former service providers by law had ceased on 31 December 2007, also stating that the various measures of the Commissioner ordering FIBE to extend its operations up to entry into force of Law 123/2008, measures which were all immediately challenged by the company, were considered unlawful as contrary to the previous regulations governing the conditions and limitations of the specific emergency action.

However, in relation to the dispute concerning the ownership and management of the plants and storage sites, the litigation phase, which began in the period immediately following the entry into force of Law 123/2008, ended with the decision of the Council of State which, by judgment 290/2010, finally confirmed the quashing of the claims made by the Administration for the return of the sites to FIBE in December 2008, thus freeing the latter from any obligation in relation to the management of the sites which, in the opinion of the Administration, were not suitable for its activities.

Approaching the end of 2010, therefore, the overall situation of the Campania USW Projects still appeared somewhat complex, mainly due to the following situations:

- an economic and financial position which, at consolidated Group level, showed a huge amount in respect of net receivables and claims for compensation, relating mainly to the following sectors of activity:
  - construction of the Acerra plant which, besides being one of the largest and most modern EfW plants in the world, was by then already in full operation and production, but the company that had built it had not received any compensation;
  - reimbursement of the non-amortised costs of the former WDF plants which, according to the provisions of the service contracts cancelled by law in late 2005, were charged to the public administration but which to date had not been paid by it;
  - net receivables resulting from progressively accumulated financial loss during both the Contractual and Transitional phases as a result, on the one hand, of the defaults of debtor administrations and, on the other, the impossibility of challenging such defaults in respect of third party suppliers and sub-suppliers of FIBE, which was therefore compelled to further commit itself to oppose actions taken by these suppliers in bankruptcy proceedings.
- The protracted criminal litigation which, although proceedings on the merits were already in progress, saw the Group subject to significant in rem precautionary measures on the part of the investigating magistrates, with all the operational and reputational risks that entailed.
- The protracted civil and administrative civil and administrative litigation which, in spite of the fundamental decisions described above, still did not allow the definition of a precise period of time in which the various legitimate claims made by the company could be satisfied.

As from the end of 2010, however, there were some significant developments relating to the foregoing, namely:

- the dispute concerning the legitimate compensation due to FIBE for the construction of the EfW plant at Acerra was largely resolved by the end of 2011 and final recovery of compensation for the plant amounting to approximately € 355 million was completed during 2012.
- The criminal proceedings initiated in 2004, and the parallel precautionary procedures which saw the Group subject to seizure of substantial financial resources from 2007, were finally ended in early 2012 with the final rejection of the applicability of the measures, and in November 2013, the Court of Naples issued an absolute acquittal of all the defendants involved. On 1 February 2014, the full acquittal decision was filed (consisting of 265 pages), and at the date of this Report the deadline for appeal by the public prosecutor, which is due to expire on 21 March 2014, is still pending.
- The dispute relating to the legitimate claims made by FIBE for reimbursement of the costs incurred in the construction of the former WDF plants and not yet amortised at the date of cancellation of the service contracts (15 December 2005) was also concluded with the decision of the Supreme Court in March 2013, which dismissed the appeal by the public administration which had been deemed unsuccessful by the Council of State in 2012. Although in this regard enforcement proceedings started by FIBE designed to achieve full compliance by the unsuccessful administration are still ongoing, during 2013 a total of approximately € 240 million was recovered, of which some € 204 million related to costs not amortised as at December 2005 and about € 35 million to the associated legal interest.

340 km of metro systems

Finally, at the end of 2013, the financial position revealed by the Group in relation to the Campania USW Projects, details of which are more fully discussed in the notes to the consolidated financial statements for 2013 elsewhere in this Report, concentrates mainly on the working capital components relating to net receivables claimed by FIBE in relation to the Contractual and Transitional phases.

Elsewhere in this section, as with previous periodic Group financial reports, there is a description of the main ongoing litigation proceedings, to complement the overall operational framework still characterising the Group's activities in the Campania USW Projects. In this context, in fact, despite having observed the significant and positive developments briefly described above, it should be noted how the overall picture still appears somewhat disjointed.

This situation, although an important factor supporting the Group in its consistent maintenance of the correctness of its actions in all the litigation still in progress, cannot however exclude this complex series of proceedings from risk, although they may reasonably be described as cases in which success is collectively possible but not probable.

II. The litigation currently pending for the Campania USW projects

II.1 The administrative litigation

A) In October 2006, FIBE and FIBE Campania took legal action before the Lazio Regional Administrative Court censuring the commissioner's failure to comply with its obligations under Law decree no. 245/2005 (converted into Law no. 21/2006), namely: (i) recovery of amounts due by municipalities for waste disposal services outstanding at the date of termination of the contracts (15 December 2005); and (ii) identification of landfills for organic waste and stockpiles generated by the RDF plants and preparation and implementation of a plant maintenance plan.

After accepting the precautionary motion presented by FIBE and FIBE Campania (in its ruling of 11 October 2006, confirmed by the Council of State on 7 November 2006), in its decision no. 3790 filed on 27 April 2007, the Court found that:

(i) FIBE and FIBE Campania effectively provided the waste disposal service under the 2000 and 2001 contracts up until 15 December 2005 and had the right to request completion of the legally-provided for procedure for collection of outstanding receivables by the municipalities;

(ii) due to the *ope legis* termination of the service contracts, FIBE and FIBE Campania "*with effect from 15 December 2005 merely provided the service on behalf of the commissioner* [waste disposal] *and had definitively lost title thereto*";

(iii) the commissioner was to complete the procedure aimed at meeting the companies' requests within 45 days;

(iv) an *ad acta* commissioner to take the necessary measures within a further 45 days, should the local administrative bodies not fulfil their obligations, was to be appointed.

The commissioner appealed against this ruling with the Council of State. Ruling no. 6057 of 28 November 2007 rejected the appeal, fully confirming the ruling of the Lazio Regional Administrative Court.

As a result of the newly introduced regulations mentioned earlier, the companies are no longer interested in completing the procedure for identification of the landfills for organic waste and stockpiles generated by the WDF plants and preparation and implementation of a plant maintenance plan, given that they are to be transferred to the relevant municipalities. However, they continue to be interested in completion of the procedure for the recovery of their outstanding receivables for services provided up to 31 December 2005.

In December 2009, the Special Commissioner appointed by the Regional Administrative Court to recover the receivables claimed by the two companies from the Campania municipalities for the waste disposal service provided until 15 December 2005, after filing an initial report in August 2009, filed a further report in June 2013 based on a more thorough investigation and acknowledgement of the receivables by subsequent joint verifications of the accounts and documents submitted by the parties; although it contains an acknowledgement of the receivables due to FIBE for the activities performed pursuant to the contract, the report submits to the Regional Administrative Court, for due consideration, the question of compensation claims by the Administration and the relative decisions. At the hearing for discussion of these issues on 4 December 2013, the Regional Administrative Court postponed it until 25 June 2014.

B) The Lazio Regional Administrative Court confirmed the findings of its ruling no. 3790/2007 in its ruling no. 7280 of 23 July 2008, reiterated by the Council of State decision no. 6057/07, as confirmed and integrated by the intervening regulations and aforesaid Law Decrees nos. 90/08 and 107/08, converted into Law no. 123/08 and subsequent laws.

This ruling, which is practically final as it has not been appealed against by the public administrations, is very important for the companies as, in the justification section, it reconstructs the role and responsibilities attributable to the former service providers after 15 December 2005 – "mere executors" of the commissioner's orders – and to the commissioner – sole responsibility for the waste disposal service and coordination activities, required to identify the best solutions for waste disposal. At the same time, the ruling establishes that all obligations imposed on the former service providers by law ceased to exist on 31 December 2007, contrary to the extension measures challenged with the previous regulations governing the conditions and limits of the specific emergency measures. Moreover, the intervening regulations also affected the orders as they were applied to past negotiations involving the companies whereby "no further activities are requested except for those to allow the taking over of management of the plants, employees and operating assets as well as transactions with third parties by the municipalities and the Armed Forces". Given the above, the Regional Administrative Court concluded "It can logically be deducted that the Commissioner is required to meet the obligations...".

C) In December 2008, FIBE and FIBE Campania challenged a number of orders before the Lazio Regional Administrative Court whereby the parties appointed by the commissioner for technical and operating activities (Technical-operational head under Prime Minister's Order no. 3705/2008 and the Special commissioners for the provinces) obliged the companies to re-acquire possession of certain areas and stocking sites, which such parties had acquired in August 2008; these areas and stocking sites were not deemed necessary to provide the service and the following concurrent declaration was requested: "*(i) the non-existence of any obligation to manage the offices, sites and plants used at any time as part of the integrated waste treatment system in Campania for the companies in the light of the ruling sector regulations which fully regulated the previous situations in full compliance with the Lazio Regional Administrative Court's ruling no. 3790/2007, confirmed by the Council of State with ruling no. 6057/2007 and the Lazio Regional*

Administrative Court ruling no. 7280 of 23 July 2008 about the nature of the relationships between the municipalities, FIBE and FIBE Campania and third parties; (ii) the municipalities' obligation to comply with the relevant instructions in the above court ruling no. 3790/2007, confirmed by the Council of State with ruling no. 6057/2007 and the Lazio Regional Administrative Court ruling no. 7280 of 23 July 2008 about the nature of the relationships between the municipalities, FIBE and FIBE Campania and third parties".

Following the hearing of 19 January 2009, the Regional Administrative Court suspended the enforceability of the challenged measures and accepted the appeal made by FIBE and FIBE Campania in its ruling no. 2357/09 on 13 March 2009, cancelling the challenged measures.

The municipalities appealed against this ruling to the Council of State on 8 July 2009. The companies presented themselves for the related proceeding and made a cross appeal against the same ruling, requesting that the reprimands deemed to have been covered by the first level hearing and particularly related to the non-existence of the assumptions about the inoperability of the sites for the purposes of the waste management service, be examined and allowed. They also requested that the reprimands related to the non-existence of any obligation for them to manage the offices, sites and plants used at any time for the integrated waste treatment system in Campania, in line with the sector regulations, and to the existence of the Administrations' obligation to comply with the rulings of the Lazio Regional Administrative Court no. 3790/07, confirmed by the Council of State's ruling no. 6057/07 and the Lazio Regional Administrative Court ruling no. 7280 of 23 July 2008 about the nature of the relationships between the Administrations, FIBE and FIBE Campania and third parties be examined and allowed as well.

On 22 July 2009, the under-secretary of State notified FIBE and FIBE Campania via the *ad acta* commissioners of new orders to take back the above sites. The companies have appealed to the Regional Administrative Court.

On 26 January 2010, the Council of State issued ruling no. 290/2010 definitively confirming the cancelling of the orders issued in December 2008, freeing FIBE from any obligation to manage the sites which, according to the municipalities, were not suitable for their activities.

Specifically, this ruling analysed Prime Minister's Order no. 3693/2008 deeming that the challenged orders were unlawful as contrary to the reference legislation due to the erroneous valuation of the concept of the operability of the assets for the waste management service.

The Council of State based its assessment of the operability of the sites on article 183.1.D) of Legislative decree no. 152/2006, which expressly defines the concept of waste management as the collection, transportation, recycling and elimination of waste, including monitoring of these activities as well as of the landfill after it has been closed.

This led to confirmation of the operability of the assets, the return of which had been ordered, for the waste management service as a whole, with the related statement of unlawfulness of the challenged measures.

Despite this outcome, the party engaged under Law no. 26/2010 to manage the sites in the Province of Caserta and, subsequently, the party engaged to manage the sites in the Province of Naples and Benevento took new action to see FIBE S.p.A. charged with the custody costs for the sites.

The company presented a motion for the cancellation of this action to the relevant judicial authority which was rejected on 25 October 2010. However, following the request for clarifications about the custodian obligations, the Fifth Criminal Chamber of the Naples Court established in its order of 24 November 2010 that the official receiver has "*as its sole scope and responsibility that of ensuring the integrity of the seals, the property under seizure and to report any dangers to the judicial authority*". This clarification bears out the company's thesis, supported by its legal advisers, that the official receiver is exempt from any liability once it diligently and promptly informs the relevant authority of any events that could in any way compromise the integrity of the property under seizure and that the persons indicated as official receivers are behaving in this way.

The civil proceedings before the Naples Court initiated by S.A.P.NA. S.p.A., a local company set up by the Naples provincial authorities, form part of this situation. It challenged its takeover of title to certain temporary and definitive areas and stocking sites with roughly 40 rulings; these areas and sites had already been found to be inoperable by the Special commissioners in their measures of December 2008 challenged by FIBE S.p.A. and which led to the Lazio Regional Administrative Court's ruling no. 2357/09 and the Council of State's ruling no. 290/10. S.A.P.NA. also requested it be reimbursed and held harmless by FIBE S.p.A. and/or the government commissioner from the intervening operating costs incurred and to be incurred.

FIBE S.p.A. has appeared before the courts in each of these proceedings which are still ongoing.

D) FIBE and FIBE Campania appealed to the Lazio Regional Administrative Court again on 30 April 2009 (RG no. 3770/2009) disputing the commissioner's slackness in completing the administrative procedures for the recording and recognition of the costs incurred by the former service providers for the services provided as required by law and the work ordered by the municipalities and carried out by the companies during the transition period (16 December 2005 - 31 December 2007). They requested the Court state the unlawfulness of this silence and verify the municipalities' obligation to finalise the procedure in a suitable timeframe, with the concurrent appointment of an *ad acta* commissioner that would take the measures required of the defaulting commissioner should the latter not respond within the set timeframe. Upon conclusion of the hearing of 24 June 2009, the Court stated the appeal was inadmissible in its ruling no. 7070/2009 and that with respect to "*checks into financial claims, even when based on obligations assumed by law*", the companies should not have already activated the special silence procedure but should have filed a specific action for declaration and satisfaction to the Court on an exclusive jurisdiction basis.
On this basis, the companies filed a new appeal with the Lazio Regional Administrative Court (RG no. 7338/2009), which had exclusive jurisdiction pursuant to article 4 of Law decree no. 90/2008, for the issue of the necessary rulings on the declaration and payment orders against the local governments, including on an admonitory basis. The admonitory motion was quashed as the Court did not accept the assumptions for issue of a payment order. The merits hearing has yet to be held. While awaiting a date for the related hearing, a preliminary motion was notified and subsequently filed on 8 April 2010 for the appointment of a court-appointed expert that, after examining the documentation presented, identified the amount of:

a) *the sum due by the local governments for the management activities reported by the companies from 16 December 2005;*
b) *the amount already paid by the municipalities for this service;*
c) *the amount of the payable already checked and acknowledged but not yet paid by the municipalities as per the administrative measures already issued and added to the court records;*
d) *the amount not yet checked or paid by the municipalities for the services reported by the companies;*
e) *the amount due by the Administrations for the services entrusted to the companies and provided by them since 16 December 2005;*
f) *the amount already paid by the municipalities for the services as per point e);*
g) *the amount of the payable already checked and acknowledged but not yet paid by the municipalities as per the administrative measures already issued and added to the court records;*
h) *the amount of the payable not yet checked or paid by the municipalities for the services provided as requested by such local governments by FIBE S.p.A. and FIBE Campania S.p.A., based on the documentation added to the court records;*

36,000 km of roads and motorways

i) *specified the consultancy role based on the verification of the above documents, the amount of the Administration's payables for all the activities imposed on and carried out by FIBE S.p.A. and FIBE Campania S.p.A. for them, starting from 16 December 2005, net of the amount already paid for such services and any other issue that this court will consider.*

The companies presented a specific withdrawal request for the timely setting of the related hearing, after which the Regional Administrative Court issued its interim ruling no. 3669 ordering that the "checks" of the accounting documentation presented for reporting purposes be carried out to ascertain if the claims made in court are grounded. It has reserved its decision until this procedure is completed. Accordingly, the Court requested that La Sapienza Rome University carry out the check. On 29 January 2013 a partial expert report was filed relating to the period 15.12.2005-31.12.2006, and an extension was requested for the filing of the full report covering all the periods in question, the extension being granted until 31 March 2014.

E) With their appeal notified on 18 May 2009 (RG no. 4189/09), the companies challenged Prime Minister's Order no. 3748/09 before the Lazio Regional Administrative Court whereby only refuse produced and stored after the date of termination of the service contracts with the companies (15 December 2005) was to be transferred to the Acerra waste-to-energy plant. A date for the related hearing has yet to be set.

While they are convinced that the obligation to dispose of the bales produced and stored in Campania (regardless of the solution chosen by the municipalities about which waste was to be disposed of first), remains solely with the Administrations, the companies have prudently appealed against this order with the relevant Lazio Rome Regional Administrative Court.

F) The Lazio Regional Administrative Court issued its ruling no. 3886 on 5 May 2011 on FIBE's appeal (RG no. 9942/2009) for the Administrations' non-payment of FIBE's unamortised costs at 15 December 2005 for the Campania WDF plants. It accepted FIBE's appeal and ordered the Administrations to pay FIBE € 204,742,665.00 plus legal and default interest from 15 December 2005 until settlement. This ruling correctly reconstructs the transactions between the parties as per the reference contractual terms and legislation. It confirms that the Administrations recouped the WDF plants as a result of termination of the service contracts and are therefore obliged to pay the former service providers the unamortised costs at the contract termination date (15 December 2005) as expressly stated by the Administrations. The Regional Administrative Court based its quantification of the claim on FIBE's accounting figures and the considerations set out by the municipalities in the previous calls to tender for the service.

The Administrations have appealed against the ruling with a petition (RG 6313/11) notified on 11 July 2011, which was heard on 13 December 2011 after which the Council of State rejected the appeal made by the Administrations with its ruling no. 868/2012 filed on 20 February 2012 and ordered that the parties bear their own legal costs.

The public prosecutor has proposed that an appeal should be made to the Supreme Court against the Council of State's ruling, alleging the administrative judge's lack of jurisdiction. FIBE, in turn, has presented a statement of defence and a counterclaim challenging the municipalities' arguments and appearing against the Council of State's ruling with its counterclaim in the part in which it holds that it had first to rule about jurisdiction (even though it was favourable) rather than acknowledging the tardiness of the appeal and, therefore, invalidating it. The public prosecutor then presented its statement of defence to FIBE's counterclaim and the Supreme Court in its hearing of 6 March 2013 dismissed the appeal brought by the public prosecutor. FIBE therefore continued with its enforcement action for compulsory recovery of the full amount ordered. The public prosecutor opposed enforcement with a request for suspension, the application being discussed at the hearing of 9 July 2013. By decision of 24 July 2013, the Enforcement Judge of the Court of Rome awarded to FIBE the amount of

€ 240,547,560.96 in full payment of the debt claimed as principal and legal interest and suspended enforcement for the further portion of interest claimed, setting a deadline of 30 November 2013 for the bringing of proceedings on the merits following the objection.

Both parties therefore initiated proceedings on the merits and at the hearing of 3 February 2014 the court declared the failure to appear of the Prime Minister's Office, and set a deadline of February 21 for the production of a certificate of non-registration of the writ issued by the Prime Minister's Office with the date set (on the writ) of 10 February.

In any case, the judge stated that should this second objection need to be registered the two cases should be joined.

G) The Campania Regional Administrative Court issued order no. 292 on 23 February 2012 rejecting the appeal RG 301/2012 made by S.A.P.NA. for suspension of the ministerial measure which requested that the local company provide the results of the characterisation plan and implementation of urgent safety measures for the contaminated groundwater at the Settecainati landfill (Giugliano municipality) owned by FIBE S.p.A. The local company sued FIBE for its alleged liability for the contamination and its obligation to characterise and implement urgent safety measures. The court order included S.A.P.NA.'s obligation to pay the precautionary court costs. The hearing on the merits is pending. Against the order of the Campania Regional Administrative Court no. 292/2012, cited above, S.A.P.NA. s.p.a. submitted appeal no. RG 3247/2012 to the Council of State which, by Order no. 1968 of 23 May 2012 ratified the decision at first instance. The legal costs were shared.

H) The Lazio Regional Administrative Court ruling of 5831 of 26 June 2012 stated the lack of its jurisdiction in favour of Court of Public Waters. FIBE has appealed against this ruling with appeal RG 7434/2008 and subsequent additional grounds. FIBE requested that the commission and ministerial measures ordering the communication of the results of the surface and groundwater characterisation plan and urgent safety measures be cancelled – the measures provide that if FIBE fails to comply therewith, the substitute damaging powers are activated –, as well as the recognition of the real cost and the inspection and reclamation of the environmental damage to the landfill in Cava Giuliani in the Giugliano municipality. The ruling has been summarised before the Court of Public Waters which deferred the hearing to 9 October 2013. Following the signing on 9 September 2013 of an agreement with the Government Commissioner concerning the characterisation of the landfill site at Cava Giuliani, the hearing was adjourned to 25 June 2014.

I) The Lazio Regional Administrative Court ruling no. 6033/2012, published on 3 July 2012 and notified on 13 September 2012, joined and rejected the appeals RG 10397/2007, 10398/2007 and 2770/2012 and related additional grounds presented by FIBE for the cancellation of the commission and ministerial measures requiring the characterisation plan and urgent safety measures on penalty of proceedings for damages, relating to the Pontericcio site, the WDF production plant and storage area and the Cava Giuliani site and storage area.

The company appealed against this ruling to the Council of State (RG 7313/2012) as it would appear to be tainted by the obvious misrepresentation of the facts as it is based on contamination at a site different to those referred to in the ruling. Reference is mistakenly made to contamination of the landfill in Cava Giuliani (as shown in the court-appointed expert's report to the Naples public prosecutor, prepared for the criminal proceedings RGNR 15968/2008), appealed against with appeal RG 7434/2008 (see letter I above). On 12 November 2012, the Council of State rejected FIBE's precautionary motion for suspension of the execution of the ruling. A date for the merits hearing has not yet been set.

Following the rejection of the precautionary motion in decision no. 6033/2012, and taking into account the deliberations on the crime of non-decontamination and the liability of the

Global player
in the construction of major complex infrastructure projects

Company pursuant to Legislative Decree. 231/2001, and notification by the Government Commissioner pursuant to Order no. 3849/2010 et seq. of the pending signature with Sogesid S.p.A. of the contract for the characterisation of the sites at Pontericcio and Cava Giuliani, the subject of decision no. 6033/2012 and the appeal to the High Court for Public Waters (TSAP) no. 36/2013, FIBE S.p.A. wrote to the Ministry of Environment and the other relevant authorities on 13 December 2012 to demonstrate its willingness to comply with decision no. 6033/2012, and called for a meeting with a view to drafting an Agreement by which to regulate mutual relations. However, it does not admit its liability as the merits hearing has yet to be held and it has also reserved the right to resubmit the costs of executing the ruling. This agreement was signed by FIBE and the Government Commissioner on 9 September 2013.

In this agreement, FIBE accepted the requests of the Government Commissioner regarding the characterisation and environmental survey activities, rejecting liability concerning any irregularities partially identified as a result of such activities and confirming its action as exclusive performance of Regional Administrative Court decision no. 6033/2012 cited above.

II.2 The civil litigation

The government commissioner presented a claim form in May 2005 requesting compensation from FIBE, FIBE Campania and FISIA Italimpianti for alleged damage of approximately € 43 million. During the hearing, the commissioner increased its claims to over € 700 million, further to the additional claim for damage to its reputation, calculated to be € 1 billion.

The companies appeared before the court to dispute the claims made by the government commissioner and lodged a counterclaim requesting compensation for damage and sundry charges determined before the court of first instance for more than € 650 million, plus another claim for damage to their reputation of € 1.5 billion. They also complained about the significant delay (compared with that provided for in the 2000 and 2001 contracts) in the issue of the authorisations required to construct the waste-to-energy plants and the related delay in the construction of such plants. These delays led to *both* the lengthening of the temporary stocking periods of the produced “eco-bales” *and* an increase in the stocked “eco-bales” with the related need to find bigger stocking areas: circumstances that led to the incurring of greater costs by FIBE and FIBE Campania.

In the same proceeding, the banks that issued FIBE and FIBE Campania’s performance bonds to the government commissioner also requested that the commissioner’s claim be rejected. In addition, they requested to be held harmless by Impregilo from the commissioner’s claims. Impregilo appeared before the court and disputed the banks’ requests.

The hearing was finalised with ruling no. 4253 of 11 April 2011 confirming the administrative court’s jurisdiction rather than that of the ordinary court. The public prosecutor appealed against this decision and FIBE duly appeared in case no. RG 686/12. The hearing for closing arguments before the Court of Appeal of Naples is scheduled for 11 December 2014.

With the “resumption statement” of 1 August 2012, the Ministry for Justice and the Cassa delle

Ammende summarised the ruling for execution of the sureties for € 13,000,000.00 before the Milan Court. These sureties had been given by certain major banks to guarantee execution of the measures imposed by the Naples public prosecutor as part of the seizure of the RDF plants.

The Group companies appeared before the Milan court (RG 57109/2012) challenging the grounds of the claims, alleging, *inter alia*, the invalidity of the policy as it was activated after its expiry date and the lack of grounds for its execution. In turn, they summonsed the government commissioner.

At the first hearing of 17 January 2013, the case was adjourned for the closing arguments of the hearing of 5 December 2013, at which hearing judgment was deferred with the standard time limits.

Finally, in the civil courts, the public administration has recently commenced proceedings challenging FIBE's operations with respect to the complex management of the receivables and payables arising from the "Contractual" period. Although these are separate to the other proceedings described above, they refer to the same claims filed by FIBE in the administrative courts for which the Special Commissioner is still taking action (see point II.1.A). Accordingly and assisted by the Group's legal advisers, FIBE's fully compliant conduct during the "Contractual" period can reasonably be confirmed and the risk of a negative outcome of these proceedings is merely possible.

The company's legal advisors hold that the public administration's claims can reasonably be challenged considering the counterclaims and, moreover, the admissibility of legal compensation given the circumstances.

Finally, an action is pending to oppose the court order sought by FS Logistica (formerly Ecolog) against the Prime Minister's Office for payment of the fees relating to the task entrusted to it between 2001 and 2008 by the then Government Commissioner to transport the waste abroad. The claim was brought against the Prime Minister's Office, which in turn called on FIBE as a third party. The latter, among other things, had two objections: firstly, it objected on the grounds that the application to call it as a third party was identical to part of the one already made in the action brought by the Prime Minister's Office/ Government Commissioner in the Court of Naples and resolved by decision no. 4253/11 declaring lack of jurisdiction, as mentioned above; secondly, it objected in relation to the further claims made by the Prime Minister's Office by way of counterclaim – noted both their inadmissibility due to the sheer diversity of the grounds compared with the original claim by FS Logistica, and the fact that these claims had already been brought by the Prime Minister's Office in several other actions still pending.

The judge, following the hearing on 11 July 2013 deferred proceedings, to allow preliminary investigation, to the hearing on 24 January 2014, where he allowed a court-appointed expert only in relation to the claims of FS Logistica against the Prime Minister's Office and the subject of the court order.

II.3 The criminal litigation

In September 2006, the public prosecutor at the Naples Court served Impregilo S.p.A., Impregilo International Infrastructures N.V., FIBE S.p.A., FIBE Campania S.p.A., FISIA Italimpianti S.p.A. and Gestione Napoli S.p.A. in liquidation with a "*Notice of the conclusion of the preliminary investigations about the administrative liability of companies*" related to the alleged administrative crime pursuant to article 24 of Legislative decree no. 231/2001 as part of a criminal case against several former directors and employees of the above companies, investigated for the crimes as per article 640.1/2.1 of the Criminal Code in relation to the tenders for management of the urban solid waste disposal cycle in Campania. Following the preliminary hearing of 29 February 2008, the Judge for the Preliminary Hearing at the Naples Court accepted the request for a hearing made by the public prosecutor.

The Court has accepted the exception proposed by the companies' defence council and has stated the unlawfulness of the civil parties' claims against the bodies involved pursuant to Legislative decree no. 231/2001. Therefore, all their claims made in the preliminary hearing have been found to be inadmissible.

Moreover, the public prosecutors Messrs. Noviello and Sirleo presented an additional charge pursuant to article 517 of the Criminal Procedural Code in the hearing of 15 June 2011 against just the individuals for the crime as per article 110 of the Criminal Code, article 81, second paragraph of the Criminal Code and article 53-bis of Legislative decree no. 22/97, now article 260 of Legislative decree no. 152/06.

The Public Prosecutor requested the following precautionary measures relating to:

- "assets", pursuant to article 19 of Legislative decree no. 231/2001 (seizure: of the RDF production plants and Acerra waste-to-energy plant; approximately € 43 million belonging to the Impregilo Group companies; receivables of approximately € 109 million due to FIBE and FIBE Campania from municipalities in Campania);
- "interdiction", pursuant to article 9 of Legislative decree no. 231/2001 (or: ban on negotiating with public bodies; exclusion from subsidies, loans and similar assistance, ban on advertising goods and services).

In his ruling of 26 June 2007, the Examining Judge ordered the precautionary seizure of the profit from the alleged crime, estimated to be approximately € 750 million; specifically, the Judge ordered precautionary seizure equivalent to the loss incurred or loss of profit:

- € 53,000,000.00, equal to the amount advanced by the commissioner to construct the plants in provinces other than Naples;
- the total amount of € 301,641,238.98 for the regularly collected waste tariffs;
- certain, liquid and due receivables due from the municipalities and not yet collected of € 141,701,456.56;
- the expense incurred by the commissioner for the disposal of the USW and related processing at the RDF plants of € 99,092,457.23;
- € 51,645,689.90 being the missing guarantee deposit, payment of which had been agreed to guarantee correct compliance with contractual obligations;
- amounts received as premiums for the collection service performed on behalf of the commissioner and municipalities to be determined upon enforcement;
- € 103,404,000.00 being the value of the works carried out to build the Acerra waste-to-energy plant up to 31 December 2005.

The precautionary proceedings, which began with the abovementioned orders, were spread over nearly five years and were finally ended, with no action against the Group, in May 2012 when the final decision issued by the Supreme Court (in this case by the Sixth Criminal Division) rejected the existence of new evidence which could have overturned the precautionary ruling made, concerning the latest area covered by the interim applications made by the prosecution relating to the item of "fees", with the judgment of the Supreme Court, Second Division, of 16 April 2009. For a more comprehensive examination of these complex precautionary proceedings which are now over, please refer to the detailed information provided in earlier financial disclosure documents of the Impregilo Group.

On 4 November 2013, the Court of Naples issued a judgment completely absolving all the defendants, the sequestration orders over the storage sites were revoked and the latter were returned to the jurisdiction of the territorially competent provinces. On 1 February 2014, the full acquittal decision (consisting of 265 pages) was filed, and the deadline for possible appeal by the public prosecutor is due to expire on 21 March 2014.

* * *

During 2008, as part of a new inquiry by the Naples Court into waste disposal and related activities in the region carried out after the *ope legis* termination of the contracts (15 December 2005), the Judge for the Preliminary Investigations issued personal preventive seizure measures upon the request of the public prosecutor against certain managers and employees of FIBE, FIBE Campania and FISIA Italimpianti and managers of the commissioner's office.

As part of this inquiry, the former service providers and FISIA Italimpianti are again challenged for the administrative liability of companies under Legislative decree no. 231/01. The related acts describes how this is *both* a continuation of the previous investigations *and* a separate proceeding based on new allegations.

6,700 km of railways

The preliminary hearing was concluded on 29 January 2009 with all the defendants being committed for trial. In the pre-trial hearing, the civil actions brought against the companies were found to be inadmissible. Moreover, on 16 December 2009, the Naples Court declined its jurisdiction and ordered that the documents be transferred to the Rome public prosecutor. The Rome Court set the date for the preliminary hearing as 27 October 2010 when it was postponed by the Judge for the Preliminary Hearing to 13 December 2010 due to the erroneous notice notification about the hearing to FIBE's legal advisor. In the subsequent hearing of 10 January 2011, the Judge for the Preliminary Hearing at the Rome Court cancelled certain charges made against the chief executive officer in office when the events took place and deferred the hearing to 23 March 2011, which was deferred again to 21 September 2011, then to 14 December 2011 and finally to 28 March 2012. The Judge deferred to the Supreme Court the decision about the conflict in jurisdiction and the other subjective positions and other charges, holding the Naples Court competent to decide on these positions. The related hearing before the First Chamber of the Supreme Court was held on 6 July 2011. No ruling was handed down as the First Chamber is awaiting the United Chamber's decision about a similar case. However, following the decision of the Chief Justice of the Supreme Court, the "similar but related to another issue" matter was not heard by the United Chamber and, therefore, the Second Chamber of the Supreme Court took its decision and ruled that the Judge for the Preliminary Hearing at the Rome Court is competent to judge on all the charges for all the defendants on 2 March 2012. Therefore, the proceeding was to be recommenced with a preliminary hearing before the Rome Judge set for 16 May 2012, which was then deferred to 26 September 2012 as the case was assigned to another Judge for the Preliminary Hearing replacing Mr. Mancinetti who had been transferred to another position.

In that hearing, the new Judge for the Preliminary Hearing, in the person of Dr. Saulino, after reviewing the various elements of the proceedings, arranged special hearings on 10 and 31 January and 14 March 2013 for the remainder of the preliminary hearing.

At the end of these hearings, during which certain defendants made spontaneous statements, the Judge for the Preliminary Hearing issued an order which declared the inadmissibility of the only civil claimant who had asked to enter an appearance and the public prosecutor requested the committal for trial of all the defendants and the legal persons involved pursuant to Legislative Decree no. 231/2001.

Hearings were set for 14 March 2013 for discussion of defences and 21 March 2013 for the decision.

On completion of the aforementioned hearing, the Judge for the Preliminary Hearing ordered the committal for trial of all the defendants and legal persons involved pursuant to Legislative Decree 231/2001 on all the charges before the Court of Rome on 16 July 2013.

At that hearing, the Court of Rome noted the lack of notification to several defendants of the Order ordering the trial, and postponed the trial hearing until 1 April 2014.

The Group companies involved in the new proceeding are fully convinced of the legitimacy of their actions, also because their activities are not only expressly covered by Law no. 21/2006 but were carried out merely on behalf of the commissioner (see the rulings of the Lazio Regional Administrative Court and Council of State in paragraph II.A.).

In January 2011, FIBE joined the proceeding no. 61604/10 RGNR as the injured party against MP Nicola Cosentino at the Santa Maria Capua Vetere Court. The allegation to be examined during the trial, which legitimises FIBE's position as an "injured party" is that Mr. Cosentino contributed significantly *"to the planning and implementation of the project aimed – especially through the consortium company […], the consortium […] and other consortia in the Province of Caserta controlled by him – at setting up a competitive integrated cycle in Campania to compete with that lawfully managed by FIBE-FISIA Italimpianti, thus boycotting the latter two companies in order to take over the entire management of the related financial cycle and moreover create an unlawful independent management at provincial level (i.e., local management of the waste disposal cycle, directly managing the landfills, where the waste is stored, taking action to build and manage a waste-to-energy plant and manipulating the activities of the waste emergency government commissioner)"*.

On 27 January 2011, an order for immediate judgement was issued against the defendant and FIBE was specifically identified as an injured party. As already disclosed, this proceeding is at the trial stage.

On 23 December 2011, as the party involved pursuant to Legislative decree no. 231/01, FIBE S.p.A. was notified of the completion of the preliminary investigations related to another investigation by the Naples public prosecutor. The allegation relates to the charging of article 24 of Legislative decree no. 231/01 relating to the committing of the crime covered and punished by article 81, second paragraph, and articles 110 and 640.I/II of the Criminal Code committed jointly and with the prior agreement of the defendants (individuals) and other parties to be identified with respect to management of the urban waste water purification service using purification systems.

Specifically, certain individuals working in the commission and for FIBE S.p.A. have allegedly actively encouraged and induced other accomplices to implement stratagems and tricks to hide and conceal the very poor management of the above purification systems.

FIBE S.p.A. is accused as it has allegedly presented documents reporting among the other items related to the elimination of USW the cost of transferring leachate, while not mentioning why the leachate had been transferred to plants that did not have the necessary legal authorisation, technical qualifications and residual purification capacity.

The Prosecutor's Office requested committal before the Office of the Judge for the Preliminary Hearing at the Court of Naples. After an initial postponement, due to defects in the summons, the next two hearings were fixed for 11 April 2014 to verify the due appearance of the parties, and 24 April 2014 for the examination of preliminary issues.

As this again relates to events challenged in the period after the contracts were terminated, when the companies' activities were not only expressly ordered by Law no. 21/2006 but also carried out on behalf of the Commissioner, FIBE is fully convinced that it acted in accordance with the law.

III. The directors' assessment of the situation at 31 December 2013

The Group's situation with respect to the Campania USW projects at 31 December 2013 still continues to be extremely complex and uncertain (as can be seen from the wealth of information above).

The decisions of the administrative courts relating to claims made in relation to the costs of the WDF plants not yet amortised as at the date of termination of the service contracts (15 December 2005), which have become final following the ruling of the Supreme Court reported previously, constitute positive elements and are significant, supporting both the position adopted by the Group regarding the correctness of its actions and the subsequent assessments made to date. In this context, in fact, the impairments which in previous years had been made to the overall value of claims for damages relating to the WDF plants totalling € 91.1 million have been issued and the resulting positive economic effects, together with the interest component acknowledged by the enforcement judge in the decision of 24 July, net of related tax, were recorded in the results of discontinued operations.

The conclusion at first instance of the criminal proceedings in the court of Naples with the decision of absolute acquittal of both the natural persons and legal persons involved "because there is no case to answer", and the comprehensive reasons filed on 1 February 2014 in which the judges say: "The disastrous attempt to dispose of waste in Campania was not the result of unlawful conduct on the part of the accused, nor of technical inadequacies, nor of a lack of organisation in the management of the plants" and "what failed to work was not the plants but the fact that the waste cycle, as organically and effectively designed, was not fully in place, being incomplete both in the initial phase, the separate collection, and in particular in the final one, the EfW plants at Acerra and Santa Maria La Fossa not having been built"; these statements reinforce the belief, supported by the opinions of the lawyers representing the company, that the various proceedings still ongoing in several jurisdictions (administrative, criminal and civil) will prove the correctness of the activities carried out. Taking into account the recent decisions made by the administrative judiciary in relation to the areas covered by the municipality of Giugliano, although pending on the merits, and for which the assessment of the risk of failure, with the support of the lawyers advising FIBE in the related disputes, falls within the scope of mere possibility, as things stand a precise timetable for the completion of the various ongoing proceedings cannot be given.

In view of the complexity and disjointed nature of the various legal actions described in detail in the foregoing paragraphs, it cannot be ruled out that events which are at present unforeseeable could arise in the future and require current valuations to be revised.

Human resources and organisation

At 31 December 2013, the Group's workforce was as follows (including changes during the year):

	31 December 2012	Increase	Decrease	31 December 2013
Managers	173	32	(19)	186
White collars	2,987	809	(1,108)	2,688
Blue collars	8,239	3,977	(6,043)	6,173
Total	**11,399**	**4,818**	**(7,170)**	**9,047**
Italy	985	240	(203)	**1,022**
Abroad	10,414	4,578	(6,967)	8,025
Total	**11,399**	**4,818**	**(7,170)**	**9,047**

The average workforce for 2013 is summarised in the following table:

	Corporate	Construction	Concessions	Engineering & Plant Construction	Total
Managers	26	126	25	4	181
White collars	131	2,207	408	92	2,838
Blue collars		6,470	513	222	7,205
Total	**157**	**8,803**	**946**	**318**	**10,224**
Italy					1,004
Abroad					9,220
Total					10,224

Training

With regard to training activities, during 2013 Impregilo, in addition to investing in career development paths and strengthening skills in the individual professional branches, offered specific training activities pursuant to Legislative Decree 81/2008.
In particular, in line with Impregilo's traditional focus on health and safety in the workplace and as part of its long-term training plans, the Group has provided training courses for all employees in health and safety in the workplace. In order to direct behaviour towards greater awareness and care regarding safety in the workplace, the courses have provided participants with:

- a brief description of the current regulatory framework;
- information on the key figures for the management of safety in the workplace;
- information for the management of the various types of risk.

Safety, the environment and quality

The quality, environmental and safety management system (the "QAS system") is increasingly integrated into the Group and applied to all its contracts. It complies with the UNI EN ISO 9001 (quality), UNI EN ISO 14001 (environmental) and BS OHSAS 18001 (health and safety) regulations as the quality management system was certified in 1997, the safety management system in 2003 and the environmental management system in 2007.

Under the "Strategic agreement for business and organisational collaboration" signed on 25 September 2012 by the Directors of Impregilo S.p.A. and Salini S.p.A., a strategy of co-operation has been initiated between the Impregilo Group and the Salini Group aimed at seizing market opportunities and adding value for both Groups.

The agreement was consolidated with the deed of merger no. 10520/5396 of 26 November 2013, by which Impregilo S.p.A. incorporated Salini S.p.A. with effect from 1 January 2014, taking under the new name "Salini Impregilo S.p.A".

The nascent Salini Impregilo Group has an important socio-economic role in the markets in which it operates by contributing to local economic development, with investments in the areas of health, safety and the environment, as well as support to local communities.

To ensure that all Stakeholders (shareholders, employees, clients, suppliers, local communities, government administrations, etc.) obtain increasingly effective and efficient services (this is the inherent objective of standards) and exemption from administrative responsibilities pursuant to Legislative Decree 231/2001, the Group has adopted a Quality, Environment and Safety Management System (QES), conforming to the following set of standards: UNI EN ISO 9001 (quality), ISO 14001 (environment) and BS OHSAS 18001 (health and safety), launched in 1997 with certification of the quality management system, expanded in 2003 with certification of the safety management system and completed in 2007 with certification of the environmental management system.

Adoption of the QES Management System has assisted the Group to meet the objectives set out in its QES policy, specifically:

- maintaining the quality of products and services, through respect for the environment and the health and safety of workers in all workplaces and labour sectors. This commitment also extends to third party companies and subcontractors;
- the availability of resources (human, technological, financial) necessary for the development and implementation of the Quality, Environment and Safety Management System;
- the performance of work based on the latest manufacturing technologies available in the industry and the fundamental concept of manufacturing "to best industry standards", the use of processes, technologies and materials that allow the rational and sustainable use of natural resources (e.g. water, energy and raw materials), providing for the use of innovative techniques, the use of renewable resources, including through Green Design as a tool to obtain competitive advantages and the constant pursuit of ever higher quality standards;

- the involvement and active participation of all staff working for the Company or on its behalf, through information, education and training, for proper dissemination and understanding of the principles expressed on the issues of quality management, environmental respect and protection, the health and safety of workers, with the commitment to continual improvement;
- compliance with the applicable legal provisions and any other regulations which might be adopted, with the application of more stringent standards wherever possible;
- continuous dialogue with clients and their representatives throughout the technical and administrative process of delivering services and the performance of works, the involvement of Interested Parties in analysis of the environmental performance of the Company through the opening of channels of communication concerning sustainable development, the promotion of all initiatives with Employees, Clients, Suppliers, Authorities and Interested Parties designed to achieve the highest levels of health and safety protection;
- the identification and assessment of risks to the health and safety of workers caused by their activities;
- the identification and assessment of the environmental aspects of the Group's activities and the identification of those aspects that have or could have a significant impact on the environment;
- effective waste management through the re-use of products and materials where possible, and the use of products with low environmental impact;
- the identification of all technical and organisational measures useful to eliminate the possibility of pollution, through the careful analysis of the risk of spillage, uncontrolled release into soil/water/air;
- the prevention of occupational diseases and the elimination or reduction of accidents in the workplace for employees, service providers and subcontractors, based on the principle that all accidents are preventable.

The Group Policy makes express reference to the principles of sustainable development and provides a robust reference framework for conducting business and setting future goals, with a view to continuous improvement in performance.
All employees of the Group and other external parties involved with it are informed of its principles, which they are required to observe. Implementation of the policy has also contributed significantly over the years to the growth of the culture of sustainability within the Group.

For the correct application of the QES management system the Group has appointed a Management Representative who, assisted by the QES Organisational Unit and Group senior management, is responsible for:

- implementation of the standards set out in the quality-environment-safety guidelines during contracts;
- training of head office and site personnel through refresher courses;
- updating personnel and the entire organisation about management's commitments taken on with the "Quality, Environment and Safety Policy", also by using the "The Bridge Impregilo Global Intranet" portal;
- scheduling regular internal audits to check the organisation's working;
- proposing possible changes to improve the Group's performance to senior management.

The sustainability strategy

The Impregilo Group, driven by a cosmopolitan business culture, centred on the value of people, respectful of the environment, society and the regions in which it operates, is founded on the principle that the company should contribute to the welfare and social and economic development of the territories in which it operates.

The principles of sustainable development are the key issues for positioning the Group in the global market. Their application in our activities allows us to operate in numerous and diversified environments, interpreting and respecting the expectations of institutions, clients, local communities, technical and operational employees and counterparts who all have different histories and cultures.

Impregilo has formalised its commitment to sustainable development by formally adhering to the Global Compact of the United Nations.

The Global Compact is the leading global initiative on sustainability and, by adhering to it, the Group has undertaken to align its strategies and operations with the ten universal principles relating to human rights, employment, the environment and the fight against corruption. Impregilo recognizes the need to work with governments, civil society, its personnel, suppliers and the United Nations to contribute to the achievement of the priorities set by the Global Compact and the Millennium Development Goals.

At the base of the Group's commitment to sustainable development is the firm conviction that proper management of sustainability allows it not only to mitigate operational, financial and reputational risks, through the optimisation of non-financial variables, but also to create new opportunities and obtain competitive advantages in a market increasingly sensitive to these aspects.

Another element of the Group's leadership consists of the voluntary disclosure to stakeholders of non-financial performance. In 2002, Impregilo became the first Italian company in the construction sector to produce and publish an Environmental Report, which subsequently became an important point of reference in the sector at European level because, until then, few enterprises had systematically tackled the relationship between the environment and construction works in the implementation of large infrastructure projects.

Since then, the Group's reporting has been extended to other areas, such as the health and safety of workers, the quality of the structures erected, personnel policies and interactions with local communities.

Today, through the experience accrued in the sector by Salini, the Group has a sustainability reporting system in line with international best practice, which allows the collection and management of sustainability data and information from the various operating companies and contracts, as well from as corporate functions, monitoring their progress and allowing goals to be set for improvement.

The Sustainability Report 2012 is prepared in accordance with the guidelines issued by the Global Reporting Initiative (GRI) in 2011 (version G3.1) and the Group's commitment is to continue to maintain the highest standards of reporting for stakeholders, adhering in the coming years to the G4 guidelines of the GRI, issued in June 2013.

Environmental sustainability

Protecting the environment has always been a priority for the Impregilo Group, formalised since 2002 – among the first companies in Europe – in a specific Environmental Policy. Since then, the Group has implemented in all its operating companies an environmental management system certified to the ISO 14001 standard and able to ensure that environmental impacts are adequately identified and mitigated, in response to legislative requirements and the expectations of the communities affected by our projects.
Specifically, this system complies with Impregilo's policy to protect the environment, not only for the purposes of sustainable development and success in global markets, but also for:

- its strategic priority;
- ongoing improvement in performance and conduct;
- additional information and training for employees;
- the assessment and prior limitation of the effects of its operations on the environment;
- research and development, to identify increasingly sustainable techniques;
- dialogue with employees and local communities, to jointly resolve any contingent environmental issues;
- commitment to involving clients, suppliers and subcontractors in a more correct and evolved environmental management of their products and services.

The environmental management system allows Impregilo to continue its current policy aimed at:

- ongoing improvement of environmental performances;
- utilisation of an internal organisation to circulate and promote the system's guidelines and instructions with all Group companies and in building sites, ensuring their correct application;
- developing the capacity to identify and monitor key environmental aspects of its core business, including by setting up special data bases;
- the faster use of the results of technological research, encouraging adoption of increasingly efficient solutions to recycle materials, contain the movement and consumption of raw materials and energy, protect water resources and reduce waste and the clean-up of sites after work.

Large civil engineering projects have, by their very nature, very strong interrelationships with the anthropic and environmental environments in which they are implemented, modifying them to make them accessible (as in the case of transport infrastructures), to increase their economic potential (as in the case of dams for irrigation or energy) or to improve public utility services (as in the case of hydraulic engineering works).

The Impregilo Group is committed to providing the highest level of environmental protection in all stages of their construction works: from design to the construction phase, until clearing of the work sites and environmental restoration. Adopting the most advanced tools available, the Group evaluates all potential impacts arising from its activities, in order to eliminate or minimise them.

During project implementation, the Impregilo Group adopts specific environmental management plans in accordance with the requirements of ISO 14001, which allow all engineering works which could have effects on the environment to be monitored. The procedures of the environmental management system are applied in all our contracts and are constantly assessed and monitored, sometimes through direct audits by the QES Organisational Unit.

When a new contract is started and based on the work to be carried out, the Group identifies significant environmental aspects, i.e., those aspects that could significantly impact the environment. Their identification and subsequent

320 km
of bridges and viaducts

assessment take place using specific procedures designed by the Health, Quality, Environment and Safety Unit, applicable to all contracts.

The significance of environmental impacts is assessed using a methodology prepared considering criteria that are given different weights, depending on their importance. These criteria are:
- the probability that the event will occur;
- the seriousness for the environment;
- how long the impact will last;
- how difficult it will be to restore the original situation;
- the effects on the Group's reputation.

Once the significant environmental impacts have been identified, the main effects of the contract on the different environmental components are analysed:
- atmosphere,
- natural resources and energy consumption,
- surface and underground watercourses,
- soil and subsoil,
- waste generation,
- noise and vibrations,
- biodiversity,

which differ depending on the type of work carried out (underground tunnels and works, bridges and viaducts, railway and road works and dams).

Following the significance analysis, an Environmental Protection Plan will be prepared for each contract, describing the management and monitoring activities (Environmental Control Plans) for all the environmental components involved.

Atmosphere

During construction of infrastructure, the most significant direct effects on the atmosphere relate to dust dispersion due to the nature of the key processes: excavation, earthwork, movement of heavy vehicles on dirt tracks, crushing plants and the demolition of existing structures and buildings. In addition, the engines of the building site equipment and self-generating power plants release atmospheric emissions.

The Group adopts different methods to limit the creation and dispersion of dust: it regularly dampens access dirt tracks to building sites, vehicles are required to maintain a low speed. Industrial sites and quarries are equipped with tyre washing systems to prevent trucks from spreading dirt on roads, which would cause dust dispersion.

To reduce emissions of combustion gases and particulates low-impact methods are used: performing regular maintenance, periodically renewing plant, machinery and vehicles with more efficient and environmentally friendly models. However, the main opportunities for reducing emissions derive from the connection of the plant and installations of the Group to local power networks, reducing, where possible, the use of diesel generators. For this reason, Impregilo carefully assesses the possibility and means of connecting their sites to existing electrical networks.

Natural resources and energy

Construction of motorways, bridges, dams and railway lines requires the use of large quantities of concrete, water, iron and backfill: all raw materials which are mostly not renewable.

Impregilo is committed to ensuring the most efficient use of these resources and the use of alternative materials, when possible, without affecting the quality, security and functioning of the finished product.

In order to improve its environmental performance, Impregilo has fine-tuned systems to recycle and reduce consumption. When possible, it recycles debris as part of the same contract or uses systems that allow the reuse of water for other specific activities, such as, for example, washing vehicles.

Energy consumption, both in the form of fossil fuels and electric energy, has a strong impact during construction of infrastructure. Reduction of energy consumption is possible by using more efficient equipment or low-consumption vehicles.

Impregilo uses state-of-the-art power rationalisation systems both in the works it constructs and at its building sites, preferring high efficiency means and equipment.

Water environment

The effects of construction of a large-scale work on surface or underground watercourses are never insignificant. The impact varies depending on the type of work. Construction of a bridge or a dam inevitably leads to interference of watercourses. Impregilo has procedures to minimise the effects on the habitats of acquatic flora and organisms and on the quality of the water.

Tunnel boring also unavoidably leads to interference of underground watercourses. This is normal in all tunnel work but may become a critical issue if there are large waterbeds. Impregilo adopts the techniques necessary to leave the existing situation as unchanged as possible and to avoid any sort of contamination.

To prevent contamination, wastewater is properly channelled and collected in leakproof sedimentation tanks and treatment plants, where sediment and oily residues are removed. Prior to their release into the environment, the Group closely monitors the quantity and quality of its water discharges, to ensure compliance with local laws.

Even the water from underground excavations is collected and treated in treatment plants constructed at the entrance to the excavation windows, in order to eliminate any trace of pollutants or suspended matter before the water is returned to the environment.

Soil and subsoil

Large-scale works and infrastructure always affect the soil: use of the surfaces, sealing, excavations and backfills, contamination risks.

Earthwork and excavations are one of the most obvious and typical aspects during construction: construction of embankments, cuttings or certain types of dams require the movement of large earth quantities. Large volumes of soil have to be moved to the work front or removed. When the earth does not come from excavations at the building site, the effect on the environment of using earth from quarries or other natural environments has to be considered.

The primary and most visible environmental impact in the case of underground works is the large quantity of material created by the tunnel boring activities and the related traffic due to transport of the muck.

The excavated earth and rock are classified and stored on the sites for possible re-use within them, where possible and in compliance with the regulations, or sold to third parties to be re-used externally.

Waste

Waste generated during construction of large-scale infrastructure and engineering works can be grouped into two separate categories: urban or similar waste and special waste. Urban or similar waste is generated by logistics sites where all the support activities for the industrial production are carried out such as offices, accommodation for non-resident workers, canteens and recreational facilities for workers.

Impregilo avails of the services of local authorised companies for waste collection, recycling and disposal.

Special waste is generated by the actual industrial activities. It includes cement residue and iron scraps, which are usually recycled.

On industrial sites, waste materials are collected and sorted, and stored in specific enclosed areas, from which they are then taken to be reused or to be sold to third parties authorized to carry out disposal and treatment of waste.

Other types of waste generated in large quantities are packaging (plastic and wood) and sludge from the water purification systems, which are transferred to specific authorised third party systems.

Hazardous waste is a marginal part of the waste generated in a large-scale infrastructure contract. Normally it involves paint, additives and solvents, used oil and oil filters from vehicle maintenance, batteries, rechargeable batteries and, in some cases, earth, mud and other materials containing hazardous substances.

Over **85** different nationalities

Impregilo transfers its hazardous waste to authorised third parties.

In all cases, Impregilo operates in compliance with the current legislation and with maximum care, using qualified suppliers if necessary.

Noise and vibrations

The aspects relating to noise and vibration have a double significance for the Impregilo Group: internally, in terms of the health of workers, and externally, in terms of impacts on the environment and local communities.

Within its integrated management system, there are specific procedures to evaluate and monitor these aspects, adopting the most appropriate measures to ensure protection of the health and safety of workers (use of personal protection equipment, soundproofing, etc.) and of the surrounding environment.

With regard to the effects on the environment surrounding the sites, the areas most subject to noise interference are protected by noise barriers, which can be artificial dunes made of backfill material or support structures and absorption panels made of various materials. The noise barriers could also be one or more rows of trees or shrubs which both absorb the noise and reduce the visual impact.

Vibration is also a feature of work on civil engineering sites. The effects of pressure waves that propagate in the soil can cause damage to buildings or other structures located in the vicinity of the works. Thus, for example, when compacting an embankment, it is important to study the geomorphology of the land in order to understand in advance how vibrations will propagate in the ground, and then identify the best working techniques.

During the works, periodic monitoring of both noise and vibration is carried out. Where it is critical that disturbance be limited, the working time of machines is reduced to prevent disturbance to the people and buildings concerned.

Biodiversity

The performance of infrastructure projects requires the implementation of special protection measures when the sites are adjacent to or within sites of special natural interest, so that construction activities interfere as little as possible with the fauna and flora present. In these situations, the Group makes extra efforts in terms of monitoring and mitigation measures, undertaking to preserve and protect the biodiversity of the areas surrounding its operational sites.

Impregilo works closely with local authorities in order to ensure full compliance with the applicable legislation. The protection of flora and fauna is obtained by careful management of water, the working areas, quarries and areas used for storing rubble and waste materials.

Our social responsibility

In addition to the creation and distribution of wealth, the Impregilo Group is pledged to building a stable and transparent relationship with its internal and external stakeholders based on the shared values, know-how and corporate culture that have made the Group a reliable partner for employees, clients, co-contractors, institutions and communities throughout the world.

In line with its Code of Conduct and its Organisational, management and control model, Impregilo adopts best practices for:

- human resources management,
- industrial relations,
- employees' health and safety,
- training,
- communications,
- dialogue with the public administration,
- relations with local communities,
- the protection of human rights.

Human resources

The Impregilo Group considers its human resources a strategic factor of fundamental importance in its development, as they contribute significantly to the achievement of corporate objectives.

In order to manage the overall process of recruitment, management and development of personnel in an organised and structured manner, the Group has adopted specific guidelines for Human Resource Management developed centrally and adapted locally within the individual Group members. Equal opportunities, non-discrimination, physical and moral integrity, fairness, honesty and professional development are the principles that guide the corporate approach in the management of employees.

In the processes of recruitment and selection of resources, Impregilo aims to attract and integrate into its organisation the best candidates and individuals with the highest professional standards, in order to compete successfully in the market. For this reason, collaborations have been initiated with leading Italian and overseas universities – including the Politecnico of Milan – as well as with other organisations in the world of vocational training.

The process of recruiting personnel begins with the screening of CVs received, and continues with an initial aptitude interview by the Human Resources Department. For suitable candidates, the process continues with a professional interview conducted by the manager of the recruiting unit, while for managers there is a final interview by a Level 1 Director.

Each employee (managerial or supervisory) is given the opportunity to build a career path. Appraisal of employees, although not formally structured, is performed on the skills acquired: managerial, interpersonal and achievement of objectives. The appraisal is generally carried out every 18/24 months, to assess career advancement and roles to be assigned.

Industrial relations

Impregilo's relations with the trade unions are based on loyal and correct conduct.
Although it works in different contexts (Impregilo is active in 30 countries with different standards and traditions), this approach has enabled it to resolve the sometimes complicated problems of the sectors in which it operates constructively.
Accordingly, Impregilo has been able to discuss and resolve issues that often lead to conflict in other sectors, using traditional industrial relations tools.
These negotiations take place using the "advance bargaining" methods and providing for a system of industrial relations split among different levels (national, regional or provincial and "site") to give the right emphasis and deploy the right persons to the various issues and problems to be discussed:

- organisation of work at the building sites to limit difficulties to circulation and the population for execution of the works;
- a responsible and consistent vision of the labour market, especially in the areas where the works take place, facilitating, where

possible, access or the return to employment of first-time job seekers and unemployed persons.

Employee health and safety

Employee health and safety is an essential part of Impregilo's mission. The Group carries out many different types of work at its sites involving different risks for the employees involved. Impregilo is strongly committed to providing its employees with ongoing training about their duties, making them aware of the risks they may face. Impregilo has put in place and puts in place all the human and technical resources necessary to meet the objectives set in its QAS policy and in accordance with BS OHSAS 18001.

Thanks to its adoption of a BS OHSAS 18001 certified health and safety management system, Impregilo has achieved important milestones, such as:

- development of a safety culture;
- reduction of work-related accidents;
- prevention of occupational illnesses;
- decrease in insurance costs;
- decrease in administrative and criminal sanctions.

Moreover, integration of the health and safety management system with the other rules for quality (ISO 9001) and the environment (ISO 14001) has meant that Impregilo can continue its main goal of construction with quality and respectful of the environment and its employees' health and safety.

Impregilo complies with the ruling regulations in each country in which it operates and guarantees high standards of health and security in the workplace. All internal departments are required to contribute to ensuring the correct implementation of the management system, pursuant to the relevant regulations and the organisational, management and control model as per Legislative decree no. 231/2001.

Operational control of the management system is implemented through a specific procedure, which requires that, at each Group office and site, safety risks and emergencies are properly identified and managed, preventive and protective measures are defined, responsible corporate functions are identified. The basic documentation required to operate the system is as follows:

- Risk assessment documents;
- Operational Safety Plans (OSP);
- Emergency and evacuation plans;
- Fire prevention and control plans;
- First aid plans.

To ensure the coherence, uniformity and rigour of the documentation prepared by the individual sites, the Group has established guidelines and principles to be adopted in the preparation of the OSP, which must take into account the characteristics of the work, the specific processes, particular performance risks, the contractual specifications and local regulations.

The head office Quality, Environment and Safety Unit carries out periodic audits on specific safety procedures used at Group sites and evaluates the application of corporate rules concerning health and safety in the workplace.

Safety numbers

With regard to the occurrence of accidents, over the years the Group has gradually improved its performance, demonstrating the effectiveness of the management systems adopted. Over the 5-year period 2008-2012, the Accident Rate – which measures the number of accidents occurring for every 100 employees – has shown an overall decrease of 69%. In particular, in 2012 the rate was 1.12, a decrease of 22% compared with 2011.

In 2012, the Severity Rate – which measures the number of days of absence due to accidents per 100 employees – was 34.66, a decrease of 21% compared with 2011 and 74% compared with 2008.

On the subject of health and safety, the Group does not distinguish between direct employees and the employees of subcontractors, requiring all personnel working on their particular sites to comply with the same standards. Regarding its subcontractors, in particular, the Group carries out constant monitoring to verify working conditions, accident prevention performance and compliance with the procedures defined by the Group. Even in contracts in which Impregilo is not leading the consortium, the Group – in agreement with the other partners – attempts to disseminate its values and established practices to reduce the risks to workers and increase the safety of all the consortium personnel.

In all contracts located away from towns there is at least one field hospital and all sites (including those in urban locations) have a pharmacy giving access to medicines required in an emergency and those required for the treatment of chronic illnesses from which workers may suffer.

Training

Development of expertise and knowledge is fundamental to foster Impregilo's human resources. Design, construction, management and project management skills lie at the heart of Impregilo's success as a global leader in its market segments: construction, engineering & plant construction and concessions. Its strong international vocation requires concentrated development of skills which are honed constantly to be effective in diverse contexts and cultures. Accordingly, Impregilo tailors its training programmes considering common factors and local requirements.

Overall, in 2013 more than 560 thousand hours of training were delivered to Group personnel, equivalent to about 31 hours per head on average.

Specifically:
- it continued its large-scale training programme, commenced in 2008, about occupational health and safety, especially with regard to the new aspects introduced by the "Consolidated act about health and safety in the workplace" (Legislative decree no. 81/2008), aimed at management and other contract positions involved in implementing the safety and risk prevention management systems;
- a new training programme for managers and junior managers concerning Legislative Decree no. 231/2001 was rolled out, covering the administrative liability of entities and the "Organisational, management and control model", adopted pursuant to the decree, in the light of the recent introduction of new types of crime;
- continuity was given to training programmes related to other issues such as specialist activities (use of machinery, plant, special working methods, use of software, etc.), administrative training, the Quality, Environment and Safety system (QES), training in the Code of Ethics and the Organisational, Management and Control Model, foreign languages.

Communications

Impregilo has a well-developed internal communications system, designed to assist the acquisition and exchange of information about aspects and key issues to perform various activities and promote a sense of belonging. Communications with employees and between the various departments take place through:
- corporate documentation (budgetary, organisational, operational circulars and other similar documents, dissemination to all personnel of press releases issued by the Company, Sustainability Report, corporate profile);
- website and intranet portal;
- regular formal meetings and informal meetings with personnel;
- information conveyed in accordance with the agreements with union representatives;
- electronic and traditional means of communication.

In particular, the intranet portal "The Bridge" enables all Impregilo personnel, both office and site, to access documentation relating to the corporate organisation, the integrated QA system (manual, procedures, operating instructions, etc.), operating and specialist aspects of the various internal departments, and legislative references for company management.

230
dams and hydroelectric plants

Dialogue with the public administration

Construction of large-scale works, infrastructure and plants all over the world entails ongoing dialogue with the public administrations of many countries at local and national level, as well as with various international organisations.

Institutional relations are governed by the laws in place in the individual countries, the rules set out in the Organisational, management and control model, which evaluates all the key requirements to operate in full compliance with the law, best practices invoked by the Code of Ethics and dialogue.

With respect to relations with the public administrations and the guidance, assessment and control bodies, Impregilo pays great attention to the regulations and conduct for anti-corruption, environment protection, health and safety, employment and involvement of local players.

As per the above Model, relations with the public stakeholders are always based on full compliance with the principles of consistency, transparency and correctness. Impregilo refuses practices designed to influence the outcome of authorisation procedures, checks and inspections. This refusal is hinged on the Group's obligation to make clear who is responsible, ensure the traceability of decisions and actions and by the penalty system. With specific respect to environmental issues and health and safety, Impregilo is committed to applying its QAS system everywhere and to integrating its principles with any local requirements necessary. It is accountable for its actions to monitor the effects of its activities as agreed with the authorities.

Relations with local communities

In performing its activities, the Impregilo Group pays particular attention to the needs and legitimate expectations of stakeholders in the territories affected by the projects. For us, relationships with communities play a key role in our activities and are promoted with maximum commitment at all levels of the organisation. The principles that guide these activities are respect for local cultures, fairness and transparency in dealing with all stakeholders.

The Group takes account of the needs of populations affected by the sites in all phases of infrastructure construction: from the environmental impact studies prior to construction through the use of the best available technologies and the voluntary performance of works to offset or mitigate our activities.

Impregilo, in agreement with the client, implements communication policies in the local area designed to inform people about the project, its progress and working methods, with a view to initiating mutual processes involving the local populations.

Every construction site is contractually required to set up channels of communication with external stakeholders, both physical (offices located at the site entrance and/or in the closest population centres) and virtual (dedicated telephone lines, web-based systems). These channels allow the Group to be in direct and constant contact with local populations, to provide them with information on the activities being carried out and to receive any complaints or information. Requests received are reviewed by the contract management and processed using specific procedures.

Our sites interact with local communities at all levels, for example making improvements to the existing road infrastructure, constructing new roads to separate heavy vehicles from ordinary traffic, providing access to our clinics (on construction sites located in rural areas) for people needing urgent care and participating in social initiatives that benefit the community. In addition, the Group will support local communities in the event of natural disasters, providing basic necessities to the affected populations and supporting the local authorities, where required, in the restoration of damaged infrastructure.

Finally, the efforts of Impregilo aimed at improving the quality of life in the territories in which it operates are focused on the activities of restoring the natural conditions of the areas affected by the sites, at the end of the projects. Environment protection activities and the related communications are designed to promulgate this sense of social responsibility and commitment to ensure sustainable development.

The protection of human rights

The Group is particularly attentive to the issue of respect for human rights. In fact, Impregilo is aware that, in some geographical areas in which it operates, the risk of human rights violations can not be totally excluded. For this reason, in compliance with the Code of Ethics, the Group has adopted appropriate guidelines aimed at promoting respect for and protection of the human rights of all workers, strictly prohibiting any form of discrimination.

For further protection of its employees, the Impregilo Group has signed an agreement with the Building and Wood Workers' International (BWI) – the international union for workers in the construction, building, wood, forestry and allied industries, present in 125 countries around the world – providing for the application of the following principles:

- work as a free choice;
- absence of discrimination in the workplace;
- absence of child labour;
- respect for freedom of association and collective bargaining;
- sufficient remuneration;
- working hours which are not excessive;
- decent working conditions;
- specialised training;
- guarantee of adequate welfare, particularly with regard to health and accommodation;
- adherence to labour standards and compliance with the main international codes of conduct, such as the "Universal Declaration of Human Rights" (1948), the "Declaration of the International Labour Organisation (ILO) Declaration on the Fundamental Principles and Rights at Work" (1998) , the ILO "Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy" (2000) and the OECD "Guidelines on Multinational Enterprises" (2000).

In the reporting period there were no cases of infringement by the Group of the rights of workers or local communities.

Events after the reporting period

This section presents the main facts that took place after the reporting period and not yet commented on in the previous sections of this Report.

On 1 January 2014, the merger by incorporation of Salini S.p.A. in Impregilo S.p.A., pursuant to the shareholders' resolution dated 12 September 2013, took effect. The share capital of the new company, which changed its name to Salini Impregilo S.p.A., was set at € 500.00 million. A legal reserve of € 100.00 million was established and 44,974,754 new Salini Impregilo S.p.A. ordinary shares were issued in favour of Salini S.p.A.

On 3 January 2014, the Salini Impregilo Group won the contract for the design and construction of a motorway section between Sebes and Turda in Romania. The client is the "Romanian National Motorway and Trunk Road Company" (CNADNR) and the value of the project is approximately € 121 million. The Sebes – Turda motorway is located in the centre of Transylvania in the provinces of Cluj and Alba. The works to be carried out on the "Sebes-Turda Lot.1" site will consist of 17 km of motorway, with two lanes in each direction plus an emergency lane, and include about 81 thousand square metres of bridges and viaducts and three motorway junctions.

On 13 March 2014, an agreement was signed with the Autoridad por el Canal de Panama (ACP) relating to the resumption of work on the project to widen the Canal, for which Impregilo is a contractor together with Sacyr Vallehermoso (Spain) and Jan de Nul (Belgium). More detailed information in this regard is provided in the section 'Risk areas in the Construction segment' in the previous sections of this Report.

Reference should be made to the section on "Non-current assets held for sale" for details on the events that have taken place since 31 December 2013 with respect to the Campania USW Projects.

No other significant events took place after the reporting date, further to those disclosed in the notes to the consolidated and separate financial statements.

Outlook

The important events that have characterised the governance of the Group during the current year will further strengthen the strategic positioning and competitive strength of the Group in its target markets in the medium term, in full consistency with the strategic guidelines and objectives contained in the Business Plan 2013-2016 which Impregilo and its parent company Salini jointly approved in June for the purposes of the merger by incorporation of Salini S.p.A. in Impregilo S.p.A. (the “Merger”), approved by the Extraordinary Shareholders’ Meetings of both companies on 12 September 2013.

The Merger became fully effective on 1 January 2014, from which date the parent company resulting from the merger changed its name to Salini Impregilo S.p.A. In this context, therefore, the operational and corporate structures of the two newly unified companies will be affected by the progressive organisational integration that will involve them for a significant part of 2014.

At the end of 2013, the excellent order backlog resulting from the aggregation of the two Groups involved in the merger, in terms of both quantity and quality, and the financial structure that remains balanced, continue to be important factors for growth and development which support the new Group in its view that the expected results for subsequent periods of the current year will develop according to the guidelines recently released to the market.

It should be remembered that the Group is currently in a complex operating and legal situation, in the context of the criminal and civil proceedings relating to the Campania USW Projects. Due to the very complicated nature of the proceedings, which involve state, regional, and provincial institutions and the municipal authorities of Campania, and the complexity of the related court procedures, the Group cannot rule out that events which are at present unforeseeable could arise in the future and require current valuations to be revised.

Other information

Treasury shares

At the date this report was prepared, the parent did not hold any treasury shares either directly or indirectly.

Company Bodies

The members of the boards are presented in the section entitled "Company officers".

Judicial investigations - Milan Court (proceedings commenced at the Monza Court)

Following the proceedings initiated by the public prosecutor before the Monza Court (for crimes covered by articles 81 and 110 of the Criminal Code and articles 2621 and 2637 of the Italian Civil Code), in which the Chairman of the board of directors and CEO of Impregilo at the time of the alleged crimes under investigation, Impregilo S.p.A. and Imprepar S.p.A. were subjected to a preliminary investigation relating to an alleged administrative violation in relation to the crimes covered by article 25-ter.a) and r), article 5 and article 44 of Legislative Decree no. 231/2001.

The public prosecutor notified the company of the allegations against its former chairman and former CEO on 13 October 2005.

The allegation is that the company "prepared and implemented an organisational model not suitable to prevent the crimes" that the directors under investigation allegedly committed and from which it benefited.

The proceedings have been long and torturous and, finally, in the hearing of 12 July 2007, accepting the related exceptions that the defence counsel of the defendants and companies involved in the case had raised since the preliminary hearing, the Milan Court ruled on a preliminary basis "the invalidity of the ruling issued by the Judge for the Preliminary Hearing at the Milan Court on 21 February 2007 in the hearing pursuant to article 416 of the Criminal Procedural Code" and that the acts were to be returned to the Milan public prosecutor's office.

The Milan public prosecutor re-opened the proceeding and presented the Judge for the Preliminary Investigation with a request for its filing in November 2007. On 13 February 2009, the Judge for the Preliminary Investigation accepted the public prosecutor's request for a part of the charges and ordered the filing. As a result, Imprepar S.p.A. was excluded from the proceedings. The Judge referred the acts to the public prosecutor for the formulation of the charges for the part of the request which was not accepted. With respect to the part of the charges for which the Judge for the Preliminary Hearing did not order its filing, the company presented a request for a prompt trial. The public prosecutor requested that a ruling of "dismissal" be handed down for the remaining charges in the hearing of 21 September 2009.

In the hearing of 17 November 2009, Impregilo was acquitted of the first charge due to the lack of an element of the cause of action and of the second as it is not punishable under article 6 of Legislative decree no. 231/01 as it has a suitable organisational model.

On 21 March 2012, the Milan Appeal Court rejected the public prosecutor's appeal against the first level ruling that had cleared Impregilo from the liability as per Law no. 231/01 and fully confirmed this ruling which, inter alia, found the parent's organisational model to be appropriate. The prosecutor appealed against that decision to the Supreme Court which, by judgment no. 4677/14 of 18/12/2013, set aside the judgment of the Court of Appeal of Milan and returned the case to another section of the same Court for reconsideration of the merits in relation to three issues: (i) Decision on the prior suitability of the organisational and management model in force at the time of the event and its effective implementation; (ii) Existence of evasive conduct of a fraudulent nature by the perpetrators of the alleged offence of insider trading; (iii) Proof of the alleged offence (insider trading).

Judicial investigations - Naples Court

Reference should be made to the section on "Non-current assets held for sale" for details on the events that have taken place with respect to the Campania USW projects.

Other proceedings - Milan Court

With respect to proceeding no. 57720/12 in which IGLI S.p.A. has challenged the shareholders' resolutions to remove from office and elect directors of Impregilo S.p.A., the Milan Court rejected the motion to suspend the effectiveness of the resolutions at first and second level. During the hearing of 19 February 2013, the judge stated the deadlines pursuant to article 183 of the Code of Civil Procedure and set the date for the hearing to discuss the evidence as 1 October 2013. Following the agreement reached and formalised between the parties, the judgment will be abandoned pursuant to art. 309 of the Code of Civil Procedure.

Finally, on 17 October 2012, the Anti-trust Authority commenced an investigation pursuant to article 14 of Law no. 287/90 into the agreements entered into by Impregilo with the Salini Group covering future commercial projects, to verify whether article 101 of the TFUE (Treaty on the Functioning of the European Union) had been violated. On 29 January 2013, the Authority communicated the results of its investigation to Impregilo: it did not identify violations of the anti-trust regulations. The Authority authorised the business combination between Impregilo and Salini on 20 February 2013. At its meeting of 3 July 2013, the Authority closed the investigation without challenge.

Other proceedings - Florence Court

With respect to the criminal proceedings commenced against the C.A.V.E.T. consortium and certain individuals, including several former managers of the consortium, the appeal hearing was completed in June 2011 and the related ruling handed down on 27 June 2011 reversed the first level decision in full, thus quashing the measures and fully absolving both the consortium and the individuals of the charges made against them. Following the appeal to the Supreme Court by the Florence public prosecutor, the Supreme Court cancelled part of the ruling issued by the Florence Appeal Court on 18 March 2013. It ordered that the case be returned to the latter court. The referral proceedings in the Court of Appeal of Florence began on 30 January 2014 and, on 21 March 2014, the same court issued a decision dismissing most of the accusatory arguments of the prosecutor, but accepting them in some important cases. The company is waiting for filing of the reasons for the decision for a more accurate assessment of its potential impacts. However, the company remains confident that, in subsequent proceedings, it can once again demonstrate the complete correctness of its actions.

Compliance with the conditions of article 36 of the Stock Exchange Regulation

Impregilo confirms that it complies with the conditions of article 36 of Consob regulation no. 16191 ("Regulation on markets"), based on the procedures adopted before article 36 was effective and the availability of the related information.

Related party transactions

The notes to the consolidated and separate financial statements of Impregilo S.p.A. give details of the main related party transactions performed during the year.

Research and development

Pursuant to article 2428 of the Italian Civil Code, we note that the Group did not undertake any research and development activities during the year.

Alternative performance indicators

As required by Consob communication no. 6064293 of 28 July 2006, details of the performance indicators used in this Report and in the Group's institutional communications are given below.

Financial ratios:

Debt/equity ratio

Debt/equity ratio: this ratio shows net financial position (shown with a minus sign when negative, i.e., net financial indebtedness) as the numerator and equity as the denominator. The statement of financial position items making up the financial position are given in the related schedules and highlighted with an asterisk (*). The equity items are those included in the relevant section of the statement of financial position. For consolidation purposes, equity used for this ratio also includes that attributable to non-controlling interests.

Performance indicators:

1) Gross operating profit: this ratio shows the sum of the following items included in the income statement:
   a. Total revenue
   b. Total Costs, less amortisation and depreciation
   This can also be shown as the ratio of gross operating profit to total revenue.
2) Operating profit: the operating profit given in the income statement, being the sum of total revenue and total costs.
3) Return on sales or R.o.S.: given as a percentage, shows the ratio of operating profit (as calculated above) to total revenue.

Report on corporate governance and the ownership structure

pursuant to article 123-bis of Legislative Decree no. 58/1998
("Consolidated Finance Act")
(traditional administration and control model)

1. Issuer profile

The corporate governance structure adopted by Salini Impregilo S.p.A. ("Salini Impregilo" or the '"Issuer") is based on the guidelines set out in the "Code of Conduct" approved in March 2006, amended in March 2010 and approved in December 2011 by the Committee for Corporate Governance and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, available to the market on Borsa Italiana's website: www.borsaitaliana.it (the "Code"), as it holds that adoption of a structured governance system allows the company to operate at maximum efficiency conditions and also ensures growing levels of transparency which increase investors' confidence in it.

During 2013, with the signing of the deed of merger by Salini S.p.A. into Impregilo S.p.A., with effect from 1 January 2014, the Campione Nazionale® project was finalised. This project aims to create a global leader with the expertise, skills, track record and dimensions necessary to compete in the global sector of construction through more efficient and effective business management. As a result of this merger Impregilo S.p.A. changed its company name to Salini Impregilo S.p.A.

Below is a summary of the key events taking place in 2013 which made it possible to carry out the project:

- on 6 February 2013, Salini S.p.A., pursuant to article 102.1, of Legislative Decree 98/58 (the Consolidated Finance Act) and article 37 of Consob regulation no. 11971/99 ("Issuer Regulation"), announced its decision to launch a voluntary takeover bid, pursuant to article 106.4 of the Consolidated Finance Act, for all of Impregilo S.p.A. 's ordinary shares not held by Salini S.p.A., at a price of € 4.00 per share;
- pursuant to law, on 16 March 2013, the Bid Document was published, together with the relevant supporting documentation including, in particular, the Issuer's communication (Impregilo), prepared as per article 103 of the Consolidated Finance Act and article 39 of the Issuer Regulation;
- taking into account the shares offered during the offering period (from 18 March to 12 April 2013) and the subsequent reopening of the terms (from 18 to 24 April 2013) Salini S.p.A. Reached a total holding of 370,575,589 ordinary shares on 2 May 2013, amounting to approximately 92.08% of all ordinary shares of Impregilo S.p.A.;
- in light of the outcome of the offer, and considering that the aim was not to delist Impregilo ordinary shares, on 30 April 2013, Salini S.p.A. announced its decision to restore a floating capital sufficient to ensure regular trading of said shares. Therefore, at 16 May 2013, the equity investment held by Salini S.p.A. in Impregilo S.p.A. represents less than 90%. On the date of preparation of this Report, Salini Costruttori S.p.A.'s investment in Salini Impregilo S.p.A. was 89.95% of the ordinary shares, due to the merger referred to below;
- on 24 June 2013, the Boards of Directors of Salini S.p.A. and Impregilo S.p.A. approved the (so-called "reverse") merger plan of Salini S.p.A. into Impregilo S.p.A. coming into effect on 1 January 2014, subject to approval by the extraordinary shareholders' meetings of the relevant companies, calculating an exchange ratio of 6.45 ordinary Impregilo ordinary shares to each Salini share;
- on 12 September 2013, the Impregilo S.p.A. extraordinary shareholders' meeting approved the merger of Salini S.p.A. into Impregilo S.p.A.
- by deed drawn up by Mr. Carlo Marchetti, Notary Public in Milan, File no. 10520, Folder no. 5396, registered at the Companies Register of Rome on 4 December 2013, and in Milan on 5 December 2013, the merger of Salini S.p.A. into Impregilo S.p.A. was finalised. The merger became effective on 1 January 2014, the date from which the name of the company changed to Salini Impregilo S.p.A.

The current integration process underway between the two companies may require that the Issuer's corporate governance structure be updated for two purposes: to take into account the new company organisation as a result of the merger, and to take the best aspects of the governance structures of the two companies that have merged.
Through its business and organisational skills, technical and financial expertise, risk management abilities and

time and cost optimisation capacity, Salini Impregilo has an unrivalled wealth of expertise and skills which enables it to play a leadership role in the civil engineering large-scale works market and large-scale infrastructure and plant construction business.
The scope of this Report on corporate governance and ownership structure (the "report") is to illustrate Salini Impregilo's corporate governance model and provide a brief description of how it has been implemented by the Issuer.
It is based on the specially designed form prepared by Borsa Italiana S.p.A. (Fourth edition - January 2013).

2. Information on the ownership structure (article 123-bis.1 of the consolidated finance act) at 19 March 2014

a) Share capital structure (article 123-bis. 1.a) of the Consolidated Finance Act

Subscribed and paid-up share capital in Euros: 500,000,000.00.

This amount resulted from the reduction of share capital, pursuant to article 2445 of the Italian Civil Code, approved by the extraordinary shareholders' meeting on 12 September 2013, from € 718,364,456.72 to € 500,000,000.00, i.e. by an amount of € 218,364,456.72, without cancelling any outstanding shares.
€ 100,000,000.00 was allocated to the "Legal reserve" and € 118,364,456.72 to a specific equity reserve called "Other reserves".

This reduction is effective as of the effective date of the merger of Salini S.p.A. into Impregilo S.p.A., i.e. 1 January 2014.

Share categories:
ordinary and savings.

The extraordinary shareholders' meeting on 12 September 2013 approved, along with the merger of Salini S.p.A. into Impregilo S.p.A., the issue of maximum 44,974,754 new ordinary shares, without increasing the capital, with the same issue date as for outstanding Impregilo shares on the effective date of the merger, to assign, as a share swap in addition to the 357,505,246 ordinary shares of Impregilo S.p.A., with no par value, already held by merged company Salini S.p.A., to the single shareholder of the latter, Salini Costruttori S.p.A., in accordance with the exchange rate and the procedures for the allocation of the shares included in the merger plan.

	No. of shares	% of share capital	Stock exchange
Ordinary shares	447,432,691	99,64	MTA
Savings shares	1,615,491	0,36	MTA

Salini Impregilo has not issued other financial instruments that give the right to subscribe newly issued shares.

The Issuer does not have any share-based incentive plans in place which involve increases in capital, bonus issues included.

b) Share transfer restrictions (article 123-bis.1.b) of the Consolidated Finance Act

Salini Impregilo does not have any restrictions on the transfer of securities.

c) Significant investments in share capital (article 123-bis.1.c) of the Consolidated Finance Act

Based on the statements made in accordance with article 120 of the Consolidated Finance Act, shareholders with investments of more than 2% in the Issuer's ordinary share capital are currently:

Declarant	Direct shareholder, if different to the declarant	% of ordinary shares
Salini Simonpietro	Salini Costruttori S.p.A.	89.95

d) Shares that give special rights (article 123-bis. 1.d) of the Consolidated Finance Act

Salini Impregilo has not issued any securities with special control rights.

e) Employee involvement in share capital: voting rights exercise mechanism (article 123-bis. 1.e) of the Consolidated Finance Act

Salini Impregilo does not have an employee share scheme in place.

f) Restrictions on voting rights (art. 123-bis. 1.f) of the Consolidated Finance Act

Salini Impregilo does not have any restrictions on voting rights.

g) Shareholder agreements (article 123-bis. 1.g) of the Consolidated Finance Act

The Issuer is not aware of any shareholder agreements, considered to be material under article 122 of Legislative Decree no. 58 of 24 February 1998.

h) Change of control clause (article 123-bis. 1.h) of the Consolidated Finance Act and Bylaws provisions about takeover bids (article 104.1-ter and article 104-bis.1)

Neither the Issuer nor its subsidiaries have entered into significant agreements which take effect, are amended or terminate upon a change of control of the company.

Salini Impregilo's Bylaws do not make any provision for takeover bids and, therefore, do not depart from the measures about the passivity rule pursuant to article 104 of the Consolidated Finance Act, nor do they provide for application of the breakthrough rules envisaged by article 104-bis, 2/3, of the Consolidated Finance Act.

i) Mandates to increase share capital and to repurchase treasury shares (article 123-bis.1.m) of the Consolidated Finance Act

The extraordinary shareholders' meeting held on 12 September 2013, resolved to grant the following powers to the Board of Directors:

(i) pursuant to article 2443 of the Italian Civil Code, to increase the share capital on one or more occasions before 11 September 2018, against payment and in tranches pursuant to article 2439 of the Italian Civil Code, with the exclusion of the option right pursuant to paragraph 4.2 of article 2441 of the Italian Civil Code, via the issue in one or more tranches of a number of ordinary and/or savings shares no greater than 10% of the total number of Salini Impregilo shares outstanding on the date that the power is exercised, and in any event by a nominal amount no greater than € 50,000,000.00 (*fifty million*). The Board has the right to set an additional premium.
For the purpose of exercising the above-mentioned powers conferred, the Board of Directors is also granted all powers to (a) determine, for each tranche, the number of shares, the issue price per share (including any possible share premium) and the dividend rights of the ordinary and/or savings shares, subject only to the limitations set forth in paragraph 4.2 of article 2441 and/or article 2438 and/or paragraph 5 of article 2346 of the Italian Civil Code, on the understanding that the above-mentioned issue price may be lower than the pre-existing book value of the shares, legal

restrictions notwithstanding; (b) determine the deadline for subscription of the Company's ordinary and/or savings shares; and (c) implement the delegated powers mentioned above including, but not limited to, those necessary to make the pertinent and needed amendments to the Bylaws that may be necessary on each occasion.

(i) pursuant to article 2443 of the Italian Civil Code, to increase the share capital against payment, on one or more occasions before 11 September 2018, also in tranches pursuant to article 2439 of the Italian Civil Code, by a maximum nominal amount of € 100,000,000.00 (one hundred million) with the option to set a premium, via the issue of ordinary and/or savings shares, which may have cum warrants (which entitle their holders, at the Board's discretion, to receive ordinary and/or savings shares and/or bonds or convertible bonds issued by the Board itself to exercise a delegated power, either as a bonus or against payment, also from a new issue) to be offered to those entitled, with the exclusion or limitation – in full or in part – of the option right pursuant to paragraphs 4.1, 5 and 8 of article 2441 of the Italian Civil Code, also to service:
    1) the exercise of the above-mentioned cum warrants; and/or
    2) convertible bonds (cum warrants if applicable) also issued pursuant to a delegated power pursuant to article 2420-ter of the Italian Civil Code; and/or
    3) warrants (conveying the right to receive ordinary and/or savings shares and/or convertible bonds of the company issued by the Board itself to exercise a delegated power, either as a bonus or against payment, from a new issue) added to bonds issued pursuant to article 2410 of the Italian Civil Code and/or convertible bonds issued also pursuant to a delegated power pursuant to article 2420-ter of the Italian Civil Code and/or independently.

For the purpose of exercising the above-mentioned delegated power, the Board of Directors is also granted all powers to *(a)* determine for each *tranche*, the number of shares, the issue price per share (including any eventual share premium) and the dividend rights of the ordinary and/or savings shares which may have cum warrants to be issued from time to time, subject only to the limitations set forth in article 2438 and/or paragraph 5 of article 2346 of the Italian Civil Code; *(b)* determine the deadline for subscription of the Issuer's ordinary and/or savings shares; *(c)* determine the number, procedures, terms and conditions and all other characteristics (including the allocation and conversion ratios and, if applicable, the exercise price) and the corresponding rules for any warrants issued in the exercise of this delegated power; (d) carry out all of the activities that may be necessary or appropriate to secure the listing on regulated markets in Italy or abroad of the warrants issued in the exercise of this delegated power, to be exercised at the Board's discretion for the entire duration of the warrants taking into account market conditions; and(e) implement the delegated powers mentioned above including, but not limited to, those necessary to make the pertinent and needed amendments to the Bylaws that may be necessary from time to time;

(ii) pursuant to article 2420-ter of the Italian Civil Code, to issue convertible bonds, which may also have cum warrants (which entitle their holders, at the Board's discretion, to receive ordinary and/or savings shares and/or bonds or convertible bonds issued by the Board itself to exercise a delegated power, either as a bonus or against payment, also from a new issue), on one or more occasions and in tranches before 11 September 2018, to be offered to those entitled, with the exclusion or limitation – in full or in part – of the option right pursuant to paragraphs 4.1, 5 and/or 8 of article 2441 of the Italian Civil Code, up to a maximum of € 100,000,000.00 (*one hundred million*).
For the purpose of exercising the above-mentioned delegated power, the Board of Directors is also granted all powers to *(a)* determine for each *tranche*, number, issue price and the dividend rights of the convertible bonds (also cum warrants having the same characteristics as above) to be issued, and the number of financial instruments earmarked to accommodate the conversion or exercise of the bonds, subject only to the limits set forth in article 2412 and/or article 2420-bis of the Italian Civil Code, as applicable, and to allow the exercise of any warrants attached to the bonds; *(b)* determine the procedures, terms and conditions for conversion or exercise (including the allocation and conversion ratios and, if applicable, the exercise price and any additional paid-in capital for the shares that need to be issued for that purpose) and all other characteristics and the rules governing the convertible bonds (possibly with cum warrant having the same characteristics as above); *(c)* determine

the number, procedures, terms and conditions and all other characteristics (including the allocation and conversion ratios and, if applicable, the exercise price and any share premium for shares that need to be issued for such purpose) and the corresponding rules for any warrants attached to the bonds in question; *(d)* carry out all of the activities that may be necessary or appropriate to secure the listing on regulated markets in Italy or abroad of the warrants in the exercise of this delegated power, to be exercised at the Board's discretion for the entire duration of the warrants, taking into account market conditions; and(e) implement the delegated powers mentioned above including, but not limited to those necessary to make the pertinent and needed amendments to the Bylaws that may be necessary from time to time. For the resolutions adopted by the Board of Directors to implement the preceding delegated powers pursuant to articles 2443 and/or 2420-ter of the Italian Civil Code, the Board of Directors shall comply with the following criteria:

(A) The issue price, including any share premium, of the new ordinary and/or savings shares to be issued, in one or more tranches, in implementation of the delegated powers pursuant to article 2443 of the Italian Civil Code (or to each tranches), including for use in connection with warrants and/or compensation plans based on the award of financial instruments, pursuant to article 114-bis of the Consolidated Finance Act and/or the conversion of convertible bonds (including cum warrants) issued to implement the delegated powers pursuant to article 2420-ter of the Italian Civil Code (or to each of their *tranches*), shall be determined by the Board of Directors taking into account, inter alia, the equity, the conditions prevailing in the financial markets at the time the transaction is actually launched, Salini Impregilo share stock market prices, and possibly the offering of a discount in line with market practice for similar transactions. The issue price may be lower than the pre-existing book value of the shares, without prejudice to the formalities and limits referred to in paragraphs 4.1, 5 and 6 of article 2441 of the Italian Civil Code, where applicable.

(B) For resolutions concerning compensation plans pursuant to article 114-bis of the Consolidated Finance Act, based on the award of financial instruments, the unit subscription price (including any share premium) of the Issuer's ordinary shares, including the shares into which the above-mentioned financial instruments may be convertible or exercisable, will be determined at the time the options are awarded, taking into account the exercise price of the plan's options and the plan's regulations, without prejudice to the formalities and limits referred to paragraphs 4.1, 5 and 6 of article 2441 of the Italian Civil Code, where applicable.

(C) For resolutions pursuant to paragraph 4.1 and/or paragraph 5 of article 2441 of the Italian Civil Code, the preemptive rights may be excluded or limited when such exclusion or limitation appears, even only reasonably, more beneficial to the company's interest, on the understanding that, in any case, for the purposes of the requirements of paragraph 6 of article 2441 of the Italian Civil Code, by virtue of the reference cited in paragraph 1 of article 2443 of the Italian Civil Code:
   (1) the exclusion of the preemptive right of Shareholders pursuant to paragraph 4.1 of article 2441 of the Italian Civil Code will be allowed only if the newly issued shares are paid-in through the conferral, by third parties, of business operations, companies or physical plant functionally organized to carry out activities consistent with the Issuer's corporate purpose and receivables, equity investments, listed and unlisted financial instruments and/or other assets that the Board of Directors believes to be instrumental for the pursuit of the corporate purpose;
   (2) the exclusion or limitation of the preemptive right pursuant to paragraph 5 of article 2441 of the Italian Civil Code will be allowed only if the newly issued shares are offered for subscription to qualified parties, such as banks, institutions, finance companies, investment funds or operators who engage in activities in line with and/or functional to those of Issuer and/or have a purpose similar or related to that of the Issuer or otherwise functional to the development of the Issuer's activity.

In any event, the sum of the nominal amount of the share capital increase approved in the exercise of the delegated powers referred to in *(i)* above, and the amount of the convertible bonds issued in the exercise of the delegated powers referred to in *(ii)* above, shall not exceed the total maximum nominal amount of € 100,000,000.00 (*one hundred million*).

Likewise, the sum of the nominal amount of the share capital increase approved in the exercise of the delegated powers referred to in (i) above and the total nominal amount of the share capital increase carried out to allow the conversion of the convertible bonds issued in the exercise of the delegated powers referred to in (ii) above, and/or the exercise of any warrants issued in the exercise of such delegated powers shall not exceed under any circumstances the total maximum nominal amount of € 100,000,000.00.

The shareholders of Salini Impregilo have not authorised the repurchase of treasury shares.

l) Management and coordination (article 2497 and following articles of the Italian Civil Code)

The Company is subject to the management and coordination of Salini Costruttori S.p.A., as confirmed by the Board of Directors on 12 December 2013.

The information required by article 123-bis.1.i) of the Consolidated Finance Act ("*agreements between companies and their directors .... that provide for compensation in the case of their resignation or dismissal without just cause or if their relationship is discontinued following a takeover bid*") is set out in the remuneration report published pursuant to article 123-ter of the Consolidated Finance Act.

The information required by article123-bis. 1.l) of the Consolidated Finance Act ("*the rules applicable about the appointment and replacement of directors ... and changes to the Bylaws, if different to those provided for by law and regulations applicable on a substitute basis*") is disclosed in the section on the Board of Directors in this report (section 4.1).

3. Compliance (article 123-bis.2.a) of the Consolidated Finance Act

Salini Impregilo has complied with the requirements of the original version of the Code of Conduct issued by the Committee for Corporate Governance of Borsa Italiana S.p.A. and the subsequent version published in July 2002.

Following publication of the new Code of Conduct in March 2006 by the Committee for Corporate Governance of Borsa Italiana, the Issuer's Board of Directors' meeting on 20 December 2006 resolved to request the internal control committee perform an in-depth comparative analysis of the company's corporate governance structure compared to the Code requirements and to provide the board with its assessments, opinions and proposals about alignment with the Code and necessary actions.

Based on the analysis and proposals of the internal control committee, the board meeting of 12 March 2007 resolved to comply with the Code of Conduct drawn up by the Committee for Corporate Governance of Borsa Italiana S.p.A. (March 2006 version), with the methods and exceptions set out below.

Finally, on 16 October 2012, after analysing the individual changes to the December 2011 Code of Conduct and considering that proposed by the risk and control committee in the meeting of 21 September 2012, the Board of Directors resolved to confirm the Issuer's compliance with the Code of Conduct, as revised in December 2011, using the methods set out below.

Specifically, in order to align the company's corporate governance structure with the standards and criteria of the Code (March 2006 version), on 12 March 2007, the Board of Directors resolved:

- with respect to criterion 1.C.1.b), to classify FISIA Italimpianti S.p.A., Impregilo International Infrastructures N.V. and EcoRodovias Infraestrutura e Logística (formerly Primav Ecorodovias) S.A. as "strategic subsidiaries"; to assess the organisational, administrative and accounting structure of the Issuer and strategic subsidiaries Impregilo International Infrastructures N.V. and EcoRodovias Infraestrutura e Logística S.A., setting measures to be adopted for FISIA Italimpianti S.p.A.'s organisational structure; the Group does not currently have an investment in Ecorodovias Infraestrutura e Logística S.A. and, therefore, it is no longer a strategic subsidiary of Salini Impregilo;

- with respect to criterion 1.C.1.f), to establish the general criteria concerning major transactions, as described in section 4.3 of this report;
- with respect to criterion 1.C.1.g), to perform once a year, during the meeting held to approve the financial statements, an assessment of the size, composition and working of the Board of Directors itself and its committees;
- with respect to criterion 1.C.3., to adopt the rules described in section 4.2 of this report;
- with respect to criterion 2.C.1., to confirm the previous assessment stated in the board meeting of 7 July 2005 and, therefore, to consider the directors who are members of the executive committee as non-executive, given that participation in this committee, considering the frequency of the meetings and subject of the related resolutions, does not entail the systematic involvement of its members in the day-to-day management of the company nor does it lead to a significant increase in their remuneration compared to that received by the other non-executive directors; and, therefore, only the CEO qualifies as an executive director; this assessment was further confirmed by the Board on 25 March 2013, also in light of the opinion expressed by the corporate governance advisory board;
- with respect to criterion 2.C.2., as proposed by the chairperson, that the relevant internal functions provide all the directors and statutory auditors with access to the company's intranet site to allow their direct access to the documentation and information posted thereon;
- with respect to criterion 3.C.4., to generally comply with the requirements set by the Code about directors' independence and that any non-compliance therewith should be justified;
- with respect to criterion 3.C.5., that the outcome of the controls performed to check the correct application of the criteria and procedures put in place by the board to assess the independence of its members be communicated by the Board of Statutory Auditors to the market in its report to the shareholders. The Board of Statutory Auditors stated that it complies with this resolution during the board meeting;
- with respect to criterion 3.C.6., that the independent directors meet annually, before the board meeting held to approve the annual financial statements, for self-assessment purposes and that any remedial action to be taken be examined with respect to the role played by independent directors within the board; they report to the board on their findings;
- with respect to criterion 4.C.1., to approve a specific "Procedure for the internal management and external communication of documents and information" to replace the "Internal regulations for disclosing "price sensitive" documents and information to the market", approved by the Board of Directors on 27 March 2001, as described in paragraph 5 of this report;
- with respect to criterion 5.C.1.c), to make available to the internal control and remuneration committees (now the risk and control committee and the remuneration and appointment committee, respectively) an annual budget of € 25,000 per committee to be used for any necessary consultancy or other services to carry out their duties. The prior authorisation of outlays is not necessary although the committees are required to document their expenses. They may also avail of internal information and personnel;
- with respect to standard 6.P.2., not to set up an appointment committee as, to date, the shareholders have not encountered difficulties in proposing suitable candidates (and no such difficulties are envisaged) such that the composition of the Board of Directors complies with that recommended by the Code; following the amendments to the Code approved by the Committee for Corporate Governance in December 2011, the board resolved to rename the remuneration committee as the remuneration and appointment committee on 18 July 2012, giving it the duties envisaged by the Code for the appointment committee;
- with respect to criterion 6.C.1., to comply with the criterion proposing the related change in the Bylaws to the shareholders in their extraordinary meeting; the shareholders actually resolved to change the Bylaws in their extraordinary meeting of 27 June 2007; following the new rules introduced by Legislative Decrees nos. 27

and 39 of 27 January 2010, the Board of Directors amended article 20 of the Bylaws again pursuant to article 24 of the same Bylaws, as described in section 4.1 of this report;
- with respect to criterion 7.C.3., to assign the duties as per such criterion to the remuneration committee; that the committee shall appoint a chairperson from among its members and shall draw up operating rules; with its resolution of 2 May 2011, following renewal of the Board of Directors elected by the shareholders on 28 April 2011 and in order to set up a remuneration committee, the Board of Directors gave this new committee the duties set out by the Code drawn up by Borsa Italiana’s Committee for Corporate Governance (March 2006 edition), as amended in March 2010; on 18 July 2012, the board elected by the shareholders on 17 July 2012, gave the remuneration and appointment committee the following duties set out by the Code as revised in December 2011, when setting it up;
- with respect to criterion 8.C.1.a), considering changes in legislation over time and in the organisational structure, to postpone the procedure, and, when and if necessary, to update the “Guidelines for internal control policies” approved by the Board of Directors on 21 March 2000 with the assistance of the internal control committee; the board adopted a document setting out the “Guidelines for the internal controls of IMPREGLIO S.p.A.” as proposed by the internal control committee with its resolution of 25 March 2009 replacing the “Guidelines for internal control policies” approved by the Board on 21 March 2000. This document defines and sets out the objectives of the internal controls, the guiding principles and the parties in charge of it (the Board of Directors, the CEO as the Executive director in charge of internal controls, the internal control committee, the internal control supervisor, the Board of Statutory Auditors, the independent auditors, the manager in charge of financial reporting and the supervisory board pursuant to article 6 of Legislative Decree no. 231/01) and the components making up the internal controls system, as identified in the organisational structure, the proxies and delegation system, the Organisational, management and control model, the Group Code of Ethics and internal organisational documents;
- with respect to criterion 8.C.1.b), to nominate the CEO as the “Executive director in charge of internal controls”; on 18 July 2012, following appointment of the current Board of Directors by the shareholders on 17 July 2012, the board confirmed the CEO as the “Director in charge of internal controls and risk management”, pursuant to criterion 7.P.3.a) (i) of the Code, as revised in December 2011;
- with respect to the last paragraph of criterion 8.C.1., to set the remuneration of the internal control supervisor after consulting the internal control committee and upon the proposal of the CEO, as the Executive director in charge of internal controls; on 26 August 2011, with the approval of the Executive director in charge of internal controls and the directors making up the internal control committee, the Board of Directors approved the proposal of the remuneration committee and resolved on the internal control supervisor’s remuneration; on 25 September 2012, and 14 January 2014, the Board of Directors resolved on the remuneration of the internal control supervisor and the internal audit head upon the proposal of the Director in charge of internal controls and risk management and with the favourable opinion of the risk and control committee and the Board of Statutory Auditors; with respect to criteria 8.C.1. and 8.C.3., to give the internal control committee the duties and functions set out in letters a), b), c), f) and g) of criterion 8.C.3 and those of criteria 8.C.1 and 9.C.1; moreover, considering the positive opinion of the Board of Statutory Auditors (reiterated by the present statutory auditors in their meeting of 2 May 2011), to assign it the duties and functions set out in letters d) and e) of criterion 8.C.3. without altering the fact that the Board of Statutory Auditors shall carry out such duties and functions in compliance with the methods that allow the Board of Directors to review its work, which should be made available on a timely basis; that the committee shall appoint a chairperson from among its members and shall draw up operating rules; that the committee shall meet at least four times a year and always when the annual, interim financial and quarterly reports are being approved; on 18 July 2012, the Board of Directors elected by the shareholders on 17 July 2012 re-elected the risk and control committee and assigned the

committee the duties pursuant to article 7 of the Code, as revised in December 2011;
- with respect to criterion 8.C.6., to define the duties of the internal control supervisor in line with such criterion; and that this person also reports to the CEO as the "Executive director in charge of internal controls";
- with respect to criterion 9.C.1., to replace the "Guidelines for transactions with related parties" ruling until then; the Board of Directors approved a specific new procedure on 30 November 2010 after receiving the favourable opinion of the related party transactions committee, pursuant to article 2391-bis of the Italian Civil Code and article 4.1/3 of the Consob regulation which sets out instructions for related party resolutions adopted with resolution no. 17221 of 12 March 2010 and subsequently amended with resolution no. 17389 of 23 June 2010; on 29 November 2010, the Board of Statutory Auditors assessed the new procedure's compliance with the criteria set out in the Regulation; this procedure described in section 12 of this report sets out the rules, methods and criteria aimed at ensuring the transparency and substantial and procedural correctness of related party transactions carried out by the Issuer either directly or via its subsidiaries; subsequently, in its meetings of 20 April, 9 July 2012 and 13 May 2013, the Board of Directors amended the procedure for related party transactions after receiving the favourable opinion of the related party transactions committee. On 20 April, 9 July 2012, and 13 May 2013, the Board of Statutory Auditors confirmed that the procedure, as per its latest revision, complies with the requirements of the above Consob regulation;
- with respect to criterion 9.C.2., that, subject to the provisions of article 2391 of the Italian Civil Code, directors with interests, either directly or on behalf of third parties, in a corporate transaction to be approved by the Board of Directors or executive committee may participate in the related discussions and vote thereon as such participation represents a reason for taking a responsible decision about a transaction about which the director may have greater knowledge than the other directors; that, however, the Board of Directors or executive committee may ask such directors to leave the meeting during the discussion on a case-by-case basis;
- in relation to standard 10.P.3. and criteria 10.C.6. and 10.C.7., to adopt the "Guidelines for relations with the Board of Statutory Auditors" after the latter's approval, available on the Internet site: www.salini-impregilo.com, under the "Governance - Board of Statutory Auditors" section");
- with respect to criterion 10.C.7., to propose to the shareholders, in an extraordinary meeting, that the lists of candidate statutory auditors shall be deposited at the company's registered office at least fifteen (rather than ten, as provided for on 12 March 2007) days before the date set for the meeting; in their extraordinary meeting of 27 June 2007, the shareholders actually modified the Bylaws; following the new rules introduced by Legislative Decrees nos. 27 and 39 of 27 January 2010, the Board of Directors amended article 29 of the Bylaws again, pursuant to article 24 of the same Bylaws, as described in section 13 of this report;
- with respect to criterion 11.C.1., that the document "Procedures for the attendance of shareholders at shareholders' meetings of Salini Impregilo and for exercise of voting rights" will be published and posted on the Internet site www.salini-impregilo.com (under the "Governance - Shareholders' meetings" section);
- to note that the company's corporate governance system already complies with the other provisions of the Code.

Salini Impregilo S.p.A. and its strategic subsidiaries are not subject to non-Italian legislation that would affect the Issuer's corporate governance structure.

4. Board of Directors

4.1 Appointment and replacement (article 123-bis.1.l) of the Consolidated Finance Act

Article **20)** of Salini Impregilo S.p.A.'s Bylaws require that "*The Company shall be administered by a Board of Directors comprised of 15 members.*
Those candidates that meet the requirements set by the legislation and regulations in force at the time of their appointment may accept such appointment.
Directors are elected using lists presented by the shareholders that comply with the pro tempore legislation about gender equality (using the methods described below) in which the candidates are set out in consecutive order.
In order to be valid, each list includes at least two candidates that meet the independence requirements established by law. They are shown separately and one of the two heads the list.
The lists shall be deposited at the Issuer's registered office at least twenty-five days before the date of first call of the shareholders' meeting, as detailed in the notice calling the meeting.
Shareholders, shareholders forming part of significant shareholder agreements as per article 122 of Legislative Decree no 58/1998, the parent, subsidiaries and jointly controlled entities as per article 93 of Legislative Decree no. 58/1998 may not present, or be involved in presenting (also via trustees or nominees), more than one list. Nor can they vote (also via trustees or nominees) for more than one list. Moreover, each candidate may only be present in one list in order to be eligible. Inclusion in more than one list or votes for more than one list is/are not counted.
Lists may be filed only by Shareholders who, alone or together with other Shareholders, hold shares representing in the aggregate at least 2% of the share capital with the right to
vote at Ordinary Shareholders' Meetings, or a lower percentage that may be required pursuant to imperative provisions of laws or regulations[1].
Together with each list and within the timeframe described earlier, the shareholders deposit: (i) statements whereby each candidate accepts their candidature and states, under their own responsibility, the inexistence of any reasons for ineligibility or incompatibility and the existence of the requirements for the relevant offices; (ii) a professional and personal profile of each candidate and mention of whether they qualify as independent and any offices held as director or statutory auditor in other companies; and (iii) any other information that is requested in the notice calling the shareholders' meeting and required by the applicable law or regulations.
In addition, the relevant certificate issued by a legally-authorised broker, showing ownership to the number of shares necessary to present lists at the date of depositing the list with the company within the deadline set by the relevant laws for the publication of lists, is also to be lodged.

Lists with a number of candidates equal to or greater than three shall include male and female candidates so that the less represented gender makes up at least one fifth (for their first mandate after 12 August 2012) and subsequently one third (rounded upwards) of the candidates.

Lists which are presented that do not meet the above requirements are considered not to have been presented.
The following procedure is carried out to elect the directors: a) when there is at least one list that has received votes making up at least 29% of the share capital with voting rights at ordinary shareholders' meetings, 14 directors to be appointed are taken from the list which got the most votes in the order in which they are set out in the list while the other director is taken from the list presented by minority shareholders that got the most votes and is not linked in any way (directly or indirectly) to the shareholders that presented or voted for the list that got the most votes. Should the first two lists have received the same number of votes, seven directors are taken from each one in the order in which they are set out therein while one director is taken from the list that came third in terms of the votes received and is not linked in any way (directly or indirectly) to the shareholders that presented or voted for the lists that got the most votes. If only two lists are presented, the fifteenth director is the oldest candidate from those not taken from the first two lists;
b) if none of the lists gets votes equal to at least 29% of the share capital with voting rights at ordinary shareholders' meetings, the 15 directors are taken from all the lists presented as follows: the votes obtained by the lists are divided by entire numbers from one to 15. The resulting scores are assigned to the candidates of each list in consecutive order using the order in which they are included in the lists. The candidates are then

1. Consob established the percentage as 1% for the presentation of lists for the election of the directors and statutory auditors of Salini Impregilo S.p.A., pursuant to the Consolidated Finance Act and the Issuer Regulation in its resolution no.18775 of 29 January 2014.

included in a single decreasing order list, based on the scores given to each one.
Those with the highest score are elected. If more than one candidate has the same score, the one from the list that has not had any director elected from it or has had the smallest number of directors elected is taken.
Lists that do not obtain a vote percentage equal to at least half that set by the Bylaws for the presentation of lists are not considered.

Should the election of candidates using the above methods not ensure composition of the Board of Directors in accordance with the pro tempore legislation about gender equality, the candidate of the gender most represented elected last in consecutive order from the list that received most votes shall be replaced by the first candidate of the less represented gender not elected from the same list in progressive order. This replacement procedure shall be continued until the Board of Directors composition complies with the pro tempore legislation about gender equality. Should it not lead to such compliance, replacement shall take place by resolution passed by the shareholders with a relative majority vote, after presentation of the candidates of the less represented gender.
Should no lists be presented or those presented not be accepted for voting purposes, the shareholders use the majority vote system, without considering the above procedure, while ensuring the necessary number of directors with the independence requirements set by law[2]*, and compliance with the pro tempore legislation about gender equality.*
The list voting procedure is only used when an entire board is being appointed.

Should one or more directors leave their position during the year, in order to ensure that the majority of the board is always made up of directors appointed by the shareholders, the Board of Directors replaces them pursuant to article 2386 of the Italian Civil Code, appointing candidates from the list to which the former director belonged, in consecutive order, and who are still eligible and willing to accept the position. Directors who have left office are always replaced: (i) ensuring the presence of the number of directors with the independence characteristics required by law necessary and (ii) in compliance with the pro tempore about gender equality. If there is no longer a majority, the remaining directors also fall from office with effect from when the board is re-elected by the shareholders".

The Issuer is not subject to additional requirements for its board's composition other than those imposed by the Consolidated Finance Act (especially with respect to the representation of minority investors and/or the number and characteristics of the independent directors).

Succession plans

With respect to criterion 5.C.2 of the Code, the Board of Directors resolved to adopt a succession plan for the sole executive director (the CEO) on 16 October 2012 as proposed by the risk and control committee in its meeting on 21 September 2012.
Given the above, on 19 March 2014, the Board of Directors approved the succession plan prepared in accordance with article 5.C.2 of the Code (the **"Plan"**), also on the basis of the relevant proposals made by the remuneration and appointment committee on 19 March 2014, which handled the preliminary investigation.
The Plan includes the procedures to apply in order to ensure the continuity of company management in the event the CEO leaves office before the end of his term of office, also making all decisions necessary for the immediate future, attributing the appropriate powers and proxies to the Chairperson.
The plan consists of: (i) compliance with the Bylaws concerning the replacement of Directors ceasing to hold office; (ii) compliance with the regulations approved by the Board of Directors concerning the maximum number of positions that can be held in other companies pursuant to criterion 1.C.3 of the Code; (iii) compliance with the principles set forth in criterion 2.C.5 of the Code concerning "cross directorship"; (iv) competence and experience requirements of the individual to be appointed; (v) a balance between enhancing internal management skills (though a structured management assessment procedure) and opening to the market.
The plan envisages the involvement of the remuneration and appointment committee, with the support of companies specialised in the issue, in preparing a specific non-binding proposal to the Board of Directors. The role of the remuneration and appointment committee is to assess on an annual basis whether to revise the plan. However, the Board of Directors has the power to (i) call on, at any time, the remuneration and appointment committee to propose a revision of the plan providing guidelines or (ii) to revise the plan directly.

2. Salini Impregilo S.p.A.'s Bylaws do not include additional requirements to those established by law.

4.2 Composition (article 123-bis.2.d) of the Consolidated Finance Act)

Composition of the current board and committees at year end

		Board of Directors																	
Position	Members	In office since	In office until	List (M/m)	Exec.	Non-exec.	Indep. as per Code	Ind. as per Cons. Finance Act	% BoD	No. of other positions	Risk and control committee	%	Remuneration and appointment committee	%	Executive committee	%	Related party transactions committee	%
Chairperson	Claudio Costamagna	17.07.2012	Shareholders' meeting to approve 2014 financial statements	M		X			94.11	5					M	83.33		
CEO	Pietro Salini	17.07.2012	Shareholders' meeting to approve 2014 financial statements	M	X				100	–					P	100		
Director	Marina Brogi	17.07.2012	Shareholders' meeting to approve 2014 financial statements	M		X	X	X	100	3			P	100			M	100
Director	Giuseppina Capaldo	11.06.2012	Shareholders' meeting to approve 2014 financial statements	m		X	X	X	76.47	3	M (I)	100					M	66.66
Director	Mario Cattaneo	17.07.2012	Shareholders' meeting to approve 2014 financial statements	M		X	X	X	82.35	3	P	100						
Director	Roberto Cera	17.07.2012	Shareholders' meeting to approve 2014 financial statements	M		X			88.23	–								
Director	Laura Cioli	17.07.2012	Shareholders' meeting to approve 2014 financial statements	M		X	X	X	94.11	3					M (II)	100		
Director	Alberto Giovannini	17.07.2012	Shareholders' meeting to approve 2014 financial statements	M		X	X	X	82.35	6	M (II)	90			M (I)	83.33	P	100
Director	Nicola Greco	12.09.2013	Shareholders' meeting to approve 2014 financial statements			X	X	X	66.66	2			M (I)	100				
Director	Pietro Guindani	17.07.2012	Shareholders' meeting to approve 2014 financial statements	M		X	X	X	82.35	2	M	92.85						
Director	Geert Linnebank	17.07.2012	Shareholders' meeting to approve 2014 financial statements	M		X	X	X	94.11	2			M	87.5			M	100
Director	Giacomo Marazzi	12.09.2013	Shareholders' meeting to approve 2014 financial statements			X	X	X	100	1					M (I)	100		
Director	Laudomia Pucci	17.07.2012	Shareholders' meeting to approve 2014 financial statements	M		X	X	X	82.35	1			M	62.5				
Director	Simon Pietro Salini	17.07.2012	Shareholders' meeting to approve 2014 financial statements	M		X			88.23	1					M (I)	100		

Directors who left office during the year

Position	Members	In office since	In office until	List (M/m)	Exec.	Non-exec.	Indep. as per Code	Indep. as per Cons. Finance Act	% BoD	No. of other positions	Risk and control committee %		Remuneration and appointment committee %		Executive committee %		Related party transactions committee %
Director	Giorgio Rossi Cairo	17.07.2012	30.05.2012	M		X	X	X	53.84	[.]							
Director	Massimo Ferrari	17.07.2012	27.04.2012	M		X			100	–					M	91.3	
Director	Claudio Lautizi	17.07.2012	06.06.2012	M		X			100	–					M	95.65	
Quorum required to present lists at time of last appointment: 2%																	
No. of meetings held during the year:									BoD: 17		ICC: 14		RC: 8		EC: 30		RPTC: 9

(I) In office since 12.09.2013.
(II) In office until 12.09.2013.
(III) Effective from 15.12.2013.
(IV) Percentage cannot be identified since no meetings were held during the term of office in 2013.

In their meeting of 17 July 2012, the shareholders elected a new Board of Directors for three years until the meeting to be held to approve the financial statements at 31 December 2014, electing 14 directors from the majority list presented by the shareholder Salini S.p.A. and the fifteenth member from the minority list presented by the shareholder Igli S.p.A. Votes in favour of the new board approximated 51.98% of the voting rights for this resolution for the majority list and approximately 47% of the voting rights for this resolution for the minority list, equal to roughly 78.74% of the company's overall voting rights.

Giuseppina Capaldo was elected director of the Issuer for the first time on 11 June 2012. The other directors were elected for the first time on 17 July 2012, except for Nicola Greco, Giacomo Marazzi and Franco Passacantando, as specified below.

On 5 July 2013, Giorgio Rossi Cairo resigned the post of Independent

Director on account of his growing professional and business commitments.

On 5 August 2013, Massimo Ferrari and Claudio Lautizi resigned from the posts of Director and member of the Executive Committee on account of the posts taken up at the Issuer, by virtue of the board resolution on the same date, as General Manager of Group Corporate & Finance and General Manager of International Operations, respectively.

Three new Directors were appointed at the extraordinary shareholders' meeting on 12 September 2013 to replace the resigned Directors. The new Directors are Nicola Greco, Giacomo Marazzi and Franco Passacantando. The appointment of Franco Passacantando became effective on 15 December 2013 (to allow him to terminate his mandate held on the date of the meeting).

On the same date, the Board of Directors changed the composition of the Committees as follows:

- **Executive committee**
  Pietro Salini (Chairman)
  Claudio Costamagna
  Alberto Giovannini
  Giacomo Marazzi
  Simon Pietro Salini

- **Risk and control committee**
  Mario Cattaneo (Chairman)
  Giuseppina Capaldo
  Pietro Guindani
  Franco Passacantando[3]

- **Remuneration and appointments committee**
  Marina Brogi (Chairman)
  Nicola Greco
  Geert Linnebank
  Laudomia Pucci

3. The appointment of Franco Passacantando is effective from 15 December 2013.

- **Committee for related-party transactions**
  Alberto Giovannini (Chairman)
  Marina Brogi
  Giuseppina Capaldo
  Geert Linnebank

The directors' personal and professional profiles are presented in their *curricula vitae* posted on the Internet site www.salini-impregilo.com, under the "Corporate governance – Board of Directors and Committees – Board of Directors" section".

No change in the Board of Directors or its committees has taken place since year end.

Maximum number of positions held in other companies

In its meeting of 12 December 2007, the board resolved to adopt a specific rule:

"Whereas for the purposes of this rule, "companies of significant size" are":

a. *Italian companies listed on Italian or other EU state regulated markets;*

b. *banks, financial brokers pursuant to article 107 of Legislative Decree no. 385 of 1 September 1993, stock brokerage companies pursuant to article 1.1.e) of the Consolidated Act, variable capital investments companies (OEICs) pursuant to article 1.1.i) of the Consolidated Act, fund management companies pursuant to article 1.1.o) of the Consolidated Act, insurance companies pursuant to article 1.1.s), t) and u) of Legislative Decree no. 209 of 7 September 2005 set up as companies as per paragraphs V, VI and VII, section V, chapter V of the Italian Civil Code not listed on Italian or EU state regulated markets;*

c. *companies as per paragraphs V, VI and VII, section V, chapter V of the Italian Civil Code that individually or collectively at group level, if they prepare consolidated financial statements, show: i) revenue from goods and services of more than € 500 million; or ii) assets of more than € 800 million, not listed on Italian or other EU state regulated markets.*

The maximum number of positions that Impregilo directors may hold is:

- ***Executive directors***
  The maximum number of positions as director or statutory auditor in other significant size companies cannot exceed four.

- ***Non-executive directors members of the executive committee***
  The maximum number of positions as director or statutory auditor in other significant size companies cannot exceed six.

- ***Non-executive directors who are not members of the executive committee***
  The maximum number of positions as director or statutory auditor in other significant size companies cannot exceed eight.

In order to calculate the number of positions:

- *positions in companies that are directly and/or indirectly controlled by Salini Impregilo S.p.A., are its parent companies or are subject to joint control are not considered;*
- *positions as alternate statutory auditor are not considered;*
- *positions held in significant size companies belonging to the same group which is not that of the Issuer are considered to have the following "weight":*
  - *first position: one*
  - *second position: one and a half*
  - *from three up: two.*

Should a director be offered new positions that would lead to their exceeding the above ceilings, they shall inform the board promptly of this so that the board can grant waivers (also temporary) to the maximum number of positions set in this rule. The waiver shall be adequately documented. It shall be described in the company's corporate governance report together with the reasons therefor."

The current composition of the board complies with the above general criteria.

Induction Programme

In order to provide the directors and statutory auditors with an adequate background to the Issuer's sector, its characteristics and developments as well as the relevant legislative framework, the chairperson ensures that:

- the Board of Directors and the committees (through their chairpersons) are informed thereof during their meetings;
- directors not part of committees are invited to attend committee meetings when this information is provided;
- the directors have access to the company's intranet portal, where they can find information and documentation about the above topics (including the reports prepared by the supervisory board as per Legislative Decree no. 231/01 about the legislative framework and standard practices);
- working sessions are held to illustrate specific business issues to the directors.

4.3 Role of the Board of Directors (article 123-bis.2.d) of the Consolidated Finance Act)

Pursuant to article **24** of the Bylaws (available on the Internet site www.salini-impregilo.com, under the "Corporate Governance - Bylaws" section), the Board of Directors has the widest powers for the company's ordinary and extraordinary management with no exceptions. It has the power to perform all those actions that it deems suitable to carry out the company's activities as per its business object or related activities, except for those actions reserved exclusively for the shareholders by law.
The Board of Directors may resolve to set up or close branches in Italy or abroad, to decrease share capital if a shareholder withdraws therefrom, to adjust the Bylaws to reflect mandatory regulatory requirements, to transfer the legal offices within Italy and to merge other wholly controlled companies or companies, of which at least 90% control is held, into the parent. All of these transactions are to be carried out in accordance with articles 2505 and 2505-bis of the Italian Civil Code.
By law, the directors may not remain in office for more than three years and their term of office expires at the date of the shareholders' meeting held to approve the financial statements of the last year of their term. As not provided for otherwise in Salini Impregilo's Bylaws, the directors may be re-elected.

Pursuant to article **21** of the Bylaws, the Board of Directors elects a chairperson from among its members and (possibly) one or two deputy chairpersons who substitute the chairperson in their absence or impediment.
Article **20** of the Bylaws provides that the Board of Directors has 15 members.

During the year, 17 board meetings were held, with an average duration of roughly two hours and thirty minutes.
The 2014 financial calendar (available on the Internet site www.salini-impregilo.com, under the "Corporate Governance - Corporate events" section) shows that 4 meetings are scheduled to take place during the year, the first of which was held on today's date. Five other board meetings have been held in 2014.

The board has acknowledged that the chairperson, assisted by the board secretary, has provided the directors with the available documentation and information about the issues to be discussed before each meeting, and to have ensured their confidentiality. When useful, the documentation was made available together with specific executive summaries to aid the directors' understanding and review of the matters to be discussed. Specifically, the independent directors found that the information provided by the CEO to the board was satisfactory.
The board meetings were usually attended by the secretary and the manager in charge of financial reporting. When appropriate, experts and managers of the Issuer and its Group companies also participated, depending on the matters to be discussed, to ensure the proper and profitable working of the meetings and to provide any in-depth information necessary.
The chairperson ensured that enough time was given to each of the items on the agenda to allow their complete and constructive discussion. The directors expressed their positions and contributed to the meetings.

With respect to criterion 1.C.1.a) of the Code, with which the board has resolved to comply, the board is authorised to examine and approve:

- the strategic, business and financial plans of the Issuer and its Group, and to periodically monitor their implementation;
- the Issuer's corporate governance system;
- the structure of the Group headed by the Issuer.

* * *

- The Board of Directors found FISIA Italiampianti S.p.A. and Impregilo International Infrastructures N.V. to be "strategic subsidiaries" given their role as subholding of the Engineering & Plant Construction business segment and as subholding of the Concessions business segment, respectively.
- With respect to criterion 1.C.1.c) of the Code, in its meeting of 19 March 2014 and after the risk and control committee's positive assessment, the board found the organisational, administrative and accounting structures of the Issuer, FISIA Italimpianti S.p.A. and Impregilo International Infrastructures N.V. to be adequate, with particular respect to internal controls and risk management; the committee examined the analyses performed by the internal audit unit.
- During its meetings, the board assessed the company's performance, comparing it to the budget objectives and considering information received from the empowered bodies.
- On 12 July 2013, the Board of Directors resolved to retain responsibility for the following actions and transactions:
  - exercise of voting rights: (a) at extraordinary meetings of the shareholders of the strategic subsidiaries and (b) at ordinary meetings of the aforementioned shareholders of the strategic subsidiaries called to appoint their directors;
  - the review and approval of the business plan, budget and industrial plan;
  - the performance of all More important transactions that do not require shareholder approval as per the "Regulations for related party transactions", approved from time to time;
  - the purchase and sale of investments in companies, consortia or other entities, as well as in businesses or business units.

With respect to criterion 1.C.1.g) of the Code and as resolved by the Board of Directors on 12 March 2007 and set out in section 3 of this report, during its meeting of 19 March 2014, the board assessed the size, composition and working of the board itself and its committees, following the review of the remuneration and appointment committee that met on the same date. It considered aspects such as the professional characteristics, experience (including of a management nature) and the gender of its members and their length of term of office. The remuneration and appointment committee prepared the self-assessment process, providing the Board of Directors with its report thereon, which it examined in the 19 March 2014 meeting. The Board of Directors carried out its own self assessment during this meeting and noted, in summary, that:

- the composition of the Board is such that each Director has adequate professional experience, both in management and at an international level, in the various issues providing the greatest support to the activities of the corporate bodies, including technical, economic, financial and legal issues. Thanks to this combination of professional experience, the Board of Directors has fulfilled and will continue to fully discharge all of its functions and duties;
- the available documentation and information about the issues to be discussed have been provided to the directors in a clear and comprehensive manner, ensuring sufficient confidentiality of the pre-board meeting information, in adequate time before each meeting. The directors participate in the work of the Board appropriately and actively contribute to the discussion and decisions taken;
- the number of board meetings held, their duration, interval and frequency appear to be adequate;
- the issues to be resolved by the Board of Directors have been thoroughly examined and

the empowered bodies have provided information to the Board of Directors on the activities carried out in exercising the powers conferred upon them;
- the directors take part in initiatives aimed at increasing their awareness of the company's situation and dynamics, also with respect to the relevant legislative framework;
- the number of independent directors is considered appropriate in relation to the composition of the Board of Directors and for the activities carried out by the company;
- in the performance of the duties of their office, the Board of Directors is supported by the internal committees described below. The dimensions, expertise and experience of these committees are such that they are able carry out their respective tasks effectively.

With respect to criterion 1.C.4., article **20** of the Bylaws provides that, until resolved otherwise by the shareholders, the directors are not bound by the ban of article 2390 of the Italian Civil Code. The board did not identify any issues thereon during its meeting held today that require reporting to the shareholders.

4.4 Empowered bodies

Chief executive officers

The Board of Directors may delegate part of its powers to one or more directors, setting limits and proxy operating methods. It may appoint directors and representatives, who do not necessarily have to be board members, and establishes their powers (article **25** of the Bylaws).

On 18 July 2012, the Board of Directors appointed Pietro Salini as CEO. It gave him the legal power to represent the company and signatory powers with third parties and in court. He also has powers to manage the company and may delegate responsibility for the organisation and running of certain business activities.

On 12 December 2013, the board established a new balance of powers of the CEO, eliminating, among other things, the set limit of € 50 million for certain transactions, which was resolved during the meeting on 18 July 2012.

The board also reserved for itself, in addition to those powers reserved exclusively to it by law, also the exclusive authority for any decisions related to:
- the exercise of voting rights (a) at extraordinary meetings of the shareholders of the strategic subsidiaries and (b) at ordinary meetings of the aforementioned shareholders of the strategic subsidiaries called to appoint their directors;
- the review and approval of the Group's business plan, budget and industrial plan;
- the performance of all More important transactions that do not require shareholder approval as per the "Regulations for related party transactions", approved from time to time;
- the purchase and sale of investments in companies, consortia or other entities, as well as in businesses or business units.

The CEO is in charge of running the company. As provided for by criterion 2.C.5, the CEO does not hold directorships in any other Italian listed companies.

Chairperson

The chairperson is the company's legal representative and has signatory powers with third parties and in court pursuant to article **28** of the Bylaws. The chairperson does not have special strategic decision-making powers.

The chairperson of the Board of Directors is not the chief executive officer nor is he the majority shareholder of the Issuer.

Executive committee (article 123-bis.2.d) of the Consolidated Finance Act

Pursuant to article **25** of the Bylaws, the Board of Directors may delegate all or part of its powers (not reserved to it by law) to an executive committee consisting of a number of members to be less than half that of the Board of Directors, including the CEO, who acts as chairperson of the executive committee.
The Board of Directors set up an executive committee, in accordance with article **25** of the Bylaws.

The executive committee in office until 5 August 2013, appointed by the Board of Directors on 18 July 2012, comprised the following members of the Board of Directors:

- Pietro Salini (Chairman)
- Claudio Costamagna
- Laura Cioli
- Massimo Ferrari
- Claudio Lautizi

On 5 August 2013 and until 12 September 2013, following the resignation of Massimo Ferrari and Claudio Lautizi from the post of Director and member of the executive committee (see section 4.2 above), the members of the committee were:

- Pietro Salini (Chairman)
- Claudio Costamagna
- Laura Cioli

On 12 September 2013, the Board of Directors, further to Laura Cioli's resignation as member of the executive committee, resolved to bring the number of members of this committee to five. The members of the current executive committee are:

- Pietro Salini (Chairman)
- Claudio Costamagna
- Alberto Giovannini
- Giacomo Marazzi
- Simon Pietro Salini

Meetings are called when necessary and a calendar does not exist.
During the year, the executive committee met 30 times with meetings averaging roughly one hour and forty minutes.
Four meetings have been held by the executive committee in 2014.

* * *

The Board of Directors delegated all the ordinary and extraordinary administrative powers reserved to it to the executive committee, except for those powers reserved exclusively to it by law and those related to the performance of the following actions and transactions, reserved to the board:

- the exercise of voting rights (a) at extraordinary meetings of the shareholders of the strategic subsidiaries and (b) at ordinary meetings of the aforementioned shareholders of the strategic subsidiaries called to appoint their directors;
- the review and approval of the Group's business plan, budget and industrial plan;
- the performance of all More important transactions that do not require shareholder approval as per the "Regulations for related party transactions", described in section 12 of this report, approved from time to time;
- the purchase and sale of investments in companies, consortia or other entities, as well as of businesses or business units;

Information to be provided to the Board of Directors

The Board of Directors meets at least every three months. The CEO, also as chairperson of the executive committee, reported to the board and the Board of Statutory Auditors on the activities carried out under proxy and key transactions at these meetings and whenever required by the specific circumstances.

4.5 Other executive directors

The Board of Directors currently consists of one executive director (the CEO) and 14 non-executive directors.
As described in section 3 about criterion 2.C.1., the directors making up the executive committee are considered to be non-executive as involvement in the committee, given the subject of the related resolutions, does not entail the systematic participation of its members in the day-to-day management of the company nor does it lead to remuneration such that would compromise their independence.

4.6 Independent directors

The Issuer's Board of Directors comprised, until 12 September 2013, nine independent directors and, from that date, the following 11 independent directors: Marina Brogi, Mario Cattaneo, Laura Cioli, Alberto Giovannini, Pietro Guindani, Geert Linnebank, Laudomia Pucci, Giuseppina Capaldo, Nicola Greco, Giacomo Marrazzi and Franco Passacantando.

At the first opportunity after their election, specifically:

- on 18 July 2012 for Directors Marina Brogi, Mario Cattaneo, Laura Cioli, Alberto Giovannini, Pietro Guindani, Geert Linnebank, Laudomia Pucci and Giuseppina Capaldo,
- on 12 September 2013 for Directors Nicola Greco, Giacomo Marazzi and Franco Passacantando,

and during the meeting held to approve the annual draft financial statements, the Board of Directors assessed that each non-executive director met the independence criteria set by the Code applying each criterion established thereby. They then disclosed the results of their assessment to the market.

The Issuer's 11 independent directors meet the independence requirements pursuant to both the Consolidated Finance Act and the Code.

* * *

The Board of Statutory Auditors checked the correct application of the criteria and procedures adopted to check independence by the board. The outcome of such process will be communicated by the Board of Statutory Auditors to the market in its report to the shareholders.

As resolved by the Board of Directors about criterion 3.C.6. of the Code in its meeting of 12 March 2007, the independent directors meet annually before the board meeting held to approve the annual financial statements for self-assessment purposes and so that any remedial action to be taken can be examined with respect to the role played by independent directors within the board. They met on 19 March 2014 and reported to the board on the same day. 12 meetings have been held by the independent directors during 2014 for the activities described below.
When agreeing to their inclusion in the lists of candidate directors, the independent directors have not agreed to maintain their independence throughout their term of office and, if necessary, to resign.

* * *

The independent directors of the Company were not called on during the year to perform specific tasks, required by law or delegated to them by the Board of Directors, in relation to the takeover bid launched by Salini S.p.A. on the Issuer's shares, as well as the merger of Salini S.p.A. into Impregilo S.p.A.
Specifically, in relation to the above takeover bid, the independent directors of the company:

- received specific mandate to identify and appoint the independent financial advisor of the Company which was responsible for, inter alia, preparing a fairness opinion on the consideration for the bid to support the assessments subsequently made by the board;
- delivered their reasoned opinion containing their assessment on the bid and the fairness of the consideration, pursuant to article 39-bis of the Issuer Regulation.

As regards the above-mentioned merger, independent directors Laura Cioli and Pietro Guindani were mandated by the Board of Directors to carry out the necessary discussions with the directors appointed by Salini S.p.A. on formulating a proposal on the share swap ratio for the companies involved in the merger, subsequently submitted to the Board of Directors for assessment.

During the meetings held during the year, the independent directors also:

- expressed a favourable opinion on the qualification as non-executive of the directors who serve on the executive committee;
- carried out a self-assessment with respect to the role played by independent directors within the Board of Directors.

4.7 Lead independent director

As the requirements of the Code are not met, the board has not deemed it necessary to designate an independent director as lead independent director.

5. Treatment of company information

On 12 December 2007, the Board of Directors approved a special "Procedure for the internal management and external communication of documents and information" as proposed by the CEO. This procedure substituted the "Internal regulations for disclosing "price sensitive" documents and information to the market" approved by the Board of Directors on 27 March 2001.
The Procedure includes the guidelines for the internal management and external communication of documents and information, especially privileged information as per article 114.1 of the Consolidated Finance Act ("Privileged information").
It covers all those parties who, based on their employment or professional activities or duties, have frequent or infrequent access to company information about the Issuer. These parties are obliged to: (i) maintain such confidential information secret; (ii) use such information solely to carry out their employment or professional activities; and (iii) not use such confidential information contrary to the current legislation.
Specifically, the directors and statutory auditors of Salini Impregilo and its subsidiaries are required to maintain information and documents obtained by them during the execution of their duties confidential as well as the contents of any discussions carried out during board meetings and as part of the work of the Board of Statutory Auditors.
In order to ensure a coordinated and standard approach, any contact with the press or other mass media or with financial analysts and institutional investors that involves information (even when not confidential) about Salini Impregilo or its subsidiaries can only take place after authorisation by the chairperson or CEO of Salini Impregilo or the External relations unit of Salini Impregilo, in accordance with the Procedure.
The chairperson and CEO of the Issuer are responsible for managing privileged information.
The related administrative bodies are responsible for management of privileged information about the subsidiaries, which may be disclosed in accordance with the Procedure.
Only the chairperson and CEO of Salini Impregilo may disclose privileged information to the market.
The communication of privileged information must respect the criteria of completeness, timeliness, transparency, adequacy and continuity. Investors should be provided with the same information to avoid discontinuity or the creation of situations that could affect the listed share price.
The chairperson is responsible for ensuring compliance with the Procedure,
which provides for penalties to be applied to the parties that violate it.

6. Board committees (article 123-bis.2.d) of the Consolidated Finance Act

The Board of Directors has set up a risk and control committee, a remuneration and appointment committee (which carries out the duties assigned by article 5 of the Code to the appointment committee and article 6 to the remuneration committee, as the Code rules for the composition of the two committees are complied with and attainment of the objectives is guaranteed) and a related party transactions committee as described in section 12, together with the executive committee described in section 4.4.
The decision to set up just one committee to combine the appointments and remuneration functions is based on organisational and efficiency requirements as the functions are complementary and comply with the provisions of article 4 of the Code.
The Board of Directors has not retained functions attributed to one or more of its committees by the Code.
On 30 July 2012, the Board of Directors set up a corporate governance advisory board (see section 17.1).

7. Appointment committee

As noted in section 6 of this report, the board set up a remuneration and appointment committee on 18 July 2012. In addition to the duties assigned under article 6 of the Code to the remuneration committee, it also carries out the duties assigned by article 5 of the Code to the appointment committee, as the Code rules for the composition of the two committees are complied with and attainment of the objectives is guaranteed.

Composition and working of the appointment committee (article 123-bis.2.d) of the Consolidated Finance Act

The remuneration and appointment committee meets whenever necessary. It is coordinated by its chairperson.
During the year, the remuneration and appointment committee met 8 times with meetings averaging roughly two hours.
Three meetings of the remuneration and appointment committee have been held in 2014.

* * *

The remuneration and appointment committee until 12 September 2013 comprised the following directors (all independent):

- Marina Brogi (Chairman)
- Laudomia Pucci
- Geert Linnebank

On 12 September 2013, the Board of Directors appointed Director Nicola Greco as member of the remuneration and appointment committee, thus increasing the number of members to four.
This committee currently has four independent directors as members.

The chairperson (five times) and managers of the Issuer attended committee meetings upon invitation when the committee deemed it was necessary and appropriate for the more effective discussion of the matters on the agenda.

Appointment committee duties

In its meeting of 18 July 2012, the Board of Directors resolved to give the remuneration and appointment committee the following duties:

a) the presentation to the Board of Directors of opinions about the board's size and composition as well as recommendations about suitable board members;
b) the presentation to the Board of Directors of candidates when directors need to be co-opted or independent directors replaced.

The committee also provides advice about the issues as per criteria 1.C.3 and 1.C.4 of the Code and the procedures for preparation of a succession plan for the executive director pursuant to criterion 5.C.2 of the Code.

* * *

- Minutes of its meetings are drawn up regularly.

- The committee may access information and internal functions as required to carry out its duties. It may also avail of the services of external consultants. In 2013 no need arose for the use of external consultants to perform the duties assigned to the Committee with respect to appointments.

- On 12 March 2007, the Board of Directors resolved to give the committee an annual budget of € 25,000 to cover the costs of any necessary consultancy or other services required to carry out its duties. The prior authorisation of outlays is not necessary although the committee is required to document its expenses. It may also avail of internal information and functions.

8. Remuneration committee

As noted in section 6 of this report, the board set up a remuneration and appointment committee which, as mentioned above, in addition to the duties assigned under article 5 of the Code to the appointment committee (see section 7), also carries out the duties assigned by article 6 of the Code to the remuneration committee, as the Code rules for the composition of the two committees are complied with and attainment of the objectives is guaranteed.

Composition and working of the remuneration and appointment committee (article 123-bis.2.d) of the Consolidated Finance Act

The remuneration and appointment committee meets whenever necessary as there is no calendar for the year. It is coordinated by its chairperson. During the year, the remuneration and appointment committee met 8 times with meetings averaging roughly two hours.
Three meetings of the remuneration and appointment committee have been held in 2014.

* * *

- The remuneration and appointment committee until 12 September 2013 comprised the following directors (all independent):
  - Marina Brogi (Chairman)
  - Laudomia Pucci
  - Geert Linnebank

  On 12 September 2013, the Board of Directors increased the number of members of the remuneration and appointment committee to four by appointing Director Nicola Greco as a member of the committee. This committee currently has four independent directors as members.

- Given the personal and professional characteristics of its members, the board has found that the members of the remuneration and appointment committee have suitable financial or remuneration policy knowledge and experience.

- The directors did not attend the committee meetings held to decide on their remuneration to be proposed to the Board of Directors.

- The chairperson (five times) and managers of the Issuer attended committee meetings upon invitation when the committee deemed it was necessary and appropriate for the more effective discussion of the matters on the agenda.

- The committee approved rules for its working which establish that its works are coordinated by the chairperson and that all the members of the Board of Statutory Auditors may always attend its meetings as may the CEO, other directors, managers and external consultants, upon invitation and depending on the matters on the agenda. Moreover, the other directors may always be present at the meetings.
  The chairperson of the Board of Statutory Auditors or another statutory auditor designated by him participated in the committee meetings and the other statutory auditors were also able to participate.

Committee duties

- In line with the resolutions passed by the Board of Directors on 18 July 2012, the committee has consulting and proposing duties on the matters provided for under article 6 of the Code, specifically related to:
  - the presentation to the Board of Directors of the remuneration report and, specifically, the remuneration policy for the directors and key management personnel for presentation to the shareholders in their meeting called to approve the financial statements, within the legal terms;
  - regularly assessing the adequacy, overall consistency and actual application of the general policy adopted for the remuneration of the directors and key management personnel; the latter's conduct is assessed based on the information provided by the CEOs; making the relevant proposals to the Board of Directors;
  - the presentation to the Board of Directors of proposals about the remuneration of the executive directors and other directors with special positions, setting performance objectives tied to the variable part of the remuneration; monitoring the decisions taken by the board and ensuring specifically that the performance objectives are met.

The remuneration and appointment committee checked that the external consultants used to provide assistance in formulating their opinions, were not in situations such to comprise their independent judgement.

- During the year, the remuneration and appointment committee presented proposals to the board concerning: a) the compensation system for the CEO; b) the guidelines for the remuneration of key management personnel; c) the remuneration report pursuant to article 123-ter of Legislative Decree no. 58/1998 d) the size and composition of the Board of Directors with respect to criterion 5.C.1 letter a) of the Code.

* * *

- Minutes of its meetings are drawn up regularly.

- When carrying out its duties, the committee had access to internal information and functions, as necessary, and to external consultants.

- On 12 March 2007, the Board of Directors resolved to give the committee an annual budget of € 25,000 to cover the costs of any necessary consultancy or other services required to carry out its duties. The prior authorisation of outlays is not necessary although the committee is required to document its expenses. It may also avail of internal information and functions.

- The committee checked that its consultants, engaged to provide information about market remuneration policies, were not in situations such to comprise their independent judgement.

9. Directors' remuneration

The information in this section is included in the Remuneration report published pursuant to article 123-ter of the Consolidated Finance Act and available on the Internet site www.salini-impregilo.com, under the "Corporate governance - Shareholders' meetings" section.

* * *

Compensation for directors in the case of their resignation, dismissal, retirement or termination of the relationship following a takeover bid (article 123-bis.1.i) of the Consolidated Finance Act

The Issuer does not have agreements with its directors for their compensation in the case of their resignation, dismissal, retirement, removal from office without just cause or termination of the relationship following a takeover bid.

10. Risk and control committee

As noted in section 6 of this report, the board has set up a risk and control committee.

Composition and working of the risk and control committee (article 123-bis.2.d) of the Consolidated Finance Act

The risk and control committee meets whenever the chairperson deems it necessary and in order to carry out its mandate, as there is no calendar for the year.
It is coordinated by its chairperson.
It also meets when a committee member, the chairperson of the Board of Statutory Auditors or the internal control supervisor makes a documented request to the chairperson.
During the year, the risk and control committee met 14 times, with meetings averaging roughly two hours.
Seven meetings of the risk and control committee have been held in 2014.

* * *

The risk and control committee until 12 September 2013 comprised the following directors (all independent):

- Mario Cattaneo (Chairman)
- Alberto Giovannini
- Pietro Guindani

On 12 September 2013, the Board of Directors, given that Alberto Giovannini resigned from his post as a member of the committee in question, changed the composition of the risk and control committee as follows:

- appointing Giuseppina Capaldo to replace Alberto Giovannini who resigned;
- appointing Franco Passacantando as the fourth member of the committee in question, with effect from 15 December 2013.

This committee is currently composed of four independent directors, as indicated above.
The Board, considering the personal and professional characteristics of the members of the risk and control committee, has found that the committee is composed entirely of independent directors who have suitable financial or remuneration policy knowledge and experience.

On 21 September 2012, the risk and control committee approved rules for its working which establish that its proceedings are coordinated by the chairperson and that the chairperson of the Board of Statutory Auditors or another statutory auditor designated by him participate. All the members of the Board of Statutory Auditors have standing invitations to attend meetings as does the internal audit head. Depending on the matters on the agenda, the CEO, other directors, managers of the Issuer, external consultants and representatives of the independent auditors may also be invited to attend; Moreover, the other directors may always be present at the meetings.

The risk and control committee meetings have always been attended by the chairperson of the Board of Statutory Auditors or another statutory auditor designated by him (and the other statutory auditors were also free to attend). The internal audit head participated in all meetings, except for three (two times because the committee discussed issues unrelated to the duties of the internal audit head, and the third time because the head was preparing to leave the company). Upon invitation and to make its working more efficient, the committee invited the chairperson of Salini Impregilo, the relevant internal functions, the supervisory board, external consultants and the representatives of the independent auditors to attend certain meetings.

Duties of risk and control committee

As resolved by the Board of Directors on 18 July 2012 on criteria 7.C.1 and 7.C.2 of the Code, the committee has the following duties:

- providing the Board of Directors with opinions on:
  - the guidelines for internal controls and risk management, so that the main risks affecting Salini Impregilo and its subsidiaries are correctly identified, properly measured, managed and monitored, defining the degree of compatibility of these risks with company management and its strategic objectives;
  - assessment at least once a year of the adequacy of the internal controls and risk management considering the company's characteristics and risk profile and their efficiency;
  - approval at least once a year of the audit plan prepared by the internal audit head;
  - review, discussion and approval of the findings of the main audit reports and their implementation;
  - description of the main characteristics of the internal controls and risk management in the corporate governance report, expressing its assessment of their adequacy;
  - assessment of the findings presented by the auditor engaged to carry out the legally-required audit in its management letter (if prepared) and in the audit report;
  - appointment and removal from office of the internal audit head;
  - ensuring that the internal audit head has the necessary resources to carry out his duties;
  - agreement of the remuneration of the internal audit head in line with internal policies;
- assessment with the manager in charge of financial reporting, and after consulting the auditor engaged to carry out the legally-required audit and the Board of Statutory Auditors, of the correct application of the accounting policies, and in the case of a Group, their consistency for the preparation of the consolidated financial statements;

- expression of opinions on specific aspects related to the identification of key business risks;
- review of the periodic reports on the internal controls and risk management, especially those prepared by the internal audit unit;
- assessment of the independence, adequacy, effectiveness and efficiency of the internal audit unit;
- it may ask the internal audit unit to carry out checks of specific operating areas and it reports thereon to the chairperson of the Board of Statutory Auditors;
- reporting to the Board of Directors at least twice a year, during the meetings held to approve the annual and interim reports, on its activities and the adequacy of the internal controls and risk management;
- performance of the other duties assigned to it by the board.

During the year, the risk and control committee reviewed and assessed the work plan and reports prepared by the internal audit head, and the reports drawn up by the supervisory board as per Legislative Decree no. 231/2001; it expressed, in agreement with the Board of Statutory Auditors, a favourable opinion, together with the manager in charge of financial reporting and the representatives of the independent auditors, on the correct application of the accounting policies and their consistency during preparation of the consolidated financial statements, reporting thereon to the Board of Directors. During approval of the draft annual financial statements and the interim financial report, the committee informed the Board of Directors about its activities and the adequacy, effectiveness and effective working of the internal controls and risk management system. This opinion was shared by the Board of Statutory Auditors. Furthermore, the committee found the organisational, administrative and accounting structure of the Issuer and its strategic subsidiaries Impregilo International Infrastructures N.V. and Fisia Italimpianti S.p.A. to be adequate. It approved the revisions of the Organisational, management and control model required by article 6 of Legislative Decree no. 231/01. It ascertained that the members of the supervisory board met the subjective requirements of the Organisational, management and control model and, therefore, that the entire body met these requirements. It examined the draft interim financial report at 30 June 2013 and the draft interim financial report at 31 March and 30 September 2013; it met certain company functions.

* * *

Minutes of the committee meetings are drawn up regularly.

When carrying out its duties, the risk and control committee had access to internal information and functions, as necessary, and did call on the support of external consultants.

On 11 May 2011, the Board of Directors resolved to give the internal control committee an annual budget of € 50,000 to cover the costs of any necessary consultancy or other services required to carry out its duties, which can be increased to € 100,000 with the documented request by the committee chairperson and approval by the Board of Directors' chairperson. The prior authorisation of outlays is not necessary although the committee is required to document its expenses. It may also avail of internal information and functions.

11. Internal controls and risk management

The guidelines for internal controls, defined by the Board of Directors on 21 March 2000 and subsequently updated and approved on 25 March 2009, are set out in the document "Guidelines for the internal controls of IMPREGILO S.p.A.".

As required by the Code, the company's internal controls and risk management system consists of a set of rules, procedures and organisational structures put in place to ensure business operations in line with the objectives defined by the Board of Directors, which is able to identify measure, manage and monitor the main risks. The objective is to ensure the safeguarding of the company's assets, an efficient and effective operating system, reliable financial information and compliance with the laws and regulations as well as the Bylaws and internal procedures.

The internal controls and risk management system is based on standards that require that business activities be based on applicable internal and external rules, can be traced and documented, that the allocation and exercise of powers as part of a decision-making process be matched to the positions of responsibility and/or with the size and/or significance of the underlying transactions, that those parties that take or implement decisions, that record transactions and those that are required to perform the controls over such transactions provided for by law and procedures envisaged by the internal controls and risk management system be different parties and that confidentiality and compliance with the privacy legislation be ensured.

The parties that implement the internal controls and risk management system are the Board of Directors, the CEO as the Director in charge of internal controls and risk management, the risk and control committee, the internal audit head, the manager in charge of financial reporting, the Board of Statutory Auditors, the independent auditors and the supervisory board, each by carrying out their duties and roles.

The company's internal controls and risk management system consist of the organisational structure, the proxies and delegation system, the Organisational, management and control model, the Group Code of Ethics, the organisational documents such as the organisational chart, the guidelines, the standard (or interfunctional) procedures, the organisational instructions, the organisational communications, the operating procedures, the manuals and executive instructions.

Key characteristics of the existing risk management system and internal controls over financial reporting, pursuant to article 123-bis.2.b) of the Consolidated Finance Act

I. Introduction

The scope of the risk management system and internal controls over financial reporting (the "System") is to ensure the credibility, accuracy, reliability and timeliness of the financial reporting.

Impregilo has designed, implemented, monitored and updated its system over time in accordance with guidelines based on international frameworks and best practices , such as "COSO ERM".

These guidelines have been specified to comply with the characteristics of the Issuer and its operating units that contribute to financial reporting (both those for the parent and the Group). This process of integrating the general model with the Company's specific model considered that the Group is composed of entities that are separate in legal terms from the parent for the purposes of the financial reporting referred to herein. Specifically, the Group is composed of legally separate entities (e.g., Italian and foreign companies) and entities that, although they are not legally separate from the parent under Italian law (e.g., foreign branches, foreign joint ventures), have their own administrative and organisational structures and produce their financial reporting independently due to their industrial characteristics.

Accordingly and based on the logic underlying the reference model, the Group defined the criteria to ensure the System's actual application.

These criteria provide for the dissemination of the application procedures, the training of the personnel involved in the different stages of the process and a monitoring plan whereby the effective use of the application procedures is checked and any developments and integrations necessary due to the wide-ranging operating scope in which the Group works are identified.

The model, with the appropriate adaptations, will be extended to the new Group companies resulting from the merger, in the first quarter of 2014.

II. Description of the key characteristics of the existing risk management system and internal controls over financial reporting

II.1 The System's main stages

The main stages of the System are:

1) *Identification of financial reporting risks*: completion of this stage firstly entailed the analysis of all the more important internal processes in terms of their potential impact on the company's financial reporting and, secondly, identification of the specific processes that are significant for the Group as a whole due to the specific nature of the different business segments in which the Group companies operate, even though they may not be applicable to the parent. The analysis considered the criteria to identify risks of non-attainment of control objectives ("financial statements assertions": existence and occurrence, completeness, measurement and recognition, presentation and disclosure, rights and obligations) for each financial statements item (separate and consolidated). The possible risks of error and fraud that could potentially impact financial reporting were also considered.
2) *Measurement of financial reporting risks*: measurement of the intrinsic risk (risk measured regardless of the related controls) for each financial statements item entailed the analysis of: (i) the significance of the above financial statements objectives for each item, (ii) the importance of each individual item in its category (e.g., assets or liabilities, revenue, operating expense, financial income and expense and income taxes) in order to identify their significance; and (iii) the materiality of the item compared to the pre-tax profit and equity.
3) *Identification of controls for the identified risks:* the intrinsic risk associated with each financial statements item as identified above was subsequently analysed considering the existing control environment of each Group company. Specifically, based on the analysis of the process generating the financial statements item, the collective or individual controls envisaged by the process to ensure compliance with the related financial statements objectives ("financial statements assertions") were identified. These controls, which mitigate the intrinsic risk, determine the residual risk for each financial statements item.
4) *Assessment of controls for the identified risks:* a specific monitoring process was carried out regularly to assess the effectiveness of the control's mitigating actions and the actual working of the control as part of the analysed process.

The company was assisted by independent experts during the risk assessment, stage and the assessment of the effectiveness of the control designs as part of the development and preliminary implementation of the System. This stage was facilitated by the Group's existing control environment which already worked efficiently.

Once this stage had been completed, a Compliancy control unit was set up headed by the manager in charge of financial reporting (see section 11.5 of this report). The unit's duties include the periodic checking of the System's effectiveness. It prepares documentation supporting its activities every six months and a report to be used by the manager in charge of financial reporting, who assesses its content and findings and then reports to the relevant internal bodies.

When issues arise or processes are identified that could be improved as a result of the above monitoring, they are described in the supporting documentation and a remedial plan is prepared. This plan is suitably illustrated in the report and monitored until the set objectives are achieved.

II.2 Roles and units involved

In order to ensure the appropriate definition, implementation and ongoing maintenance of the System, the Group firstly set up an inter-departmental team that, assisted by independent experts, mapped the existing processes and controls, analysed the risk factors, defined the guidelines to be implemented to ensure the effectiveness of the system and an intensive training programme for personnel involved in financial reporting.

The team mainly consisted of administration and organisational staff and its work was completed with the set up of the Compliancy control unit at the company headed by the manager in charge of financial reporting. This unit's main duty is to monitor the system by checking the effective application of the controls required by the reference processes or, if requested, any alternative controls compared to the system's standards.

Its checks are carried out every six months and are planned so as to involve the most significant operating units. Evaluation of the significance of an operating unit for the purposes of the controls considers its business volumes as a percentage of those of the parent and the Group and any specific factors that, although not material in quantitative terms, are important with respect to their measurement or that are deemed worthy of analysis. When the unit's analysis identifies elements to be developed as part of the controls or the processes in which the controls are included, the relevant units for the requested developments are identified and the system is updated with their assistance.

This risk management and control system, as described above for financial reporting purposes, is also backed up by a general risk identification and measurement procedure performed by the internal audit unit once a year based on an ERM (Enterprise Risk Management) standard of the COSO Framework. The unit reviews the internal controls and risk management system of the Issuer and those subsidiaries identified by the Board of Directors as being strategic.

Applying criteria and methods of the ERM methodology, specific activities to identify and assess the main risks persisting on the typical contract processes were carried out during the year as part of the individual audits at the operating units.

The above-mentioned risk management and control initiatives should be considered as part of the organisational integration and review process currently ongoing.

Finally, as part of the annual audit plan approved by the risk and control committee, the internal audit unit checks compliance of the processes with the System's rules, considering the results of the risk assessment procedure and monitoring development of the programmes implementing improvements identified (and agreed) to the controls.

* * *

After approving the business and strategic plan, which sets out the new management team's strategic objectives, on 6 December 2012, the Board of Directors commenced a procedure to define the nature and level of risk compatible with these objectives. It was assisted by the risk and control committee.

During the meeting to approve the annual financial statements, the risk and control committee expressed its favourable opinion of the adequacy, efficiency and effective working of the internal controls and risk management system to the Board of Directors following its review of the reports drawn up by the internal audit head and the supervisory board and based on interviews with them and the assistance provided by the manager in charge of financial reporting and the independent auditors.

The Board of Directors agreed with and adopted this positive assessment.
The Board of Statutory Auditors also agreed with this positive assessment.

11.1 Director in charge of internal controls and risk management

As described in section 3 of this report, the Board of Directors appointed the CEO as "Executive director in charge of internal controls", assisted by the internal control committee on 12 March 2007. The Board of Directors elected by the shareholders on 17 July 2012 confirmed the CEO as the "Director in charge of internal controls and risk management" with all the powers and duties envisaged therefor by article 7 of the Code.

* * *

Together with the internal audit head, this director:

- supervises identification of the key business risks (strategic, operating, financial and compliance), considering the activities carried out by the Issuer and its subsidiaries, and presents them regularly to the board;
- implements the guidelines established by the Board of Directors and manages the previously designed and created internal controls and risk

management system, checking its overall adequacy, and effectiveness on an ongoing basis, assisted by the internal audit head;
- adapts the System to reflect operating conditions and the legislative and regulatory framework, again assisted by the internal audit head;
- requests the internal audit unit to perform checks of specific operating areas and the compliance with internal rules and procedures during business activities (when necessary); he informs the chairperson, the chairperson of the risk and control committee and the chairperson of the Board of Statutory Auditors thereon;
- reports to the Board of Directors promptly about the checks requested of the internal audit unit.

11.2 Internal audit head

The Issuer's internal audit head, Raffaele Manente, appointed by the Board of Directors on 12 September 2000, remained in office for all of 2013. He left the company on 31 December 2013.

Giacomo Galli is the current internal audit head. He was appointed by the Board of Directors on 14 January 2014, with the favourable opinion of the risk and control committee, after consulting the Board of Statutory Auditors, determining his remuneration.

The internal audit head reports to the Board of Directors alone and is not in charge of any business areas; the internal audit head is completely autonomous in terms of his actions and in operating and control terms.

The structure of the unit is composed of persons with different levels of experience necessary to carry out their duties. During the year, in consideration of the merger of Salini S.p.A. into Impregilo S.p.A., the unit gradually introduced resources from the relevant structure of Salini into its structure. The harmonisation process of the methods followed by these structures is currently ongoing.

Under the assigned budget, the unit engages external consultants when necessary to fulfil specific requirements of the audit plan.

The internal audit unit operated in 2013 within the remit of its mandate approved on 26 August 2011 by the Board of Directors, with the favourable opinion of the Board of Statutory Auditors.

* * *

The internal audit head checks that the internal controls and risk management system is operational and adequate. He performs this check using an audit plan, approved by the Board of Directors, based on a structured procedure to analyse and prioritise the key risks, integrated with specific tasks requested by the management and control bodies.

In performing the activities under his responsibility, the internal audit head had direct access to all information useful to carry out his duties, he prepared regular reports providing suitable information about his activities and the methods used to manage risk and compliance with risk containment plans. He also assessed the suitability of the internal controls and risk management system. The internal audit head provided timely reports upon the request of the Director in charge of internal controls and risk management and delivered them to the chairpersons of the Board of Statutory Auditors, the risk and control committee and the Board of Directors as well as to the Director in charge of internal controls and risk management. The Board of Statutory Auditors examines all reports during participation at the risk and control committee.

The internal audit unit checked the reliability of the IT systems based on an internationally accepted control-based framework.

The internal audit head is financially independent with his own budget approved each year by the Board of Directors after consulting the risk and control committee. The budget was € 555,000 for 2013.

During the year, in addition to checking the adequacy and efficient working of internal controls and risk management system as part of the auditing and follow-up tasks, the internal audit head provided assistance to the Issuer's supervisory board (and the supervisory boards of

22 of its subsidiaries) in audits and in the review and update of the related models.

Auditing, verification and follow-up activities – including those of an operational nature on the contracts and processes, as well as those on the effective implementation of Model 231 – were carried out in accordance with the 2013 audit plan.

Moreover, the head worked together with the other control bodies, as explained in section 11.6 below.

11.3 Organisation model pursuant to Legislative Decree no. 231/2001

On 29 January 2003, Impregilo adopted the "Organisational, management and control model" required by article 6 of Legislative Decree no. 231/01, based on the Confindustria guidelines, approved on 7 March 2002.
Following the legislative changes made after adoption of the first model, the Board of Directors revised the model on 30 March 2005 reflecting the update to the Confindustria guidelines of 18 May 2004, the code of conduct and the model drawn up by the National Association of Building Constructors (ANCE), approved on 31 March 2003 and subsequently revised on 1 September 2004.
On 12 September 2006, 21 July 2008, 25 March 2009, 28 August 2009, 25 March 2010, 26 August 2011, 26 March 2012, 16 October 2012 and 5 August 2013, following the extension of the offenses covered, the internal reorganisations that had taken place in the meantime, and the revision of the "Activities at risk" and in accordance with best practices, the Board of Directors approved the new "Organisational, management and control model" (the general section of which is available on the Internet site www.salini-impregilo.com, under the "Corporate Governance - Other corporate governance documents" section) and related updates.

In order to comply with the specific provisions of Legislative Decree no. 231/01 and considering the analysis of the company's situation and activities potentially at risk, the offenses committed when dealing with the public administration, forgery of coins, public credit notes and duty stamps, corporate crimes, terrorist acts or subversion of democratic order, crimes against the individual, market abuse and international crimes, handling of stolen goods, laundering and use of money, assets or other illegally gained goods, crimes against safety in the workplace, cybercrimes and the unlawful processing of data, organised crime, induction to not make statements or to make false statements to judicial authorities, counterfeiting, crimes against industry and trade, copyright crimes, environmental crimes, employment of illegally staying third-country nationals, offences relating to undue incitement to give or promise anything of value and corruption between individuals.
On 12 September 2006, the Board of Directors set the number of members of the supervisory board as per article 6 of Legislative Decree no. 231/2001 as three, in line with that required by the new Organisational, management and control model and appointed them, consisting of the internal control supervisor (internal employee) and two external persons. Previously, the board had been monocratic (internal control supervisor). These appointments were confirmed by the Board of Directors on 28 August 2012 for three years and, therefore, until its approval of the interim financial report at 30 June 2015. As required by the model, the supervisory board's chairperson is a member who is not an employee of the Issuer. The supervisory board's members have specific expertise in inspections, analyses of control systems and legal issues (in particular, criminal proceedings) so that they can properly carry out their duties. The Board of Directors deemed it appropriate not to give the Board of Statutory Auditors the supervisory board functions.
The only Italian subsidiary of strategic importance, FISIA Italimpianti S.p.A., adopted its own "Organisational, management and control model" on 5 March 2004 and last updated it on 27 February 2014.

The Salini Impregilo Group Code of Ethics forms part of the Model (available on the Internet site www.salini-impregilo.com, under the "Corporate Governance - Code of Ethics" section). The present version was approved by the Salini Impregilo's Board of Directors on 5 August 2013.

11.4 Independent auditors

Salini Impregilo and its main subsidiaries have engaged independent auditors to perform the statutory audit of their financial statements and to check that their accounting records are kept correctly as required by Legislative Decree no. 58 of 24 February 1998. Their interim financial reports are reviewed.
The independent auditors perform an audit of Salini Impregilo, in accordance with the applicable legislation.

As part of the general audit plan for the Group, the subsidiaries that do not exceed the thresholds set by Consob have nonetheless engaged the independent auditors on a voluntary basis.
The shareholders of Salini Impregilo S.p.A. resolved to engage PricewaterhouseCoopers S.p.A. to audit the company's financial statements for the period from 2006 to 2011 in their meeting of 3 May. On 3 May 2007, they extended the independent auditors' engagement for the period from 2012 to 2014, pursuant to article 8.7 of Legislative Decree no. 303 of 29 December 2006.

11.5 Manager in charge of financial reporting and other roles and functions

On 27 June 2007, the shareholders approved article **26**, to be included in Salini Impregilo's Bylaws. This new article regulates the appointment and removal from office of the manager in charge of financial reporting, his term of office, related fee and relevant professional characteristics.
Article **26** requires that the board appoint, and remove from office, after consulting the Board of Statutory Auditors, a manager to be in charge of financial reporting, setting his term of office and fee. The candidates shall have at least three years' experience in: (a) administration and finance or administration and control or management duties with responsibility for financial, accounting and control matters, with companies that have a share capital of at least € 2 million or consortia of companies with a total share capital of not less than € 2 million; or (b) legal, economic or financial aspects closely related to the company's activities; or (c) management at a state body or public administration office active in the credit, financial or insurance sectors or in sectors closely related to that of the company.
Aspects and sectors closely related to the company's activities are those set out in the last paragraph of article 29 (which states: "Pursuant to article 1.2.b) and c) and paragraph 3 of Ministerial decree no. 162 of 30 March 2000, aspects and sectors closely related to those of the company are those aspects (legal, economic, financial and technical-scientific) and business sectors tied to or related to the company's activities and part of its business object").
Rosario Fiumara held the position of manager in charge of financial reporting until 5 August 2013. He was appointed by the Board of Directors on 11 September 2007.

On 5 August 2013, after carrying out a careful analysis, considering the personal and professional characteristics that this position requires, the Board of Directors appointed the General Manager Group Finance and Corporate Massimo Ferrari as manager in charge of financial reporting, pursuant to article 154-bis of Legislative Decree no. 58 of 24 February 1998.
During the same meeting held on 5 August 2013, the board established that Massimo Ferrari's, position as manager in charge of financial reporting

would have an open term, until otherwise determined by it; it gave the CEO mandate to propose to the Board of Directors, after consulting the remuneration and appointment committee, the remuneration to be attributed to the manager charged; The board also gave Mr. Ferrari all the powers and authority required to effectively carry out his functions and duties in his new position within the budget limits approved from time to time and which were provisionally fixed at € 50,000.00.

The Board of Directors granted powers Massimo Ferrari specifically including:

- direct access to all information required to produce accounting data;
- unlimited use of internal communication channels that ensure the correct intragroup exchange of information;
- a free hand in organising his unit in terms of both human and technical resources (materials, IT and any other resources);
- creation and adoption of administrative and accounting procedures independently, also by availing of the assistance of other company functions when necessary;
- assessment and modification of internal administrative and accounting procedures;
- participation at meetings of the board and executive committee, especially those which discuss issues related to his function and for which he is responsible;
- engaging external consultants, when necessary for specific issues;
- interacting with employees with control duties and exchanging information to ensure the ongoing mapping of risks and processes and the proper monitoring of the correct working of administrative and accounting procedures.

Massimo Ferrari accepted the position as manager in charge of financial reporting on the same date.

Section 11.2 describes the roles, appointment criteria, powers and tools of the internal audit head, who has specific responsibilities for internal controls and risk management.

* * *

11.6 Cooperation between parties involved in internal controls and risk management

In order to maximise the efficiency of the internal controls and risk management system and reduce duplication of activities, Impregilo has provided that:

- the Board of Directors acts as a guide and assesses the System's adequacy using the information provided directly by the Director in charge of internal controls and risk management, the risk and control committee, the Board of Statutory Auditors, as the internal control and audit committee, and the manager in charge of financial reporting;
- the internal audit head and the supervisory board as per Legislative Decree no. 231/01 report on their activities to the risk and control committee so that it, in turn, can report to the Board of Directors;
- the internal audit head and the Board of Statutory Auditors participate in the risk and control committee meetings;
- the internal audit head sends his reports (both periodic and on special issues as requested by the Director in charge of the internal controls and risk management) to this Director, the chairpersons of the Board of Statutory Auditors, the risk and control committee and the Board of Directors.

12. Directors' interests and related party transactions

On 30 November 2010, the Board of Directors approved a specific new procedure for related party transactions, the "Procedure", (which replaced the previous procedure approved by it on 7 July 2005), after receiving the favourable opinion of the related party transactions committee, pursuant to article 2391-bis of the Italian Civil Code and article 4.1/3 of the Consob regulation which sets out instructions for related party transactions adopted with resolution no. 17221 of 12 March 2010 and subsequently amended with resolution no. 17389 of 23 June 2010 (the "Regulation"). On 29 November 2010, the Board of Statutory Auditors assessed the new procedure's compliance with the criteria set out in the Regulation.
The Board of Directors amended the Procedure on 20 April and 9 July 2012 after consulting the related party transactions committee. On the same dates,

the Board of Statutory Auditors confirmed the new procedure's compliance with the criteria set out in the Regulation.
The Board of Directors, assisted by the corporate governance advisory board referred to in section 17.1 below, further modified the procedure on 13 May 2013, after receiving the favourable opinion of the related party transactions committee and the compliance assessment given by the Board of Statutory Auditors.
The Procedure (available on the Internet site www.salini-impregilo.com, under the "Corporate Governance - Related party transactions" section) sets out the rules, methods and criteria aimed at ensuring the transparency and substantial and procedural correctness of related party transactions carried out by the Issuer either directly or via its subsidiaries.
The Board of Directors set up a related party transactions committee, consisting of four independent directors, to carry out the duties and functions as per the Regulation. This committee elected a chairperson, Alberto Giovannini, and his deputy, Giuseppina Capaldo, to be acting chair should the chairperson be absent or in their impediment.

* * *

As described in section 3 of this report, on 12 March 2007, the directors resolved that, subject to the provisions of article 2391 of the Italian Civil Code, directors with interests, either directly or on behalf of third parties, in a corporate transaction to be approved by the Board of Directors or executive committee may participate in the related discussions and vote thereon as such participation represents a reason for taking a responsible decision about a transaction about which the director may have greater knowledge than the other directors; that, however, the Board of Directors or executive committee may ask such directors to leave the meeting during the discussion on a case-by-case basis.

13. Appointment of statutory auditors

Article. **29)** of Salini Impregilo S.p.A.'s Bylaws requires that "*the shareholders elect a Board of Statutory Auditors, consisting of three standing and two alternate statutory auditors.*
The statutory auditors shall have the characteristics required by law, the Bylaws and any other relevant regulations.
Appointment of the Board of Statutory Auditors takes place using lists presented by the shareholders using the methods and within the timeframe set out below in accordance with the pro tempore legislation about gender equality. The candidates are listed in consecutive order in each list. Lists have two sections: one for the candidate standing statutory auditors and one for the candidate alternate statutory auditors. They shall include at least one candidate for each position and may comprise up to a maximum of three candidates for the standing statutory auditor position and up to two for the alternate auditor position.
Lists presented by the shareholders are deposited at the company's registered office to be available for public consultation as indicated in the notice calling the shareholders' meeting. They are deposited at least twenty-five days before the date of first call of the meeting, unless other mandatory directives are given by legislative and regulatory instructions.
Lists with a total number of candidates equal or more than three shall include candidates of both genders so that at least one fifth (for the first mandate after 12 August 2012) and subsequently one third (rounded up) of the candidates for standing statutory auditors and at least one fifth (for the first mandate after 12 August 2012) and subsequently one third (rounded up) of the candidates for the alternate auditor belong to the less represented gender on the list.
Shareholders, shareholders forming part of significant shareholder agreements as per article 122 of Legislative Decree no. 58 of 24 February 1998, the parent, subsidiaries and jointly controlled entities as per article 93 of the same decree may not present, or be involved in presenting (also via trustees or nominees), more than one list. Nor can they vote (also via trustees or nominees) for more than one list. Moreover, each candidate may only be present in one list in order to be eligible. Inclusion in more than one list or votes for more than one list are not counted.
Only those shareholders that, either individually or together with other shareholders, own shares making up the percentage of share capital required for presentation of lists for candidate directors, may present lists (see section 4.1 of this report).
Together with each list, and within the timeframe described earlier, the shareholders deposit: (i)

information about the shareholders presenting the list; (ii) statements whereby each candidate accepts their candidature and states, under their own responsibility, the inexistence of any reasons for ineligibility or incompatibility and the existence of the requirements for the relevant offices, including compliance with the ceiling for the number of positions that can be held under the current law and regulations; (iii) a professional and personal profile of each candidate; and (iv) any other information that is requested by the applicable law or regulations given in the notice calling the shareholders' meeting.
In addition, the relevant certificate issued by a legally-authorised broker, showing ownership to the number of shares necessary to present lists at the date of depositing the list with the company within the deadline set by the relevant laws for the publication of lists,
is also to be lodged.
Lists which are presented that do not meet the above requirements are considered not to have been presented.
Candidates that are ineligible or incompatible or who do not have the requirements established by the relevant legislation or who hold more positions than is allowed by the current laws and regulations cannot be included in the lists.

The statutory auditors are elected as follows:
1) *two standing statutory auditors and one alternate auditor are taken from the list that got the most number of votes in the shareholders' meeting, taken from the list in consecutive order in which they are included in the list sections;*
2) *the other standing auditor and other alternate auditor are taken from the list that received the second largest number of votes and that was presented and voted by shareholders that are not related directly or indirectly to the shareholders as per article 148.2 of Legislative Decree no. 58 of 24 February 1998. They are taken in consecutive order from the list sections ("Minority list"). If two lists receive the same amount of votes, that presented by the majority shareholders is considered or, subordinately, that presented by the larger number of shareholders.*

When the above method does not ensure the composition of the Board of Statutory Auditors in accordance with the pro tempore legislation about gender equality, the elected candidates are substituted accordingly using the list that obtained the most votes and the consecutive order in which the candidates were listed.
When the list system is not used, shareholders elect statutory auditors by majority vote, without prejudice to the pro tempore about gender equality.
The chairperson of the Board of Statutory Auditors is the first candidate on the Minority list.
Statutory auditors fall from office in the cases provided for by the relevant legislation or whenever the by-law requirements for their appointment are no longer met.
When one of the standing statutory auditors needs to be replaced, the alternate auditor from the same list is co-opted. If both the statutory and alternate auditors from the Minority list leave their positions, the candidate in the next place on the same list is co-opted or the first candidate on the minority list that received the second largest number of votes.
Without prejudice to the replacement procedure as per the above paragraph, the composition of the Board of Statutory Auditors shall comply with the pro tempore legislation about gender equality.
Shareholders appoint or replace statutory auditors in meetings called in accordance with article 2401.1 of the Italian Civil Code complying with the requirement to ensure minority shareholder representation and the pro tempore legislation about gender equality.
Outgoing statutory auditors may be re-elected.
As required by article 1.2.b) and c) and paragraph 3 of Ministerial decree no. 162 of 30 March 2000, aspects and sectors closely related to the company's activities are those aspects (legal, economic, financial and technical-scientific) and business sectors tied to or related to the company's activities and part of its business object."

14. Composition and working of the Board of statutory auditors (article 123-bis.2.d) of the Consolidated Finance Act

At year end, Salini Impregilo's Board of Statutory Auditors comprised the following members. Details are also given of their appointment, participation at meetings and other positions held as director or statutory auditor in other companies listed on Italian regulated markets.

Position	Members	In office since	In office until	List (M/m)	Indep. as per Code	% particip.	No. of other positions
Chairperson	Alessandro Trotter.	28.4.2011	Shareholders' meeting to approve 2013 financial statements	Sole	X	100	11
Statutory auditor (l)	Fabrizio Gatti	13.7.2012	Shareholders' meeting to approve 2013 financial statements	Sole	X	90	5
Statutory auditor	Nicola Miglietta	28.4.2011	Shareholders' meeting to approve 2013 financial statements	Sole	X	100	15
Alternate auditor	Marco Tabellini	30.4.2013	Shareholders' meeting to approve 2013 financial statements		X		28
Alternate auditor	Pierumberto Spanò	30.4.2013	Shareholders' meeting to approve 2013 financial statements		X		7
Quorum required to present lists at time of last appointment: 2%							
No. of meetings held during the year: 10							

(*) On 10 January 2014, Fabrizio Gatti resigned from his post as statutory auditor; Pierumberto Spanò, already an alternate auditor, took his place as statutory auditor.

At Salini Impregilo Shareholders' Meeting on 28 April 2011, the shareholders appointed a new Board of Statutory Auditors electing all the candidates on the sole list presented by the shareholder Igli S.p.A. and another nomination (for the then chairperson) presented during the meeting by the shareholder Mr. Valle. Votes in favour of the new Board of Statutory Auditors approximated 94.09% of the voting rights for this resolution, equal to approximately 42.21% of the company's overall voting rights.

The statutory auditors' personal and professional profiles are presented in their curricula vitae posted on the Internet site www.salini-impregilo.com, under the "Corporate governance - Board of Statutory Auditors" section".

The Board of Statutory Auditors met 10 times during the year, with meetings averaging one hour and thirty minutes.
Meetings are called when necessary and a calendar does not exist.
One meeting was held during the year.

* * *

On 6 June 2011, following the appointment of the new statutory auditors by the shareholders on 28 April 2011, the Board of Statutory Auditors found that all the statutory auditors complied with the independence requirements of the Code. On 12 February 2014, the Board of Statutory Auditors confirmed they had continued to meet such requirements throughout 2013 applying all the criteria envisaged by the Code.

* * *

- Salini Impregilo complies with the guidelines of criterion 8.C.3 of the Code, whereby statutory auditors that either directly or on behalf of third parties have an interest in a specific transaction shall inform the other statutory auditors and the chairperson of the Board of Directors promptly and completely about the nature, scope, origin and terms of their interest.

- In the meetings held during the year, the statutory auditors met the independent auditors who described the scope of their engagement, their responsibilities and independence (in writing) as well as the procedures carried out for Salini

Impregilo and the Group companies that have engaged them. As part of its duties, the Board of Statutory Auditors worked with the internal audit unit and the risk and control committee.

- It took part in meetings of the latter committee with the internal audit head. The internal audit head also participated in several Board of Statutory Auditors' meetings when it reviewed the supervisor's work.

15. Investor relations

The company believes that it is in its interests and also that it has a duty to the market to have an ongoing dialogue with its shareholders and institutional investors based on a common understanding of their roles. Such dialogue takes place within the boundaries established for confidential information to ensure that investors and potential investors receive information upon which they can base their investment decisions.

Therefore, it set up the current Investor Relations unit in July 2001 headed by the Investor Relator (presently Lawrence Young Kay) whose specific duties include managing relations with investors. This person has an e-mail address specifically for receiving communications and requests from shareholders (investor.relations@Salini Impregilo.it). The company's Internet site www.salini-impregilo.com has a section for relations with investors ("Investor Relations") where all the financial information can be found as well as up-to-date documents of interest to the shareholders, in order that they may exercise their rights in an informed manner.

Salini Impregilo posts information of interest to its shareholders on its Internet site www.salini-impregilo.com.

Following the merger of Salini S.p.A. into Impregilo, as of 1 January 2014, the company's former website www.impregilo.com was replaced with the Group's new website www.salini-impregilo.com . This site contains all the regulated information, as required by applicable regulations, already published in the company's former website.

16. Shareholders' meetings (article 123-bis.2.c) of the Consolidated Finance Act

The document providing an overview of the procedures for participating at meetings by shareholders and the exercise of voting rights is posted on the company's Internet site www.salini-impregilo.com (under the "Corporate Governance - Shareholders' meetings" section).

Article **12)** of the Bylaws establishes that meetings can take place in Italy and not necessarily at the registered office. Ordinary meetings are called every year within one hundred and twenty days of the reporting date and, at the very latest, within one hundred and eighty days if the legal conditions for doing so are met. Ordinary and extraordinary meetings are also called whenever the Board of Directors deems it suitable and when provided for by law.

Pursuant to article **14)** of the Bylaws, shareholders with the right to intervene at meetings may appoint a representative with a written proxy in accordance with the law. The meeting chairperson checks the correctness of the proxies and the participants' right to intervene at meetings.

Article **15)** of the Bylaws establishes that both ordinary and extraordinary meetings should be constituted and resolve in accordance with the law. Sections 4 and 13 of this report set out the conditions for electing members of the Board of Directors and statutory auditors.

Article **16)** of the Bylaws states that the documentation deposited for admission to the shareholders' meeting on first call shall also be valid for subsequent calls. It also states that meetings shall be convened by means of a notice of call setting forth the information required by applicable regulations, published within the statutory deadline:
- on the company's Internet site;
- in the Official Gazette of the Italian Republic or the Corriere della Sera newspaper, when required by a compulsory order or so decided by the Board of Directors;
- in any other manner required by the laws and regulations in effect at any given time.

Shareholders may inform the company of their proxies by sending the document to the e-mail address indicated in the notice. The Bylaws do not require that the shares, for which the communication pursuant to article 2370.2 of the Italian Civil Code is required, remain unavailable until the meeting has been held, nor do they allow voting by post or on-screen or video link-up.

With respect to the meeting held on 30 April, 9 May (special savings shareholders' meeting) and 12 September 2013, pursuant to article 135-undecies of the Consolidated Finance Act, the company appointed a Designated representative to which the shareholders may give proxies with voting instructions for all or some of the matters on the agenda.

Pursuant to articles **17)**, **18)** , and **19)** of the Bylaws, the meeting is chaired by the chairperson of the Board of Directors, or in their absence, by one of the deputy chairpersons. this is not possible, the meeting appoints a chairperson from among the directors or shareholders present. The meeting chairperson has full powers for the checking of shareholders' rights to participate, the correctness of the proxies, that the meeting is regularly constituted and sufficiently attended to take resolutions, the management and chairing of discussions and to establish voting methods. The meeting appoints a secretary who does not have to be a shareholder and, if necessary, two tellers from the shareholders and statutory auditors. Resolutions are documented in the minutes which are written into the minutes book, signed by the chairperson, secretary and the tellers, if appointed. When the minutes are written by a notary, they are subsequently copied into the minutes book.

The Issuer's Bylaws do not provide that the meetings have to approve specific actions taken by the directors. As described in section 4.3 of this report, the Bylaws give the Board of Directors the power to approve the set up or closing of branches in Italy or abroad, the reduction of share capital when shareholders withdraw, the amendment of the Bylaws to comply with mandatory legal requirements, the transfer of the registered office within Italy, mergers of subsidiaries which are wholly-owned or of which the Issuer holds at least 90% of their share capital as long as these transactions comply with articles 2505 and 2505-bis of the Italian Civil Code.

* * *

In their ordinary meeting of 8 May 2001, the shareholders approved the "Rules for Impregilo S.p.A. shareholders' meetings" (now Salini Impregilo) which is available on the Internet site www.salini-impregilo.com, under the "Corporate Governance - Shareholders' meeting" section, drawn up using the format proposed by Assonime. Their scope is to ensure the orderly conduct of meetings with respect to each shareholder's fundamental right to request clarifications about matters on the agenda, to express its opinion and make proposals.

These rules set out the methods used to ensure each shareholder's right to take part in discussions about the matters on the agenda.

* * *

Nine directors (including the Chairperson and CEO) attended the Shareholders' meeting held on 30 April 2013. No other directors except the Chairperson attended the special savings shareholders' meeting held on 9 May 2013. Nine directors (including the Chairperson and CEO) attended the Shareholders' meeting held on 12 September 2013. The Board of Directors reported to the shareholders about the activities both carried out and planned for the future in the meetings. It took the necessary steps to ensure that the shareholders receive adequate information about the matters in order to be able to make informed decisions. None of the shareholders asked the chairperson of the remuneration committee to report on how the committee works.

In accordance with current Bylaws requirements, changes in the Issuer's market capitalisation during the year did not impair the exercise of actions or privileges designed to protect the minority shareholders.

17. Additional Corporate governance practices (article 123-bis.2.a) of the Consolidated Finance Act

17.1 The Corporate governance advisory board

On 30 July 2012, the Board of Directors set up the corporate governance advisory board (the "board") which is responsible for analysing the existing corporate governance structure and subsequently to propose any changes to be made to the Board of Directors. The board provides proposals and opinions to the Board of Directors and each committee, assisted by independent experts, so that the corporate governance rules are in line with best practices, especially the Bylaws and internal regulations and procedures, starting with the Related party transactions procedure, the management of any conflicts of interest and protection of minorities. The board members are Francesco Carbonetti (as coordinator) and the directors Marina Brogi, Giuseppina Capaldo and Massimo Tezzon.

During the year, the board prepared reports for the Board of Directors (i) to support of the assessment that the directors who serve on the executive committee can be considered as non-executive, as involvement in the committee, given the subject of the related resolutions, does not entail the systematic participation of its members in the day-to-day management of the company; (ii) on the review of the Procedure for related party transactions and the identification of related party transactions.

Lastly, Mr. Carbonetti and Mr. Tezzon, members of the corporate governance advisory board who are not part of the Board of Directors, gave their favourable opinion on compliance with the regulations issued by Consob of the procedure followed by the independent directors in relation to the activities of Impregilo’s corporate bodies, especially the independent directors, within the framework of the takeover bid launched by Salini S.p.A. for all of Impregilo S.p.A.’s ordinary shares.

17.2 The strategic agreement

On 25 September 2012, the Board of Directors approved the Strategic Agreement, which was signed on 27 September 2012.

Under the terms of this Strategic Agreement, Impregilo Group and Salini Group have commenced a collaboration strategy aimed at exploiting opportunities to increase value and revenue of both Groups and to achieve cost savings thanks to operating and industrial synergies.

The Strategic Agreement sets out procedures for the coordination of the two organisations, taking into account the single Group companies’ characteristics, their structure and size, in order to:

(a) identify, assess and propose to the relevant bodies of each of the Parties how to take advantage of possible commercial and industrial synergies;

(b) identify commercial projects covering infrastructure and large-scale works of potential interest to both Parties and regulate their participation in the related tenders, i.e., with the joint preparation and presentation of bids.

The Strategic Agreement does not cover the sale and/or acquisition of business units and/or equity investments, or mergers and/or demergers, or the sale, transfer and/or licensing of intellectual property rights or know-how, which each Party will continue to own separately. Nor does the Strategic Agreement imply a division of the markets/countries in which the Parties carry out or will carry out their activities independently or jointly. It does not stop them from independently undertaking new commercial initiatives in these markets/countries, within the terms of the Agreement itself.

Conversely and without prejudice to each Party’s commitment to comply with the coordination procedures set out therein and its aim, the Strategic Agreement does not generate any obligation for the Parties, except to the extent that specific decisions in this respect may be adopted independently from time to time by the relevant company bodies.

The Strategic Agreement, consisting of the simple adoption of procedures designed to define a collaboration method, does not in itself entail the transfer of resources, services or obligations between related parties. Moreover, with respect to its provisions (see point (b)), the related party transactions procedure, approved by Impregilo’s Board of Directors on 30 November 2010, implementing Consob regulation adopted with resolution no. 17221 of 12 March 2010 and revised by it on 9 July 2012, specifically provides that “ for the purposes of this Procedure, the participation of the company and/or Impregilo Group together with one or more related parties in public tenders called to construct large-scale works (construction, engineering and plant construction, concessions) is not considered to be a related party transaction”.

However, Impregilo’s Board of Directors has deemed it appropriate to adopt specific measures to prevent conflicts of interest that could arise as a result of implementation of the Agreement and negotiation of its terms, given that certain Impregilo directors, and specifically its CEO, have similar roles in Salini Group companies.

Specifically, the procedure applied to define the Agreement was based on the guidelines set out in the corporate governance advisory board's opinion, issued on 6 September 2012. The board recommended, inter alia, that an independent director (Pietro Guindani) be in charge of coordinating the negotiations for the Agreement, assisted by a legal advisor. It also recommended that the provisions of the Related party transactions procedure be adopted and, specifically, those covering negotiations for more important related party transactions.

Impregilo's related party transactions committee, and especially the chairperson, Alberto Giovannini, was involved in the negotiations and provided its favourable opinion on 25 September 2012. Only one director from the minority list, Giuseppina Capaldo, voted against.

The corporate governance advisory board also monitored compliance with the recommended procedure and checked that the content of the Strategic Agreement provided adequate guarantees (not just in procedural terms but also in substance). It provided its favourable opinion thereon on 27 September 2012 with the adverse vote of just one director from the minority list, Giuseppina Capaldo.

On 12 December 2013, following the signing of the deed of merger between Salini S.p.A. and Impregilo S.p.A., Impregilo's Board of Directors approved the consensual resolution of the Strategic Agreement which was then finalised on 20 December 2013.

18. Changes since year end

No changes in the company's corporate governance structure other than those described in this report have taken place since the year end.

List of positions held in other companies listed on regulated markets (also foreign), in financial companies, banks, insurance companies or companies of significant size (the companies in question are not part of the Issuer's group).

Directors	Company	Position
Claudio Costamagna	CC & SOCI S.r.l.	Chairperson
	AAA S.A.	Chairperson
	Luxottica Group S.p.A.	Director
	Virgin Group Holding	Director
	FTI Consulting Inc.	Director
Pietro Salini	none	
Marina Brogi	UBI Banca S.c.p.A.	Director
	Prelios S.p.A.	Director
	a2a S.p.A.	Director
Giuseppina Capaldo	Exor S.p.A.	Director
	Credito Fondiario S.p.A.	Director
	ARISCOM Compagnia di Assicurazione S.p.A.	Director
Mario Cattaneo	Luxottica Group S.p.A.	Director
	Bracco S.p.A.	Director
	Michelin Italiana S.A.M.I. S.p.A.	Statutory auditor
Roberto Cera	none	
Laura Cioli	Carta SI S.p.A.	CEO
	COFIDE (gruppo De Benedetti)	Director
	Word Duty Free S.p.A.	Director
Alberto Giovannini	Unifortune Asset Management SGR S.p.A.	Chairperson
	MTS S.p.A.	Chairperson
	The Warehouse Trust Company Llc (United States)	Director
	DTCC Derivatives Repository Ltd. (UK)	Director
	DTCC Deriv/Serv Llc (United States)	Director
	DTCC Data Repository (United States)	Director
Nicola Greco	Saipem S.p.A.	Director
	Permasteelisa S.p.A.	Director
Pietro Guindani	Vodafone Omnitel N.V.	Chairperson
	Pirelli & C. S.p.A.	Director
Geert Linnebank	Independent Television News	Director
	Co2Benchmark	Director
Giacomo Marazzi	Beni Stabili Siiq	
Franco Passacantando	none	
Laudomia Pucci	Fashion Florence International	Chairperson
Simon Pietro Salini	Imprebanca S.p.A.	Deputy Chairperson

Directors who have left office

Directors	Company	Position
Claudio Lautizi	none	
Massimo Ferrari	none	
Giorgio Rossi Cairo	Società Agricola La Raia S.s.	Chairperson
	Value Partners Management	Chairman and CEO
	Consulting S.p.A.	
	Forever S.r.l.	Sole Director
	Vp Immobiliare S.r.l.	Sole Director
	Value Partners S.r.l.	Sole Director
	Società e Salute S.p.A.	Director
	Faber S.p.A.	Director

Proposal by the Board of Directors to the shareholders of Impregilo S.p.A.

Dear shareholders,

The separate financial statements of Impregilo S.p.A. at 31 December 2013 prepared for your approval, show a profit for the year of € 113,829,477.50, which, considering the effective restructuring of equity approved by the shareholders' meeting on 12 September 2013, we propose be allocated as follows:

- € 420,027.66 as a dividend to the holders of savings shares, equal to € 0.26 per share, as per article 33.b) of the Bylaws, and to set the ex-dividend date as 26 May 2014 and the payment date at 29 May 2014;
- € 113,409,449.84 to be carried forward.

On behalf of the Board of Directors

Chairperson

Consolidated financial statements at 31 December 2013

Consolidated statement of financial position

ASSETS (Values in €/000)	Note	31 December 2013	31 December 2012 (§)
Non-current assets			
Property, plant and equipment	1	199,915	298,777
Intangible assets - Rights to infrastructure under concession	2	53,332	12,818
Other intangible assets	3	45,965	34,043
Goodwill	4	11,875	30,390
Equity investments	5	45,995	62,637
Non-current financial assets (*)	6	58,991	55,667
Non-current intragroup loans and receivables	7	2,791	3,478
Other non-current assets	8	9,018	10,782
Deferred tax assets	9	102,650	105,484
Total non-current assets		**530,532**	**614,076**
Current assets			
Inventories	10	83,500	95,376
Contract work in progress	11	876,186	864,368
Trade receivables	12	926,465	809,180
of which: related parties	*37*	*1,461*	–
Current intragroup loans and receivables	12	241,653	253,685
Derivatives and other current financial assets (*)	13	82,088	18,994
Current tax assets	14	60,644	67,253
Other current tax assets	14	96,538	80,579
Other current assets	15	259,618	288,955
of which: related parties	*37*	*5,169*	–
Cash and cash equivalents (*)	16	813,290	1,243,086
Total current assets		**3,439,982**	**3,721,476**
Non-current assets held for sale	17	5,683	307,588
Total assets		**3,976,197**	**4,643,140**

(*) Items included in net financial position (indebtedness).

(§) Figures restated following the application of IAS 19 revised and to reflect the different presentation of certain financial assets following the acquisition by Salini S.p.A. To align the disclosure to the approach adopted by the parent, the assets related to subordinated loans granted to associates and receivables for disposals of investments – previously shown under the items “Non-current intragroup loans and receivables”, “Other non-current assets” and “Other current assets” – have been reclassified in the items “Non-current financial assets” and “Derivatives and other current financial assets” in the amount of € 39.3 million and € 7.3 million.

EQUITY AND LIABILITIES (Values in €/000)	Note	31 December 2013	31 dicembre 2012 (§)
Equity			
Share capital		718,364	718,364
Share premium reserve		1,222	1,222
Other reserves		47,089	11,666
Retained earnings		430,280	466,616
Profit for the year		187,748	603,086
Equity attributable to the owners of the parent		**1,384,703**	**1,800,954**
Non-controlling interests		14,310	4,851
Total equity	18	**1,399,013**	**1,805,805**
Non-current liabilities			
Bank and other loans (*)	19	115,112	138,549
Bonds (*)	20	149,212	148,840
Finance lease payables (*)	21	13,319	40,028
Non-current derivatives (*)	22	4,350	5,200
Post-employment benefits and employee benefits	23	18,145	20,234
Deferred tax liabilities	9	47,809	46,507
Provisions for risks	24	94,161	98,285
Other non-current liabilities	25	1,105	2,601
Total non-current liabilities		**443,213**	**500,244**
Current liabilities			
Current portion of bank loans and current account facilities (*)	19	225,169	235,211
Current portion of bonds (*)	20	952	113,689
Current portion of finance lease payables (*)	21	24,804	22,785
Derivatives and other current financial liabilities (*)	22	–	65
Progress payments and advances on contract work in progress	26	842,120	844,440
Trade payables	27	676,108	731,484
of which: related parties	*37*	*207*	*22,090*
Current intragroup payables	27	72,722	87,115
Current tax liabilities	28	57,477	52,630
Other current tax liabilities	28	15,321	16,603
Other current liabilities	29	219,298	233,069
of which: related parties	*37*	*769*	*18,343*
Total current liabilities		**2,133,971**	**2,337,091**
Liabilities directly associated with assets			
Total equity and liabilities		**3,976,197**	**4,643,140**

(*) Items included in net financial position (indebtedness).
(§) Figures restated following the application of IAS 19 revised.

Consolidated income statement

(Values in €/000)	Note	2013	2012 (§)
Revenue			
Operating revenue	32	2,261,406	2,200,382
Other revenue	32	61,928	80,609
of which: related parties	*37*	*738*	*–*
Total revenue		**2.323.334**	**2,280,991**
Costs			
Raw materials and consumables	33	(361,227)	(340,119)
Subcontracts	33	(595,264)	(545,916)
Other operating expenses	33	(721,303)	(915,501)
Personnel expenses	33	(384,419)	(397,358)
Amortisation, depreciation, provisions and impairment losses	33	(103,243)	(107,148)
of which: related parties	*37*	*(818)*	*(18,063)*
Total costs		**(2,165,456)**	**(2,306,042)**
Operating profit (loss)		**157,878**	**(25,051)**
Financing income (costs) and gains (losses) on investments			
Financial income	34	20,411	40,925
Financial expense	34	(70,506)	(75,032)
Exchange rate gains (losses)	34	50,830	3,387
Financing income (costs)		735	(30,720)
of which: related parties	*37*	*169*	*(420)*
Gains (losses) on investments	35	2,546	1,431
Total financing income (costs) and gains (losses) on investments		**3,281**	**(29,289)**
Profit (loss) before tax		**161,159**	**(54,340)**
Income tax expense	36	(53,728)	(59,270)
Profit (loss) from continuing operations		**107,431**	**(113,610)**
Profit (loss) from discontinued operations	17	80,635	717,036
Profit (loss) for the year		**188,066**	**603,426**
Profit (loss) for the year attributable to:			
Owners of the parent		187,748	603,086
Non-controlling interests		318	340
Earnings (loss) per share			
From continuing and discontinued operations			
Basic	*40*	*0.46*	*1.49*
Diluted	*40*	*0.42*	*1.49*
From continuing operations			
Basic	*40*	*0.26*	*(0.28)*
Diluted	*40*	*0.24*	*(0.28)*

(§) Figures restated following the application of IAS 19 revised.

Consolidated statement of comprehensive income

(Values in €/000)	Note	2013	2012 (§)
Profit for the year (a)		**188,066**	**603,426**
Items that may be subsequently reclassified to profit or loss, net of the tax effect			
Change in the translation reserve	18	(1,800)	(22,404)
Net gains (losses) on cash flow hedges, net of the tax effect	18	850	252
Other comprehensive income related to equity-accounted investees	18	(1,575)	745
Items that may not be subsequently reclassified to profit or loss, net of the tax effect			
Net actuarial gains (losses) on defined benefit plans	18	(175)	(427)
Other comprehensive expense (b)		**(2,700)**	**(21,834)**
Total comprehensive income (a) + (b)		**185,366**	**581,592**
Total comprehensive income attributable to			
Owners of the parent		186,241	582,170
Non-controlling interests		(875)	(578)

(§) Figures restated following the application of IAS 19 revised.

Consolidated statement of cash flows

(Values in €/000)	Note	2013	2012 (§)
Cash and cash equivalents	16	1,243,086	678,389
Current account facilities	19	(83,935)	(102,448)
Total opening cash and cash equivalents		**1,159,151**	**575,941**
Operating activities			
Profit (loss) for the year from continuing operations		**107,431**	**(113,610)**
Amortisation of intangible assets	33	3,366	1,371
Amortisation of rights to infrastructure under concession	33	725	695
Depreciation of property, plant and equipment	33	88,961	107,689
Net impairment losses and provisions	33	10,191	(2,607)
Accrual for post-employment benefits and employee benefits	33	16,190	17,655
Net (gains) losses on the sale of assets		7,877	4,945
Deferred taxes	36	8,920	2,632
Share of loss of equity-accounted investees	35	(2,598)	(1,359)
Other non-monetary items		341	3,106
Total income statement		**241,404**	**20,517**
Decrease (increase) in inventories		(79)	(105,552)
Decrease (increase) in trade receivables		(125,858)	(35,082)
Decrease (increase) in intragroup loans and receivables		(33,914)	(36,179)
(Decrease) increase in progress payments and advances from clients		(8,209)	89,864
(Decrease) increase in trade payables		(60,007)	65,721
(Decrease) increase in intragroup payables		24,154	39,728
Decrease (increase) in other assets/liabilities		(33,816)	(62,344)
of which: cash flows from related party transactions	*37*	*(4,587)*	*(13,101)*
Total operating cash flows		**(237,729)**	**(43,844)**
Cash flows from (used in) operating activities		**3,675**	**(23,327)**
Investing activities			
Net investments in intangible assets	2-3	(2,954)	(1,374)
Acquisitions, net of cash acquired		(21,020)	–
Investments in property, plant and equipment	1-17	(35,274)	(71,777)
Proceeds from the sale or reimbursement value of property, plant and equipment		10,606	15,667
Investments in non-current financial assets	5	(36,965)	(14,822)
Dividends and capital repayments from equity-accounted investees	5	596	1,033
Proceeds from the sale or reimbursement value of non-current financial assets		43,842	118
Cash flows from (used in) investing activities		**(41,169)**	**(71,155)**

(Values in €/000)	Note	2013	2012 (§)
Financing activities			
Dividend distribution to Impregilo shareholders		(602,238)	(36,641)
Dividend distribution to other shareholders			(720)
Increase in bank and other loans		305,052	329,936
Decrease in bank and other loans		(480,476)	(630,484)
Change in other financial assets/liabilities		(3,687)	(16,928)
Change in consolidation scope		(43,227)	
Cash flows from (used in) financing activities		**(824,576)**	**(354,837)**
Net cash flows from (used in) discontinued operations	**17**	**427,730**	**1,033,040**
Net exchange rate losses on cash and cash equivalents		**(5,360)**	**(511)**
Increase (decrease) in cash and cash equivalents		**(439,700)**	**583,210**
Cash and cash equivalents	16	813,290	1,243,086
Current account facilities	19	(93,839)	(83,935)
Total closing cash and cash equivalents		**719,451**	**1,159,151**
Other information:			
Income taxes paid during the year		(79,792)	(37,994)
Net interest paid during the year		(48,367)	(70,055)

(§) Figures restated following the application of IAS 19 revised and to reflect the different presentation of certain financial assets following the acquisition by Salini S.p.A. To align the disclosure to the approach adopted by the parent, the assets related to subordinated loans granted to associates and receivables for disposals of investments – previously shown under the items "Non-current intragroup loans and receivables", "Other non-current assets" and "Other current assets" – have been reclassified in the items "Non-current financial assets" and "Derivatives and other current financial assets".

Statement of changes in consolidated equity

(Values in €/000)	Note	Share capital	Share premium reserve	Other reserves: Legal reserve	Other reserves: Translation reserve	Other reserves: Stock option reserve
As at 1 January 2012 (§)	**18**	718,364	1,222	18,714	18,476	260
Allocation of profit and reserves	18			2,803		
Dividend distribution	18					
Other changes	18					(260)
Dividend distribution to non-controlling interests						
Profit for the year	18					
Other comprehensive expense	18				(20,758)	
Total comprehensive income	**18**	**–**	**–**	**–**	**(20,758)**	**–**
As at 31 December 2012 (§)	**18**	**718,364**	**1,222**	**21,517**	**(2,282)**	**–**
As at 1 January 2013 (§)	**18**	718,364	1,222	21,517	(2,282)	–
Allocation of profit and reserves	18			36,930		
Dividend distribution	18					
Other changes	18					
Profit for the year	18					
Other comprehensive expense	18				(2,517)	
Total comprehensive income	**18**	**–**		**–**	**(2,517)**	**–**
As at 31 December 2013	**18**	**718,364**		**58,447**	**(4,799)**	**–**

(§) Figures restated following the application of IAS 19 revised.

	Other reserves							
	Hedging reserve	Actuarial (gains) losses reserve	Total other reserves	Retained earnings	Profit for the year	Equity attributable to the owners of the parent	Non-controlling interests	Total equity
	(7,022)	**(389)**	**30,039**	**328,540**	**177,394**	**1,255,559**	**6,928**	**1,262,487**
			2,803	174,591	(177,394)	–		–
			–	(36,641)		(36,641)		(36,641)
			(260)	126		(134)	(118)	(252)
			–			–	(1,381)	(1,381)
			–		603,086	603,086	340	603,426
	269	(427)	(20,916)			(20,916)	(918)	(21,834)
	269	**(427)**	**(20,916)**	**–**	**603,086**	**582,170**	**(578)**	**581,592**
	(6,753)	**(816)**	**11,666**	**466,616**	**603,086**	**1,800,954**	**4,851**	**1,805,805**
	(6,753)	**(816)**	**11,666**	**466,616**	**603,086**	**1,800,954**	**4,851**	**1,805,805**
			36,930	566,156	(603,086)	–		–
			–	(602,238)		(602,238)		(602,238)
			–	(254)		(254)	10,334	10,080
			–		187,748	187,748	318	188,066
	1,185	(175)	(1,507)			(1,507)	(1,193)	(2,700)
	1,185	**(175)**	**(1,507)**	**–**	**187,748**	**186,241**	**(875)**	**185,366**
	(5,568)	**(991)**	**47,089**	**430,280**	**187,748**	**1,384,703**	**14,310**	**1,399,013**

Notes to the consolidated financial statements

Introduction

The Impregilo Group has prepared its 2013 consolidated financial statements on a going concern basis. As required by Regulation 1606/2002 issued by the European Parliament and Council, implemented in Italy by Legislative decree no. 38/2005, these consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union at 31 December 2013. They comprise a statement of financial position, an income statement, a statement of comprehensive income, a statement of cash flows, a statement of changes in equity and these notes.

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

The statement of financial position, income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity are presented in euros, the functional currency, and the amounts are shown in thousands of euros, unless stated otherwise.

Changes in standards

The basis of consolidation, the translation criteria applied to translate foreign currency financial statements, the accounting policies, measurement criteria and estimates adopted by the Group are consistent with those used to prepare the consolidated financial statements at 31 December 2012, except for that set out below for the standards and amendments applied after 1 January 2013 as they have become mandatory following completion of the related endorsement procedures by the relevant authorities.

On the 12 May 2011 the IASB issued IFRS 13 - *Fair value measurement*, which clarifies in one standard how fair value should be determined and its use in the different measurement contexts set out in the IFRS.

The standard was published in the EU Official Journal on 29 December 2012 and is applicable to annual periods beginning on or after 1 January 2013.

On 16 June 2011, the IASB issued an amendment to IAS 1 - *Presentation of financial statements*. This amendment requires the grouping of statement of comprehensive income items depending on whether they can be subsequently reclassified to profit or loss. The amendment was published in the EU Official Journal on 6 June 2012 and is applicable to annual periods beginning on or after 1 July 2012.

On the same date, the IASB also published the revised IAS 19 - *Employee benefits*, which eliminates the corridor approach, requiring presentation of the plan deficit or surplus in its entirety in the statement of financial position and the recognition of the service cost and net interest expense in profit or loss. Actuarial gains and losses arising on remeasurement of the liabilities and assets are recognised under other comprehensive income (expense). Moreover, the return on plan assets recognised in net financial expense should be measured using the liability's discount rate rather than that of the expected return. The amendment also requires additional disclosures to be provided in the notes. The revised standard was published in the EU Official Journal on 6 June 2012 and is applicable to annual periods beginning on or after 1 January 2013. Early adoption is allowed. The application of this standard led to the creation of a specific equity reserve, also for the comparative period.

On 16 December 2011, the IASB published an amendment to IFRS 7 - *Disclosures - Offsetting financial assets and financial liabilities* to introduce new disclosures in order to allow users of financial statements to assess the effects of offsetting. The disclosure relates to enforceable master netting arrangements and similar arrangements. The amendment was published in the EU Official Journal on 29 December 2012. It is applicable retrospectively to annual periods beginning on or after 1 January 2013.

IFRIC 20 - Stripping costs in the production phase of a surface mine (EU regulation 1255/2012 of 11 December 2012) provides guidance about when and how to account for stripping costs in the production phase as an asset and the initial recognition and subsequent measurement of the asset. It is applicable to annual periods beginning on or after 1 January 2013.

On 27 March 2013, EC Regulation 301-2013 was issued, which implemented certain Improvements to IFRS at EU level for the period 2009-2011. The improvements concern the following aspects in particular:

- IAS 1 - clarifications regarding the presentation of comparative information;
- IAS 16 - classification of spare parts and servicing equipment;
- IAS 32 - tax effect of the distribution to holders of equity instruments;
- IAS 34 - additional disclosure in interim financial statements regarding total segment assets and liabilities.

The adoption of the above accounting standards did not have significant effects on the Group's consolidated financial statements as at 31 December 2013.

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

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

It is applicable to annual periods beginning on or after 1 January 2014 and will not result in any significant changes for the Group.

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

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

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

IFRS 1 Amendment “First-time Adoption of International Financial Reporting Standards - Government loans (EU Regulation 185/2013 of 4 March 2013)” covers government loans with a below-market rate of interest. It is applicable to annual periods beginning on or after 1 January 2013.

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

- *IFRS 10 - Consolidated financial statements*
  This standard replaces SIC 12 Consolidation - Special purpose entities and certain parts of IAS 27 - Consolidated and separate financial statements. The new standard identifies a single model of control and provides more detailed guidelines on checking its existence. This provision is particularly important for cases that qualify as “de facto control”.

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

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

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

- *IAS 28 - Investments in associates and joint ventures*
  The standard defines how investments in associates and joint ventures should be treated. The standard has been amended following the changes on former standard IAS 28 introduced by IFRS 10 and IFRS 11.

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

On 16 December 2011, the IASB published an amendment to IAS 32: - *Offsetting Financial Assets and Financial Liabilities* to clarify the rules for offsetting financial assets and liabilities. The amendment clarified that:
- the right of set-off shall exist at the reporting date instead of being contingent on a future event;
- this right shall be legally enforceable by the counterparties during the normal course of business or in the event of insolvency or bankruptcy of the entity and all of the counterparties.

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

Except for IFRS 10 and 11, adoption of the above amendments will not have significant effects on the Group's consolidated financial statements. In-depth assessments are still underway, including by the relevant authorities and technical bodies, with respect to the adoption of IFRS 10 and 11, considering the potential effects that the new standard may have on the consolidated financial statements of entities like Impregilo S.p.A. which hold significant investments, directly and indirectly. The Group is currently assessing this issue with utmost attention, in collaboration with the above-mentioned technical bodies. As at the date of preparation of these consolidated financial statements, on the basis of the above-mentioned assessments, which are still under way, no significant impacts are expected from an earnings perspective. There are, however, still some problems relating in particular to the classification of certain project entities (SPVs) with the various cases covered by IFRS 11.

On 12 December 2013, the IASB published the documents *Annual Improvements* 2010-2012 and *Annual Improvements* 2011-2013 as part of the program of annual improvements to the standards. Most of the changes are clarifications or corrections to existing IFRSs or amendments arising from changes previously made to the IFRS. As at the date of this annual report, the competent bodies of the European Union had not yet completed the process of endorsement of the amendment.

Libya

Impregilo is active in Libya through its subsidiary Impregilo Lidco Libya General Contracting Company (Impregilo Lidco), in which it has a 60% interest. The other shareholder is Libyan.

In the past, the subsidiary had acquired important contracts for the construction of:

- infrastructural works in Tripoli and Misuratah;
- university campuses in Misuratah, Tarhunah and Zliten;
- a new Conference Hall in Tripoli.

With respect to the political upheaval in Libya from February 2011 to the date of this Report, it should be noted that the subsidiary has always acted in accordance with the contractual terms and the investments made up until the deterioration of the country's political situation are fully covered by the contractually provided for advances.

The works covered by the contracts agreed by the Libyan subsidiary are works of national interest which are currently expected to be continued. It is clear that there is considerable doubt about the subsidiary's effective ability to carry out the contracts compared to the forecasts made before the crisis exploded. Accordingly, Impregilo does not expect significant new growth in the production activities of its subsidiary Impregilo Lidco in the near future.

The Group commenced the procedures necessary to restart industrial activities in 2012, even though the local situation continues to be complicated and full security conditions are not guaranteed. However, it resumed commercial and contractual relations with the clients to open up the building sites again and restore the financial conditions originally provided for in the related contracts. In 2012, the Group obtained access to more precise information about the figures that impact its consolidated financial statements. As a result, Impregilo updated the carrying amounts of the Libyan subsidiary's assets, liabilities, revenue and expense in its consolidated financial statements as at 31 December 2012, in line with its accounting policies, based on the information gathered during the year and the valuations performed by the subsidiary's independent legal advisors. Compared to the situation presented in the Group's 2011 consolidated financial statements, which was based on the latest available figures at 31 March 2011, the subsidiary's net assets at 31 December 2013 have been progressively impaired up to approximately € 40.7 million (of which € 26.1 million as at 31 December 2012) to reflect the above events in relation to contract work in progress. These losses were included in contract work in progress as the Group deems them recoverable considering the renewed contacts with clients. Net cash and cash equivalents held in Libya decreased by roughly € 13.9 million due to costs incurred locally in the period from 31 March 2011 to 31 December 2013.

In early 2013, the Group carried out a physical count of the plant, machinery and supplies for the main building sites, recognised at € 29.9 million, although complete access to all the sites where the assets are held was not possible for safety reasons. Given that any additional costs that may arise following completion of the count would be covered by the clients as per the contractual terms for force majeure, as also assessed by the legal advisors assisting the subsidiary, the Group does not believe that any new significant risks will arise from the above valuations with respect to the recovery of the company's net assets, thanks in part to the actions taken and requests and claims presented to the client.

The Group is monitoring the situation closely and it cannot be excluded that events which cannot currently be foreseen may take place after the date of preparation of this Annual Report that would require changes to the assessments made to date.

Non-current assets held for sale and discontinued operations

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

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

During the year, following the Supreme Court's ruling and the results of the enforcement procedures carried out by the Group in respect of the dispute about the claims made, the Group reversed the impairment losses on the disputed assets recognised in previous years and recognised the legal interest accrued up to the date of this Annual Report. More information about this dispute and the overall situation is available in the section "Non-current assets held for sale" in the Directors' report.

Format and content of the consolidated financial statements

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

The financial statements at 31 December 2013 approved, where applicable, by the internal bodies of the consolidated companies have been used for consolidation purposes.

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

A list of the companies and other Impregilo Group entities included in the consolidation scope is set out in the annexes with the schedules showing changes therein during 2013.

Format of the consolidated financial statements

The Group opted to present its consolidated financial statements at 31 December 2013 in line with previous years as follows:

- Current and non-current assets and current and non-current liabilities are presented separately in the consolidated statement of financial position. Current assets and liabilities are those expected to be realised, sold, used or settled in the Group's normal operating cycle, which usually exceeds 12 months. Non-current assets and liabilities include non-current assets, deferred tax assets, employee benefits, deferred tax liabilities and other balances expected to be realised, sold, used or settled after the Group's normal operating cycle, i.e., more than twelve months after the reporting date.
- The consolidated income statement gives a classification of costs by nature and shows the profit or loss before "Financing income (costs) and gains (losses) on investments" and income taxes. The profit or loss from continuing operations, the profit or loss from discontinued operations and the profit or loss attributable to non-controlling interests and that attributable to the owners of the parent are also presented.
- The consolidated statement of comprehensive income shows all non-owner changes in equity.
- The consolidated statement of cash flows presents the cash flows from operating, investing and financing activities separately. The indirect method is used.

Basis of consolidation

The consolidated financial statements have been prepared by consolidating the financial statements at 31 December 2013 of Impregilo S.p.A., the parent, and the Italian and foreign companies which the parent directly or indirectly controls.

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

Entities or companies over which Impregilo has joint control, by virtue of an investment therein or specific contractual arrangements, are consolidated using the proportionate method as established by IAS 31.

Investments in associates are measured using the equity method.

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

The financial statements used are expressed in the functional currency, being the local currency or another currency in which most of the economic transactions and assets and liabilities are denominated. The functional currency for the parent's foreign branches is the euro as this is the main currency they use to operate.

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

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

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

Currency	31.12.2013 closing rate	2013 average	31.12.2012 closing rate	2012 average
Argentina - ARS	8,989136	7,27739	6,48641	5,84032
Australia - AUD	1,5423	1,3777	1,2712	1,24071
Brazil - BRL	3,2576	2,86866	2,7036	2,50844
Chile - CLP	724,768766	658,324	631,729	624,801
China - CNY	8,3491	8,16463	8,2207	8,10523
Colombia - COP	2.664,4212	2.483,37	2.331,23	2.309,61
Domenican Republic - DOP	1,701922	1,67976	1,66508	1,61407
Libya - LYD	220,886092	221,551	206,104	204,051
Nigeria - NGN	1,3791	1,32812	1,3194	1,28479
Panama - PAB	3,858653	3,5918	3,36777	3,39012
Peru - PEN	5,0211872	4,83561	4,80394	4,6779
Qatar - QAR	0,8337	0,849255	0,8161	0,810871
South Africa - ZAR	58,849369	55,3822	53,1206	50,361
Switzerland - CHF	1,3791	1,32812	1,3194	1,28479
UK - GBP	14,566	12,833	11,1727	10,5511
United States - USD	1,2276	1,23106	1,2072	1,20528
Venezuela - VEF	8,677435	8,00117	6,98411	6,878158306

With regard to Venezuela, on 8 February 2013 the Venezuelan government announced that the system for the purchase and sale of foreign currency known as SITME would no longer operate, whereas the “official” exchange rate set by the Government Central of Venezuela remains in force. Subsequently, on 18 March 2013, the Venezuelan government announced the creation of an alternative foreign currency mechanism called *“Supplementary Foreign Currency Administration System” (SICAD)*. This mechanism, which is also subject to complete government control, is open only to certain production sectors and based solely on public auctions and is consequently completely subject to the actual relationship between demand and supply of local currency against foreign currencies at exchange rates that, although different from the “official” rate, are not yet comparable with the value assigned to the Venezuelan currency in the international currency markets. The new mechanism can be used to cover future transactions, in other words the company cannot participate in the SICAD auction system using the debtor/creditor amounts already existing at the date of the auction. In December 2013 the Venezuelan government allowed the Central Bank to publish a SICAD average rate. As result of the above, Venezuela is currently a country in which several exchange rates are available, and falls within the circumstances envisaged by IAS 21. In preparing these Annual Financial Statements the CADIVI exchange rate has been used as the spot rate for the translation of the balance sheet items as at 31 December 2013 and the same rate has been used as the average rate for the translation of the income statement items, according to IAS 21.

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

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

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

- Investments in associates are measured using the equity method whereby the carrying amount of the investment is adjusted to consider:
  a) the parent's share of the profits or losses of the associate realised after the acquisition date;
  b) modifications arising from changes in equity of the associate that are not taken to profit or loss as per the relevant IFRS;
  c) dividends distributed by the associates;
  d) any greater value paid at acquisition (measured using the same criteria set out in the section on "Business combinations") and managed pursuant to the relevant standard;
  e) the share of the profit or loss deriving from application of the equity method, which is taken to profit or loss;
  f) standardisation to comply with the Group accounting policies, where necessary.

- Interests in joint ventures are consolidated using the proportionate method whereby the proportionate amount of the assets, liabilities, costs and revenue of the financial statements of the joint ventures are recognised.

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

Gains and losses arising from transactions between consolidated companies, which are not realised directly or indirectly through transactions with third parties, are eliminated. Unrealised intragroup losses are recognised when the transaction shows an impairment of the transferred asset.

Business combinations

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

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

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

Goodwill is measured as the difference between the aggregate of the consideration transferred, the amount of any non-controlling interests (NCI) and the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree and the net fair value of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the value of the net assets acquired and liabilities assumed at the acquisition date exceeds the aggregate of the consideration transferred, the amount of any non-controlling interests (NCI) and the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree, this excess is immediately recognised through profit or loss as income from the transaction completed.

NCI can be measured at fair value or at their proportionate share of the fair value of the net assets of the acquiree at the acquisition date. The measurement method is decided on a transaction by transaction basis.

Business combination achieved in stages (step acquisition)

In the case of step acquisitions, the Group's existing investment in the acquiree is measured at fair value on the date that control is obtained. Any resulting adjustments to previously recognised assets and liabilities are recognised in profit or loss. Therefore, the previously held investment is treated as if it had been sold and reacquired on the date that control is obtained.

Transactions involving NCI

Changes to the investment percentage of a subsidiary that does not entail loss of control are treated as equity transactions. Therefore, any differences between the acquisition price and the related share of equity in subsequent acquisitions of investments in entities already controlled by the Group are recognised directly in equity. With respect to partial disposals of an investment in a subsidiary while control is retained, any gain or loss is recognised in equity.

Basis of preparation

The accounting policies adopted to draw up the Group's consolidated financial statements at 31 December 2013 comply with the IFRS and are consistent with those used to prepare the 2012 consolidated financial statements, except for the standards enacted after 1 January 2013, summarised in the section on the "Changes in standards".

Accounting policies

Property, plant and equipment

Impregilo Group has opted to recognise property, plant and equipment at purchase or production cost net of accumulated depreciation and any impairment losses.

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

Category	Depreciation rate
Land	0%
Buildings	3%
Plant and machinery	from 10% to 20%
Industrial and commercial equipment	from 25% to 40%
Other assets	from 12% to 25%

Land and buildings, plant and machinery with a carrying amount to be recovered mainly through their sale (rather than the asset's continued use) are measured at the lower of their carrying amount and fair value less costs to sell. Assets held for sale shall be immediately available for sale and their sale shall be highly probable (i.e., the related commitments already exist). Their sales value shall be reasonable compared to their fair value.

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

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

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

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

Borrowing costs directly related to the acquisition or construction of an asset are capitalised as part of the cost of the asset, to the extent of its recoverable amount. As established by IAS 23 - Borrowing costs, the Group has applied this method to all qualifying assets.

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

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

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

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

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

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

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

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

Leased property, plant and equipment

Assets held under finance leases whereby all the risks and rewards of ownership are substantially transferred to the Group are recognised as Group assets and classified as property, plant and equipment. The related payable to the lessor is shown under financial liabilities. The lease payment is split into the financial expense, taken to the income statement, and the principal repayment, offset against the financial liability. The carrying amount of the leased asset is determined considering its fair value or, if lower, the present value of the minimum future lease payments.

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

Leases where the lessor retains all the risks and rewards of ownership are treated as operating leases. The initial negotiation costs incurred for this type of lease increase the value of the related lease and are recognised over the lease term netted against the revenue generated by the lease. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Rights to infrastructure under concession

These rights are covered by IFRIC 12 - Service concession arrangements, issued by the International Financial Reporting Interpretations Committee (IFRIC), which regulates the recognition and measurement of concession arrangements between public sector entities and private sector operators. It was endorsed by the European Commission with EC regulation 254/2009 dated 25 March 2009 and its application is mandatory for financial statements drawn up under IFRS beginning from the year after which it was endorsed. Therefore, Impregilo Group has applied IFRIC 12 since 2010.

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

Scope and measurement

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

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

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

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

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

a) a financial asset (financial asset model);
b) an intangible asset (intangible asset model).

The first model is applicable when the operator has an unconditional contractual right to receive a specified or determinable amount of cash. The second is applicable when the operator acquires the right to charge for use of a public sector asset that it constructs or upgrades. The amounts are contingent on the extent to which the public uses the service (demand risk).

The concession arrangements to which Impregilo Group is party, thanks to the operators consolidated on a line-by-line or proportionate basis, fall under the intangible asset model. The financial asset model is applicable to certain associates, measured at equity.

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

a. *arrangements that cover the construction of a new infrastructure*; the operator recognises the intangible asset in line with the stage of completion of the construction project. During construction, the operator recognises revenue and costs in line with IAS 11 - Construction contracts.
b. *arrangements that cover management of an existing infrastructure and its extension or upgrading against which the operator acquires specific additional financial benefits*; the operator recognises an increase in the intangible asset as the construction services are provided for these construction and/or upgrade services to be recognised under IAS 11 - Construction contracts.
c. *arrangements that cover management of an existing infrastructure and specific obligations to extend or upgrade it against which the operator does not acquire specific additional financial benefits*; at initial recognition, the operator recognises a liability equal to the present value of the forecast outlay for the construction services to be provided in the future with, as a balancing item, an additional component of the intangible asset for the contract consideration, which begins to be amortised.

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

The first category relates to normal ordinary maintenance of the infrastructure, the cost of which is recognised in profit or loss when incurred, also under IFRIC 12. Given that the interpretation does not provide for the recognition of the physical asset but of a right, the second category is recognised in line with IAS 37 - Provisions, contingent liabilities and contingent assets, which requires: (i) recognition of an accrual to a provision in profit or loss; and (ii) recognition of a provision for charges in the statement of financial position.

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

Goodwill and intangible assets with indefinite lives

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

At 31 December 2013, Impregilo Group did not have any intangible assets with indefinite lives other than goodwill.

Goodwill acquired as part of a business combination is measured as the difference between the aggregate of the acquisition-date fair value of the consideration transferred, the amount of any NCI and the acquisition-date fair value of the acquirer’s previously-held equity interest in the acquiree, and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill deriving from acquisitions is not amortised. It is tested annually for impairment or whenever conditions arise that presume impairment as per IAS 36 - Impairment of assets.

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

Impairment is determined by defining the recoverable amount of the cash-generating unit (or group of units) to which the goodwill is allocated. When the recoverable amount of the CGU (or group of CGUs) is lower than the carrying amount, an impairment loss is recognised. When goodwill is allocated to a CGU (or group of CGUs), the asset of which has been partly disposed of, the goodwill allocated to the disposed of asset is considered to determine any gain or loss deriving from the transaction. In this case, the transferred goodwill is measured using the amounts related to the disposed of asset compared to the asset still held by the unit.

Other intangible assets

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

The excess of the purchase cost compared to the Group's share of the net fair value of the high capacity business units acquired in the past is classified as other intangible assets and mainly refers to acquisition costs of the business units purchased. The related amortisation is calculated in line with the stage of completion and duration of the work.

Other non-current assets

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

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

Impairment of non-financial assets

If there is any indication that an intangible asset or an item of property, plant and equipment is impaired, the recoverable amount of the asset is estimated to determine the amount of the impairment loss. Goodwill is tested at least annually for impairment.

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

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

Value in use is determined by discounting to present value the estimated future cash flows expected to arise from the continuing use of an asset, net of taxes, and, if reasonably determinable, from its disposal at the end of its useful life. Discounting is applied by using a post-tax discount rate which reflects the present market value of the time value of money and specific risks.

The assessment is made for individual assets or the smallest identifiable Group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets from its continuing use (cash-generating unit). An impairment loss is recognised when the recoverable amount is lower than the carrying amount. If the reasons for the impairment loss are no longer valid, the impairment loss (except in the case of goodwill) is reversed and the adjustment is taken to profit or loss as a reversal of impairment losses. A reversal of impairment losses is recognised to the extent of the lower of the recoverable amount and original carrying amount less depreciation/amortisation that would have been recognised had the impairment loss not been recognised.

Inventories of goods

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

Cost includes the directly related costs and estimated realisable value is determined using the replacement cost of the asset or similar assets.

Any write-downs are eliminated in subsequent years when the reasons therefore are no longer valid.

Contract work in progress and revenue from construction contracts

Contract work in progress consists of work performed net of progress billings issued to clients. When final payment of the consideration is made, the related progress billings and advances are recognised under "Operating revenue" in the income statement, with the related variation in inventories. The provision for contractual risks directly offsets inventories and is set up to cover possible charges and losses on contracts performed either directly by the Group or as part of a joint venture.

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

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

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

Given the technical complexity, size and length of time involved in completing contracts, the additional considerations are measured before an agreement is reached with the client. Claims for additional considerations are considered when measuring contract work in progress when they can be quantified and they are reasonably certain to be made.

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

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

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

- pre-operating costs, which include costs incurred during the start-up stage of the contract, before construction starts, such as the costs of design and specific studies carried out for the contract; organisation and production start-up costs; building site start-up costs. These pre-operating costs are included in the stage of completion calculation and in the cost to cost calculation once they have been incurred. During the initial stage of the contract, they are included in the carrying amount of contract work in progress, if recoverable, without recognising any profit margin when the contract profit or loss cannot be reliably estimated;
- contract operating costs, which include those directly attributable to the contract (e.g., materials, subcontracting, labour, amortisation and depreciation, compulsory purchases, any directly attributable borrowing costs, etc.). They are recognised on an accruals basis and included in the calculation of the stage of completion;
- post-operating costs, which include site dismantlement costs generally incurred after the contract has been closed to remove the installations (or entire sites) and to return the machinery or plant to the Group's premises or transfer them to another site. This category also includes losses on abandoned materials and the cost of transporting unused materials. They are included in the contract estimate and, therefore, if incurred during the contract term, they are comprised in the calculation of the progress billings. Therefore, no specific accruals are made to the income statement;

- costs for services to be rendered after completion of the contract, which mainly relate to services rendered after the contract has been completed. They may include assistance and supervision provided in the early stages of use of the plant or scheduled maintenance. If the contract does not include specific additional considerations for these services and the contract may be “closed” for accounting purposes (contracts are usually closed once work is completed and the client has accepted the end result), the costs to be incurred to render these services when the contract is closed in the accounting records should be estimated and provided for in the specific items. These costs are included in the calculation to determine the contract revenue.

Real estate projects

Closing inventories of real estate projects are those real estate areas developed with a view to selling them. They are measured at the lower of cost and estimated realisable value. Costs incurred consist of the consideration paid to purchase the areas and related charges, construction costs and borrowing costs related to the project up to and not exceeding its completion.

Financial assets and liabilities

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

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

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

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are measured at amortised cost, as detailed further on, and any gains or losses arising therefrom are recognised as “Financing income (costs)” in profit or loss under the amortised cost method.

This category includes the following items:

- **Trade receivables and payables and other receivables and payables**

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

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

All factored receivables that do not meet the requirements for derecognition under IAS 39 continue to be recognised in the Group’s consolidated financial statements even when they have been legally transferred. They are thus included as assets and a financial liability of the same amount is recognised.

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

- **Cash and cash equivalents**

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

- **Loans and bonds**

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

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

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

The effects arising from the recognition at amortised cost are taken to "Financing income (costs)".

Held-to-maturity investments

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are not classified in the other categories. They include the following items:

- **Equity investments**

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

Since they mainly relate to consortia and consortium companies of which the Group holds less than 20%, in accordance with IAS 39, such investments are stated as non-current assets measured at cost, adjusted for impairment, since their fair value cannot be determined.

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

Dividend income from such financial instruments is recognised in profit or loss under financial income when the Group companies holding the investments are given the right to such dividend.

Fair value of financial instruments

The fair value of financial instruments has been estimated as follows:
- The fair value of financial instruments traded on an active market is based on the market price at the reporting date. This method has been applied especially to listed financial instruments classified as "Available-for-sale financial assets" and financial instruments classified as "Held-to-maturity investments".

- The fair value of the derivatives classified as “Hedging derivatives” and “Financial assets and financial liabilities at fair value through profit or loss” has been measured using the Discounted Cash Flow Model. With respect to interest rate swaps, future cash flows have been estimated using the implicit forward rate of the market euro curve at 31 December 2013 and 2012, while the forward exchange rate market prices at the relevant reporting date have been used for currency forward transactions.
- The fair value of loans and receivables has been determined, for disclosure purposes in the notes, on the basis of the present value of their future cash flows discounted at a rate equal to the current interest rates applicable in the relevant markets and the average spread agreed by the Group. The fair value measurement of the loans takes account of the Group’s credit risk and uses the rate curves in the different currencies with reference to the reporting date.

Derecognition of financial assets and liabilities

(a) Financial assets

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

i) the contractual rights to the cash flows from the financial asset expire;
ii) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in full and immediately;
iii) the Group transfers the contractual rights to receive the cash flows of the asset and has transferred substantially all the risks and rewards of ownership of the financial asset and the related control.

When the Group has transferred the contractual rights to receive the cash flows of the financial asset and has neither transferred nor retained substantially all the risks and rewards or has retained control, it continues to recognise the asset to the extent of its continuing involvement in the asset. Continuing involvement that takes the form of guaranteeing the transferred asset is measured at the lower of the initial carrying amount of the asset and the maximum amount of the consideration that the Group could be required to pay.

(b) Financial liabilities

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

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

Impairment of financial assets

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

Derivatives and hedging transactions

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

Impregilo Group has derivatives to hedge currency and financial risks. At the inception of the transaction, it documents the hedging relationship, its risk management and strategy objectives in entering into the transaction, the hedging instrument and hedged item or transaction and the nature of the hedged risk. Moreover, at the inception of the transaction and thereafter on an ongoing basis, the Group documents whether or not the hedge meets the effectiveness requirements to offset its exposure to changes in the fair value of the hedged item or cash flows attributable to the hedged risk.

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

a) ***Fair value hedges*** - If a derivative is designated as a hedge of exposure to changes in the fair value of an asset or liability due to a specific risk that may affect profit or loss, the gain or loss deriving from the subsequent measurement of the fair value of the hedging instrument is taken to profit or loss. The gain or loss on the hedged item, related to the hedged risk, changes the carrying amount of this item and is taken to profit or loss.
b) ***Cash flow hedges*** - If a derivative is designated as a hedge of exposure to changes in cash flows of an asset or liability or a highly probable transaction and could affect profit or loss, the effective part of the gains or losses on the financial instrument is taken to equity. The cumulative gain or loss is derecognised from equity and taken to profit or loss in the same period in which the hedged transaction is recognised. The gain or loss related to a hedge or part of a hedge which has become ineffective is taken to profit or loss immediately. If a hedging instrument or a hedging relationship is closed, but the hedged transaction has not yet taken place, the cumulative gains and losses, recognised in equity up to then, are reclassified to profit or loss when the transaction takes place. If it is unlikely the hedged transaction will take place, the unrealised gains and losses recognised in equity are immediately recognised in profit or loss.

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

Employee benefits

- **Short-term and long-term benefits**

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

- **Post-employment benefits**

Post-employment benefits are recognised at the actuarial value of the Group's liability determined in line with ruling legislation and national and in-house labour agreements. The actuarial method, based on demographic, financial and turnover assumptions, is applied by independent actuaries. The gains and losses resulting from the actuarial calculation are recognised in profit or loss for the cost items related to work service and financial expenses, whereas the actuarial gains and losses resulting from the remeasurement of the liabilities and assets are recognised in comprehensive income.

The 2007 Finance Act and related implementing decrees introduced significant changes to legislation governing Italian post-employment benefits, effective as from 1 January 2007. These include the option given to employees, to be exercised before 30 June 2007, of where to allocate their future benefits. Specifically, employees can opt to allocate them to selected pension funds or maintain them with the company, in which case, the latter shall pay the contributions to the treasury fund of INPS (the Italian social security institution).

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

- **Share-based payments**

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

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

Income taxes

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

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

Beginning from 2004, the parent, Impregilo S.p.A., and certain of its Italian subsidiaries have joined the national tax consolidation system, which is regulated by the conditions set out in agreements drawn up by the participating companies.

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

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

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

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively, and are netted at company level if related to taxes that may be compensated. If the balance is positive, it is recognised as "Deferred tax assets", if not, as "Deferred tax liabilities".

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

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

Provisions for risks and charges

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

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

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

The increase in the provision due to discounting is recognised as a financial expense.

When the expected cash flows are included in an estimate range with the same probability of occurrence, the median value is discounted to measure the liability.

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

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

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

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

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

The Group has applied IAS 29 - Financial reporting in hyperinflationary economies for its subsidiaries and associates that prepare their financial statements in a functional currency of a hyperinflationary economy. This standard requires that the financial statements of an entity, whose functional currency is that of a hyperinflationary economy, be translated at the closing spot rate. The statement of financial position items not yet translated into euros at the reporting date are redetermined using a general price index. All the income statement items are translated into euros at the exchange rate ruling on the date the revenue and costs were initially recognised.

Non-current assets held for sale and discontinued operations

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

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

- signing of a binding sales agreement;
- approval and communication of a formal sales plan by directors.

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

- available for immediate sale in their present condition;
- subject only to terms that are usual and customary for sales of such assets, and
- the sale must be highly probable and expected to take place within twelve months.

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

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

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

Revenue recognition

- **Operating and other revenue**

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

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

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

Changes in the contract, claims and incentive payments are recognised to the extent that they are reasonably certain.

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

- **Interest income**

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

- **Dividends**

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

Earnings per share

Basic earnings per share are calculated as the ratio of the profit or loss for the year attributable to the holders of the ordinary shares of the parent to the weighted number of ordinary shares outstanding during the year. Diluted earnings per share are calculated considering the potential diluting effect of the shares to be allocated to the beneficiaries of vested stock options when calculating the number of outstanding shares.

Operating segments

The operating segments comply with the reporting system provided to Group management which is in charge of allocating the resources and assessing the results obtained by the segments. The Group's management and organisational structure reflects the business segments, which are Construction, Concessions, Engineering & Plant Construction and USW Campania projects.

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

Significant accounting estimates

Preparation of financial statements and the related notes in accordance with the IFRS requires management to make judgements and estimates that affect the carrying amount of assets and liabilities and financial statements disclosures. The estimates are used to:

- determine amortisation and depreciation (see the "Property, plant and machinery", "Leased property, plant and equipment", "Rights to infrastructure under concession" and "Other intangible assets" paragraphs of the "Accounting policies" section);
- recognise impairment losses (see the "Impairment of non-financial assets" paragraph of the "Accounting policies" section);
- recognise employee benefits (see the "Employee benefits" paragraph of the "Accounting policies" section);
- recognise taxes (see the "Income taxes" paragraph of the "Accounting policies" section);
- recognise provisions for risks and charges (see the "Provisions for risks and charges" paragraph of the "Accounting policies" section);
- determine total contract costs and the related stage of completion (see the "Contract work in progress and revenue from construction contracts" paragraph of the "Accounting policies" section). A significant part of the Group's activities is typically performed on the basis of contracts which provide that a specific consideration is agreed when the contract is awarded. This implies that the profits on these contracts may undergo change compared to the original estimates depending on the recoverability of greater expenses and/or costs the Group may incur during performance of such contracts.

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

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

Business combinations

Acquisition of the company Autostrada Broni-Mortara S.p.A. (S.A.BRO.M.)

On 27 May 2013 Impregilo entered into a private agreement with the consortium "Cooperative Costruzioni" and the consortium "Società Cooperativa Muratori e Braccianti di Carpi" for the purchase of 19.8% of the shares held by them in the company Autostrada Broni-Mortara.

The purchase price was a total of € 4.9 million, paid in full upon signature of the agreement.

The table below shows the value of Impregilo's share in the balance sheet of S.A.BRO.M. at the time of acquisition and the corresponding fair value set preliminarily at the acquisition date for the Purchase Price Allocation (PPA) process:

(Values in €/000)	Carrying amounts	Fair value
Non-current assets	39,827	39,827
of which:		
– Intangible assets	39,827	39,827
– Property, plant and equipment		
– Goodwill		
Cash and cash equivalents	116	116
Trade receivables		
Other current assets	5,503	5,503
Total assets	**45,446**	**45,446**
Bank loans and borrowings due after one year		
Other non-current liabilities		
Bank loans and borrowings due within one year	(20,000)	(20,000)
Trade payables	(1,245)	(1,245)
Other current liabilities	(4)	(4)
Total liabilities	**(21,249)**	**(21,249)**
Net assets acquired	**24,197**	**24,197**
Price paid for the acquisition of the 19.8% stake		4,950
Fair Value of the investment held previously (40%)		9,703
Value assigned to Non-controlling interests		9,727
Net assets acquired (net liabilities assumed)		(24,197)
Difference between price and fair value acquired		**183**

Segment reporting

The operating segments identified by the Group in accordance with IFRS 8 are Construction, Concessions, Engineering & Plant Construction and USW Campania projects.

Impregilo S.p.A. heads the Construction business segment, which encompasses all projects relating to the construction of large-scale infrastructure, such as dams, hydroelectric plants, motorways, railways, metros, underground works, bridges and similar works.

Group activities in the Concessions business segment relate to the management of investments in numerous subsidiaries and other investees, almost entirely abroad, which hold concessions mainly for the management of motorway networks, plants that generate energy from renewable sources, electricity transmission, integrated cycle water systems and the management of non-medical hospital service activities.

The Engineering & Plant Construction segment, headed by FISIA Italimpianti and FISIA Babcock Environment (Germany), includes the operation of plants for the desalination of sea water, fume treatment and waste-to-energy processes, as well as environmental services (contamination clean-up) and urban solid waste (USW) disposal.

The USW Campania projects segment includes the remaining USW disposal projects in the Province of Naples and other provinces in Campania.

The fair values shown above have been determined preliminarily using the information available. The Group has opted to use the 12-month period allowed by IFRS 3 (revised) for establishing the Purchase Price Allocation (PPA) procedure. As a consequence, the preliminary values shown will be definitively determined by the first half of 2014.
The cash used for the acquisition, net of cash acquired, is set out below:

(Values in €/000)	
Cash and cash equivalents	116
Property, plant and equipment and intangible assets	40,010
Other assets	5,503
Bank loans and borrowings	(20,000)
Other liabilities	(1,249)
Total	**24,380**
Net of cash acquired	(116)
Net of non-controlling interests and fair value held previously	(19,431)
Cash net of cash used for the acquisition	**4,833**

The effects on the income statement that would have occurred if the Group had acquired control on 1 January 2013 are shown below:

(Values in €/000)	
Operating costs	(261)
Financial income	4
Profit (loss) for the Group and non-controlling interests	**(257)**
	61
Profit (loss) attributable to the Group	**(196)**

Costs incurred for activities carried out at corporate level related to the following are not allocated to the operating segments:

- 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.

Management measures the segments' results by considering their operating profit, which complies with the accounting policies applied to the Group's consolidated financial statements. The only items requiring reconciliation are the corporate costs and elimination of intra-segment items.

The segments are measured based on net invested capital.

Disclosures on the Group's performance by business segment are set out in the second part of the Directors' report. The consolidated financial statements figures as at 31 December 2013 are summarised below by business segment.

The parent's registered office is in Italy. Total revenue earned in Italy and other geographical segments in 2013 and 2012 is shown in the following table "Performance by geographical segment".

Total non-current assets, excluding deferred tax assets, include € 363.9 million based in Italy.

2013 performance by business segment

(Values in €/000)	Construction	Concessions	Engineering & Plant Construction	USW Campania projects	Eliminations	Corporate costs (unallocated items)	Total Group
Operating revenue	2,101,823	19,118	141,810	–	(1,345)		2,261,406
Other revenue	53,593	1,679	7,435	821	(1,600)		61,928
Total revenue	**2,155,416**	**20,797**	**149,245**	**821**	**(2,945)**	**–**	**2,323,334**
– of which: intrasegment revenue	***2,273***	***389***	***283***		***(2,945)***		**–**
Costs							
Purchases, sub-contracts and other operating expenses	(1,527,229)	(19,315)	(105,702)	(2,357)	2,257	(25,448)	(1,677,794)
Personnel expenses	(316,153)	(6,629)	(43,953)	(241)	688	(18,131)	(384,419)
Provisions and impairment losses	(12,757)	–	3,648	–		(1,082)	(10,191)
Total costs	**(1,856,139)**	**(25,944)**	**(146,007)**	**(2,598)**	**2,945**	**(44,661)**	**(2,072,404)**
Gross operating profit (loss)	**299,277**	**(5,147)**	**3,238**	**(1,777)**	**–**	**(44,661)**	**250,930**
Gross operating profit (loss) %	*13.9%*	*n.a.*	*2.2%*	*n.a.*			*10.8%*
Amortisation and depreciation	(89,261)	(825)	(2,918)	(2)		(46)	(93,052)
Operating profit (loss) before non-recurring items	**210,016**	**(5,972)**	**320**	**(1,779)**	**–**	**(44,707)**	**157,878**
Return on Sales	*9.7%*	*n.a.*	*0.2%*	*n.a.*			*6.8%*
Non-recurring items							
Operating profit (loss)	**210,016**	**(5,972)**	**320**	**(1,779)**	**–**	**(44,707)**	**157,878**
Financing income (costs) and gains (losses) on investments							
Financial income						20,411	20,411
Financial expense						(70,506)	(70,506)
Net exchange rate gains						50,830	50,830
Share of profit (loss) of equity-accounted investees	401	2,197	–	–	–	–	2,598
Other items of net gains on investments						(52)	(52)
Net financing costs and net gains on investments						**683**	**3,281**
Profit (loss) before tax							**161,159**
Income tax expense						(53,728)	(53,728)
Profit (loss) from continuing operations							**107,431**
Profit (loss) from discontinued operations		(766)		81,401			80,635
Profit for the year							**188,066**

2012 performance by business segment

(Values in €/000)	Construction	Concessions	Engineering & Plant Construction	USW Campania projects	Eliminations	Corporate costs (unallocated items)	Total Group (§)
Operating revenue	1,971,861	16,846	213,127	2	(1,454)	–	2,200,382
Other revenue	72,098	1,597	8,826	198	(2,110)	–	80,609
Total revenue	**2,043,959**	**18,443**	**221,953**	**200**	**(3,564)**	**–**	**2,280,991**
– of which: intrasegment revenue	***3,035***	***315***	***214***	***–***	***(3,564)***	***–***	***–***
Costs							
Purchases, sub-contracts and other operating expenses	(1,616,813)	(11,812)	(150,880)	(1,348)	2,485	(23,168)	(1,801,536)
Personnel expenses	(316,498)	(6,431)	(45,696)	(696)	1,079	(29,116)	(397,358)
Provisions and impairment losses	(3,719)	–	(1,302)	–		7,628	2,607
Total costs	**(1,937,030)**	**(18,243)**	**(197,878)**	**(2,044)**	**3,564**	**(44,656)**	**(2,196,287)**
Gross operating profit (loss)	**106,929**	**200**	**24,075**	**(1,844)**	**–**	**(44,656)**	**84,704**
Gross operating profit (loss) %	*5.2%*	*1.1%*	*10.8%*	*n.a.*			*3.7%*
Amortisation and depreciation	(105,801)	(805)	(3,099)	(5)	–	(45)	(109,755)
Operating profit (loss) before non-recurring items	**1,128**	**(605)**	**20,976**	**(1,849)**	**–**	**(44,701)**	**(25,051)**
Return on Sales	*0.1%*	*n.a.*	*9.5%*	*n.a.*			*n.a.*
Non-recurring items							
Operating profit (loss)	**1,128**	**(605)**	**20,976**	**(1,849)**	**–**	**(44,701)**	**(25,051)**
Financing income (costs) and gains (losses) on investments							
Financial income						40,925	40,925
Financial expense						(75,032)	(75,032)
Net exchange rate gains						3,387	3,387
Share of profit (loss) of equity-accounted investees	89	1,271	(1)	–	–	–	1,359
Other items of net gains on investments						72	72
Net financing costs and net gains on investments						**(30,648)**	**(29,289)**
Profit (loss) before tax							**(54,340)**
Income tax expense						(59,270)	(59,270)
Profit (loss) from continuing operations							**(113,610)**
Profit (loss) from discontinued operations		720,717		(3,681)			717,036
Profit for the year							**603,426**

(§) Figures restated following the application of IAS 19 revised.

Consolidated statement of financial position as at 31 December 2013 by business segment

(Values in €/000)	Construction	Concessions	Engineering & Plant Construction	USW Campania projects	Eliminations and unallocated items	Total Group
Total non-current assets	547,727	83,721	13,129	791	(288,286)	357,082
Assets held for sale, net		–		5,683		5,683
Provisions for risks, post-employment benefits and employee benefits and other non-current assets (liabilities)	(47,602)	(1,519)	(6,441)	(30,433)	(15,607)	(101,602)
Net tax assets					139,225	139,225
Working capital	479,659	19,355	28,016	50,158	(13)	577,175
Net invested capital	**979,784**	**101,557**	**34,704**	**26,199**	**(164,681)**	**977,563**
Other information						
Total increase in non-current assets	49,516	2,594	1,120	–		53,230
Amortisation and depreciation	(89,260)	(825)	(2,918)	(3)	(46)	(93,052)
Impairment losses recognised in profit or loss	(12,758)	–	3,648	–	(1,081)	(10,191)

Consolidated statement of financial position as at 31 December 2012 by business segment

(Values in €/000)	Construction	Concessions	Engineering & Plant Construction	USW Campania projects	Eliminations and unallocated items	Total Group (§)
Total non-current assets	599,198	78,117	49,691	791	(289,132)	438,665
Assets held for sale, net		186,386		121,202		307,588
Provisions for risks, post-employment benefits and employee benefits and other non-current assets (liabilities)	(50,613)	(1,895)	(7,642)	(30,432)	(16,278)	(106,860)
Net tax assets					137,576	137,576
Working capital	244,800	22,293	134,108	13,322	933	415,456
Net invested capital	**793,385**	**284,901**	**176,157**	**104,883**	**(166,901)**	**1,192,425**
Other information						
Total increase in non-current assets	70,970	790	1,376			73,136
Increase in non-current assets held for sale				(411,653)		(411,653)
Amortisation and depreciation	(105,801)	(805)	(3,099)	(5)	(45)	(109,755)
Impairment losses recognised in profit or loss	(3,719)		(1,302)		7,628	2,607

(§) Figures restated following the application of IAS 19 revised.

2013 performance by geographical segment

(€m)	Italy	Other EU countries	Other European (non-EU) countries	North America	Central and South America	Middle East and Asia	Rest of the world	Eliminations	Total
Revenue by geographical segment	681.1	160.9	126.5	102.1	996.7	161.5	105.5	(11.0)	**2,323.3**

2012 performance by geographical segment

(€m)	Italy	Other EU countries	Other European (non-EU) countries	North America	Central and South America	Middle East and Asia	Rest of the world	Eliminations	Total
Revenue by geographical segment	522.6	238.8	127.6	77.2	903.3	239.4	173.6	(1.5)	**2,281.0**

Statement of financial position

1. Property, plant and equipment

Property, plant and equipment amount to € 199.9 million, down from the 31 December 2012 figure by € 98.9 million. The historical cost and carrying amount are given in the following table:

	31 December 2013			31 December 2012		
(Values in €/000)	Cost	Acc. depreciation	Carrying amount	Cost	Acc. depreciation	Carrying amount
Land	1,464	–	1,464	1,621	–	1,621
Buildings	8,600	(3,824)	4,776	15,899	(5,314)	10,585
Plant and machinery	323,993	(193,188)	130,805	369,539	(176,319)	193,220
Industrial and commercial equipment	56,055	(33,380)	22,675	58,183	(26,460)	31,723
Other assets	112,947	(77,680)	35,267	130,508	(73,822)	56,686
Assets under const. and payments on account	4,928	–	4,928	4,942	–	4,942
Total	**507,987**	**(308,072)**	**199,915**	**580,692**	**(281,915)**	**298,777**

Changes during the year are summarised below:

(Values in €/000)	31 December 2012	Increases	Depreciation	(Imp. losses)/ reversals	Riclassifications	Disposals	Exchange rate gains (losses)	Change in consolidation	31 December 2013
Land	1,621	–	–	–	–	(132)	(25)	–	1,464
Buildings	10,585	813	(1,064)	–	(128)	(3)	(315)	(5,112)	4,776
Plant and machinery	193,220	23,945	(61,182)	(210)	3,147	(9,686)	(9,518)	(8,911)	130,805
Industrial and commercial equipment	31,723	3,597	(11,209)		349	(894)	(891)		22,675
Other assets	56,686	3,433	(15,506)	(67)	(38)	(4,277)	(3,133)	(1,831)	35,267
Assets under const. and payments on account	4,942	3,486	–		(3,330)		(170)	–	4,928
Total	**298,777**	**35,274**	**(88,961)**	**(277)**	**–**	**(14,992)**	**(14,052)**	**(15,854)**	**199,915**

Prior year changes are as follows:

(Values in €/000)	31 December 2011	Increases	Depreciation	(Imp. losses)/ reversals of imp. losses.	Riclassifications	Disposals	Exchange rate gains (losses)	Change in consolidation scope	31 December 2012
Land	4,219				253	(34)	(265)	(2,552)	1,621
Buildings	26,163	672	(854)		1,152	(4)	(934)	(15,610)	10,585
Plant and machinery	245,168	38,827	(80,159)	(2,131)	5,203	(16,188)	5,421	(2,921)	193,220
Industrial and commercial equipment	25,994	14,878	(9,958)	(121)	3,081	(187)	357	(2,321)	31,723
Other assets	68,981	13,316	(16,717)		(4,189)	(4,096)	1,916	(2,525)	56,686
Assets under const. and payments on account	11,062	4,084			(5,500)	(71)	(515)	(4,118)	4,942
Total	**381,587**	**71,777**	**(107,688)**	**(2,252)**	**–**	**(20,580)**	**5,980**	**(30,047)**	**298,777**

For the year 2012, the item "Profit from discontinued operations" (see note 17) includes amortisation and depreciation of € 3.8 million related to EcoRodovias.

The most significant changes include:

- increases of € 35.3 million, mostly related to capital expenditure for the Construction segment's foreign contracts, especially the hydroelectric plants in Colombia, widening of the Panama Canal and various infrastructure works in the United States, such as the construction of the Gerald Desmond Bridge (California) and the Anacostia River Tunnel (Washington);
- depreciation for the year of € 89.0 million;
- disposals of € 15.0 million, including the disposal of assets related to Construction segment contracts being wound up;
- net exchange rate losses of € 14.1 million, of which € 13.9 million for the Construction segment and € 0.2 million for the Engineering & Plant Construction segment. This change was significantly influenced by the performance of the exchange rate for the Columbian currency which depreciated against the euro by 14%, compared to the previous year, generating an exchange loss of € 9.3 million;
- the change in the consolidation scope mainly relates to the disposal of the investment held in Shangai Pucheng, previously consolidated on a proportionate basis.

The amount as at 31 December 2013 included € 36.7 million of leased assets, of which € 1.0 million relating to "Buildings", € 30.8 million to the category "plant and machinery" and € 4.8 million to the category "other assets".

The jointly controlled company Grupo Unido por El Canal S.A. has pledged a total of € 9.7 million of plant and machinery as a guarantee for a loan.

2. Intangible assets - Rights to infrastructure under concession

This item increased by € 40.5 million to € 53.3 million compared to the previous year.

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

	31 December 2013			31 December 2012		
(Values in €/000)	Cost	Acc. amortisation	Carrying amount	Cost	Acc. amortisation	Carrying amount
Rights to infrastructure under concession	64,440	(11,108)	**53,332**	23,837	(11,019)	**12,818**

Changes of the year are detailed in the following table:

(Values in €/000)	31 December 2012	Increases	Amortisation	Exchange rate gains (losses)	Change in consolidation scope	31 December 2013
Parking Glasgow	9,403		(400)	(206)		8,797
Mercovia - Argentina	3,415	694	(325)	(889)		2,895
Broni Mortara motorway - Italy	–	1,813			39,827	41,640
Total	**12,818**	**2,507**	**(725)**	**(1,095)**	**39,827**	**53,332**

The change in consolidation scope includes the increase related to the Broni-Mortara motorway following acquisition of control of Sa.Bro.M S.p.A., which holds the concession for the Broni-Mortara toll motorway, which took place in the first half of 2013. The construction work has not yet started for the project under concession and there is currently uncertainty regarding the construction project.

Accordingly, at the present date, the item mainly includes costs incurred for the project including borrowing costs capitalised in accordance with IAS 23, which are in any case considered recoverable according to the result of the tender/agreement signed.

Prior year changes are as follows:

(Values in €/000)	31 December 2011	Increases	Amortisation	Exchange rate gains	Disposals	Changes in consolidation	31 December 2012
Parking Glasgow	9,594		(420)	229			9,403
Mercovia - Argentina	3,459	695	(277)	(462)			3,415
EcoRodovias - Brazil	296,612					(296,612)	–
Total	**309,665**	**695**	**(697)**	**(233)**	**–**	**(296,612)**	**12,818**

For the year 2012, the item "Profit from discontinued operations" (see note 17) includes amortisation and depreciation of € 18.3 million related to EcoRodovias.

3. Other intangible assets

Other intangible assets amount to € 46.0 million, up € 11.9 million from the 31 December 2012 figure.

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

	31 December 2013			31 December 2012		
(Values in €/000)	Cost	Acc. amortisation	Carrying amount	Cost	Acc. amortisation	Carrying amount
Industrial patents	1,383	(1,375)	8	1,383	(1,369)	14
Software	3,136	(2,297)	839	3,056	(2,098)	958
Contract acquisition costs	61,735	(16,787)	44,948	46,730	(13,789)	32,941
Other	2,909	(2,739)	170	2,789	(2,659)	130
Total	**69,163**	**(23,198)**	**45,965**	**53,958**	**(19,915)**	**34,043**

Changes during the year are set out below:

(Values in €/000)	31 December 2012	Increases	Amortisation	Reclassifications	Disposals	Exchange rate gains (losses)	Change in consolidation scope	31 December 2013
Industrial patents	14		(6)					8
Software	958	370	(314)		(129)	(49)	3	839
Contract acquisition costs	32,941	15,004	(2,997)					44,948
Other	130	76	(49)				13	170
Total	**34,043**	**15,450**	**(3,366)**	**–**	**(129)**	**(49)**	**16**	**45,965**

Prior year changes are as follows:

(Values in €/000)	31 December 2011	Increases	Amortisation	Reclassifications	Disposals	Exchange rate gains (losses	Change in consolidation scope	31 December 2012
Industrial patents	19		(6)	1				14
Software	765	568	(338)	(1)	(8)	(28)		958
Contract acquisition costs	48,314		(1,002)				(14,371)	32,941
Other	2,581	111	(24)				(2,538)	130
Total	**51,679**	**679**	**(1,370)**	**–**	**(8)**	**(28)**	**(16,909)**	**34,043**

The column “change in consolidation scope” related to the exit of the Brazilian subsidiary EcoRodovias, which exited from the consolidation scope following its sale to third parties.

Contract acquisition costs include considerations paid by the parent to purchase the railway high speed/capacity business units, with a carrying amount as at 31 December 2013 of € 44.9 million. These assets have a finite life and are amortised in line with the stage of completion of the related contracts calculated using the cost to cost method. The balance is as follows:

(Values in €/000)	31 December 2012	Increases	Amortisation	Disposals	Exchange rate gains (losses)	31 December 2013
Cociv (Milan-Genoa railway line)	32,941	15,004	(2,997)			44,948
Total	**32,941**	**15,004**	**(2,997)**	**–**	**–**	**44,948**

The increases relate to the acquisition from third parties of an additional 10% stake in Consorzio COCIV, the General Contractor for the construction of the Terzo Valico dei Giovi section of the high speed/capacity Milan-Genoa railway line, which took place in September 2013.

Prior year changes are as follows:

(Values in €/000)	31 December 2011	Increases	Amortisation	Change in consolidation scope	Exchange rate gains (losses)	31 December 2012
Cociv (Milan-Genoa railway line)	33,943		(1,002)			32,941
EcoRodovias - logistics contracts	14,371			(14,371)		–
Total	**48,314**	**–**	**(1,002)**	**(14,371)**	**–**	**32,941**

For the year 2012, the item “Profit from discontinued operations” (see note 17) includes amortisation and depreciation of € 3.8 million related to EcoRodovias.

4. Goodwill

Goodwill of € 11.9 million decreased by € 18.5 million over 31 December 2012. The following table provides a breakdown of this item at 31 December 2013 and 2012:

(Values in €/000)	Segment	31 December 2013	31 December 2012	Change
FISIA Babcock	Engineering & Plant Construction	11,875	11,875	–
Shanghai Pucheng	Concessions	–	18,515	(18,515)
Total		**11,875**	**30,390**	**(18,515)**

The following table shows the changes in 2013:

(Values in €/000)	31 December 2012	Change in consolidation scope	Impairment losses	Exchange rate gains (losses)	31 December 2013
FISIA Babcock	11,875				11,875
Shanghai Pucheng	18,515	(18,515)			–
Total	**30,390**	**(18,515)**	**–**	**–**	**11,875**

The next table shows the changes in 2012:

(Values in €/000)	31 December 2011	Change in consolidation scope	Impairment losses	Exchange rate gains (losses)	31 December 2012
FISIA Babcock	11,875				11,875
Shanghai Pucheng	18,515				18,515
EcoRodovias - Logistics	34,432	(34,432)			–
EcoRodovias	11,921	(11,921)			–
Total	**76,743**	**(46,353)**	**–**	**–**	**30,390**

The decrease in the item for the year 2013 relating to the Shanghai Pucheng CGU is the result of the disposal of the entire equity interest held in the company.

The goodwill for FISIA Babcock arose from the acquisition of the company and the related business units by third parties in previous years.

As required by IAS 36, goodwill, being an intangible asset with an indefinite life, is not amortised systematically but is subject to impairment testing at least annually. The impairment test is carried out by estimating its recoverable amount, value in use and the future cash flows that the related cash-generating unit will generate.

Recoverability of the carrying amount of goodwill for the FISIA Babcock CGU at 31 December 2013 was tested by determining its value in use based on the business plans for at least the next five years.

In order to calculate value in use, the relevant cash flows have been discounted using a growth rate of 1% and a discount rate of 8.6%:

The terminal value was determined using the perpetuity method.

Given the current situation of the markets in which the CGU operates, the Group has performed a sensitivity analysis, considering the potential effects of changes in the reference variables:

- discount rates, since they are caused by conditions that the Group cannot control;
- growth rates for FISIA Babcock.

The recoverable amount determined using the procedure described, also considering the sensitivity analysis, was greater than the related carrying amounts of the cash-generating units and, accordingly, no impairment losses have been recognised.

5. Equity investments

Investments in associates and other companies decreased by € 16.6 million to € 46.0 million.

(Values in €/000)	31 December 2013	31 December 2012	Change
Investments in associates and other companies	45,995	62,637	(16,642)
Total	**45,995**	**62,637**	**(16,642)**

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

(Values in €/000)	31 December 2013	31 December 2012
Change in consolidation method	(9,543)	(209)
Acquisitions, capital injections and disinvestments	(6,910)	14,678
Share of loss of equity-accounted investees	2,173	1,241
Dividends from equity-accounted investees and other investees	(424)	(984)
Other changes including change in the translation reserve	(1,937)	419
Total	**(16,641)**	**15,145**

Change in consolidation method relates to the concessionaire engaged in the design, construction and management of the Broni-Mortara Regional Motorway over which control was acquired at the end of May following the acquisition of an additional stake of 19.8%, in relation to which disclosure has been provided in the section "Business Combinations" in the previous part of the these Explanatory Notes.

Acquisitions, capital injections and disinvestments is the result of the following changes:

- increase of € 11.3 million relating to the SPE that will develop the connector between the Port of Ancona and the A14 motorway for capital injections;
- decrease of € 18.2 million relating to the equity investments in Tangenziali Esterne di Milano S.p.A. ("TEM") and Tangenziale Esterna S.p.A. ("TE"), sold at the end of 2013. Capital injections had previously been made for these equity investments during 2013 for a total of € 25.6 million, while their carrying amount at the date of sale was a total of € 43.8 million.

The Group's share of profit of equity-accounted investees totalled € 2.6 million, considering also the figures shown in note 24 below, detailing the changes in the provision for risks on equity investments. The effect on profit or loss is analysed in note 35.

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

Investee (Values in €/000)	Segment	Country	Business	%	Carrying amount	Equity under local GAAP	IFRS Total assets	Net financial position (indebtedness)	Equity	Revenue	Profit (loss) for the year
Agua del Gran Buenos Aires	Concessions	Argentina	Water	42.58%	–	(153,298)	27,384	3,586	(153,298)	42,483	(3,786)
Cons. Agua Azul S.A.	Concessions	Peru	Water	25.50%	6,087,218	6,058,073	8,281,260	(1,064,820)	6,087,218	2,720,002	511,873
Enecor S.A.	Concessions	Argentina	Energy	30.00%	–	20,775	298,274	210,592	20,775	37,493	(23,782)
Impregilo Wolverhampton Ltd.	Concessions	GB	Hospitals	20.00%	(1,022,899)	194,411	4,314,762	(2,080,267)	(1,022,899)	1,231,728	77,656
Ochre Solutions Ltd.	Concessions	GB	Hospitals	40.00%	–	(1,240,420)	72,056,612	(58,313,274)	(1,370,262)	3,855,877	(196,576)
Puentes del Litoral	Concessions	Argentina	Motorways	26.00%	–	(3,552,959)	6,100,603	–	(3,552,959)	986,295	(3,385,943)
Yacylec S.A.	Concessions	Argentina	Energy	18.67%	341,017	341,017	471,388	51,052	341,017	486,469	21,685
Yuma	Concessions	Colombia	Motorways	40.00%	6,351,780	3,740,982	56,434,659	(28,319,589)	6,351,780	30,728,242	1,625,257
Coincar	Concessions	Argentina	Prisons	35.00%	–	2,566,959	3,084,757	(1,063,315)	1,957,517	590,168	–
Impregilo Arabia Ltd.	Construction	Saudi Arabia	Construction	50.00%	3,117,491	3,117,491	13,459,158	1,767,325	3,117,491	14,174,382	111,431

6. Non-current financial assets

Other non-current financial assets amount to a total of € 59.0 million and are broken down in the table below:

(Values in €/000)	31 December 2013	31 December 2012	Variation
Treasury and insurance securities	10,868	4,960	5,908
Non-current loans	48,123	50,707	(2,584)
Total	**58,991**	**55,667**	**3,324**

Treasury and insurance securities are investments of available cash made by several Group companies and are unlisted guaranteed-return securities that mature after one year.

The loans consists of € 30.7 million for Impregilo International and € 17.4 million for Impregilo S.p.A. and relate to:

- receivables arising from the sale of the investment in the Argentine operator Caminos de Las Sierras to the Cordoba provincial authorities (Argentina) in 2010, on which interest is accruing at a fixed rate of 9.50%, made up as follows:
  - The amount of € 17.3 million due from Caminos de Las Sierras relates 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 € 22.8 million at the reporting date includes € 17.3 million due after one year and € 5.5 million due within one year. The latter amount is shown under "Other current financial assets".
  - The amount due from the Cordoba provincial authorities also refers to the sale of the investment in Caminos de Las Sierras and amounts to € 8.3 million, including € 6.1 million due after one year and € 2.2 million due within one year. The latter amount is shown under "Other current financial assets".
- amounts due for loans to unconsolidated associates in the Concessions segment totalling € 7.3 million (€ 7.4 million).
- amount due for the outstanding consideration to be received for the sale of the equity investment in the "TE" companies discussed above (amounting to € 17.4 million). This receivable is interest bearing and will be collected by 31 October 2016.

7. Non-current intragroup loans and receivables

Non-current intragroup loans and receivables, amounting to € 2.8 million, decreased by € 0.7 million compared to the previous year end. This amount relates to receivables due from associates. The decrease is mainly due to increase in amounts due from the Swiss consortia (€ 1.2 million) and reclassification of part of the receivable from the associate Puentes del Litoral from non-current to current.

8. Other non-current assets

Other non-current assets amounting to € 9.0 million decreased by € 1.8 million on the previous year. It principally consists of loans and other receivables. The following table provides a breakdown of this item by the operating company to which the asset belongs:

(Values in €/000)	31 December 2013	31 December 2012	Change
Imprepar and subsidiaries	2,862	3,917	(1,055)
Vegas Tunnel	2,621	2,923	(302)
Impregilo branches in the United Arab Emirates	–	293	(293)
Shimmick - FCC-Igl JV	1,509	3,082	(1,573)
Impregilo Healy Parsons	1,145	–	1,145
Other Construction	792	476	316
Other Engineering & Plant Construction, Concessions and FIBE	89	91	(2)
Total other non-current assets	**9,018**	**10,782**	**(1,764)**

9. Deferred tax assets and liabilities

Deferred tax assets and liabilities amount to € 102.6 million and € 47.8 million at 31 December 2013, respectively.

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

(Values in €/000)	31 December 2012	Increases	Decreases	Exchange rate gains (losses)	Change in consolidation scope and other changes	31 December 2013
Deferred tax assets:						
Amortisation and depreciation exceeding tax rates	1,389					1,389
Provisions for risks and impairment losses	47,779	4,227	(9,711)			42,295
Deferred taxes	35,107	2,893		(796)		37,204
Fisia Hiatus transaction	22,967		(3,589)			19,378
Other	9,740	951	(341)	(624)	(1)	9,725
Total	**116,982**	**8,071**	**(13,641)**	**(1,420)**	**(1)**	**109,991**
Offsetting	(11,498)				4,157	(7,341)
Net deferred tax assets (A)	**105,484**	**8,071**	**(13,641)**	**(1,420)**	**4,156**	**102,650**
Deferred tax liabilities:						
Deferred gains	(4,231)				4,231	
Default interest income - Venezuelan branch	(5,530)					(5,530)
Contract revenue or revenue items	(8,398)		703			(7,695)
Contract revenue taxable in future years	(33,719)	(3,479)		775		(36,423)
Other	(6,127)	(797)	223	1,168	31	(5,502)
Total	**(58,005)**	**(4,276)**	**926**	**1,943**	**4,262**	**(55,150)**
Offsetting	11,498				(4,157)	7,341
Net deferred tax liabilities (B)	**(46,507)**	**(4,276)**	**926**	**1,943**	**105**	**(47,809)**
Net deferred tax (income) expense (A + B)		**3,795**	**(12,715)**			**(8,920)**

Changes for the previous year were as follows:

(Values in €/000)	31 December 2011	Increases	Decreases	Exchange rate gains (losses)	Change in consolidation scope	31 December 2012
Deferred tax assets:						
Amortisation and depreciation exceeding tax rates	1,649		(260)			1,389
Provisions for risks and impairment losses	30,239	23,620	(6,080)			47,779
Deferred taxes	28,039	7,932		(864)		35,107
Fisia Hiatus transaction	26,556		(3,589)			22,967
Other	32,674	4,110	(21,720)	805	(6,129)	9,740
Total	**119,157**	**35,662**	**(31,649)**	**(59)**	**(6,129)**	**116,982**
Offsetting	(30,497)				18,999	(11,498)
Net deferred tax assets (A)	**88,660**	**35,662**	**(31,649)**	**(59)**	**12,870**	**105,484**
Deferred tax liabilities:						
Deferred gains	(4,227)				(4)	(4,231)
Default interest income - Venezuelan branch		(5,530)				(5,530)
Contract revenue or revenue items	(17,289)		5,864	85	2,942	(8,398)
Contract revenue taxable in future years	(27,093)	(7,830)	376	828		(33,719)
Other	(7,086)	(452)	927	484		(6,127)
Total	**(55,695)**	**(13,812)**	**7,167**	**1,397**	**2,938**	**(58,005)**
Offsetting	30,497				(18,999)	11,498
Net deferred tax liabilities (B)	**(25,198)**	**(13,812)**	**7,167**	**1,397**	**(16,061)**	**(46,507)**
Net deferred tax (income) expense (A + B)		**21,850**	**(24,482)**			**(2,632)**

10. Inventories

Inventories total € 83.5 million at the reporting date, as shown in the following table:

	31 December 2013			31 December 2012			
(Values in €/000)	Gross carrying amount	Allowance	Carrying amount	Gross carrying amount	Allowance	Carrying amount	Change
Real estate projects	22,311	(8,222)	14,089	22,826	(8,222)	14,604	(515)
Finished products and goods	4,478		4,478	4,582		4,582	(104)
Raw materials, consumables and supplies	65,659	(726)	64,933	77,566	(1,376)	76,190	(11,257)
Total	**92,448**	**(8,948)**	**83,500**	**104,974**	**(9,598)**	**95,376**	**(11,876)**

Real estate projects

As at 31 December 2013, real estate projects amount to € 14.1 million, a net reduction of € 0.5 million mainly due to the sale of a piece of land in the Berlin area (Germany). 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. Although the project had not yet been fully launched at the reporting date, considering the current zoning provisions implemented by the relevant authorities, the directors deemed its carrying amount adequate, based also on appraisals from independent experts.

Finished products and goods and raw materials, consumables and supplies

The carrying amount of these items totals € 4.5 million and € 64.9 million, respectively, and mainly relates to materials and goods to be used for foreign contracts, including those of the Construction segment in Venezuela, Colombia, Panama and the United States.

The carrying amount of raw materials, consumables and supplies is net of an allowance of € 0.7 million, analysed below.

(Values in €/000)	31 December 2012	Accruals	Utilisations	Reversals	Exchange rate	31 December 2013
Allowance - raw materials	(1,376)	(46)	657		39	(726)
Total	**(1,376)**	**(46)**	**657**	**–**	**39**	**(726)**

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

(Values in €/000)	31 December 2011	Accruals	Utilisations	Reversals	Exchange rate gains (losses)	31 December 2012
Allowance - raw materials	(661)	(728)			13	(1,376)
Total	**(661)**	**(728)**	**–**	**–**	**13**	**(1,376)**

11. Contract work in progress

Contract work in progress totalled € 876.2 million at the reporting date, up € 11.8 million on the previous year-end figure. 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:

(Values in €/000)	31 December 2013	31 December 2012	Change
Contract work in progress	11,257,002	11,935,027	(678,025)
Progress payments and advances received (on approved work)	(10,380,816)	(11,070,659)	689,843
Total	**876,186**	**864,368**	**11,818**

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

(Values in €/000)	31 December 2013	31 December 2012	Change
Construction	851,774	770,127	81,647
Engineering & Plant Construction	24,412	94,241	(69,829)
Total	**876,186**	**864,368**	**11,818**

Contract work in progress of the Construction segment mainly relates to railway work in Venezuela (€ 230.7 million, with production of € 173.6 million during the year), work on Lots 5 and 6 of the A3 Salerno-Reggio Calabria motorway (€ 73.1 million, with production of € 106.0 million during the year), work to widen the Panama Canal (€ 167.0 million, with production of € 354.2 million during the year), work on the hydroelectric plants in Colombia (€ 47.8 million, with production of € 241.1 million during the year), work on the Orastie-Sibiu motorway in Romania (€ 22.2 million, with production of € 36.0 million during the year) and work on the Red Line North Underground in Qatar (€ 9.0 million, with production of € 9.0 million).

The Construction segment's contract work in progress includes € 61.8 million for the nearly completed contracts of Imprepar S.p.A.

With regard to the work to widen the Panama Canal, as noted in the 'Risk Areas' section in the Construction segment in the Directors' report, from the last quarter of 2013, there were significant developments in the events that have affected the Group's operations for this project, which have already been reported on the Group's previous financial documents, particularly in relation to sudden deterioration in the contractual relations with the client. As a result, the international joint venture awarded the contract that Impregilo is part of, which already in previous years had experienced significant problems and cost increases for reasons essentially attributable to the client's scope of responsibility, was unable to continue with the construction work. This situation, which was due to the client's repeated unwillingness to act in the spirit of collaboration in implementing the contractual provisions established to protect the rights of the parties, has only recently been stabilised as a result of an accord under which the construction work could be resumed. This accord, in return for the resumption of the work and its completion by 31 December 2015, has also established (i) the co-financing by client and contractor of work to be completed, with particular reference to the extra costs identified with respect to original estimates, and (ii) the deferment of repayment of contractual advances, according to a schedule compatible with the final allocation between the parties of the set of extra costs upon the outcome of the arbitration proceedings initiated at the same time. In this regard you are reminded that, already starting from the year 2012, the Impregilo Group, based on a reasonably prudent valuation approach, supported by independent expert appraisals, had updated its estimates for this contract and recognised a significant loss on completion. On that basis, according to a valuation approach established also taking into account recent events, the company decided to update the valuations previously made and consequently recognise additional net costs upon completion although for not particularly significant amounts.

Despite the additional problems that have arisen, described in the 'Risk Areas' section of the Construction segment in the Directors' report, the company does not consider there to be a probable risk regarding the recovery of the assets being used for the ongoing railway projects in Venezuela, although recovery normally takes much longer than in other geographical segments and additional future problems cannot be ruled out. The contracts are of a strategic nature for the country and the current contractual relationships reasonably allow the Group to assume that the assets will be realised, as reflected in its measurement of the individual contracts.

Reference should be made to the Directors' report (the section on risk areas for the Construction segment) for details of the Bridge crossing the Messina Strait and roadway and railway connectors from Calabria to Sicily. At the reporting date, contract work in progress is worth € 21.2 million.

As disclosed in earlier sections of these notes about the Group's operations in Libya, contract work in progress in this country amounts to € 99.4 million.

Contract work in progress of the Engineering & Plant Construction segment mainly relates to the Kuwait and United Arab Emirates desalination plants which had nearly been completed in 2012.

12. Trade receivables and current intragroup loans and receivables

At 31 December 2013, trade receivables amount to a positive € 926.5 million, up by € 117.3 million over 31 December 2012. They are analysed in the following table:

(Values in €/000)	31 December 2013	31 December 2012	Change
Trade receivables	1,023,115	903,676	119,439
Allowance for impairment	(96,650)	(94,496)	(2,154)
Net trade receivables	**926,465**	**809,180**	**117,285**

(Values in €/000)	31 December 2013	31 December 2012	Change
Construction	673,407	492,833	180,574
Engineering & Plant Construction	17,239	98,925	(81,686)
Concessions	9,018	10,574	(1,556)
FIBE	226,801	206,848	19,953
Total	**926,465**	**809,180**	**117,285**

The balance relates to amounts due from clients for invoices issued and for work performed and approved by clients but still to be invoiced. The net increase is principally due to the € 180.6 million rise in the Construction segment's balance, mainly due to the contracts in Venezuela and Pedelombarda project, while the Engineering & Plant Construction segments saw a decrease of € 81.7 million, as a result of the collection of receivables relating to desalination plants. The increase in receivables relating to Venezuela reflects the temporary delays in payments by the clients in that area also as a consequence of the situation recently observed in this country and described in the 'Risk Areas' section of the Construction segment in the Directors' report.

The item also includes € 226.8 million due to FIBE from 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 section on "Non-current assets held for sale" in the Directors' report - Part II for more information about this complicated situation and the directors' related assessments).

Retentions amounted to € 86.9 million at the reporting date compared to € 74.8 million at 31 December 2012.

The allowance for impairment increased by € 2.1 million to € 96.7 million during the year, as follows:

(Values in €/000)	31 December 2012	Accruals	Utilisations	Reversals	Other changes	Exchange rate gains (losses)	31 December 2013
Trade receivables	32,963	14,585	(5,004)	(5,956)	(44)	(11)	36,533
Default interest	61,533			(1,416)			60,117
Total	**94,496**	**14,585**	**(5,004)**	**(7,372)**	**(44)**	**(11)**	**96,650**

Changes in the previous year are as follows:

(Values in €/000)	31 December 2011	Accruals	Utilisations	Reversals	Change in consolidation scope	Exchange rate gains (losses)	31 December 2012
Trade receivables	36,958	104	(1,771)	(743)	(1,513)	(72)	32,963
Default interest	61,533						61,533
Total	**98,491**	**104**	**(1,771)**	**(743)**	**(1,513)**	**(72)**	**94,496**

Current intragroup loans and receivables for unconsolidated Group companies amount to € 241.7 million, down € 12.0 million on 31 December 2012, as shown in the following table:

(Values in €/000)	31 December 2013	31 December 2012	Change
Gross carrying amount	274,461	285,007	(10,546)
Allowance for impairment	(32,808)	(31,322)	(1,486)
Net current intragroup loans and receivables	**241,653**	**253,685**	**(12,032)**

Intragroup loans and receivables mainly relate to commercial and financial transactions with unconsolidated Group companies. The change in this item is mainly attributable to the settlement of the receivables due from Consorcio Central Hidroelectrica Daule Peripa Division Obras Civiles (a change of € 4.2 million) and Consorzio Costruttori TEEM (a change of € 12.6 million), resulting respectively from the closure of the Consorzio and the sale of the equity investment to third parties, and the increase in the receivable due from the OIV Tocoma consortium (a change of € 3.6 million).

The change in the allowance for impairment for intragroup loans and receivables is analysed below:

(Values in €/000)	31 December 2012	Accruals	Utilisations	Reversals	Exchange rate gains (losses)	Other changes	31 December 2013
Total	31,322	62	(8)	(273)	1,705		**32,808**

The change in the allowance for impairment for intragroup loans and receivables in the previous year is analysed below:

(Values in €/000)	31 December 2011	Accruals	Utilisations	Reversals	Exchange rate gains (losses)	Other changes	31 December 2012
Total	25,615	4,689	–	–	1,018	–	31,322

13. Derivatives and other current financial assets

As at 31 December 2013 the item amounted to a total of € 82.1 million (€ 19.0 million as at 31 December 2012) and included the following items:

(Values in €/000)	31 December 2013	31 December 2012	Change
Other current financial assets	81,072	17,903	63,169
Derivative assets	1,016	1,091	(75)
Total derivatives and other current financial assets	**82,088**	**18,994**	**63,094**

Other current financial assets are broken down as follows:

(Values in €/000)	31 December 2013	31 December 2012	Change
Treasury and insurance securities	590	10,590	(10,000)
Current loans	80,482	7,313	73,169
Other current financial assets	**81,072**	**17,903**	**63,169**

Treasury and insurance securities are investments of available cash made by several Group companies and are unlisted guaranteed-return securities that mature within one year.

The loans consists of € 71.1 million for Impregilo International and are comprised of:

- € 7.6 million (€ 7.3 million as at 31 December 2012) for the current amounts of the loans arising from the sale of the investment in the Argentine operator Caminos de Las Sierras to the Cordoba provincial authorities (Argentina) in 2010, as noted above: these receivables, to date, have been duly repaid in accordance with the provisions of the related contractual agreements;
- € 63.4 million for the loan, arising at the year end, resulting from the sale of the equity investment in the Chinese-registered company Shanghai Pucheng Thermal Power Energy Co. Ltd. ("Shanghai Pucheng") to third parties by Impregilo International Infrastructures N.V.. The equity investments, amounting to 50% of the equity of Shanghai Pucheng, engaged in the waste treatment industry, was sold for an amount of Renminbi 530 million. This loan was repaid in full in January 2014.

Lastly, this item includes € 9.4 million for current loans given as guarantee for the pre-financing of the Pedelombarda contract, which are due to be collected during the course of the year after the reporting date. This item has a corresponding amount under financial liabilities for the amount paid in advance by the transferee entity.

Derivative assets include the reporting-date fair value of currency hedges.

This item is analysed below:

(Values in €/000)	31 December 2013	31 December 2012
Currency swaps - FVTPL	1,016	1,091
Total derivatives presented in net financial position	**1,016**	**1,091**

The following tables set out the characteristics of the derivative assets existing at 31 December 2013, showing the company owning the contract and the related fair value at the reporting date:

Currency derivatives - FVTPL: assets

Company	Agreement date	Expiry date	Currency	Notional amount	Fair value (€)
Impregilo S.p.A.	20/11/2013	20/02/2014	USD	8,772,000	130,725
Impregilo S.p.A.	29/11/2013	28/02/2014	USD	15,678,000	153,689
Impregilo S.p.A.	22/10/2013	22/01/2014	USD	2,810,000	13,406
Impregilo S.p.A.	29/11/2013	28/02/2014	USD	6,320,000	61,954
Impregilo S.p.A.	06/12/2013	06/06/2014	USD	2,520,000	26,060
Impregilo S.p.A.	11/12/2013	11/06/2014	USD	1,579,895	6,324
Fisia Babcock GmbH	03/07/2013	15/05/2014	USD	4,500,000	183,948
Fisia Babcock GmbH	03/07/2013	15/07/2014	USD	5,300,000	216,077
Fisia Babcock GmbH	03/07/2013	29/12/2014	USD	3,000,000	122,372
Fisia Babcock GmbH	03/07/2013	17/02/2014	USD	2,468,000	101,101
Total					**1,015,656**

This category includes derivatives that have been entered into to hedge the Group against currency risks but that do not meet (or no longer meet and the situation has not been yet been resolved) hedge accounting requirements for cash flow hedges.

14. Current tax assets and other current tax assets

Current tax assets amount to € 60.6 million as follows:

(Values in €/000)	31 December 2013	31 December 2012	Change
Direct taxes	33,671	32,621	1,050
IRAP	1,012	1,863	(851)
Foreign direct taxes	25,961	32,769	(6,808)
Total	**60,644**	**67,253**	**(6,609)**

The 31 December 2013 figure 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 of € 96.5 million increased by € 16.0 million over 31 December 2012. They may be analysed as follows:

(Values in €/000)	31 December 2013	31 December 2012	Change
VAT	71,704	64,252	7,452
Other indirect taxes	24,834	16,327	8,507
Total	**96,538**	**80,579**	**15,959**

VAT receivables amount to € 71.7 million and include € 21.5 million factored to a major bank, which does have the characteristics required by the accounting standards for the derecognition of the financial assets, as described in note 19 Factoring payables.

"Other indirect taxes" include withholdings of € 7.8 million paid by the Icelandic branch on the remuneration paid to foreign temporary workers involved in the building site. A dispute arose with the local tax authorities about the party required to act as the withholding agent for the remuneration of foreign temporary workers at the building site. 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 company's claims were fully satisfied. Nevertheless, the local authorities subsequently commenced a new proceeding for exactly a similar issue. The Supreme Court rejected the company's claims in its ruling handed down in February 2010, which is blatantly contrary to the previous ruling issued in 2006 on the same matter by the same judiciary authority. The company had expected to be refunded both the unduly paid withholdings of € 6.9 million (at the original exchange rate) and the related interest accrued to date of € 6.0 million. Impregilo had prudently impaired the interest amount in previous years, despite a previous local court ruling and the opinion of its consultants that confirmed its grounds, and only continued to recognise the unduly paid principal. After the last ruling, the company took legal action at international level (appeal presented to the EFTA Surveillance Authority on 22 June 2010) and, as far as possible, again at local level (another reimbursement claim presented to the local tax authorities on 23 June 2010) as it deems, again supported by its advisors, that the last ruling issued by the Icelandic Supreme Court is unlawful both in respect of local legislative and international agreements which regulate 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. Following 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 amend its position within 60 days. As a result Impregilo Group formally requested the re-opening of the case. Based on the above considerations, Impregilo does not believe objective reasons currently exist to change the valuations made in relation to this dispute.

15. Other current assets

Other current assets amount to € 259.6 million, down € 29.3 million from the 31 December 2012 figure.

This item is broken down as follows:

(Values in €/000)	31 December 2013	31 December 2012	Change
Other receivables	114,777	106,240	8,537
Advances to suppliers	95,841	135,369	(39,528)
Prepayments and accrued income	49,000	47,346	1,654
Total	**259,618**	**288,955**	**(29,337)**

This item mainly comprises FIBE's receivables of € 71.3 million from the public bodies involved in managing the waste emergency in Campania. Reference should be made to the section on "Non-current assets held for sale" in the Directors' report - Part II for more information about this complicated situation and the directors' related assessments.

Other receivables include an amount of € 8.3 million for an interesting bearing restricted deposit, held with a leading financial institution, for the purchase of shares of the company Collegamenti Integrati Veloci - C.I.V. S.p.A. This item also includes the receivables due from the affiliate Salini Polska SP. Z.O.O. of € 5.2 million, receivables for the Imprepar Impregilo Partecipazioni S.p.A. area of € 3.9 million and receivables for the work on the high speed/capacity line of € 4.2 million.

As at 31 December 2012, other receivables included the claims for compensation due to Impregilo S.p.A. by the original lessor of the building currently housing its registered office following the outcome of the dispute with the lessor of the Sesto San Giovanni (Milan) building where Impregilo had its registered office until 2009. These claims were enforced by the Group and the related amount was received during the year 2013. More details regarding this dispute are provided in the 'Risk Areas' section of the Corporate segment.

Advances to suppliers decreased by € 39.5 million on 31 December 2012, including a reduction for the Construction segment (€ 40.4 million) due to utilisation of advances paid in previous years for the Panama, Colombia, Venezuela and Libya contracts. The Engineering & Plant Construction segment saw an increase of € 0.9 million following advances to suppliers for the contracts in the Middle East.

A breakdown by segment is set out in the following table:

(Values in €/000)	31 December 2013	31 December 2012	Change
Construction	88,427	128,831	(40,404)
Engineering & Plant Construction	7,414	6,538	876
Total	**95,841**	**135,369**	**(39,528)**

Prepayments and accrued income of € 49.0 million show an increase of € 1.7 million on 31 December 2012. The item mainly consists of 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 change is attributable to items of this nature, with an increase for the High-speed/capacity Milan-Genoa Railway, offset by the decrease related to the Panama Canal widening contract, the Lake Mead water transportation contract and the hydroelectric project on the Sogamoso river.

They are broken down in the following table:

(Values in €/000)	31 December 2013	31 December 2012	Change
Accrued income:			
– Other	780	46	734
Total accrued income	**780**	**46**	**734**
Prepayments:			
– Insurance	**20,194**	**17,215**	**2,979**
– Commissions on sureties	16,104	22,912	(6,808)
– Leases	1,468	1,024	444
– Costs recognised in line with stage of completion of contracts	7,659	2,324	5,335
– Other	2,795	3,825	(1,030)
Total prepayments	48,220	47,300	920
Total	**49,000**	**47,346**	**1,654**

16. Cash and cash equivalents

As at 31 December 2013, cash and cash equivalents amount to € 813.3 million, down by € 429.8 million, as shown below:

(Values in €/000)	31 December 2013	31 December 2012	Change
Cash and cash equivalents	**813,290**	**1,243,086**	**(429,796)**

The statement of cash flows shows the reason for this increase and changes in current account facilities (note 19).

As at the reporting date, Consorzio C.A.V.TO.MI. had an escrow account with fiduciary mandate with a leading bank of € 64.6 million deposited in a restricted account as guarantee of a contractual agreement.

Cash and cash equivalents include € 69.5 million for the receipt from the client of the contractual advance on the Metro Ryhad contract. This cash has been temporarily credited to a joint account between the two partners of the joint venture and will be transferred as soon as it becomes operational. The amount represents the Group's share of the joint account.

Imprepar's deposits include € 13.0 million collected by it on behalf of third parties.

Lastly, the cash and cash equivalents of Parking Glasgow are tied to specific reserves in the amount of € 0.5 million.

The obtaining of funds by the members of consortia in which Impregilo is involved is generally subject to approval by a qualified majority of the consortium members, in order to better safeguard the financial requirements related to the performance of the contracts.

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

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

(Values in €/000)	31 December 2013	31 December 2012	Change
Non-current assets held for sale	5,683	307,588	(301,905)

A breakdown of the statement of financial position items is as follows:

(Values in €/000)	31 December 2013	31 December 2012	Change
Other claims for compensation - USW Campania	5,683	121,202	(115,519)
Total net USW Campania	**5,683**	**121,202**	**(115,519)**
Residual investment in EcoRodovias	–	186,386	(186,386)
Net non-current assets held for sale	**5,683**	**307,588**	**(301,905)**

The change in this item is due to reduction resulting from the sale, in January 2013, of the remaining equity investment in the Brazilian group EcoRodovias, in addition to the recognition of compensation claims pertaining to the subsidiary FIBE and relating to the former RDF plants. In this regard, in April 2013, Supreme Court irreversibly rejected the municipalities' appeal against the Council of State's ruling about the former RDF plants. Accordingly, the Lazio Regional Administrative Court's first level ruling became enforceable (it had already been confirmed by the Council of State on 20 February 2012), ordering the municipalities to pay FIBE roughly € 204 million, plus legal and default interest accrued since 15 December 2005, equal to the costs incurred by FIBE to build the plants and not yet depreciated at that date. The full amount of € 240 million was collected on 1 August 2013. As a result, the Group recognised income of € 84 million, net of the related tax effect, classified under "Profit from discontinued operations". The related tax effects were directly offset against the gain arising from reversal of impairment losses and recognised under tax liabilities.

The remaining non-current assets held for sale of the USW Campania projects at the reporting date mostly refer to the Santa Maria la Fossa site and other related items of property, plant and equipment.

Reference should be made to the section "Non-current assets held for sale" in the Directors' report - Part II of this Annual Report for more information about the complicated situation surrounding the USW Campania projects.

The profit from discontinued operations in 2013 and 2012 is analysed in the following tables:

	2013		
(Values in €/000)	EcoRodovias	USW Campania	Total
Total revenue	**–**	**91,054**	**91,054**
Costs			
Other operating expenses	–	(8,772)	(8,772)
Total costs	**–**	**(8,772)**	**(8,772)**
Operating profit (loss)	**–**	**82,282**	**82,282**
Financing income (costs) and gains (losses) on investments			
Financial income	–	35,987	35,987
Financing income (costs)	–	35,987	35,987
Gains (losses) on investments	(767)	–	(767)
Net financing costs and net gains on investments	**(767)**	**35,987**	**35,220**
Profit (loss) before tax	**(767)**	**118,269**	**117,502**
Income tax expense	–	(36,867)	(36,867)
Profit (loss) from discontinued operations	**(767)**	**81,402**	**80,635**
Profit (loss) from discontinued operations attributable to:			
Owners of the parent	(767)	81,402	80,635

	2012		
(Values in €/000)	EcoRodovias	USW Campania	Total
Total revenue	**271,407**	**–**	**271,407**
Costs			
Raw materials and consumables	(2,368)		(2,368)
Subcontracts	(55,936)		(55,936)
Other operating expenses	(38,751)	(3,681)	(42,432)
Personnel expenses	(33,321)		(33,321)
Amortisation, depreciation, provisions and impairment losses	(38,465)		(38,465)
Total costs	**(168,841)**	**(3,681)**	**(172,522)**
Operating profit (loss)	**102,566**	**(3,681)**	**98,885**
Net gain on the sale of EcoRodovias	**538,651**		**538,651**
Net financing costs and net gains on investments	**108,828**	**–**	**108,828**
of which: fair value measurement of residual investment in EcoRodovias	*133,209*		*133,209*
Profit (loss) before tax	**750,045**	**(3,681)**	**746,364**
Income tax expense	(29,328)		(29,328)
Profit (loss) from discontinued operations	**720,717**	**(3,681)**	**717,036**
Profit (loss) from discontinued operations attributable to:			
Owners of the parent	720,160	(3,681)	716,479
Non-controlling interests	557	–	557

The following tables show the composition of the item "Net cash flows used in discontinued operations" in 2013 and 2012 in the statement of cash flows:

(Values in €/000)		2013
Net collected amount on the sale of EcoRodovias		187,001
Cash and cash equivalents of EcoRodovias:		
Total EcoRodovias		187,001
Collection of receivable for the Acerra waste-to-energy plant		**240,729**
Total cash flows from discontinued operations		**427.730**

(Values in €/000)		2012
Net collected amount on the sale of EcoRodovias		729,988
Dividends collected in 2012		20,640
Cash and cash equivalents collected		750,628
Cash and cash equivalents of EcoRodovias:		
– Cash flows from operating activities	76,370	
– Cash flows used in investing activities	(220,354)	
– Cash flows from financing activities	160,143	
– Cash and cash equivalents of EcoRodovias at the date of exclusion from the consolidation scope	(89,298)	
Net cash flows for the year		(73,139)
Total EcoRodovias		**677,489**
Collection of receivable for the Acerra waste-to-energy plant		355,551
Total cash flows from discontinued operations		**1,033,040**

18. Equity

Equity decreased to € 1,399.0 million at 31 December 2013 from € 1,805.8 million at the end of 2012 as follows:

(Values in €/000)	31 December 2013	31 December 2012	Change
Equity attributable to the owners of the parent			
Share capital	718,364	718,364	–
Share premium reserve	1,222	1,222	–
– Legal reserve	58,447	21,517	36,930
– Translation reserve	(4,799)	(2,282)	(2,517)
– Hedging reserve	(5,568)	(6,753)	1,185
– Actuarial reserve	(991)	(816)	(175)
Total other reserves	47,089	11,666	35,423
Retained earnings	430,280	466,616	(36,336)
Profit for the year	187,748	603,086	(415,338)
Equity attributable to the owners of the parent	**1,384,703**	**1,800,954**	**(416,251)**
Share capital and reserves attributable to non-controlling interests	13,992	4,511	9,481
Profit for the year attributable to non-controlling interests	318	340	(22)
Share capital and reserves attributable to non-controlling interests	**14,310**	**4,851**	**9,459**
Total equity	**1,399,013**	**1,805,805**	**(406,792)**

Changes of the year in the different equity items are summarised in the relevant schedule of the consolidated financial statements.

In their meeting held on 30 April 2013, the parent's shareholders resolved to allocate the profit for the previous year as follows:

- € 36,930,293.29, equal to 5% of the profit for the year, to the legal reserve;
- € 599,662,326.13 as a dividend to the holders of ordinary shares, equal to € 1.49 per share;
- € 2,575,092.65 as a dividend to the holders of savings shares, equal to € 1.594 per share;
- € 99,438,153.71 to be carried forward.

Disclosures about the individual items are set out below.

Share capital

The parent's share capital of € 718.4 million is unchanged with respect to 31 December 2012 and includes 404,073,428 shares, of which 402,457,937 ordinary shares and 1,615,491 savings shares.

On 1 January 2014, the effective date of the merger of Salini S.p.A. into Impregilo S.p.A., implementing the resolution of the Shareholders' Meeting of 12 September 2013, the share capital of the resulting company from the merger, which has taken on the new company name Salini Impregilo S.p.A., was established in the amount of € 500.0 million. At the same time a legal reserve was established in the amount of € 100.0 million and 44,974,754 new ordinary shares of Salini Impregilo S.p.A. were issued to Salini Costruttori S.p.A. These effects will be reflected in the year 2014.

Share premium reserve

The share premium reserve of € 1.2 million did not change during the year.

Other reserves

This item is broken down in the following table:

(Values in €/000)	31 December 2013	31 December 2012	Change
Legal reserve	58,447	21,517	36,930
Translation reserve	(4,799)	(2,282)	(2,517)
Hedging reserve	(5,568)	(6,753)	1,185
Actuarial (gains) losses reserve	(991)	(816)	(175)
Total other reserves	**47,089**	**11,666**	**35,423**

The change in other reserves is mainly due to allocation of the legally-required amount of the parent's profit to the legal reserve, as described above, and exchange rate differences as detailed in the next table:

(Values in €/000)	2013	2012
Opening balance	**(2,282)**	**18,476**
Reclassification from the statement of comprehensive income to the income statement	11,319	4,068
Equity-accounted investees	(1,910)	728
Increase (decrease)	(11,926)	(25,554)
Total changes	**(2,517)**	**(20,758)**
Closing balance	**(4,799)**	**(2,282)**

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

(Values in €/000)	2013	2012
Opening balance	**(6,753)**	**(7,022)**
Reclassification of fair value gains/losses on settled transactions to profit or loss	536	499
Net fair value losses	191	(384)
Deferred tax effect		137
Exchange rate gains (losses)	123	–
Net gains (losses) for equity-accounted investees	335	17
Total changes	**1,185**	**269**
Closing balance	**(5,568)**	**(6,753)**

The actuarial gains (losses) reserve underwent the following changes:

(Values in €/000)	2013	2012
Opening balance	(816)	(389)
Actuarial gains (losses) for the year	(175)	(427)
Closing balance	**(991)**	**(816)**

Retained earnings

This item may be analysed as follows:

(Values in €/000)	2013	2012
Opening balance	**466,616**	**328,540**
Allocation of profit and reserves	566,156	174,591
Dividend distribution	(602,238)	(36,641)
Other changes	(254)	126
Total changes	**(36,336)**	**138,076**
Closing balance	**430,280**	**466,616**

As disclosed earlier, in their meeting held on 30 April 2013, the parent's shareholders resolved to allocate a dividend of € 1.49 per share to the holders of ordinary shares for a total of € 599,662,326.13 and of € 1.594 per share to the holders of savings shares for a total € 2,575,092.65. The remainder was carried forward.

Share capital and reserves attributable to non-controlling interests

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

(Values in €/000)	2013	2012
Opening balance	**4,851**	**6,928**
Profit attributable to non-controlling interests	318	340
Capital injection by non-controlling interests	601	1,806
Dividend distribution to non-controlling interests		(1,381)
Change in consolidation scope	9,481	(1,924)
Change in translation reserve	(1,195)	(918)
Other changes	254	
Total changes	**9,459**	**(2,077)**
Closing balance	**14,310**	**4,851**

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

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

(Values in €/000)	Equity	Profit for the year
Equity and profit for the year of Impregilo S.p.A.	**1,193,825**	**113,829**
Elimination of consolidated investments	(542,754)	16,673
Elimination of the provision for risks on equity investments	197,846	–
Equity and profit or loss of consolidated companies	417,490	80,868
Other consolidation entries		
Elimination of dividends paid to Impregilo S.p.A.	–	(3,390)
Tax effects not yet reversed	19,378	(3,589)
Elimination of national tax consolidation system effects	98,918	(16,643)
Equity and profit for the year attributable to the owners of the parent	**1,384,703**	**187,748**
Equity and profit for the year attributable to non-controlling interests	14,310	318
Consolidated equity and profit for the year	**1,399,013**	**188,066**

19. Bank and other loans

Bank and other loans decreased by € 33.5 million over 31 December 2012 to € 340.3 million at year end, as summarised below:

(Values in €/000)	31 December 2013	31 December 2012	Change
Non-current portion	115,112	138,549	(23,437)
Current portion	225,169	235,211	(10,042)

The overall financial indebtedness of the Impregilo Group is broken down by loan type in the following table:

	31 December 2013			31 December 2012		
(Values in €/000)	Non-current	Current	Total	Non-current	Current	Total
Bank corporate loans	74,101	9,197	83,298	75,000	21,158	96,158
Bank project financing	9,828	66,069	75,897	14,734	111,678	126,412
Bank concession financing	9,312	20,210	29,522	9,728	177	9,905
Financing and loans of companies in liquidation	1,706	–	1,706	1,706	149	1,855
Other financing	–	16,276	16,276	3,466	7,946	11,412
Total bank and other loans	**94,947**	**111,752**	**206,699**	**104,634**	**141,108**	**245,742**
Current account facilities		93,839	93,839		83,935	83,935
Factoring payables for receivables factored with recourse	20,165	19,578	39,743	33,915	10,168	44,083
Total	**115,112**	**225,169**	**340,281**	**138,549**	**235,211**	**373,760**

Bank corporate loans

Bank corporate loans as at 31 December 2013 amount to € 83.3 million (€ 91.6 million) and relate to the parent Impregilo. As at 31 December 2012, this item included loans of the subsidiary Fisia Italimpianti of € 4.6 million.

These loans have been granted by major banks and have repayment plans which provide for payment of the last instalments in 2016. 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 Impregilo.

The main conditions of the corporate loans in place at 31 December 2013 are as follows:

	Company	Interest rate	Expiry date	Note
Royal Bank of Scotland	Impregilo	Euribor	2014	
Pool of Banks (agent bank Banca IMI)	Impregilo	Euribor	2016	(1)

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

(1) The loan is backed by covenants that establish the requirement for the borrower to maintain certain financial and equity ratios, whose measurement will start from the interim report at 30 June 2014.

The fair value of the bank corporate loans, measured as set out in the "Accounting policies" section, is € 80.2 million.

Bank project financing

Project financing amounts to € 75.9 million as at 31 December 2013 and relate to projects in Colombia (€ 60.3 million), the Panama Canal widening project (€ 11.1 million) and the Venezuelan branch (€ 4.5 million). The change mainly relates to the reduction recorded in the following projects: the Salerno-Reggio Calabria motorway, the Angostura hydroelectric project in Chile and the United Arab Emirates, and the Panama Canal widening project for a total of € 36.2 million. This change was partially offset by the normal variation in the financing for the other contract in Colombia and Venezuela.

The conditions of the financing are as follows:

	Company	Country	Interest rate	Expiry date
Banco de Bogotà	ICT II	Colombia	DTF	n.a.
Banco de Bogotà	Igl OHL	Colombia	DTF	n.a.
HSBC Bank	Grupo Unido por el Canal	Panama	Libor	(1)
Banesco	Grupo Unido por el Canal	Panama	Libor	(1)
Helm Bank	Colombia Branch	Colombia	Fixed rate	2015
Other	Venezuelan branch	Venezuela	Fixed rate	2015

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

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

The fair value of the project financing, measured as set out in the "Accounting policies" section, is € 75.8 million.

Concession financing

				31 December 2013			31 December 2012		
(Values in €/000)	Company	Currency	Country	Total concession financing	Current	Non-current	Total concession financing	Current	Non-current
Royal Bank of Scotland	Impregilo Parking Glasgow	Sterling	UK	9,522	210	9,312	9,905	177	9,728
UniCredit	S.A.BRO.M	Euro	Italy	20,000	20,000	–	–	–	–
Total				**29,522**	**20,210**	**9,312**	**9,905**	**177**	**9,728**

At 31 December 2013, concession financing amounted to € 29.5 million and related to the Parking Glasgow concession and the new Broni-Mortara motorway concession, which is not yet operational.

The increase for the year relates to the loan, granted by a leading bank, for the construction of the Broni-Mortara motorway, for which Impregilo will also have the concession.

This 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 22). The financing agreement includes a number of covenants, commonly used in project financing, all of which the operator had complied with at the reporting date. The above financing will be repaid in line with the expected performance of the relevant contract, based on the following time bands and at the reference rate (Libor), which provides for a floating spread depending on the financing terms and conditions:

(Values in €/000)	Company	Country	Total non-current portion	Due after 13 months but within 24 months	Due after 25 months but within 60 months	Due after 60 months
Royal Bank of Scotland	Impregilo Parking Glasgow	UK	9,312	262	1,124	7,926
Total			**9,312**	**262**	**1,124**	**7,926**

The fair value of the concession financing, measured as set out in the “Accounting policies” section, is € 27.8 million.

Financing and loans of companies in liquidation

This category includes the financing and loans obtained by companies in liquidation. The related repayment plans are linked to the liquidation procedures of the companies to which the financing and loans refer.

Other financing

			31 December 2013			31 December 2012		
(Values in €/000)	Company	Country	Total financing and loans	Current	Non-current	Total financing and loans	Current	Non-current
Meliorfactor	Fisia Italimpianti	Italy	–	–	–	517	517	–
Meliorfactor	Consorzio Torre	Italy	–	–	–	2,794	2,794	–
Mediofactoring	Salerno-Reggio Calabria	Italy	6,595	6,595	–	–	–	–
CAT Finance	GUPC	Panama	9,681	9,681	–	8,101	4,635	3,466
Total			**16,276**	**16,276**	**–**	**11,412**	**7,946**	**3,466**

Their conditions may be summarised as follows:

	Company	Country	Interest rate	Expiry date
Mediofactoring	Salerno-Reggio Calabria	Italy	3M Euribor	2014
CAT Finance	GUPC	Panama	3M Libor	2014

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

The fair value of the financing, measured as set out in the “Accounting policies” section, is substantially in line with their carrying amount.

Current account facilities

Current account facilities increased by € 9.9 million to € 93.8 million compared to the previous year. This item includes € 85.2 million of credit facilities used by the Venezuelan branch and € 6.0 million of credit facilities used by the Grupo Unidos por el Canal.

Factoring payables

(Values in €/000)	31 December 2013	31 December 2012	Change
Impregilo S.p.A.	(30,343)	(32,708)	2,365
Salerno-Reggio Calabria		(11,375)	11,375
Pedelombarda	(9,400)	–	(9,400)
Total	**(39,743)**	**(44,083)**	**4,340**

Factoring payables include tax assets factored by Impregilo S.p.A. (€ 30.3 million, including VAT assets of € 21.5 million).

They also include current financial assets, of € 9.4 million, given as guarantee for the pre-financing of Pedelombarda contract.

The Group's net financial position is shown in the following table:

Net financial position of Impregilo Group

(Values in €/000)	Note (*)	31 December 2013	31 December 2012	Change
Non-current financial assets	6	10,868	4,960	5,908
Current financial assets	13	590	10,590	(10,000)
Cash and cash equivalents	16	813,290	1,243,086	(429,796)
Total cash and cash equivalents and other financial assets		**824,748**	**1,258,636**	**(433,888)**
Non-current bank loans	19	(94,947)	(104,634)	9,687
Bonds	20	(149,212)	(148,840)	(372)
Finance lease payables	21	(13,319)	(40,028)	26,709
Total non-current indebtedness		**(257,478)**	**(293,502)**	**36,024**
Current portion of bank loans and current account facilities	19	(205,590)	(225,043)	19,453
Current portion of bonds	20	(952)	(113,689)	112,737
Current portion of finance lease payables	21	(24,804)	(22,785)	(2,019)
Total current indebtedness		**(231,346)**	**(361,517)**	**130,171**
Derivative assets	13	1,016	1,091	(75)
Derivative liabilities	22	(4,350)	(5,265)	915
Other non-current financial assets	6	48,123	50,707	(2,584)
Other current financial assets	13	80,482	7,313	73,169
Current portion of factoring payables	19	(19,579)	(10,168)	(9,411)
Non-current portion of factoring payables	19	(20,165)	(33,915)	13,750
Total other items in net financial position (indebtedness)		**85,527**	**9,763**	**75,764**
Net financial position (indebtedness) - continuing operations		**421,451**	**613,380**	**(191,929)**
Net financial position (indebtedness) including discontinued operations		**421,451**	**613,380**	**(191,929)**

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

20. Bonds

The outstanding bonds at 31 December 2013 relate to the Dutch subsidiary, Impregilo International Infrastructures (€ 150.2 million), as summarised in the table below:

(Values in €/000)	31 December 2013	31 December 2012	Change
Non-current portion	149,212	148,840	372
Current portion	952	113,689	(112,737)

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

(Values in €/000)	Company	Country	31 December 2013 Total financial liabilities	Current	Non-current	31 December 2012 Totale passività finanziarie	Current	Non-current
Impregilo International Infrastructures N.V. - 1st issue	Impregilo International Infr.	Nether.	–	–	–	112,628	112,628	
Impregilo International Infrastructures - 2nd issue	Impregilo International Infr.	Nether.	150,164	952	149,212	149,901	1,061	148,840
Total			**150,164**	**952**	**149,212**	**262,529**	**113,689**	**148,840**

In November 2010, the Dutch Impregilo International Infrastructures NV, wholly owned by Impregilo S.p.A., placed bonds for a total nominal amount of € 300 million with Italian and foreign qualified investors. The outstanding bonds at the reporting date with a nominal amount of € 150 million are redeemable in 2015 (bearing interest at a fixed rate of 6.526%). The bonds are listed on the Luxembourg stock exchange and underwritten by Impregilo S.p.A.

The € 112.4 million decrease over 31 December 2012 due to the early redemption by Impregilo International Infrastructures N.V. on 27 May 2013 of the bonds maturing on 26 November 2013 (€ 114.7 million).

This transaction was connected to the sale of the investment in EcoRodovias and to Impregilo International Infrastructures N.V.'s distribution of an interim dividend as provided for by the relevant contract.

The bondholders have formally agreed to waive their right to early redemption, arising from the event described above, for the bonds maturing on 26 November 2015.

The bonds due after one year will be redeemed based on the following time bands:

(Values in €/000)	Company	Country	Total non-current portion	Due after 13 months but within 24 months	Due after 25 months but within 60 months	Due after 60 months
Impregilo International Infrastructures	Impregilo International Infr.	Olanda	149,212	149,212		–
Total			**149,212**	**149,212**	**–**	**–**

The fair value of the bonds, measured as set out in the "Accounting policies" section, is € 160.7 million.

21. Finance lease payables

Finance lease payables at 31 December 2013 may be broken down as follows:

(Values in €/000)	31 December 2013	31 December 2012	Change
Non-current portion	13,319	40,028	(26,709)
Current portion	24,804	22,785	2,019

This item includes the principal of future lease payments at the reporting date. The reduction compared to the previous year mainly relates to the leases expiring for the contracts in Colombia. These leases relate to machinery and equipment.

Finance leases relate to plant and machinery with an average term of between three to eight years. The effective average interest rate ranges from 2.5-4.4% for the Italian companies at the reporting date while the agreements issued by Banco de Bogotà (Colombia and Chile) have a floating rate indexed to the local interbank rate.

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

The present value of the minimum future lease payments is € 38.1 million (€ 62.8 million) as follows:

(Values in €/000)	31 December 2013	31 December 2012
Minimum lease payments:		
Due within one year	26,738	24,284
Due between one and five years	13,593	41,425
Total	40,331	65,709
Future financial expense on finance leases	(2,208)	(2,896)
Net present value	**38,123**	**62,813**
The net present value of finance leases is as follows:		
Due within one year	24,804	22,785
Due between one and five years	13,319	40,028
Due after five years		
Total	**38,123**	**62,813**

22. Derivative liabilities

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

(Values in €/000)	31 December 2013	31 December 2012
Interest rate swaps - Cash flow hedges	(4,350)	(5,200)
Currency swaps - FVTPL	–	(65)
Total derivatives presented in net financial position	(4,350)	(5,265)

The following tables set out the characteristics of the derivative liabilities existing at 31 December 2013, showing the company owning the contract and the related fair value at the reporting date:

Interest rate swaps - Cash flow hedges

Liabilities	Agreement date	Expiry date	Currency	Notional amount	Fair value (€)
Impregilo Parking Glasgow	27/09/2004	30/06/2029	GBP	7,968,693	(2,201,344)
Impregilo Parking Glasgow	01/06/2003	30/06/2029	GBP	703,038	(2,149,069)
Total					**(4,350,413)**

This category includes derivatives that have been entered into to hedge the Group against interest rate risks and that meet hedge accounting requirements. To check compliance with these requirements, the effectiveness of the hedges has been verified and confirmed and, therefore, their fair value changes have been recognised in the hedging reserve (see note 18).

Fair value gains or losses on the derivatives entered into to hedge interest rate risk recognised in profit or loss are as follows:

	2013	2012	Change
Effective portion of fair value gains or losses on cash flow hedges	–	665	(665)
Total	**–**	**665**	**(665)**

23. Post-employment benefits and employee benefits

At 31 December 2013, the Group's liability due to all its employees determined using the criteria set out in IAS 19 is € 18.1 million.

The balance mainly consists of the Italian post-employment benefits (TFR) related to Impregilo S.p.A. and its Italian subsidiaries. At 31 December 2013 and 2012, the liability for post-employment benefits is the outstanding payable at the reform effective date, net of benefits paid up to the reporting dates. The liability is considered part of a defined benefit plan under IAS 19 and has, therefore, been subjected to actuarial valuation. The valuation, performed with the assistance of an independent expert, was based on the following rates:

- turnover rate: 7.25%;
- discount rate: 3.10%;
- advance payment rate: 2%;
- inflation rate: 2%.

The benchmark used for the discount rate is the Iboxx AA Corporate index for the Eurozone with an average financial duration in line with the fund being valued.

Changes in this item are as follows:

(Values in €/000)	31 December 2012	Accrual	Payments	Other changes	Contributions transferred to INPS treasury and other funds	31 December 2013
Post-employment benefits and employee benefits	**20,234**	**16,190**	**(15,206)**	**(469)**	**(2,604)**	**18,145**

Changes in the previous year are as follows:

(Values in €/000)	31 December 2011	Accrual	Payments	Other changes	Contributions transferred to INPS treasury and other funds	31 December 2012
Post-employment benefits and employee benefits	19,084	17,655	(13,870)	41	(2,676)	20,234

Other changes includes, in addition to exchange rate gains and losses, the effect of actuarial gains and losses recognised in a specific equity reserve, as required by the revised IAS 19.

For the liabilities as at 31 December 2013, a +0.5% change in the discount rate used for the calculation would have generated a positive effect of € 0.2 million.

Likewise a -0.5% change in the discount rate would have generated a negative effect of 0.2 million. The same change in the discount rate as at 31 December 2012 (+0.5%) would have generated a positive effect of € 0.3 million or (-0.5%) negative effect of € 0.1 million.

24. Provisions for risks

These provisions amount to € 94.2 million at the reporting date, as follows:

(Values in €/000)	31 December 2013	31 December 2012	Change
Provision for risks on equity investments	10,134	10,711	(577)
Other provisions	84,027	87,574	(3,547)
Total	**94,161**	**98,285**	**(4,124)**

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:

(Values in €/000)	2013	2012
Share of profit (loss) of equity-accounted investees	(425)	(118)
Dividends from equity-accounted investees and other investees	172	49
Other changes including changes in the translation reserve	(324)	(20)
Total	**(577)**	**(89)**

Other provisions comprise:

(Values in €/000)	31 December 2013	31 December 2012	Change
USW Campania projects	30,494	29,619	875
Provisions set up by Imprepar and its subsidiaries	32,385	33,659	(1,274)
Provision for maintenance of infrastructure under concession	–	222	(222)
Ongoing litigation	10,171	8,169	2,002
Building segment litigation	3,260	3,506	(246)
Environmental risks	445	2,783	(2,338)
Other	7,272	9,616	(2,344)
Total	**84,027**	**87,574**	**(3,547)**

The provision for the USW Campania projects mainly includes the potential estimated costs for environmental clean-up.

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

The provision for maintenance of infrastructure under concession includes the assessment of the obligations existing at the reporting date for the Group companies that apply IFRIC 12. These companies also set up a provision for investments in infrastructure under concession, which includes the assessment of contractual obligations for future upgrades that will not lead to specific price increases or increases in the volume of use of the infrastructure.

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

The provision for environmental risks, set up for the Plant & Engineering segment, mainly relates to the management of a landfill for future liabilities related to the closing and post-closing activities.

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

Changes in the item in 2013 are summarised below:

(Values in €/000)	31 December 2012	Accruals	Utilisations	Change in consolidation scope	Exchange rate gains (losses)	Reclassifications	Discounting	31 December 2013
Total	87,574	5,017	(8,020)		(544)			84,027

Prior year changes are shown in the following table:

(Values in €/000)	31 December 2011	Accruals	Utilisations	Change in consolidation scope	Exchange rate gains (losses)	Reclassifications	Discounting	31 December 2012
Total	126.500	2.693	(13.564)	(27.806)	(249)	–	–	87.574

Changes of the year comprise:

(i) accruals of € 5.0 million, including € 1.3 million for the Engineering & Plant Construction segment and € 2.2 million for Imprepar following revision of its estimates of its pending litigation. The remainder (€ 1.5 million) relates to the Construction segment;

(ii) utilisations of € 8.0 million, including € 2.6 million used by the Construction segment, € 2.8 million by the Engineering & Plant Construction segment, and € 2.6 million by Imprepar. Utilisations relate to the occurrence of expenses and losses for which they had been accrued;

During 2008, the parent commenced a dispute with the tax authorities about an assessment challenging the tax treatment of impairment losses and losses on certain investments held by it in 2003. The most significant issue relates to the parent's sale of its entire investment in 2013 to the Chilean operator Costanera Norte S.A. to Impregilo International Infrastructures N.V. in that year.

The dispute is currently before the Supreme Court following the tax authorities' appeal notified on 5 November 2010. The second level court ruling was filed on 11 September 2009 reversing the first level ruling and fully cancelling the assessment about the key issue raised by the tax authorities about redetermination of the sales price for the investment in Costanera Norte S.A.

The Group is involved in another two disputes at first level related to 2005 mainly concerning (i) the costs of a joint venture set up in Venezuela and (ii) the technique used to "realign" the carrying amount of equity investments as per article 128 of Presidential decree no. 917/86. A dispute concerning 2006 covers (a) the costs of a joint venture set up in Venezuela, (b) a loss on equity investments, and (c) costs for services not provided in that year. The Milan Provincial Tax Commission has decreased the initially claimed amount by roughly 20% and the ruling at second instance is still pending. After consulting its legal advisors, the Group has not made any accrual for this as it currently believes that the risk of an adverse ruling is not probable although not remote.

With respect to the criminal proceedings commenced against the C.A.V.E.T. consortium and certain individuals, including several former managers of the consortium, the appeal hearing was completed in June 2011 and the related ruling handed down on 27 June 2011 reversed the first level decision in full, thus quashing the measures and fully absolving both the consortium and the individuals of the charges made against them. Following the appeal to the Supreme Court by the Florence public prosecutor, the Supreme Court cancelled part of the ruling issued by the Florence Appeal Court on 18 March 2013. It ordered that the case be returned to the latter court. The judicial review before the Florence Appeal Court started on 30 January 2014 and on 21 March 2014 the Court issued a ruling that rejects most of the accusations made by the Attorney General, but has upheld them in certain significant circumstances. The company is awaiting the filing of the grounds for the ruling in order to be able to assess the impacts of this decision in more detail. However, the company is confident that it will be able to demonstrate, again, in the subsequent courts of instance, that it has behaved completely correctly.

25. Other non-current liabilities

Other non-current liabilities amount to € 1.1 million a decrease of € 1.5 million on the previous year. They are broken down in the following table:

(Values in €/000)	31 December 2013	31 December 2012	Change
Other - third parties	101	1,626	(1,525)
Employees	1,004	975	29
Total	**1,105**	**2,601**	**(1,496)**

26. Progress payments and advances on contract work in progress

Progress payments and advances on contract work in progress, included under Current liabilities, amounts to € 842.1 million, down € 2.3 million on the figure at 31 December 2012. It comprises:

(Values in €/000)	31 December 2013	31 December 2012	Change
Contract work in progress	(7,108,918)	(5,272,294)	(1,836,624)
Progress payments and advances received (on approved work)	7,298,749	5,486,422	1,812,327
Contractual advances	652,289	630,312	21,977
Total	**842,120**	**844,440**	**(2.320)**

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

The following table shows the contribution by business segment:

	31 December 2013			31 December 2012			
(Values in €/000)	Negative WIP	Contractual advances	Total	Negative WIP	Contractual advances	Total	Change
Construction	121,341	652,287	773,628	146,112	629,521	775,633	(2,005)
Engineering & Plant Construction	68,490	2	68,492	68,016	791	68,807	(315)
Total	**189,831**	**652,289**	**842,120**	**214,128**	**630,312**	**844,440**	**(2,320)**

The Construction segment balance relates mainly to the Lake Mead (United States) contract (€ 44.5 million, with production of € 47.7 million during the year), the San Francisco central subway (United States) (€ 7.1 million, with production of € 34.7 million during the year), the Gerald Desmond Bridge in California (United States) (€ 16.6 million, with production of € 15.7 million during the year), and Lots 2 and 3 of the Abu Dhabi hydraulic tunnel (€ 11.0 million, with production of € 74.7 million).

The Engineering & Plant Construction negative WIP balance relates to progress (production net of progress payments and advances) on FISIA Babcock's contracts in the waste-to-energy sector and FISIA Italimpianti's contract in Qatar.

The contractual advances mainly relate to the Construction sector and specifically, the widening of the Panama Canal (€ 218.3 million), Colombia (€ 56.1 million), Saudi Arabia (€ 69.5 million), Qatar (€ 32.1 million), and Venezuela (€ 6.2 million). The item also includes advances of €162.5 million, received for the operations in Libya (more details regarding the situation in Libya are provided above in these Explanatory notes.

27. Trade payables and current intragroup payables

Trade payables amount to € 676.1 million at the reporting date, a decrease of € 55.4 million on 31 December 2012. They are made up as follows:

(Values in €/000)	31 December 2013	31 December 2012	Change
Trade payables	**676,108**	**731,484**	**(55,376)**

The main component of this item is € 544.2 million due to the Construction segment's suppliers. The Engineering & Plant Construction segment and FIBE have trade payables of € 50.9 million and € 77.9 million, respectively, showing a decrease of € 81.5 million and € 2.0 million, respectively.

Reference should be made to the section "Non-current assets held for sale" in the Directors' report - Part II of this Annual Report for more information about the complicated situation surrounding the USW Campania projects.

Current intragroup payables amount to € 72.7 million, down € 14.4 million on 31 December 2012, as shown in the following table:

(Values in €/000)	31 December 2013	31 December 2012	Change
Payables	(72,722)	(87,115)	14,393
Total	(72,722)	(87,115)	14,393

The item mainly relates to commercial and financial transactions with unconsolidated Group companies. The decrease is mainly due to the closure of the payable position of Impregilo S.p.A. towards Consorzio Costruttori TEEM (a change of € 14.1 million) due to the sale of the equity investment to third parties.

28. Current tax liabilities and other current tax liabilities

Current tax liabilities amount to € 57.5 million as follows:

(Values in €/000)	31 December 2013	31 December 2012	Change
IRES	38,024	27,231	10,793
IRAP	4,977	834	4,143
Foreign taxes	14,476	24,565	(10,089)
Total	**57,477**	**52,630**	**4,847**

Other current tax liabilities of € 15.3 million decreased by € 1.3 million over 31 December 2012. They may be analysed as follows:

(Values in €/000)	31 December 2013	31 December 2012	Change
Withholdings	1,032	19	1,013
VAT	4,016	7,927	(3,911)
Other indirect taxes			
– foreign indirect taxes	574	485	89
– payables for withholdings	7,313	5,397	1,916
– other current tax liabilities	2,386	2,775	(389)
Total	**15,321**	**16,603**	**(1,282)**

29. Other current liabilities

Other current liabilities of € 219.3 million (€ 233.1 million) comprise:

(Values in €/000)	31 December 2013	31 December 2012	Change
Social security institutions	9,137	10,560	(1,423)
Employees	23,245	30,686	(7,441)
Compensation and compulsory purchases	7,376	8,600	(1,224)
State bodies	116,235	116,235	–
Other payables	44,723	53,685	(8,962)
Provisions for risks and charges	2,864	3,197	(333)
Accrued expenses and deferred income	15,718	10,106	5,612
Total	**219,298**	**233,069**	**(13,771)**

- Payables due to employees relate to accrued unpaid remuneration.
- Payables for compensation and compulsory purchases relate to the high speed/capacity railway contracts (down € 1.2 million due to the settlement of negotiations regarding certain compulsory purchases for the Turin-Milan section).
- Payables due to state bodies (€ 116.2 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 section “Non-current assets held for sale” in the Directors’ report - Part II of this Annual Report for more information about the complicated situation surrounding the USW Campania projects.
- Other payables of € 44.7 million (€ 53.7 million at 31 December 2012) decreased by € 9.0 million, including € 0.5 million related to the Concessions segment, € 1.1 million to Engineering & Plant Construction and € 7.4 million to Construction. For the Construction segment the change was due in particular to the settlement of the payable of € 18.3 million due to Impresa Grassetto for the acquisition of a number of business units of the high speed/capacity railway carried out in 1998, and the increases totalling € 10.9 million relating to projects Venezuela, South Africa and the new projects commenced during the year.

- Accrued expenses and deferred income of € 15.7 million comprise:

(Values in €/000)	31 December 2013	31 December 2012	Change
Accrued expenses:			
– Commissions on sureties	3,624	1,987	1,637
– Ten-year liability guarantees	7,105	2,743	4,362
– Other	4,658	5,033	(375)
Total accrued expenses	**15,387**	**9,763**	**5,624**
Deferred income:			
– Other	331	343	(12)
Total deferred income	**331**	**343**	**(12)**
Total	**15.718**	**10.106**	**5.612**

30. Guarantees and commitments

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

- Contractual sureties: these total € 3,924.3 million and are given to clients as performance bonds, to guarantee advances, retentions and involvement in tenders for all ongoing contracts. In turn, the Group companies have guarantees given by their subcontractors for some of these contractual sureties.
- Sureties for credit: they amount to € 86.8 million and relate to the non-consolidated companies.
- Sureties granted to SACE for export credit of € 204.3 million.
- Other guarantees totalling € 505.4 million consisting of guarantees related to customs and tax obligations (€ 54.5 million) and for other commitments (such as environmental clean-ups and export credit) (€ 450.9 million).
- Collateral related to:
  - liens on shares of the consortium companies Salerno-Reggio Calabria S.c.p.a. and Reggio Calabria-Scilla S.c.p.a. given to guarantee a loan (€ 17.8 million);
  - liens on the remaining shares of Tangenziale Esterna S.p.A. given to guarantee a loan (€ 17.4 million).
  - shares of Impregilo Wolverhampton Ltd. and Impregilo Parking Glasgow Ltd. deposited as guarantee (€ 1.4 thousand).

31. Financial instruments and risk management

Categories of financial instruments

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

31 December 2013 (Values in €/000)	Note	Loans and receivables	Financial assets at fair value through profit or loss	Hedging derivatives	Held-to-maturity investments	Available-for-sale financial assets	Total	Fair value
Financial assets								
Non-current financial assets	6	48,124			10,867		58,991	56,409
Non-current intragroup loans and receivables	7	2,791					2,791	2,791
Trade receivables	12	926,465					926,465	926,465
Current intragroup loans and receivables	12	241,653					241,653	241,653
Other current financial assets	13	80,482			590		81,072	81,072
Derivatives	13		1,016				1,016	1,016
Cash and cash equivalents	16	813,290					813,290	813,290
Total		**2,112,805**	**1,016**	**–**	**11,457**	**–**	**2,125,278**	**2,122,696**

31 December 2013 (Values in €/000)	Note	Other liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Hedging derivatives	Total	Fair value
Financial liabilities						
Bank and other loans	19	340,281			340,281	335,442
Finance lease payables	21	38,123			38,123	38,123
Bonds	20	150,164			150,164	160,735
Derivatives	22			4,350	4,350	4,350
Trade payables	27	676,108			676,108	676,108
Current intragroup payables	27	72,722			72,722	72,722
Total		**1,277,398**	**–**	**4,350**	**1,281,748**	**1,287,480**

31 December 2012 (Values in €/000)	Note	Loans and receivables	Financial assets at fair value through profit or loss	Hedging derivatives	Held-to-maturity investments	Available-for-sale financial assets	Total	Fair value
Financial assets								
Non-current financial assets	6	39,332			16,335		55,667	55,667
Non-current intragroup loans and receivables	7	3,478					3,478	3,478
Trade receivables	12	809,180					809,180	809,180
Current intragroup loans and receivables	12	253,685					253,685	253,685
Other current financial assets	13	7,313			10,590		17,903	17,903
Derivatives	13		1,091				1,091	1,091
Cash and cash equivalents	16	1,243,086					1,243,086	1,243,086
Total		**2,356,074**	**1,091**	**–**	**26,925**	**–**	**2,384,090**	**2,384,090**

31 December 2012 (Values in €/000)	Note	Other liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Hedging derivatives	Total	Fair value
Financial liabilities						
Bank and other loans	19	373,760			373,760	370,748
Finance lease payables	21	62,813			62,813	62,813
Bonds	20	262,529			262,529	262,529
Derivatives	22		65	5,200	5,265	5,265
Trade payables	27	731,484			731,484	731,484
Current intragroup payables	27	87,115			87,115	87,115
Total		**1,517,701**	**65**	**5,200**	**1,522,966**	**1,519,954**

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

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

Risk management

Impregilo Group is exposed to financial risks, including the following:

- market risk deriving from the Group’s exposure to interest rate fluctuations and exchange rate fluctuations;
- credit risk deriving from the Group’s exposure to potential losses arising from clients’ non-compliance with their obligations;
- liquidity risk deriving from the risk that the financial resources necessary to meet obligations may not be available at the agreed terms and deadlines.

Market risk

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

Currency risk

Impregilo’s international presence entails its exposure to the risk of fluctuations in exchange rates of the euro and the currencies of the various countries in which it operates. Currency risk at 31 December 2013 mainly related to the following currencies:

- Dollar (United States)
- Real (Brazil)
- Naira (Nigeria)
- Peso (Argentina)
- Peso (Santo Domingo)
- Peso (Colombia)
- Peso (Chile)
- Bolivar (Venezuela)
- Rand (South Africa)
- Swiss franc (Switzerland)
- Dirham (United Arab Emirates)

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

- agreement of contractual considerations for works and projects in countries with weak currencies using a primarily multi-currency format, in which only a portion of the consideration is expressed in local currency;
- use of portions of the contractual considerations in local currency mainly to cover project expenses to be incurred in that currency;
- analysis of exposure in US dollars on a cumulative and prospective basis with consistent deadlines and setting up forward transactions in the same currency to hedge the Group's net exposure at those deadlines.

Adoption of the above-mentioned policies has contained the Impregilo Group's exposure to currency risk, which only relates to the US dollar, the Bolivar, the Rand, the Swiss franc and the United Arab Emirates Dirham.

Given the regulated regime controlling the Bolivar and the Group's strategy in place to hedge currency risk on currencies other than the US dollar or other strong currencies, whereby they are hedged directly in the contract, it did not perform a sensitivity analysis of the Venezuelan currency. In February 2013, the Bolivar was depreciated against the US dollar from 4.30 to 6.30. The related exchange rate gains and losses, which moreover were not material, were recognised in 2013.

Had the euro appreciated or depreciated by 5% against the US dollar at 31 December 2013, the pre-tax profit for the year would have been respectively greater or lower by € 3.2 million, assuming that all other variables remained constant, mainly due to unrealised exchange rate losses (gains) on net liabilities in US dollars. A similar change at 31 December 2012 would have led to a € 1.7 million decrease (increase in the case of depreciation) in the pre-tax profit for the year.

Had the euro appreciated or depreciated by 5% against the Rand at 31 December 2013, the pre-tax profit for the year would have been respectively greater or lower by € 0.9 million, assuming that all other variables remained constant, mainly due to unrealised exchange rate losses (gains) on net liabilities in Rands. A similar change at 31 December 2012 would have led to a € 0.1 million decrease (increase in the case of depreciation) in the pre-tax profit for the year.

Had the euro appreciated or depreciated by 5% against the Swiss franc at 31 December 2013, the pre-tax profit for the year would have been respectively lower or higher by € 1.2 million, assuming that all the other variables remained constant, mainly due to unrealised exchange rate losses (gains) on net assets in Swiss francs. A similar change at 31 December 2012 would have led to a € 1.8 million decrease (increase in the case of depreciation) in the pre-tax profit for the year.

Had the euro appreciated or depreciated by 5% against the United Arab Emirates Dirham at 31 December 2013, the pre-tax profit for the year would have been respectively lower or higher by € 3.1 million, assuming that all the other variables remained constant, mainly due to unrealised exchange rate losses (gains) on net assets in Dirham. Exposure in this currency at 31 December 2012 was immaterial.

Interest rate risk

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

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

Had interest rates increased or decreased by an average 75 basis points in 2013, the pre-tax profit for 2013 would have been respectively lower or greater by € 4.4 million, assuming that all other variables remained constant and without considering cash and cash equivalents. A similar change in 2012 would have led to a € 8.6 million decrease or increase in the pre-tax profit for the year, assuming that all other variables remained constant. The sensitivity test on the interest rate derivative of Impregilo Parking Glasgow was only performed on cash flows generated during the year; fair value was not analysed as the derivative qualifies for hedge accounting and the effects of a change in interest rates would only impact equity.

Credit risk

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

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

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

A breakdown of working capital by country, as shown in the section on segment reporting, is set out below:

Working capital by country (Values in €/000)	31 December 2013	31 December 2012
Italy	340,680	235,297
Other EU countries	(202,045)	(88,035)
Other non-EU countries	(10,751)	(19,984)
America	(27,819)	(73,518)
Asia	(56,648)	4,369
Rest of the world	(28,601)	(55,427)
Australia	(1,950)	–
Elimination	564,309	412,754
Total	**577,175**	**415,456**

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

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

Client by contract location	Receivables	Positive WIP	Negative WIP and contractual advances	Total	Allowances
31 December 2013					
Italy	467,924	261,736	(108,713)	620,948	4,186
Other EU countries	13,518	44,787	(32,812)	25,493	1,574
Other non-EU countries	9,635	4,002	(25,792)	(12,155)	–
America	373,495	454,988	(365,990)	462,492	8,913
Asia	34,075	(171)	(135,907)	(102,004)	–
Rest of the world	27,771	110,844	(172,906)	(34,291)	–
Australia	48	–	–	48	–
Total	**926,465**	**876,186**	**(842,120)**	**960,531**	**14,673**
31 December 2012					
Italy	440,885	352,453	(96,895)	696,443	5,140
Other EU countries	24,741	51,131	(47,481)	28,391	–
Other non-EU countries	3,681	4,219	(40,255)	(32,355)	–
America	289,486	291,202	(430,757)	149,931	–
Asia	23,740	61,494	(48,439)	36,795	–
Rest of the world	26,647	103,869	(180,613)	(50,097)	–
Total	**809,180**	**864,368**	**(844,440)**	**829,108**	**5,140**

Liquidity risk

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

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

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

(Values in €/000)	31 December 2014	31 December 2015	31 December 2018	After	Total
Current account facilities	93,839	–	–	–	93,839
Bonds	9,925	158,973		–	168,898
Bank loans and borrowings	113,378	12,251	87,754	9,963	223,346
Factoring payables	19,579	20,165	–	–	39,744
Finance lease payables	24,729	12,670	724	–	38,123
Interest rate derivatives				4,350	4,350
Gross financial liabilities	**261,450**	**204,059**	**88,478**	**14,313**	**568,300**
Trade payables	676,108				676,108
Total	**937,558**	**204,059**	**88,478**	**14,313**	**1,244,408**

The prior year figures are given below for comparative purposes:

(Values in €/000)	31 December 2013	31 December 2014	31 December 2017	After	Total
Current account facilities	83,935	–	–	–	83,935
Bonds	126,399	9,925	158,973	–	295,297
Bank loans and borrowings	146,988	127,233	1,523	10,285	286,029
Factoring payables	7,946	3,466	–	–	11,412
Finance lease payables	22,785	26,109	13,919	–	62,813
Interest rate derivatives	65	–	–	5,200	5,265
Gross financial liabilities	**388,118**	**166,733**	**174,415**	**15,485**	**744,751**
Trade payables	731,484				731,484
Total	**1,119,602**	**166,733**	**174,415**	**15,485**	**1,476,235**

Future interest has been estimated based on the market interest rates at the date of preparation of these consolidated financial statements, summarised in the notes.

Liquidity risk management is mainly based on containing debt and maintaining a balanced financial position. This strategy is pursued by each of the Group's operating companies.

Loans and trade payables (net of advances to suppliers) falling due before 31 March 2014 are compared with the cash and cash equivalents that can be used to meet such obligations in the table below:

	Total financial commitments due before 31 March 2014	Cash and cash equivalents	Difference
Impregilo S.p.A.	(74,636)	304,043	229,407
Subsidiaries	(91,538)	239,889	148,351
Special purpose entities	(215,126)	178,962	(36,164)
Total	**(381,300)**	**722,894**	**341,594**

Fair value measurement hierarchy

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

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

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

(Values in €/000)	Note	Level 1	Level 2	Level 3
Derivative assets	13		1,016	
Derivative liabilities	22		(4,350)	
Total		**–**	**(3,334)**	**–**

There were no movements from Level 1 to Level 2 during 2013 or vice versa.

Income statement

32. Revenue

Revenue for 2013 amounts to € 2,323.3 million, up 1.9% on the previous year:

(Values in €/000)	2013	2012	Change	Var. %
Operating revenue	2,261,406	2,200,382	61,024	2.8%
Other revenue and income	61,928	80,609	(18,681)	(23.2%)
Total revenue	**2,323,334**	**2,280,991**	**42,343**	**1.9%**

A breakdown of operating revenue by business segment is given in the following table:

(Values in €/000)	2013	2012	Change	Var. %
Construction	2,155,416	2,043,959	111,457	5.5%
Concessions	20,797	18,443	2,354	12.8%
Engineering & Plant Construction	149,245	221,953	(72,708)	(32.8%)
FIBE	821	200	621	310.5%
Eliminations	(2,945)	(3,564)	619	(17.4%)
Total revenue	**2,323,334**	**2,280,991**	**42,343**	**1.9%**

The increase in revenues in the construction sector was driven primarily by the Italian contracts, which include the Pedelombarda Motorway, the Milan-Genoa High-Speed & Capacity Railway Project and works on the Milan East Outer Ring Road, for the period prior to the transfer of the associated activities to third parties, which was carried out in the latter part of the year under review.

The value of production in overseas construction projects has remained broadly stable compared with the previous year; this is attributable to the temporary slowdown shown by some projects in Venezuela that were affected by the particular socio-political conditions prevailing in the country during the year, which further deteriorated in the first half of 2014. However, the Group has been present in this region for many years and there have been similar temporary situations of instability in the past. Given the social importance of the works in progress in Venezuela, as well as the relationships at social and contractual level, it is reasonable to assume that the conditions currently being experienced are temporary and it may therefore be assumed that the occurrence of specific situations of a particularly critical nature are attributable to mere chance.

The Concession segment's revenue increased by 12.8%, mostly as a result of the Group's share of the operations carried out the United Kingdom by the investee Impregilo New Cross Limited operating in the hospital segment.

The 32.8% downturn in the Engineering & Plant Construction segment's activities was due to substantial completion of its main contracts.

A breakdown of operating revenue and other revenue is given in the following table:

(Values in €/000)	2013	2012	Change	Var. %
Works invoiced to clients	2,194,817	2,125,889	68,928	3.2%
Services	57,613	62,829	(5,216)	(8.3%)
Sales to third parties	8,628	11,650	(3,022)	(25.9%)
Other	348	14	334	2385.7%
Total	**2,261,406**	**2,200,382**	**61,024**	**2.8%**

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

(Values in €/000)	2013	2012	Change	Var. %
Cost recoveries	22,586	15,339	7,247	47.2%
Rent and leases	654	764	(110)	(14.4%)
Gains on the disposal of assets	2,643	3,661	(1,018)	(27.8%)
Prior year income	14,996	10,443	4,553	43.6%
Other	21,049	50,402	(29,353)	(58.2%)
Total	**61,928**	**80,609**	**(18,681)**	**(23.2%)**

The increase in cost recoveries and prior year income mainly relate to the Construction segment and is linked to the increase in activities carried out.

The decrease in the item "Other" is due to the lower revenue received by the parent under specific agreements with the co-venturers of the C.M.C. - Mavundla - IGL joint venture in South Africa compared to the previous year.

33.1 Raw materials and consumables

The cost of raw materials and consumables incurred in 2013 increased by € 21.1 million to € 361.2 million compared to the corresponding figure of the previous year:

(Values in €/000)	2013	% of revenue	2012	% of revenue	Change
Purchases of raw materials and consumables	354,053	15.2%	345,357	15.1%	8,696
Change in raw materials and consumables	7,174	(0.3%)	(5,238)	(0.2%)	12,412
Total	**361,227**	**15.5%**	**340,119**	**14.9%**	**21,108**

The rise in the cost of purchasing raw materials is mainly attributable to the Construction segment (€ 26.3 million) and the Engineering & Plant Construction segment (€ 44.7 million), while the Concessions segment saw a € 50.3 million decrease.

33.2 Subcontracts

Costs of subcontracts increased to € 595.3 million, up € 49.3 million on the corresponding figure of the previous year, as shown in the following table:

(Values in €/000)	2013	% of revenue	2012	% of revenue	Change
Subcontracts	**595,264**	**25.6%**	**545,916**	**23.9%**	**49,348**

The increase is mainly due to the greater volume of activities carried out by the Construction segment (€ 52.4 million) and the Engineering & Plant Construction segment (€ 2.9 million), partly offset by the downturn of the Concessions segment (€ 6.0 million).

33.3 Other operating expenses

In 2013, operating expenses amounted to € 721.3 million, down € 194.2 million on the previous year as follows:

(Values in €/000)	2013	% of revenue	2012	% of revenue	Change
Consultancy and technical services	182,993	7.9%	186,371	8.2%	(3,378)
Fees to directors, statutory auditors and independent auditors	10,035	0.4%	5,749	0.3%	4,286
Maintenance	14,101	0.6%	12,076	0.5%	2,025
Transportation and freight	35,877	1.5%	35,954	1.6%	(77)
Insurance	25,333	1.1%	24,645	1.1%	688
Recharges and allocation of costs from consortia and joint ventures	250,177	10.8%	448,192	19.6%	(198,015)
Rent and leases	58,101	2.5%	57,793	2.5%	308
Other operating expenses	127,184	5.5%	131,618	5.8%	(4,434)
Prior year expense	7,014	0.3%	4,521	0.2%	2,493
Losses on the disposal of assets	10,488	0.5%	8,582	0.4%	1,906
Total	**721,303**	**31.0%**	**915,501**	**40.1%**	**(194,198)**

Consultancy and technical services, down € 3.4 million on the previous year, mainly consist of costs for the design and construction work carried out by the SPEs. The increase principally refers to the Construction segment to which the costs refer. These costs are broken down in the following table:

(Values in €/000)	2013	% of revenue	2012	% of revenue	Change
Design and engineering services	131,473	5.7%	137,836	6.0%	(6,363)
Testing	1,679	0.1%	3,172	0.1%	(1,493)
Construction	26,629	1.1%	22,872	1.0%	3,757
Legal, administrative and other services	23,212	1.0%	22,491	1.0%	721
Total	**182,993**	**7.9%**	**186,371**	**8.2%**	**(3,378)**

33.4 Personnel expenses

Personnel expenses for the year amount to € 384.4 million, down € 12.9 million on 2012. The item is made up as follows:

(Values in €/000)	2013	% of revenue	2012	% of revenue	Change
Wages and salaries	267,559	11.5%	270,896	11.9%	(3,337)
Social security and pension contributions	53,427	2.3%	53,824	2.4%	(397)
Post-employment benefits and employee benefits	16,190	0.7%	17,655	0.8%	(1,465)
Other personnel expenses	47,243	2.0%	54,983	2.4%	(7,740)
Total	**384,419**	**16.5%**	**397,358**	**17.4%**	**(12,939)**

The change is mainly attributable to the decrease in personnel expenses in the Construction segment due to the reduction in the workforces in the contracts in Chile and the Republic of Panama.

Other personnel expenses mainly relate to termination benefits and repayments of travel expenses.

33.5 Amortisation, depreciation, provisions and impairment losses

This item amounting to € 103.2 million shows a decrease on the previous year figure of € 3.9 million, broken down as follows:

(Values in €/000)	2013	% of revenue	2012	% of revenue	Change
Impairment losses on non-current assets, net of reversals	277	0.0%	2,252	0.1%	(1,975)
Accrual to the allowance for impairment, net of utilisations	9,661	0.4%	3,342	0.1%	6,319
Accrual to the provisions for risks, net of utilisations	253	0.0%	(8,201)	(0.4%)	8,454
Total provisions and impairment losses	**10,191**	**0.4%**	**(2,607)**	**(0.1%)**	**12,798**
	3,366	0.1%	1,370	0.1%	1,996
Amortisation of intangible assets	88,961	3.8%	107,688	4.7%	(18,727)
Depreciation of property, plant and equipment	725	0.0%	697	0.0%	28
Amortisation of rights to infrastructure under concession	93,052	4.0%	109,755	4.8%	(16,703)
Total amortisation and depreciation	**103,243**	**4.4%**	**107,148**	**4.7%**	**(3,905)**
Total	**103.243**	**4,4%**	**107.148**	**4,7%**	**(3.905)**

The accrual to the allowance for impairment mainly includes the accruals made for Venezuela, which were set in consideration of the payment delays by clients, described in the 'Risk Areas' section of the Construction segment.

The overall change in amortisation, depreciation, provisions and impairment losses refers to the following business segments:

(Values in €/000)	2013	2012	Change	Var. %
Construction	12,758	3,719	9,039	243.0%
Corporate	1,081	(7,628)	8,709	(114.2%)
Engineering & Plant Construction	(3,648)	1,302	(4,950)	(380.2%)
Total provisions and impairment losses	**10,191**	**(2,607)**	**12,798**	**(490.9%)**
Construction	89,261	105,801	(16,540)	(15.6%)
Corporate	45	45	–	0.0%
Engineering & Plant Construction	2,918	3,099	(181)	(5.8%)
Concessions	825	805	20	2.5%
FIBE	3	5	(2)	(40.0%)
Total amortisation and depreciation	**93.052**	**109.755**	**(16.703)**	**(15,2%)**

34.1 Financial income

Financial income totalled € 20.4 million for 2013 (€ 40.9 million for 2012) and is made up as follows:

(Values in €/000)	2013	2012	Change
Bank interest income	11,197	10,270	927
Interest income on securities	4	4	–
Interest income on intragroup transactions	1,300	1,297	3
Interest income on other items of net invested capital:			
– Interest income on tax assets	715	612	103
– Default interest income	1,283	22,849	(21,566)
– Other interest income	5,639	5,494	145
Total interest income on other items of net invested capital	**7,637**	**28,955**	**(21,318)**
Financial discounts and allowances	273	399	(126)
Total	**20,411**	**40,925**	**(20,514)**

The € 20.5 million decrease is mainly due to the recognition, in the previous year, of default interest of € 20.3 million attributable to the Construction segment and the consequent payment, by certain South African construction clients, of the charges contractually due to Impregilo for delays in settling duly-approved progress billings.

34.2 Financial expense

Financial expense for 2013 totalled € 70.5 million (€ 75.0 million for 2012) and is made up as follows:

(Values in €/000)	2013	2012	Change
Bank interest expense	(28,764)	(40,608)	11,844
Interest expense on bonds	(11,449)	(16,437)	4,988
Interest expense on other loans	(2,511)	(2,386)	(125)
Lease interest expense	(4,012)	(5,750)	1,738
Interest expense on intragroup transactions	(44)	(120)	76
Interest expense on other items of net invested capital			
– Interest expense on tax liabilities	(1,875)	(850)	(1,025)
– Default interest expense	(15,218)	(88)	(15,130)
– Other interest expense	(2,313)	(4,810)	2,497
Total interest expense on other items of net invested capital	**(19,406)**	**(5,748)**	**(13,658)**
Impairment losses on loans, net of utilisation of allowance	87	–	87
Bank charges and commissions	(2,363)	(2,873)	510
Commissions on sureties	(1,835)	(664)	(1,171)
Financial discounts and allowances	(209)	(446)	237
Total	**(70,506)**	**(75,032)**	**4,526**

Financial expense decreased by € 4.5 million over 2012, mainly as a result of the € 11.8 million decrease in bank interest expense and the € 5.0 million reduction in interest expense on bonds due to the decrease in the debt, as well as the timing and currency changes in the debt.

Default interest increased by € 15.2 million due to the resolution in 2013 of a number of disputes with client administrations regarding the return of advances received.

Interest expense on other loans mainly relates to the factoring of tax receivables.

34.3 Exchange rate gains (losses)

In 2013 there were net exchange rate gains of € 50.8 million (€ 3.4 million in the previous year).

Net exchange rate gains amounted to € 50.8 million (€ 3.4 million for the previous year). It should be noted that again in 2013 there was a benefit from the positive effects resulting from asymmetries in the foreign exchange market in relation to certain currencies for which the official exchange rates are artificially fixed.

To this effect, moreover, is added the benefit resulting from the release to the income statement of the reserve for exchange rate fluctuations relating to the company Shanghai Pucheng Thermal Power Energy, which was sold at the end of 2013 and previously recorded in a separate item of consolidated shareholders' equity.

35. Gains (losses) on investments

For 2013 there was a gain on investments of € 2.5 million compared to a gain of € 1.4 million for 2012.

The item may be broken down as follows:

(Values in €/000)	2013	2012	Change
Share of profit (loss) of equity-accounted investees	2,598	1,359	1,239
Dividends	22	27	(5)
Net losses on the disposal of equity investments	(33)	(23)	(10)
Other gains	(41)	68	(109)
Total	**2,546**	**1,431**	**1,115**

The share of profit of equity-accounted investees is broken down in the following table:

(Values in €/000)	2013	2012	Change
Construction	232	88	144
Yacilec	22	136	(114)
Agua Azul	511	733	(222)
Wolverhampton	78	118	(40)
Metro 6	168	–	168
Sabrom	(39)	(78)	39
Yuma Company	1,626	362	1,264
Total concessions	2,366	1,271	1,095
Total	**2,598**	**1,359**	**1,239**

36. Income tax expense

The Group's income tax expense for the year is € 53.7 million as follows:

(Values in €/000)	2013	2012	Change
Current taxes (income taxes)	36,190	49,474	(13,284)
Net deferred tax (income) expense	8,920	2,632	6,288
Prior year taxes	1,955	1,786	169
Total income taxes	**47,065**	**53,892**	**(6,827)**
IRAP	6,663	5,378	1,285
Total	**53,728**	**59,270**	**(5,542)**

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

	Income tax expense	
	€m	%
Loss before tax	**161.2**	
Theoretical tax expense	44.3	27.5%
Effect of permanent differences	5.6	3.5%
Recovered foreign taxes	(7.2)	(4.5%)
Other	4.3	2.7%
Total	**47.0**	**29.2%**

The effective tax expense is affected by the following:

- permanent differences;
- recognition of certain taxes paid abroad in accordance with the legislation of the countries in which the branches of the Italian consolidated companies operate and which have been recovered;

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

	IRAP	
	€m	%
Operating profit (loss)	157.9	
Personnel expenses	384.4	
Operating profit for IRAP tax purposes	**542.3**	
Theoretical tax expense	21.1	3.9%
Tax effect of foreign companies' production	(9.4)	(1.7%)
Tax effect of foreign production	(5.2)	(1.0%)
Tax effect of permanent differences	0.2	0.0%
Total	**6.7**	**1.2%**

The net deferred tax expense contributes negatively to the consolidated profit for € 8.9 million as shown below:

(Values in €/000)	
Deferred tax expense for the year	4,276
Reversal of deferred tax liabilities recognised in previous years	(926)
Deferred tax income for the year	(8,071)
Reversal of deferred tax assets recognised in previous years	13,641
Total	**8,920**

37. Related party transactions

Transactions with related parties, as defined by IAS 24, were of an ordinary nature.

Following the merger of Impregilo and Salini, the resulting company assumed the name Salini Impregilo S.p.A. and became subject to management and coordination by the parent Salini Costruttori from 1 January 2014. At 31 December 2013 Impregilo S.p.A. was subject to management and coordination by Salini S.p.A. Accordingly, for the purposes of this disclosure the transactions with Salini S.p.A. and the companies subject to its management and coordination constitute related-party transactions up to 31 December 2013.

During the year 2013 the related-party transactions involved the following counterparties:

- directors, statutory auditors and key management personnel, in line with the contracts regulating their positions within the Group.
- associates; 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 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 undertaken by Group companies with other related parties, identified pursuant to IAS 24, including the companies subject to management and coordination by Salini S.p.A., are summarised below:

	31 December 2013							
(Values in €/000) Name	Loans and receivables	Other current assets	Payables	Other current liabilities	Operating revenue	Costs	Financial income (expense)	Cash flows for the year
Salini S.p.A.	587		182	286		678		(21)
Salini Australia Pty	53		14		48	14		
Salini Costruttori S.p.A.	1				20	12		(19)
Salini Impregilo JV Mukorsi	7							
Salini Malaysia SDN	127							
Salini Nigeria Ltd.				453				453
Salini Polska Sp.zo.o.	214	5,169			214		169	(5,000)
Salini United States Inc.	113				112	112		
Todini Costruttori Generali S.p.A.	359			26	344			
Todini S.p.A.			11	4		2		
Total	**1,461**	**5,169**	**207**	**769**	**738**	**818**	**169**	**(4,587)**

Most of the Group's production in the construction segment is carried out through SPEs, set up with other partners that have participated with Impregilo in tenders. The SPEs carry out the related contract 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. Their impact on the Group's financial position at 31 December 2013 and results of operations for the year then ended has not been material.

With regard to the merger of Salini S.p.A. into Impregilo S.p.A., on 12 September 2013 the respective Extraordinary General Meetings approved the merger of Salini S.p.A. into Impregilo S.p.A. The merger became fully effective from 1 January 2014, with an exchange ratio of 6.45 Impregilo ordinary shares for each Salini share, excluding cash adjustments, and from that date the merged company has assumed the name of Salini Impregilo S.p.A. The "Prospectus related to major operations with related parties" prepared in accordance with Article 5 of Consob Regulation 17221 of 12 March 2010, as amended, was published on 1 July 2013 accordance with the applicable laws and regulations.

On 1 January 2014, the effective date of the merger, in implementation of the resolution of the Shareholders' Meeting of 12 September 2013, the share capital of Salini Impregilo S.p.A. was reduced to € 500.0 million - i.e. by an amount of € 218.4 million, of which € 100.0 million to be allocated to the Legal reserve and € 118.4 million for the establishment of specific equity reserve called "Other reserves" and 44,974,754 million new ordinary shares of Salini Impregilo S.p.A. were issued to Salini Costruttori S.p.A.

Transactions with directors, statutory auditors and key management personnel are shown below:

	2013			2012		
(Values in €/000)	Fees and remuneration	Termination benefits and post-employment benefits	Total	Fees and remuneration	Termination benefits and post-employment benefits	Total
Directors and statutory auditors	5,352		5,352	2,002	–	2,002
Key management personnel	201		201	1,988	8,294	10,282
Total	**5,553**	**–**	**5,553**	**3,990**	**8,294**	**12,284**

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

31 December 2013 (Values in €/000)	**Non-current loans and receivables (1)**	**Current loans and receivables (2)**	**Current payables (3)**	**Revenue**	**Financial income**	**Financial expense**
Total - Group companies	2,791	241,653	72,722	2,922	1,300	(44)
Total financial statements item	530,532	3,439,982	2,133,971	2,323,334	20,411	(70,506)
% of financial statements item	0.5%	7.0%	3.4%	0.1%	6.4%	0.1%

31 December 2012 (Values in €/000)	**Non-current loans and receivables (1)**	**Current loans and receivables (2)**	**Current payables (3)**	**Revenue**	**Financial income**	**Financial expense**
Total - Group companies	3,478	253,685	87,115	3,824	1,297	(120)
Total financial statements item	614,076	3,721,476	2,337,091	2,280,991	40,925	(75,032)
% of financial statements item	1.8%	6.8%	3.7%	0.2%	3.2%	0.2%

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

38. Significant non-recurring events and transactions

Apart from that set out in the introduction to the section on the statement of financial position and note 17 about the sale of EcoRodovias, in 2012, 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[4].

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

During 2013, the Impregilo Group did not carry out any atypical and/or unusual transactions, as defined in the above Consob communication no. DEM/6064293[5].

4. Atypical and/or unusual transactions are those that, due to their significance and relevance, the counterparty, the object of the transaction, exchange pricing and timing, may cast doubts as to the accuracy and completeness of disclosures, conflicts of interest, protection of the group's assets and non-controlling interests.
5. Significant non-recurring events and transactions are those that do not frequently occur in the normal course of business.

40. Earnings per share

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

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

The following table summarises the calculation. Please note that following the approval resolution of 12 September 2013, 44,974,754 new ordinary shares of Salini Impregilo S.p.A. were issued to Salini Costruttori S.p.A. in execution of the merger.

(Values in €/000, thousands of shares)	**2013**	**2012**
Profit (loss) from continuing operations	107,431	(113,610)
Non-controlling interests	(318)	(340)
Profit earmarked for holders of savings shares	(588)	(588)
Profit (loss) from continuing operations attributable to the owners of the parent	106,525	(114,538)
Profit from continuing and discontinued operations	**188,066**	**603,426**
Non-controlling interests	(318)	(340)
Profit earmarked for holders of savings shares	(588)	(588)
Profit from continuing and discontinued operations attributable to the owners of the parent	**187,160**	**602,498**
Average outstanding ordinary shares	402,458	402,458
Average outstanding savings shares	1,615	1,615
Average number of shares	**404,073**	**404,073**
Dilution effect	44,975	–
Average number of diluted shares	**449,048**	**404,073**
Basic earnings (loss) per share (from continuing operations)	**0.26**	**(0.28)**
Basic earnings per share (from continuing and discontinued operations)	**0.46**	**1.49**
Diluted earnings (loss) per share (from continuing operations)	**0.24**	**(0.28)**
Diluted earnings per share (from continuing and discontinued operations)	**0,42**	**1,49**

41. Events after the reporting period

On 3 January 2014 the Salini Impregilo Group was awarded the project for the design and construction of a lot of the Sebes - Turda motorway in Romania. The client is “Compania Nationala De Autostrazi Si Drumuri Nationale din România” - CNADNR - (the national motorway and roads company of Romania) and the value of the project is around € 121 million. The Sebes-Turda motorway is located in the middle of Transylvania, in the provinces of Alba and Cluj. Lot 1 of the contract consists of 17 kilometres of motorway with two lanes in each direction with a hard shoulder and includes approximately 81,000 m² of bridges and viaducts, as well as three motorway intersections.

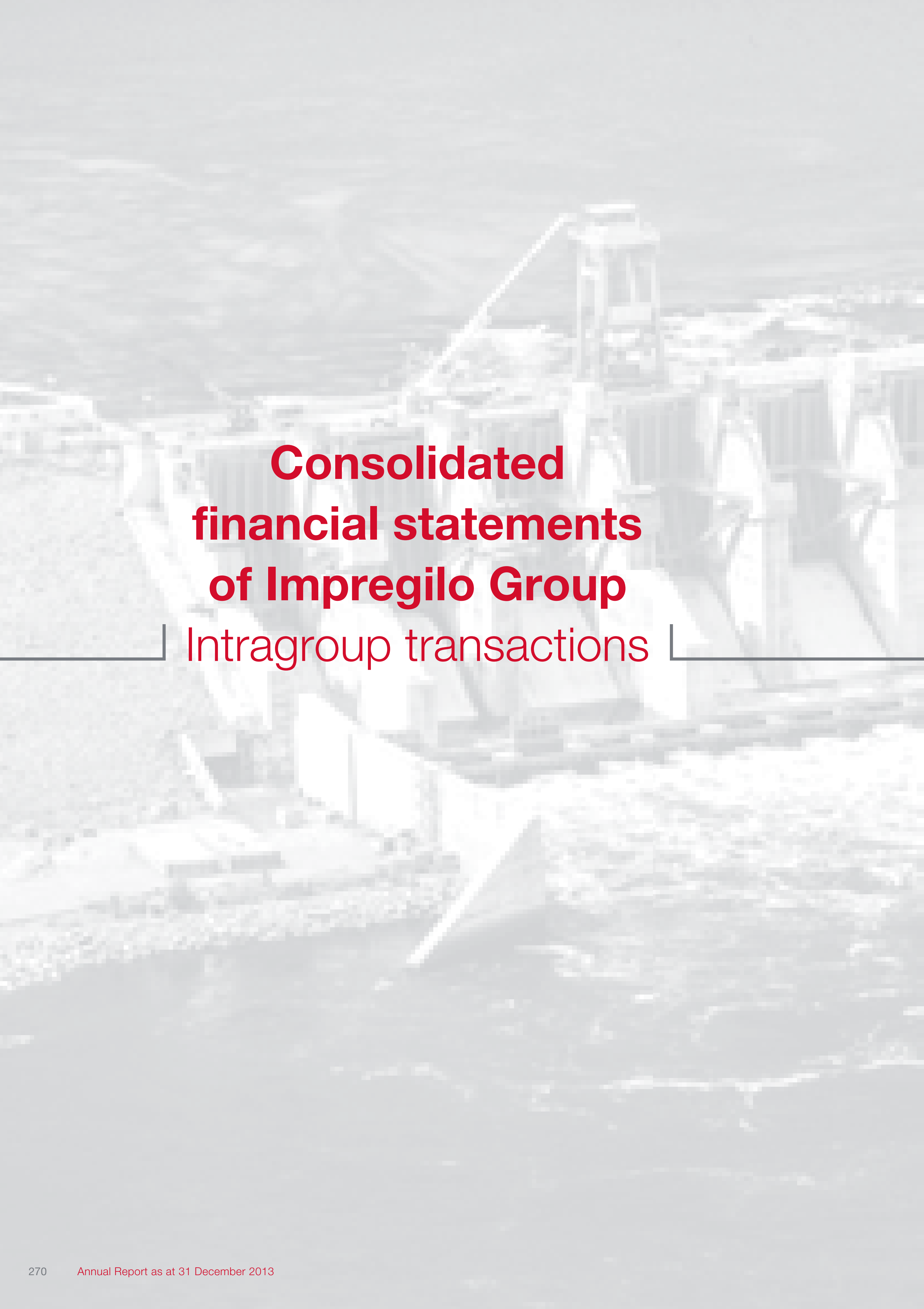
On 13 March 2014 an agreement was signed with the “Autoridad por el Canal de Panama” (ACP) for the resumption of works under the Canal expansion project in which Impregilo is a leading contractor along with Sacyr Vallehermoso (Spain) and Jan De Nul (Belgium). For more details see the section ‘Risk Areas of the Construction segment’ earlier in sections of the Annual Report.

Details of the events that have taken place since 31 December 2013 with respect to the USW Campania projects are provided in the section on “Non-current assets held for sale” in the Directors’ report of this Annual Report.

No other significant events took place after the end of 2013 other than what has been disclosed in these notes.

On behalf of the board of directors

Chairman



Consolidated financial statements of Impregilo Group

Intragroup transactions

Consolidated financial statements of Impregilo Group Intragroup transactions 31 December 2013

(Values in €)	Trade receivables	Financial assets Loans	Other	Total
OTHER				
Concessions				
Autopistas del Sol S.A.		238,781		238,781
Pedemontana Veneta S.p.A.	75,130	101,125		176,255
Tangenziale Esterna di Milano	9,784			9,784
Tangenziale Esterna di Milano S.p.A.	50,040			50,040
Total	**134,954**	**339,906**		**474,860**
Construction				
Arbeitsgemeinschaft tunnel (ATUS)	705,225			705,225
Arge Haupttunnel Eyholz	3,538,406			3,538,406
Arge Sisto N8	106,987			106,987
Arge Uetlibergtunnel	9,255			9,255
Arriyad New Mobility Consortium	309,974	280,191		590,165
CGMR Gestione materiale Roveredo	29,163			29,163
Churchill Consortium	1,451			1,451
Churchill Hospital J.V.	2,879			2,879
CMC Consorzio Monte Ceneri lotto 851	1,161,560			1,161,560
CMC-MAVUNDLA-IGL JV	8,024,602	4,056,510	15,901,263	27,982,375
Consorcio Cigla-Sade	148,480	1,336,876		1,485,356
Consorcio Contuy Medio		801,976		801,976
Consorcio Federici/Impresit/Ice Cochabamba	600,000			600,000
Consorcio Grupo Contuy-Proyectos y Ob. De F.		1,023,201		1,023,201
Consorcio Imigrantes				
Consorcio Impregilo - OHL	27,826			27,826
Consorcio OIV-TOCOMA	1,162,731	80,496,492	52,570,003	134,229,226
Consorcio Serra do Mar	24,324	389,349	2,166,684	2,580,357
Consorcio V.S.T. Tocoma		153,733		153,733
Consorcio VIT Tocoma		1,643,922		1,643,922
Consorzio Stazione Mendrisio	43,002			43,002
Consorzio Alta V. Bo/Fi - C.A.V.E.T.				
Consorzio Alta V. Torino/Milano - C.A.V.TO.MI.				
Consorzio Biaschina	102,981			102,981
Consorzio CEMS	76,234			76,234
Consorzio CO.CI.V.				
Consorzio Costruttori TEEM	21,991			21,991
Consorzio CPS Pedemontana	233,149			233,149
Consorzio del Sinni				
Consorzio Edile Palazzo Mantegazza	40,527			40,527
Consorzio Edilizia Sociale Industralizzata Lazio		19,792		19,792
Consorzio Felce	270,887			270,887
Consorzio Ferrofir	111,038			111,038
Consorzio Galliera Roveredo	1,773,842			1,773,842
Consorzio Imprese Lavori FF.SS. di Saline - FEIC	5.055			5,055
Consorzio infrastruttura area metropolitana				
Consorzio Iniziative Ferroviarie - INFER	3,044			3,044

Financial liabilities				Net				
Trade payables	Loans	Other	Total	Financial assets	Financial liabilities	Revenue from sp. fees	Financial income	Financial expense
				238,781				
				176,255				
				9,784				
				50,040				
				474,860				
(609,410)			(609,410)	95,815				
(614,573)			(614,573)	2,923,833		(955,231)		
				106,987		(14,622)		
				9,255				
				590,165				
				29,163		(89,557)		
				1,451				
		(425,493)	(425,493)		(422,614)			
(175,685)			(175,685)	985,875		(19)		
(12,505,027)			(12,505,027)	15,477,348				
	(1,165,546)		(1,165,546)	319,810			(65,844)	
				801,976				
	(101,187)		(101,187)	498,813				
				1,023,201				
	(69,396)		(69,396)		(69,396)			
				27,826				
(201,889)			(201,889)	134,027,337				
	(1,759,912)		(1,759,912)	820,445				
(74,659)			(74,659)	79,074				
				1,643,922				
				43,002		(7,928)		
(6,964)			(6,964)		(6,964)			
(919,056)			(919,056)		(919,056)			
				102,981		(7,683)		
				76,234				
(81,042)			(81,042)		(81,042)			
				21,991				
				233,149				
	(17,480)		(17,480)		(17,480)			
				40,527		(10,979)		
				19,792				
(97,416)			(97,416)	173,471		(2,599)		
(62,815)			(62,815)	48,223				
(19,407)			(19,407)	1,754,435		(501,032)		
				5,055				
(15,976)			(15,976)		(15,976)			
(4,137)			(4,137)		(1,093)			

Intragroup transactions

(Values in €)	Financial assets Trade receivables	Loans	Other	Total
Consorzio Iricav Due	1,348,358			1,348,358
Consorzio Italian Engineering & Contractors for Al Faw - IECAF	44,960			44,960
Consorzio Libyan Expressway Contractor	16,410	127,642		144,052
Consorzio Miteco	106,660			106,660
Consorzio MM4	142,398	310,553		452,951
Consorzio MPC	896,197			896,197
Consorzio NOG.MA				
Consorzio Pedelombarda 2	19,794			19,794
Consorzio Piottino	637,048			637,048
Consorzio Portale Vezia	1,495,963			1,495,963
Consorzio San Cristoforo				
Consorzio Sarda Costruzioni Generali		7,551		7,551
Consorzio Sardo d'Imprese				
Consorzio Scilla				
Consorzio SI.VI.CI.CA.	951,035			951,035
Consorzio SI.VI.CI.CA. 3	34,462			34,462
Consorzio SI.VI.CI.CA. 4	5,471			5,471
Consorzio TAT - Tunnel Alp Transit Ticino	29,517			29,517
Consorzio TRA.DE.CI.V.	228,895			228,895
Consorzio Trevi - S.G.F. Inc. per Napoli	554,468			554,468
Consorzio VIT Caroni Tocoma		521,225		521,225
E.R. Impregilo/Dumez y Asociados para Yaciretê	3,128,829	7,409,718		10,538,547
Executive J.V. Impregilo S.p.A. Terna S.A.		7,974		7,974
Felce lotto 101	325,922			325,922
G.T.B. S.c.r.l.	295,677			295,677
Generalny Wykonawca Salini Polska	1,524,608			1,524,608
Grupo Empresas Italianas - GEI				
Impregilo-Healy UTE		19,114		19,114
IS Joint Ventures	1,347,243	501,853	53,523	1,902,619
Joint Venture Aktor Ate - Impregilo S.p.A.	12,063			12,063
Joint Venture Aktor S.A. - Impregilo S.p.A.		333		333
Joint Venture Impregilo S.p.A. - Empedos S.A. - Ak	1,498,407	397,819	489,324	2,385,550
Line 3 Metro Stations	59,989	215,000		274,989
M.N. 6 S.c.r.l.	455,204			455,204
Metropolitana di Napoli S.p.A.	85,245			85,245
Riviera S.c.r.l.	264,784	33,466		298,250
S.I.MA. GEST 3 S.c.r.l.				
Salerno-Reggio Calabria S.c.p.A.				
Salini-Impregilo Joint Venture for Mukorsi	7,525			7,525
Sarmento S.c.r.l.	7,800	445,131		452,931
Sivicica 2	72,078			72,078
SO.C.E.T. Società Costruttori Edili Toscani				
Strade e Depuratori Palermo S.c.r.l.				
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A.	4,999	1,203,334	1,621,421	2,829,754
Thessaloniki Metro				
Thessaloniki Metro CW	1,397,773		1,221,178	2,618,951
Total	**35,534,395**	**101,402,755**	**74,023,396**	**210,960,546**
TOTAL Other	**35,669,349**	**101,742,661**	**74,023,396**	**211,435,406**

Financial liabilities				Net				
Trade payables	Loans	Other	Total	Financial assets	Financial liabilities	Revenue from sp. fees	Financial income	Financial expense
(7,037,403)			(7,037,403)		(5,689,045)			
				44,960				
(16,934)			(16,934)	127,118				
				106,660				
(2,480,838)			(2,480,838)		(2,027,887)			
(17,595)			(17,595)	878,602		(144,628)		
(29,571)			(29,571)		(29,571)			
(98,854)			(98,854)		(79,060)			
				637,048		(44,352)		
				1,495,963		(271,579)		
(35,859)			(35,859)		(35,859)			
(38,024)			(38,024)		(30,473)			
(11,501)			(11,501)		(11,501)			
(43,819)			(43,819)		(43,819)			
				951,035		(19,807)		
				34,462		(7,486)		
				5,471		(2,599)		
(576,644)		(1,430,906)	(2,007,550)		(1,978,033)	(764,458)		
(167,237)			(167,237)	61,658				
(73,003)			(73,003)	481,465				
				521,225				
(91,979)		(6,108,667)	(6,200,646)	4,337,901			(450,736)	
				7,974				
				325,922		(28,999)		
(30,091)			(30,091)	265,586				
				1,524,608				
	(108,839)		(108,839)		(108,839)			
		(94,627)	(94,627)		(75,513)			
				1,902,619				
				12,063				
				333				
				2,385,550				
		(59,436)	(59,436)	215,553				
(395,413)			(395,413)	59,791				44,406
(65,730)			(65,730)	19,515				
(952,655)			(952,655)		(654,405)		(48)	
(162,355)			(162,355)		(162,355)			
(22,695)			(22,695)		(22,695)			
				7,525				
				452,931			(21,920)	
				72,078		(11,047)		
(106,287)			(106,287)		(106,287)			
(202,589)			(202,589)		(202,589)			
				2,829,754				
		(2,704,212)	(2,704,212)		(2,704,212)			
(1,504)			(1,504)	2,617,447				
(28,046,636)	**(3.222.360)**	**(10,823,341)**	**(42,092,337)**	**184,363,973**	**(15,495,764)**	**(2,884,605)**	**(538,548)**	**44,406**
(28,046,636)	**(3.222.360)**	**(10,823,341)**	**(42,092,337)**	**184,838,833**	**(15,495,764)**	**(2,884,605)**	**(538,548)**	**44,406**

Intragroup transactions

(Values in €)	Financial assets Trade receivables	Loans	Other	Total
ASSOCIATES				
Engineering & Plant Construction				
Villagest S.c.r.l.	504,885			504,885
Total	**504,885**			**504,885**
Concessions				
Aguas del Gran Buenos Aires S.A.	21,564			21,564
Consorcio Agua Azul S.A.	196,247			196,247
Enecor S.A.	3,096	233,615		236,711
Impregilo Wolverhampton Ltd.	259,108			259,108
Ochre Holdings Solutions Ltd.				
Passante Dorico S.p.A.		36,643		36,643
Puentes del Litoral S.A.	2,679	5,727,992		5,730,671
Sistranyac S.A.	808	78		886
Yacylec S.A.	3,611			3,611
Yuma Concessionaria S.A.	3,709,318			3,709,318
Total	**4,196,431**	**5,998,328**		**10,194,759**
Construction				
Anagnina 2000 S.c.r.l.	66,734			66,734
ANBAFER S.c.r.l.	15,131			15,131
Ancipa S.c.r.l.	505,463	2,649,622		3,155,085
Aurelia 98 S.c.r.l.				
B.O.B.A.C. S.c.ar.l.		1,100		1,100
Cagliari 89 S.c.r.l.	1,511,006	561,692	2,371	2,075,069
CE.S.I.F. S.c.p.A.				
Cogefar/C.I.S.A./Icla/Fondedile		18,578		18,578
Consorzio Consavia S.c.n.c.		6,535		6,535
Consorzio Lavori Interventi Straordinari Palermo		44,640		44,640
Corso Malta S.c.r.l.	182,923	555		183,478
Depurazione Palermo S.c.r.l.				
Diga Ancipa S.c.r.l.	9,164	37,126		46,290
Edificatrice Sarda S.r.l.		447,790		447,790
Empresa Constructora Lo Saldes Ltda			32,869	32,869
Empresa Constructora Metro 6 Ltda	221,177	1,066		222,243
FE.LO.VI. S.c.n.c.	7,732			7,732
Grandi Uffizi S.c.r.l.	865	46,189		47,054
Impregilo Arabia Ltd.	506,040	426,705		932,745
Impregilo Salini (Panama) S.A.	1,756			1,756
Imprese Riunite Genova Irg S.c.r.l.	69,401			69,401
Imprese Riunite Genova Seconda S.c.r.l.	128,442			128,442
Metro Blu S.c.ar.l.	3,386			3,386
Metrogenova S.c.r.l.	1,470,884			1,470,884
Monte Vesuvio S.c.r.l.	3,615	177,038		180,653
Olbia 90 S.c.r.l.	117,471			117,471
Pietrarossa S.c.r.l.	8,264	1,490,197		1,498,461
Quattro Venti S.c.r.l.	159,503			159,503
RCCF Nodo di Torino S.c.p.A.	16,275	39.452		55,727
Saces S.r.l.				
San Giorgio Caltagirone S.c.r.l.	14,440	100.672		115,112
Sclafani S.c.r.l.	58,889	340.016		398,905
Sirjo S.c.p.A.	1,440,883			1,440,883

Financial liabilities				Net				
Trade payables	Loans	Other	Total	Financial assets	Financial liabilities	Revenue from sp. fees	Financial income	Financial expense
(189,947)			(189,947)	314,938				
(189,947)			**(189,947)**	**314,938**				
(60,300)		(22,307)	(82,607)		(61,043)			
				196,247				
				236,711				
				259,108			(15,888)	
							(657,605)	
	(8,460,000)		(8,460,000)		(8,423,357)			
(8,506)		(10,491)	(18,997)	5,711,674				
				886				
				3,611		(24,367)		
				3,709,318				
(68,806)	**(8,460,000)**	**(32,798)**	**(8.561.604)**	**10,117,555**	**(8,484,400)**	**(24,367)**	**(673,493)**	
	(3,615)		(3,615)	63,119				
(106)			(106)	15,025				
				3,155,085				
(16,121)			(16,121)		(16,121)			
(8,672)			(8,672)		(7,572)			
(1,870,380)		(5,166)	(1,875,546)	199,523				
(6,935)			(6,935)		(6,935)			
				18,578				
				6,535				
(22,646)			(22,646)	21,994				
				183,478				
	(3,615)		(3,615)		(3,615)			
	(3,615)		(3,615)	42,675				
				447,790				
				32,869				
				222,243				
	(7,716)		(7,716)	16				
				47,054				
(50,967)			(50,967)	881,778				
				1,756				
(577,818)			(577,818)		(508,417)			
				128,442				
(1,133,729)			(1,133,729)		(1,130,343)			
(436,459)		(3,476)	(439,935)	1,030,949		(12,973)		
				180,653				
(84,401)			(84,401)	33,070				
				1,498,461				
(72,040)			(72,040)	87,463				
				55,727				
	(1,071,339)		(1,071,339)		(1,071,339)			
				115,112				
				398,905			(10,417)	
(7,035,592)	(9,000,000)		(16,035,592)		(14,594,709)			

(Values in €)	Financial assets Trade receivables	Loans	Other	Total
Società di progetto consortile per azioni M4	1,272,855	4,990,184		6,263,039
Soingit S.c.r.l.	230,637			230,637
VE.CO. S.c.r.l.				
Total	**8,022,936**	**11,379,157**	**35,240**	**19,437,333**
TOTAL Associates	**12,724,252**	**17,377,485**	**35,240**	**30,136,977**
SUBSIDIARIES				
Construction				
BA.TA. 91 S.c.r.l.				
S. Anna Palermo S.c.r.l.				
San Benedetto S.c.r.l.				
Unicatanzaro S.c.r.l.	80,772			80,772
Total	**80,772**			**80,772**
TOTAL Subsidiaries	**80,772**			**80,772**
TOTAL CURRENT	**48,474,373**	**119,120,146**	**74,058,636**	**241,653,155**
OTHER				
Construction				
Arge Haupttunnel Eyholz		45,890		45,890
Consorzio Galliera Roveredo		1,221,896		1,221,896
Total		**1,267,786**		**1,267,786**
TOTAL Other		**1,267,786**		**1,267,786**
ASSOCIATES				
Concessions				
Puentes del Litoral S.A.		1,523,590		1,523,590
Total		**1,523,590**		**1,523,590**
TOTAL Associates		**1,523,590**		**1,523,590**
TOTAL NON-CURRENT		**2,791,376**		**2,791,376**
TOTAL	**48,474,373**	**121,911,522**	**74,058,636**	**244,444,531**

Financial liabilities				Net				
Trade payables	Loans	Other	Total	Financial assets	Financial liabilities	Revenue from sp. fees	Financial income	Financial expense
				6,263,039			(77,174)	
(88,610)	(96,930)		(185,540)	45,097				
(138,527)			(138,527)		(138,527)			
(11,543,003)	**(10,186,830)**	**(8,642)**	**(21,738,475)**	**15,176,436**	**(17,477,578)**	**(12,973)**	**(87,591)**	
(11,801,756)	**(18,646,830)**	**(41,440)**	**(30,490,026)**	**25,608,929**	**(25,961,978)**	**(37,340)**	**(761,084)**	
(1,363)			(1,363)		(1,363)			
(92,333)			(92,333)		(92,333)			
(45,520)	(29)		(45,549)		(45,549)			
				80,772				
(139,216)	**(29)**		**(139,245)**	**80,772**	**(139,245)**			
(139,216)	**(29)**		**(139,245)**	**80,772**	**(139,245)**			
(39,987,608)	**(21,869,219)**	**(10,864,781)**	**(72,721,608)**	**210,528,534**	**(41,596,987)**	**(2,921,945)**	**(1,299,632)**	**44,406**
				45,890				
				1,221,896				
				1,267,786				
				1,267,786				
				1,523,590				
				1,523,590				
				1,523,590				
				2,791,376				
(39,987,608)	**(21,869,219)**	**(10,864,781)**	**(72,721,608)**	**213,319,910**	**(41,596,987)**	**(2,921,945)**	**(1,299,632)**	**44,406**

Consolidated financial statements of Impregilo Group

Equity investments

Consolidated financial statements of Impregilo Group Equity investments with positive carrying amounts

Name	31 December 2012	Acquisitions (Disinvestments and liquidations)	Share/quota capital transactions	Share of profit or loss of equity-account investees
CONSTRUCTION				
Adduttore Ponte Barca S.c.r.l. (in liq.)	6,972	(6,972)		
Aguas del Gran Buenos Aires S.A. (in liq.)				
Anagnina 2000 S.c.r.l.	5,165			(3,156)
Ancipa S.c.r.l. (in liq.)	5,165			
B.O.B.A.C. S.c.a.r.l. (in liq.)	5,100			
Calpark S.c.p.A.	6,458			
CE.S.I.F. S.c.p.a. (in liq.)	63,460			
Collegamento Ferroviario Genova-Milano S.p.A.	578	(578)		
Consorcio Federici/Impresit/Ice Cochabamba	15,818			
Consorzio Casale Nei	775			
Consorzio Cogefar/Italstrade/Recchi/CMC - CIRC (in liq.)	12,911	(12,911)		
Consorzio CMM4	62,100			
Consorzio CON.SI	516			
Consorzio Consavia S.c.n.c. (in liq.)	1,714			
Consorzio Costruttori TEEM	3,400	(3,400)		
Consorzio CPS Pedemontana Veneta Costruttori Progettisti e Servizi	35,000			
Consorzio del Sinni	12,395			
Consorzio Ferrofir (in liq.)	178,265			
Consorzio Ferroviario Milanese	28,276			
Consorzio Imprese Lavori FF.SS. di Saline - FEIC	5,165			
Consorzio infrastruttura area metropolitana - Metro Cagliari (in liq.)	8,287			
Consorzio Iniziative Ferroviarie - INFER	14,461			
Consorzio Iricav Due	70,339			
Consorzio Italian Engineering & Contractors for Al Faw - IECAF	3,310	(3,310)		
Consorzio MARC - Monitoraggio Ambientale Regione Campania (in liq.)	2,582			
Consorzio Metrofer (in liq.)	4,304			
Consorzio Metropolitane	12,911	(12,911)		
Consorzio MITECO	4,416			
Consorzio Nazionale Imballaggi - CO.NA.I.	5			
Consorzio NOG.MA	84,000			
Consorzio Pedelombarda 2	4,000			
Consorzio Sarda Costruzioni Generali - SACOGEN	2,582			
Consorzio Sardo d'Imprese	1,078			
Consorzio TRA.DE.CI.V.	12,533			
Consorzio Trevi - S.G.F. INC per Napoli	4,500			
Construtora Impregilo y Associados S.A. - CIGLA S.A.	1			

Other gains (losses) in profit or loss	Dividends from equity-accounted investees	Change in hedging reserve	Change due to exchange rate fluctuations	Change in consolidation method	Reclassifications	31 December 2013
(17,700)					17,700	
						2,009
						5,165
						5,100
						6,458
						63,460
						15,818
						775
						62,100
						516
						1,714
						35,000
						12,395
						178,265
						28,276
						5,165
						8,287
						14,461
						70,339
						2,582
						4,304
						4,416
						5
						84,000
						4,000
						2,582
						1,078
						12,533
						4,500
						1

Equity investments

Name	31 December 2012	Acquisitions (Disinvestments and liquidations)	Share/quota capital transactions	Share of profit or loss of equity-account investees
Constuctora Embalse Casa de Piedra S.A. (in liq.)	1			
Depurazione Palermo S.c.r.l. (in liq.)	3,616			
Empresa Constructora Lo Saldes L.t.d.a.	5,341			
Empresa Constructora Metro 6 L.t.d.a.				168,578
Emittenti Titoli S.p.A.	10,832			
Eurolink S.c.p.a.	2			
FE.LO.VI. S.c.n.c. (in liq.)	8,392			
G.T.B. S.c.r.l.	5			
GE.A.C. S.r.l.	76,220			
Grassetto S.p.A. (in liq.)	7,747			
Healy-Yonkers-Atlas-Gest J.V.	12,212			
I_Faber S.p.A.	583,317			
Immobiliare Golf Club Castel D'Aviano S.r.l.	62,909			
Impregilo Arabia Ltd	3,370,799			(111,431)
Imprese Riunite Genova Irg S.c.r.l. (in liq.)	6,791			
Istituto per lo Sviluppo Edilizio ed Urbanistico - ISVEUR S.p.A.	22,750			
Istituto Promozionale per l'Edilizia S.p.A. - Ispredil S.p.A.	330			
Italsagi SP. ZO.O	1			
LEC Libyan Expressway Contractors Consorzio		4,250		
M.N. 6 S.c.r.l.	510			
Markland S.r.l. (in liq.)	1,269			
Metrogenova S.c.r.l.	8,257			
Metropolitana di Napoli S.p.A.	313,652			
Milano Sviluppo S.r.l. (in liq.)	(1)			
Monte Vesuvio S.c.r.l. (in liq.)	23,239			
Olbia 90 S.c.r.l. (in liq.)	2,531			
Parco Scientifico e Tecnologico della Sicilia S.c.p.a.	5,165			
Passante Dorico S.p.A.		11,280,000		
Platano S.c.n.c. (in liq.)	165	(165)		
Quattro Venti S.c.r.l. (in liq.)	20,658			
RCCF Nodo di Torino S.c.p.a. (in liq.)	26,856			
Rimini Fiera S.p.A.	3,193,670			
Riviera S.c.r.l.	5,271			
S. Anna Palermo S.c.r.l. (in liq.)	18,592			
S.P.P.C.A.C. S.c.r.l. (in liq.)	1,102	(1,102)		
San Benedetto S.c.r.l. (in liq.)	9,622			
Sarmento S.c.r.l.	1			
Sep Eole	762			
Seveso S.c.a.r.l. (in liq.)	400			
Sirjo S.c.p.A.	12,000,000			
Skiarea Valchiavenna S.p.A.	99,740			
Società di progetto consortile per azioni M4		34,800	69,240	
Strade e Depuratori Palermo S.c.r.l.	1,653			
Techint S.A.C.I.-Hochtief A.G.-Impregilo S.p.A.-Iglys S.A. UTE	3,944			
Torino Parcheggi S.r.l. (in liq.)	3,034			

Other gains (losses) in profit or loss	Dividends from equity-accounted investees	Change in hedging reserve	Change due to exchange rate fluctuations	Change in consolidation method	Reclassifications	**31 December 2013**
						1
						3,616
						5,341
			(15,454)			153,124
						10,832
						2
						8,392
						5
						76,220
						7,747
			(528)			11,684
						583,317
						62,909
			(141,877)			3,117,491
						6,791
						22,750
						330
						1
						4,250
						510
						1,269
						8,257
						313,652
						(1)
						23,239
						2,531
						5,165
						11,280,000
						20,658
						26,856
						3,193,670
						5,271
						18,592
						9,622
						1
						762
						400
						12,000,000
						99,740
						104,040
						1,653
						3,944
						3,034

Equity investments

Name	31 December 2012	Acquisitions (Disinvestments and liquidations)	Share/quota capital transactions	Share of profit or loss of equity-account investees
VE.CO. S.c.r.l.	2,582			
TOTAL CONSTRUCTION	**20,592,481**	**11,277,701**	**69,240**	**53,991**
ENGINEERING & PLANT CONSTRUCTION				
Consorzio Agrital Ricerche (in liq.)	(4,934)			
Consorzio Aree Industriali Potentine (in liq.)	(666)			
Consorzio Ramsar Molentargius	2,608	(2,608)		
Nautilus S.c.p.a. (in liq.)	61,971	(61,971)		
Villagest S.c.r.l. (in liq.)	6,275			
TOTAL ENGINEERING & PANT CONSTRUCTION	**65,254**	**(64,579)**		
CONCESSIONS				
Acqua Campania S.p.A.	9,607			
Aguas del Gran Buenos Aires S.A. (in liq.)				
Consorcio Agua Azul S.A.	6,743,188			511,873
Pedemontana Veneta S.p.A.	1,213,500			
Sistranyac S.A.	149,965			
Società Autostrada Broni-Mortara S.p.A.	9,583,111			(39,688)
Tangenziale Esterna S.p.A.	15,500,000	(39,099,900)	23,600,000	
Tangenziale Esterna di Milano S.p.A.	2,692,965	(4,669,268)	1,976,303	
Yacylec S.A.	559,148			21,685
Yuma Concessionaria S.A.	5,528,285			1,625,257
TOTAL CONCESSIONS	**41,979,769**	**(43,769,168)**	**25,576,303**	**2,119,127**
TOTAL EQUITY INVESTMENTS WITH POSITIVE CARRYING AMOUNTS	**62,637,504**	**(32,556,046)**	**25,645,543**	**2,173,118**

Other gains (losses) in profit or loss	Dividends from equity-accounted investees	Change in hedging reserve	Change due to exchange rate fluctuations	Change in consolidation method	Reclassifications	31 December 2013
						2,582
(17,700)			**(157,859)**		**17,700**	**31,835,554**
					4,934	
					666	
						6,275
					5,600	**6,275**
						9.607
(25,863)					25,863	
	(314,590)		(853,253)			6,087,218
						1,213,500
						149,965
				(9,543,423)		
						100
	(109,343)		(130,473)			341,017
			(801,762)			6,351,780
(25,863)	(423,933)		**(1,785,488)**	**(9,543,423)**	**25,863**	**14,153,187**
(43,563)	**(423,933)**		**(1,943,347)**	**(9,543,423)**	**49,163**	**45,995,016**

Consolidated financial statements of Impregilo Group
Equity investments with negative carrying amounts

Name	31 December 2012	Acquisitions (Disinvestments and liquidations)	Share/quota capital transactions	Share of profit or loss of equity-account investees
CONSTRUCTION				
Ancipa S.c.r.l. (in liq.)	(2,339,959)			
Cagliari 89 S.c.r.l. (in liq.)	(132,850)			
Cannatello S.c.r.l. (in liq.)	(14,000)			14,000
Cogefar/C.I.S.A./Icla/Fondedile - Sorrentina S.c.r.l. (in liq.)	(130,000)			
Consorzio Edilizia Sociale Industralizzata Lazio - CESIL (in liq.)	(116,927)			
Consorzio infrastruttura area metropolitana - Metro Cagliari (in liq.)	(2,880)			(50)
Corso Malta S.c.r.l. (in liq.)	(65,000)			
Diga Ancipa S.c.r.l. (in liq.)	(84,500)			
Edificatrice Sarda S.r.l. (in liq.)	(393,574)			
GE.A.C. S.r.l.	(413)			
Grandi Uffizi S.c.r.l. (in liq.)	(50,000)			
Imprese Riunite Genova Irg S.c.r.l. (in liq.)	(20,000)			
Monte Vesuvio S.c.r.l. (in liq.)	(292,741)			
Pietrarossa S.c.r.l. (in liq.)	(3,753,193)			
S. Leonardo S.c.r.l. (in liq.)	(1)			
Saces S.r.l. (in liq.)	(116,600)			
Salini-Impregilo Joint Venture for Mukorsi	(7,522)			
San Giorgio Caltagirone S.c.r.l. (in liq.)	(87,001)			
Sclafani S.c.r.l. (in liq.)	(155,000)			
Sep Eole	(1,628,626)			333,174
Soingit S.c.r.l. (in liq.)	(50,000)			
Strade e Depuratori Palermo S.c.r.l.	(1,653)			
Unicatanzaro S.c.r.l. (in liq.)	(9,347)			
TOTAL CONSTRUCTION	**(9,451,787)**			**347,124**
ENGINEERING & PLANT CONSTRUCTION				
Consorzio Aree Industriali Potentine (in liq.)				
Consorzio Agrital Ricerche (in liq.)				
TOTAL ENGINEERING & PANT CONSTRUCTION				
CONCESSIONS				
Impregilo Wolverhampton Ltd	(1,259,174)			77,656
TOTAL CONCESSIONS	**(1,259,174)**			**77,656**
TOTAL EQUITY INVESTMENTS WITH NEGATIVE CARRYING AMOUNTS	**(10,710,961)**			**424,780**
TOTAL	**51,926,543**	**(32,556,046)**	**25,645,543**	**2,597,898**

Other gains (losses) in profit or loss	Dividends from equity-accounted investees	Change in hedging reserve	Change due to exchange rate fluctuations	Change in consolidation method	Reclassifications	31 December 2013
						(2,339,959)
						(132,850)
						(130,000)
						(116,927)
						(2,930)
						(65,000)
						(84,500)
						(393,574)
						(413)
						(50,000)
						(20,000)
						(292,741)
						(3,753,193)
						(1)
						(116,600)
						(7,522)
						(87,001)
						(155,000)
						(1,295,452)
						(50,000)
						(1,653)
					(576)	(9,923)
					(576)	**(9,105,239)**
					(666)	(666)
					(4,934)	(4,934)
					(5,600)	**(5,600)**
	(172,409)	297,885	33,143			(1,022,899)
	(172,409)	**297,885**	**33,143**			**(1,022,899)**
	(172,409)	**297,885**	**33,143**		**(6,176)**	**(10,133,738)**
(43,563)	**(596,342)**	**297,885**	**(1,910,204)**	**(9,543,423)**	**42,987**	**35,861,278**

Consolidated financial statements of Impregilo Group

Consolidation scope

Consolidation scope

Name	Country	Currency	Share/quota capital subscribed	% invest-ment	% direct	% indirect	Held indirectly by	Method 31 December 2013
CONSTRUCTION								
Impregilo S.p.A.	Italy	Euro	718,364,457	100		100	Various	line-by-line
Aegek-Impregilo-Aslom J.V.	Greece			45.8	45.8			equity
Alia S.c.r.l. (in liq.)	Italy	Euro	10,200	100		100	Imprepar S.p.A.	line-by-line
Anagnina 2000 S.c.r.l. (in liq.)	Italy	Euro	10,329	50	50			equity
ANBAFER S.c.r.l. (in liq.)	Italy	Euro	25,500	50	–	50	Imprepar S.p.A.	equity
Ancipa S.c.r.l. (in liq.)	Italy	Euro	10,200	50	–	50	Imprepar S.p.A.	equity
Aquilgest S.c.r.l. (in liq.)	Italy	Euro	10,000	51	–	51	Imprepar S.p.A.	proportionate
Aquilpark S.c.r.l. (in liq.)	Italy	Euro	10,000	51	–	51	Imprepar S.p.A.	proportionate
Arbeitsgemeinschaft Tunnel Umfahrung Saas (ATUS)	Switzerland			32		32	CSC S.A.	equity
Arge Haupttunnel Eyholz	Switzerland			36		36	CSC S.A.	equity
Arge Sisto N8	Switzerland			50		50	CSC S.A.	equity
Arriyad New Mobility Consortium	Saudi Arabia			33.48	33.48			equity
B.O.B.A.C. S.c.ar.l. (in liq.)	Italy	Euro	10,200	50	–	50	SGF INC S.p.A.	equity
Barnard Impregilo Healy J.V.	United States			45	25	20	Healy S.A.	proportionate
BATA S.r.l. (in liq.)	Italy	Euro	102,000	50.69	–	50.69	Imprepar S.p.A.	line-by-line
Bocoge S.p.A. - Costruzioni Generali	Italy	Euro	1,702,720	100		100	Imprepar S.p.A.	line-by-line
Cagliari 89 S.c.r.l. (in liq.)	Italy	Euro	10,200	49	–	49	Sapin S.r.l.	equity
Campione S.c.r.l. (in liq.)	Italy	Euro	11,000	99.9	99.9			line-by-line
CE.S.I.F. S.c.p.A. (in liq.)	Italy	Euro	250,000	24.18	24.18	–		equity
CGR Consorzio Galliera Roveredo	Switzerland			37.5		37.5	CSC S.A.	equity
Churchill Construction Consortium	UK			30		30	Impregilo New Cross Ltd.	equity
Churchill Hospital J.V.	UK			50		50	Impregilo New Cross Ltd.	equity
CIS Divisione Prefabbricati Vibrocesa Scac - C.V.S. S.r.l. (in liq.)	Italy	Euro	10,000	100	–	100	INCAVE S.r.l.	line-by-line
Civil Works Joint Ventures	Saudi Arabia			14.5	14.5			equity
CMC - Consorzio Monte Ceneri lotto 851	Switzerland			40		40	CSC S.A.	equity
CMC - Mavundla - Impregilo J.V.	South Africa			39.2	39.2			equity
CO. MAR. S.c.r.l. (in liq.)	Italy	Euro	10,200	84.99	–	84.99	Imprepar S.p.A.	proportionate
Cogefar/C.I.S.A./Icla/Fondedile - Sorrentina S.c.r.l. (in liq.)	Italy	Euro	46,480	25	–	25	Imprepar S.p.A.	equity
Congressi 91 S.c.r.l. (in liq.)	Italy	Euro	25,000	100	–	80	Impresa Castelli S.r.l.	line-by-line
						20	Bocoge S.p.A.	
Consorcio Acueducto Oriental	Dom. Republic	–	–	67	67	–		proportionate
Consorcio Cigla-Sade	Brazil	–	–	50	–	50	Cigla S.A.	equity
Consorcio Contuy Medio	Venezuela	–	–	29.04	29.04	–		equity
Consorcio Contuy Medio Grupo A C.I. S.p.A. Ghella Sogene C.A., Otaola C.A.	Venezuela	–	–	36.4	36.4	–		proportionate
Consorcio Federici/Impresit/Ice Cochabamba	Bolivia	USD	100,000	25	–	25	Imprepar S.p.A.	equity
Consorcio Grupo Contuy-Proyectos y Obras de Ferrocarriles	Venezuela	–	–	33.33	33.33	–		equity
Consorcio Imigrantes	Brazil	–	–	50	–	50	Cigla S.A.	equity
Consorcio Impregilo - OHL	Colombia			70		70	Impregilo Colombia S.a.s.	proportionate

Name	Country	Currency	Share/quota capital subscribed	% invest-ment	% direct	% indirect	Held indirectly by	Method 31 December 2013
Consorcio Impregilo Yarull	Dom. Republic			70	70			proportionate
Consorcio OIV-TOCOMA	Venezuela			20	20			equity
Consorcio Serra do Mar	Brazil			50	25	25	Cigla S.A.	equity
Consorcio V.I.T. - Tocoma	Venezuela	–	–	35	35	–		equity
Consorcio V.I.T. Caroni - Tocoma	Venezuela			35	35			equity
Consorcio V.S.T.	Venezuela	–	–	35	–	35	Suropca C.A.	equity
Consorcio V.S.T. Tocoma	Venezuela	–	–	30	30	–		equity
Consorzio Alta Velocità Torino/Milano - C.A.V.TO.MI.	Italy	Euro	5,000,000	74.69	74.69	–		proportionate
Consorzio Biaschina	Switzerland			33.34		33.34	CSC S.A.	equity
Consorzio C.A.V.E.T. - Consorzio Alta Velocità Emilia/Toscana	Italy	Euro	5,422,797	75.98	75.98	–		proportionate
Consorzio Camaiore Impianti (in liq.)	Italy	Euro	25,500	55	55			proportionate
Consorzio Caserma Donati	Italy	Euro	300,000	84.2	84.2			proportionate
Consorzio CCTE (in liq.)	Italy	Euro	41,315	100	60	40	ILIM S.r.l.	line-by-line
Consorzio CEMS	Switzerland			33.4		33.4	CSC S.A.	equity
Consorzio CGMR	Switzerland			40		40	CSC S.A.	equity
Consorzio CO.CI.V.	Italy	Euro	516,457	64	64	–		proportionate
Consorzio Cogefar/Italstrade/Recchi/CMC - CIRC (in liq.)	Italy	Euro	51,000	25	–	25	Imprepar S.p.A.	equity
Consorzio Cogefar-Impresit Cariboni per la Frana di Spriana S.c.r.l. (in liq.)	Italy	Euro	45,900	100	100	–		line-by-line
Consorzio Consavia S.c.n.c. (in liq.)	Italy	Euro	20,658	50	–	50	Imprepar S.p.A.	equity
Consorzio Costruttori TEEM	Italy	Euro	10,000	0.01	0.01			equity
Consorzio CPS Pedemontana Veneta Costruttori Progettisti e Servizi	Italy	Euro	100,000	35	35	–		equity
Consorzio del Sinni	Italy	Euro	51,646	43.16	–	43.16	Imprepar S.p.A.	equity
Consorzio Felce	Switzerland			25		25	CSC S.A.	equity
Consorzio Felce lotto 101	Switzerland			25		25	CSC S.A.	equity
Consorzio Ferrofir (in liq.)	Italy	Euro	30,987	33.33	–	33.33	Imprepar S.p.A.	equity
Consorzio Imprese Lavori FF.SS. di Saline - FEIC	Italy	Euro	15,494	33.33	–	33.33	Imprepar S.p.A.	equity
Consorzio Iniziative Ferroviarie - INFER	Italy	Euro	41,316	35	–	35	Imprepar S.p.A.	equity
Consorzio Lavori Interventi Straordinari Palermo - Colispa S.c.r.l. (in liq.)	Italy	Euro	21,420	29.76	–	29.76	Imprepar S.p.A.	equity
Consorzio Libyan Expressway Contractor	Italy	Euro	10,000	42.5	42.5			equity
Consorzio Mina de Cobre	Italy	Euro	10,000	50	50			equity
Consorzio MITECO	Italy	Euro	10,000	44.16	44.16			equity
Consorzio MM4	Italy	Euro	200,000	31.05	31.05			equity
Consorzio MPC	Switzerland			33		33	CSC S.A.	equity
Consorzio Pedelombarda 2	Italy	Euro	10,000	40	40			equity
Consorzio Pielle (in liq.)	Italy	Euro	15,493	100	–	33.33	Imprepar S.p.A.	line-by-line
						66.67	Incave S.r.l.	
Consorzio Piottino	Switzerland	Euro		25		25	CSC S.A.	equity
Consorzio Portale Vezia (CVP Lotto 854)	Switzerland	Euro		60		60	CSC S.A.	equity
Consorzio Sarda Costruzioni Generali - SACOGEN	Italy	Lit	20,000,000	25	–	25	Sapin S.r.l.	equity
Consorzio Sardo d'Imprese (in liq.)	Italy	Euro	103,291	34.38	–	34.38	Sapin S.r.l.	equity
Consorzio Scilla (in liq.)	Italy	Euro	1,000	51	51	–		proportionate

Name	Country	Currency	Share/quota capital subscribed	% invest-ment	% direct	% indirect	Held indirectly by	Method 31 December 2013
Consorzio SI.VI.CI.CA.	Switzerland			25		25	CSC S.A.	equity
Consorzio SI.VI.CI.CA. 3	Switzerland			25		25	CSC S.A.	equity
Consorzio SI.VI.CI.CA. 4	Switzerland			25		25	CSC S.A.	equity
Consorzio Stazione Mendrisio	Switzerland	Euro		25		25	CSC S.A.	equity
Consorzio TAT-Tunnel Alp Transit Ticino, Arge	Switzerland	–	–	25	17.5	7.5	CSC S.A.	equity
Consorzio Torre	Italy	Euro	5,000,000	94.6	94.6			proportionate
Consorzio tra le Società Impregilo/Bordin/Coppetti/ Icep - CORAV	Italy	Euro	51,129	96.97	96.97			line-by-line
Consorzio Trevi – S.G.F. INC per Napoli	Italy	Euro	10,000	45	–	45	SGF INC S.p.A.	equity
Consorzio/Vianini lavori/Impresit/Dal Canton/Icis/ Siderbeton - VIDIS (in liq.)	Italy	Euro	25,822	60	–	60	Imprepar S.p.A.	proportionate
Constructora Ariguani SAS	Colombia	COP	100,000,000	51	51			proportionate
Constructora Mazar Impregilo-Herdoiza Crespo	Ecuador	–	–	70	70	–		proportionate
Construtora Impregilo y Associados S.A.-CIGLA S.A.	Brazil	BRL	7,641,014	100	100	–		line-by-line
Constuctora Embalse Casa de Piedra S.A. (in liq.)	Argentina	ARS	821	72.93	–	72.93	Imprepar S.p.A.	equity
Corso Malta S.c.r.l. (in liq.)	Italy	Euro	40,800	42.5	–	42.5	Imprepar S.p.A.	equity
Costruzioni Ferroviarie Torinesi Duemila S.c.r.l. (in liq.)	Italy	Euro	10,328	100	–	100	INCAVE S.r.l.	line-by-line
CSC Impresa Costruzioni S.A.	Switzerland	CHF	2,000,000	100	100	–		line-by-line
CSLN Consorzio	Switzerland	–	–	28	–	28	CSC S.A.	equity
Depurazione Palermo S.c.r.l. (in liq.)	Italy	Euro	10,200	50	–	50	Imprepar S.p.A.	equity
Diga Ancipa S.c.r.l. (in liq.)	Italy	Euro	10,200	50	–	50	Imprepar S.p.A.	equity
E.R. Impregilo/Dumez y Asociados para Yaciretê - ERIDAY	Argentina	USD	539,400	20.75	18.75	2	Iglys S.A.	equity
Edil.Gi. S.c.r.l. (in liq.)	Italy	Lit	20,000,000	50	–	50	Imprepar S.p.A.	equity
Effepi - Finanza e Progetti S.r.l. (in liq.)	Italy	Euro	78,000	100		100	SGF INC S.p.A.	line-by-line
Empresa Constructora Angostura Ltda	Chile	CLP	50,000,000	65	65			proportionate
Empresa Constructora Lo Saldes Ltda.	Chile	CLP	10,000,000	35	35			equity
Empresa Constructora Metro 6 Ltda.	Chile	CLP	25,000,000	49.1	49	0.1	Cigla S.A.	equity
Engeco France S.a.r.l.	France	Euro	15,470	100	–	99.67	Imprepar S.p.A.	line-by-line
						0.33	Incave S.r.l.	
Eurolink S.c.p.A.	Italy	Euro	150,000,000	45	45			proportionate
Eurotechno S.r.l. (in liq.)	Italy	Euro	26,245	100	–	100	Imprepar S.p.A.	line-by-line
Executive J.V. Impregilo S.p.A. Terna S.A. - Alte S.A. (in liq.)	Greece	–	–	33.33	33.33			equity
FE.LO.VI. S.c.n.c. (in liq.)	Italy	Euro	25,822	32.5	–	32.5	Imprepar S.p.A.	equity
Generalny Wykonawca Salini Polska - Impregilo - Kobylarnia S.A.	Poland			33.34	33.34			equity
Ghazi-Barotha Contractors J.V.	Switzerland	–	–	57.8	57.8	–		proportionate
Grandi Uffizi S.c.r.l. (in liq.)	Italy	Euro	10,200	31.46	–	31.46	Imprepar S.p.A.	equity
Groupement Hydrocastoro	Algeria	DZD	2,000,000	49.98	–	49.98	INC Algerie S.a.r.l.	equity
Grupo Empresas Italianas - GEI	Venezuela	VEB	10,000,000	33.33	33.33			equity
Grupo ICT II SAS	Colombia	COP	1,000,000,000	100	100			line-by-line
Grupo Unidos Por El Canal S.A.	Panama	USD	1,000,000	48	48			proportionate
Healy-Yonkers-Atlas-Gest J.V.	United States	–	–	45	–	45	Healy S.A.	equity

Name	Country	Currency	Share/quota capital subscribed	% invest-ment	% direct	% indirect	Held indirectly by	Method 31 December 2013
I.L.IM. - Iniziative Lombarde Immobiliari S.r.l. (in liq.)	Italy	Euro	10,000	100	100			line-by-line
Imprefeal S.r.l.	Italy	Euro	20,000	100	–	100	Imprepar S.p.A.	line-by-line
Impregilo - Rizzani de Eccher J.V.	Switzerland			67	67			equity
Impregilo Arabia Ltd	Saudi Arabia	SAD	40,000,000	50	50			equity
Impregilo Cogefar New Esna Barrage J.V. (in liq.)	Egypt	Euro	51,645	100		99	Imprepar S.p.A.	equity
						1	INCAVE S.r.l.	
Impregilo Colombia S.a.s.	Colombia	COP	850,000,000	100	100			line-by-line
Impregilo Lidco Libya Co.	Libya	DL	5,000,000	60	60			line-by-line
Impregilo S.p.A. - S.A. Healy Company UTE	Argentina	PAR	10,000	100	98	2	Healy S.A.	equity
Impregilo Salini (Panama) S.A.	Panama	USD	10,000	50	50			equity
Impregilo-Healy-Parsons J.V.	United States	USD		65	45	20	Healy S.A.	proportionate
Impregilo-SK E&C-Galfar al Misnad J.V.	Qatar			41.25	41.25			proportionate
Impregilo-Terna SNFCC J.V.	Greece	Euro	100,000	51	51			proportionate
Imprepar-Impregilo Partecipazioni S.p.A.	Italy	Euro	3,100,000	100	100	–		line-by-line
Impresa Castelli S.r.l. (in liq.)	Italy	Euro	10,000	100	–	100	Imprepar S.p.A.	line-by-line
Imprese Riunite Genova Irg S.c.r.l. (in liq.)	Italy	Euro	25,500	26.3	–	26.3	Imprepar S.p.A.	equity
Imprese Riunite Genova Seconda S.c.r.l. (in liq.)	Italy	Euro	25,000	26.3	–	26.3	Imprepar S.p.A.	equity
Impresit del Pacifico S.A.	Peru	PEN	35,000	100	–	100	Imprepar S.p.A.	line-by-line
INC - Algerie S.a.r.l.	Algeria	DZD	151,172,000	99.97		99.97	SGF INC S.p.A.	line-by-line
INCAVE S.r.l. (in liq.)	Italy	Euro	90,000	100	–	100	Imprepar S.p.A.	line-by-line
Interstate Healy Equipment J.V.	United States			45		45	Healy S.A.	proportionate
IS Joint Ventures	Australia			50	50			equity
Isibari S.c.r.l.	Italy	Euro	15,300	55		55	Bocoge S.p.A.	equity
Italsagi Sp.zo.o.	Poland	PLN	10,000	33	–	33	Imprepar S.p.A.	equity
Joint Venture Aegek-Impregilo-Ansaldo-Seli-Ansaldobreda	Greece			26.71	26.71			equity
Joint Venture Aktor Ate - Impregilo S.p.A. (Constantinos)	Greece	–	–	40	40	–		equity
Joint Venture Impregilo S.p.A. - Empedos S.A. - Aktor A.T.E.	Greece	–	–	66	66	–		equity
Joint Venture Impregilo S.p.A. - S.G.F. INC S.p.A.	Greece	–	–	100	99	1	SGF INC S.p.A.	line-by-line
Joint Venture Terna - Impregilo	Greece	–	–	45	45	–		equity
La Quado S.c.ar.l.	Italy	Euro	10,000	35	35			proportionate
Lambro S.c.r.l.	Italy	Euro	200,000	0.01	0.01			equity
Lavori Lingotto S.c.r.l. (in liq.)	Italy	Euro	25,000	100	100			line-by-line
Librino S.c.r.l. (in liq.)	Italy	Euro	45,900	66	–	66	Imprepar S.p.A.	proportionate
Line 3 Metro Stations	Greece			50	50			equity
Lodigiani-Pgel J.V. (in liq.)	Pakistan	–	–	100	–	100	Imprepar S.p.A.	equity
Matsoku Civil Contractor (MMC) J.V.	Lesotho	–	–	30	–	30	Imprepar S.p.A.	equity
Melito S.c.r.l. (in liq.)	Italy	Euro	77,400	66.67		66.67	Imprepar S.p.A.	proportionate
Metro Blu S.c.r.l.	Italy	Euro	10,000	50	50	–		proportionate
Metrogenova S.c.r.l.	Italy	Euro	25,500	35.63	35.63	–		equity
Mohale Dam Contractors (MDC) J.V.	Lesotho	–	–	50	50	–		equity

Name	Country	Currency	Share/quota capital subscribed	% invest-ment	% direct	% indirect	Held indirectly by	Method 31 December 2013
Mohale Tunnel Contractors (MTC) J.V.	Lesotho	–	–	35	35	–		equity
Monte Vesuvio S.c.r.l. (in liq.)	Italy	Euro	45,900	50	–	50	Imprepar S.p.A.	equity
Montenero S.c.r.l. (in liq.)	Italy	Euro	10,400	61.11		61.11	Imprepar S.p.A.	proportionate
Nathpa Jhakri J.V.	India	USD	1,000,000	60	60	–		proportionate
Nuovo Dolonne S.c.r.l. (in liq.)	Italy	Euro	50,000	100	100	–		line-by-line
Olbia 90 S.c.r.l. (in liq.)	Italy	Euro	10,200	24.5	–	24.5	Sapin S.r.l.	equity
OS.A.V.E. S.c.r.l. (in liq.)	Italy	Euro	10,199	66.15	–	66.15	Imprepar S.p.A.	proportionate
Passante di Mestre S.c.p.A.	Italy	Euro	10,000,000	42	42	–		proportionate
Pedelombarda S.c.p.A.	Italy	Euro	80,000,000	47	47			proportionate
PGH Ltd	Nigeria	NGN	52,000,000	100	100	–		line-by-line
Pietrarossa S.c.r.l. (in liq.)	Italy	Euro	10,200	50	–	50	Imprepar S.p.A.	equity
Quattro Venti S.c.r.l. (in liq.)	Italy	Euro	51,000	40	40	–		equity
RCCF Nodo di Torino S.c.p.A. (in liq.)	Italy	Euro	102,000	26	–	26	INCAVE S.r.l.	equity
Reggio Calabria - Scilla S.c.p.A.	Italy	Euro	35,000,000	51	51	–		proportionate
Rivigo J.V. (Nigeria) Ltd.	Nigeria	NGN	25,000,000	70		70	PGH Ltd.	line-by-line
S. Anna Palermo S.c.r.l. (in liq.)	Italy	Euro	40,800	71.6	71.6			equity
S. Leonardo Due S.c.r.l. (in liq.)	Italy	Euro	40,800	60	–	60	Imprepar S.p.A.	proportionate
S. Leonardo S.c.r.l. (in liq.)	Italy	Euro	25,500	99.99	–	99.99	Imprepar S.p.A.	line-by-line
S.A. Healy Company	United States	USD	11,320,863	100	100	–		line-by-line
S.G.F. - I.N.C. S.p.A.	Italy	Euro	3,859,680	100	100	–		line-by-line
Saces S.r.l. (in liq.)	Italy	Euro	26,000	37	–	37	Imprepar S.p.A.	equity
Salerno-Reggio Calabria S.c.p.A.	Italy	Euro	50,000,000	51	51	–		proportionate
San Benedetto S.c.r.l. (in liq.)	Italy	Euro	25,823	57		57	Imprepar S.p.A.	equity
San Giorgio Caltagirone S.c.r.l. (in liq.)	Italy	Euro	25,500	33	–	33	Imprepar S.p.A.	equity
San Martino Prefabbricati S.p.A. (in liq.)	Italy	Euro	10,000	100	–	100	Impresa Castelli S.r.l.	line-by-line
Savico S.c.r.l. (in liq.)	Italy	Euro	10,200	100	–	81	Imprepar S.p.A.	line-by-line
						19	Sapin S.r.l.	
Sclafani S.c.r.l. (in liq.)	Italy	Euro	10,400	41	–	41	Imprepar S.p.A.	equity
Sep Eole	France	FF	10,000	50	–	50	Imprepar S.p.A.	equity
SFI Leasing Company	United States			30	30			proportionate
Shimmick CO. INC. - FCC CO S.A. - Impregilo S.p.A. - J.V.	United States			30	30			proportionate
SI.VI.CI.CA. 2	Switzerland			25		25	CSC S.A.	equity
Sirjo S.c.p.A.	Italy	Euro	30,000,000	40	40			equity
Società di Progetto Consortile per Azioni M4	Italy	Euro	360,000	29	29			equity
Società Industriale Prefabbricazione Edilizia del Mediterraneo - S.I.P.E.M. S.p.A. (in liq.)	Italy	Euro	10,000	100	100	–		line-by-line
Soingit S.c.r.l. (in liq.)	Italy	Lit	80,000,000	29.49	–	29.49	Imprepar S.p.A.	equity
Suramericana de Obras Publicas C.A.- Suropca C.A.	Venezuela	VEB	2,874,118,000	100	99	1	CSC S.A.	line-by-line
Sviluppo Applicazioni Industriali - SAPIN S.r.l. (in liq.)	Italy	Euro	51,480	100	–	100	Imprepar S.p.A.	line-by-line
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A.- Iglys S.A. UTE	Argentina	–	–	35	26.25	8.75	Iglys S.A.	equity
Thessaloniki Metro CW J.V.	Greece			42.5	42.5			equity
Todini-Impregilo Almaty Khorgos J.V.	Kazakhstan			49.995	49.995			equity

Name	Country	Currency	Share/quota capital subscribed	% invest-ment	% direct	% indirect	Held indirectly by	Method 31 December 2013
Trincerone Ferroviario S.c.r.l. (in liq.)	Italy	Euro	45,900	60	–	60	Imprepar S.p.A.	proportionate
Unicatanzaro S.c.r.l. (in liq.)	Italy	Euro	15,300	56		56	Bocoge S.p.A.	equity
VE.CO. S.c.r.l.	Italy	Euro	10,200	25	25			equity
Vegas Tunnel Constructors	United States			100	40	60	Healy S.A.	line-by-line
Vittoria S.c.r.l. (in liq.)	Italy	Euro	20,400	58	–	58	Imprepar S.p.A.	proportionate
Wohnanlage Hohenstaufenstrasse Wiesbaden	Germany			62.7		62.7	Imprepar S.p.A.	equity
Yellow River Contractors J.V.	China	–	–	36.5	36.5	–		equity
ENGINEERING & PLANT CONSTRUCTION								
Fisia Italimpianti S.p.A.	Italy	Euro	10,000,000	100	100	–		line-by-line
Consorzio Agrital Ricerche (in liq.)	Italy	Euro	138,405	20	–	20	Fisia Italimpianti S.p.A.	equity
Fisia Babcock Environment GmbH	Germany	Euro	15,000,000	100	–	100	Impregilo Intern. Infrastruc. N.V.	line-by-line
Fisia Babcock Engineering Co. Ltd.	China	Euro	140,000	100		100	Fisia Babcock GmbH	line-by-line
Gestione Napoli S.r.l. ((in liq.)	Italy	Euro	10,000	99	24	75	Fisia Italimpianti S.p.A.	line-by-line
Nautilus S.c.p.A. (in liq.)	Italy	Euro	479,880	34.41	–	34.41	Fisia Italimpianti S.p.A.	equity
Steinmuller International GmbH	Germany	Euro	25,000	100		100	Fisia Babcock GmbH	line-by-line
Villagest S.c.r.l. (in liq.)	Italy	Euro	13,944	50	–	50	Fisia Italimpianti S.p.A.	equity
USW CAMPANIA PROJECTS								
FIBE S.p.A.	Italy	Euro	3,500,000	99.998	99.989	0.003	Impregilo Intern. Infrastruc. N.V.	line-by-line
						0.006	Fisia Italimpianti S.p.A.	
CONCESSIONS								
Impregilo International Infrastructures N.V.	Netherlands	Euro	50,000,000	100	100	–		line-by-line
Aguas del Gran Buenos Aires S.A. (in liq.)	Argentina	ARS	45,000,000	42.58	16.5	23.72	Impregilo Intern. Infrastruc. N.V.	equity
						2.36	Iglys. S.A.	
Aguas del Oeste S.A.	Argentina	ARS	170,000	33.33	–	33.33	Iglys S.A.	equity
Coincar S.A.	Argentina	ARS	40,465,122	35	26.25	8.75	Iglys S.A.	equity
Consorcio Agua Azul S.A.	Peru	PEN	69,001,000	25.5	–	25.5	Impregilo Intern. Infrastruc. N.V.	equity
Enecor S.A.	Argentina	ARS	8,000,000	30	–	30	Impregilo Intern. Infrastruc. N.V.	equity
IGLYS S.A.	Argentina	ARS	17,000,000	100	–	98	Impregilo Intern. Infrastruc. N.V.	line-by-line
						2	INCAVE S.r.l.	
Impregilo New Cross Ltd.	UK	GBP	2	100	–	100	Impregilo Intern. Infrastruc. N.V.	line-by-line
Impregilo Parking Glasgow Ltd.	UK	GBP	1	100	–	100	Impregilo Intern. Infrastruc. N.V.	line-by-line
Impregilo Wolverhampton Ltd.	UK	GBP	1,000	20	–	20	Impregilo Intern. Infrastruc. N.V.	equity
Mercovia S.A.	Argentina	ARS	10,000,000	60	–	60	Impregilo Intern. Infrastruc. N.V.	line-by-line
Ochre Solutions Holdings Ltd.	UK	GBP	20,000	40		40	Impregilo Intern. Infrastruc. N.V.	equity
Passante Dorico S.p.A.	Italy	Euro	24,000,000	47	47			equity
Pedemontana Veneta S.p.A. (in liq.)	Italy	Euro	6,000,000	20.23	20.23			equity
Puentes del Litoral S.A.	Argentina	ARS	43,650,000	26	22	4	Iglys S.A.	equity
Sistranyac S.A.	Argentina	ARS	3,000,000	20.1	–	20.1	Impregilo Intern. Infrastruc. N.V.	equity
Società Autostrada Broni-Mortara S.p.A.	Italy	Euro	25,000,000	61.08	61.08			line-by-line
Yacylec S.A.	Argentina	ARS	20,000,000	18.67	–	18.67	Impregilo Intern. Infrastruc. N.V.	equity
Yuma Concessionaria S.A.	Colombia	COP	26,000,100,000	40	40			equity

The following companies have been excluded from the consolidation scope compared to 31 December 2012:

Name	Country	Currency	Share/quota subscribed/ paid-up	% invest-ment	% direct	% indirect	Held indirectly by	Method 31 December 2012
CONSTRUCTION								
Adduttore Ponte Barca S.c.r.l. (in liq.)	Italy	Euro	45,900	24.33	–	24.33	Imprepar S.p.A.	equity
CCB Consorzio Centro Balneare	Switzerland			40		40	CSC S.A.	equity
Collegamento Ferroviario Genova-Milano S.p.A.	Italy	Euro	10,000	60.4	60.4			equity
Consorcio Central Hidroelectrica Daule Peripa Division Obras Civiles	Ecuador	–	–	90	85	5	Imprepar S.p.A.	equity
Consorcio Impregilo - Ingco	Dom. Republic	–	–	70	70	–		proportionate
Consorzio Autosilo Vico Morcote	Switzerland	–	–	70	–	70	CSC S.A.	proportionate
Consorzio CGCC	Switzerland			50		50	CSC S.A.	equity
Consorzio Edile Palazzo Mantegazza	Switzerland	–	–	45	–	45	CSC S.A.	equity
Consorzio Italian Engineering & Contractors for Al Faw - IECAF	Italy	Euro	10,000	33.1	33.1			equity
Consorzio Metropolitane	Italy	Lit	100,000,000	25	–	25	Imprepar S.p.A.	equity
Consorzio Suburbia	Italy	Euro	15,494	33.33	–	33.33	Impresa Castelli S.r.l.	equity
Consorzio Venice Link	Italy	Euro	1,000	61	61	–		proportionate
CRA Consorzio Realizzazione Arca	Switzerland			40		40	CSC S.A.	equity
Empresa Constructora Costanera Norte Ltda.	Chile	CLP	10,000,000	77.78	77.78	–		proportionate
Platano S.c.n.c. (in liq.)	Italy	Euro	30,987	33.33	–	33.33	Imprepar S.p.A.	equity
SO.CO.TAU. S.c.r.l. (in liq.)	Italy	Euro	10,200	20.27	–	20.27	Bocoge S.p.A.	equity
Val Viola S.c.r.l.	Italy	Euro	10,200	60	60	–		proportionate
ENGINEERING & PLANT CONSTRUCTION								
Shanghai Pucheng Thermal Power Energy Co. Ltd.	China	RMB	200,000,000	50	–	50	Impregilo Intern. Infrastruc. N.V.	proportionate

The consolidation scope has been enlarged compared to 31 December 2012 by the following companies:

Name	Country	Currency	Share/quota subscribed/ paid-up	% invest- ment	% direct	% indirect	Held indirectly by	Method 31 December 2013
CONSTRUCTION								
Arge Sisto N8	Switzerland			50		50	CSC S.A.	equity
Arriyad New Mobility Consortium	Saudi Arabia			33.48	33.48			equity
Civil Works Joint Ventures	Saudi Arabia			14.5	14.5			equity
Consorzio Biaschina	Switzerland			33.34		33,34	CSC S.A.	equity
Consorzio Libyan Expressway Contractor	Italy	Euro	10,000	42.5	42.5			equity
Consorzio Mina de Cobre	Italy	Euro	10,000	50	50			equity
Consorzio SIVICICA 3	Switzerland			25		25	CSC S.A.	equity
Consorzio SIVICICA 4	Switzerland			25		25	CSC S.A.	equity
Empresa Constructora Metro 6 Ltda.	Chile	CLP	25,000,000	49.1	49	0,1	Cigla S.A.	equity
Generalny Wykonawca Salini Polska - Impregilo - Kobylarnia S.A.	Poland			33.34	33.34			equity
Impregilo S.p.A. - S.A. Healy Company UTE	Argentina	PAR	10,000	100	98	2	Healy S.A.	equity
Impregilo Salini (Panama) S.A.	Panama	USD	10,000	50	50			equity
Impregilo-Healy-Parsons J.V.	United States	USD		65	45	20	Healy S.A.	proportionate
Impregilo-SK E&C-Galfar al Misnad J.V.	Qatar			41.25	41.25			proportionate
IS Joint Ventures	Australia			50	50			equity
SFI Leasing Company	United States			30	30			proportionate
Società di Progetto Consortile per Azioni M4	Italy	Euro	360,000	29	29			equity
Todini-Impregilo Almaty Khorgos J.V.	Kazakhstan			49.995	49.995			equity
CONCESSIONS								
Passante Dorico S.p.A.	Italy	Euro	24,000,000	47	47			equity

Statement on the consolidated financial statements

Statement on the consolidated financial statements

pursuant to article 81-ter of Consob regulation no. 11971
of 14 May 1999 and subsequent amendments and integrations

1. I Pietro Salini, as CEO, and Massimo Ferrari, as manager in charge of financial reporting, of Impregilo S.p.A., considering the provisions of article 154-bis.3/4 of Legislative decree no. 58 of 24 February 1998, state:
- that the administrative and accounting procedures are adequate given the Group's characteristics; and
- that they were actually applied

during 2013 to prepare the consolidated financial statements.

2. No significant issues arose.

3. Moreover, they state that:

3.1 The consolidated financial statements:

a) have been prepared in accordance with the applicable International Financial Reporting Standards endorsed by the European Union pursuant to EC Regulation 1606/2002 of the European Parliament and Council of 19 July 2002;

b) are consistent with the accounting records and entries;

c) are suitable to give a true and fair view of the financial position at 31 December 2013 and the results of operations and cash flows for the year then ended of the Issuer and its consolidated companies;

3.2 The directors' report includes a reliable analysis of the financial position and results of operations of the Issuer and the consolidated companies, together with information about the key risks and uncertainties to which they are exposed.

Milan, 19 March 2014

Chief Executive Officer
Pietro Salini

Manager in charge
of financial reporting
Massimo Ferrari

Separate financial statements of Impregilo S.p.A.

at 31 December 2013

Statement of financial position

ASSETS (Values in €/000)	Note	31 December 2013	31 December 2012 (§)
Non-current assets			
Property, plant and equipment	1	16,731,495	32,985,833
Intangible assets	2	44,947,991	32,941,195
Equity investments	3	580,536,670	580,194,756
Non-current financial assets (*)	4	28,286,951	4,959,874
Non-current intragroup loans and receivables	5	1,523,590	88,594,877
Other non-current assets	6	587,827	436,274
Deferred tax assets	7	36,433,648	37,947,543
Total non-current assets		**709,048,172**	**778,060,352**
Current assets			
Inventories	8	30,333,178	32,763,053
Contract work in progress	9	437,560,478	490,758,293
of which with related parties	*32*	*1,214,209*	–
Trade receivables	10	338,871,855	240,969,009
Current intragroup loans and receivables	10	466,924,571	406,899,135
Derivatives and other current financial assets (*)	11	392,157	1,091,504
Current tax assets	12	42,712,479	52,565,045
Other current tax assets	12	51,991,936	45,003,604
Other current assets	13	46,636,811	51,659,003
of which with related parties	*32*	*5,168,922*	–
Cash and cash equivalents (*)	14	304,031,685	876,982,575
Total current assets		**1,719,455,150**	**2,198,691,221**
Total assets		**2,428,503,322**	**2,976,751,573**

(*) Items included in net financial position (indebtedness).
(§) Figures restated following the application of IAS 19 revised.

EQUITY AND LIABILITIES (Values in €/000)	Note	31 December 2013	31 December 2012 (§)
Equity			
Share capital		718,364,457	718,364,457
Share premium reserve		1,222,023	1,222,023
Other reserves		57,996,001	21,115,747
Retained earnings		302,413,204	202,257,654
Profit for the year		113,829,477	739,323,262
Total equity	**15**	**1,193,825,162**	**1,682,283,143**
Non-current liabilities			
Bank and other loans (*)	16	98,839,149	100,834,971
Finance lease payables (*)	17	1,672	15,290
Post-employment benefits and employee benefits	19	11,689,586	11,403,142
Deferred tax liabilities	7	98,931,528	115,575,009
Provisions for risks	20	206,866,632	253,477,053
Total non-current liabilities		**416,328,567**	**481,305,465**
Current liabilities			
Current portion of bank loans and current account facilities (*)	16	105,158,392	115,410,937
Current portion of finance lease payables (*)	17	17,094	27,898
Derivatives and other current financial liabilities (*)	18	–	65,327
Progress payments and advances on contract work in progress	21	130,836,722	74,812,786
Trade payables	22	99,144,847	136,700,708
of which: related parties	*32*	*206,999*	*196,005*
Current intragroup payables	22	387,169,030	376,267,506
Current tax liabilities	23	45,747,963	41,847,987
Other current tax liabilities	23	4,324,835	8,315,311
Other current liabilities	24	45,950,710	59,714,505
of which: related parties	*32*	*311,798*	*18,343,261*
Total current liabilities		**818,349,593**	**813,162,965**
Total equity and liabilities		**2,428,503,322**	**2,976,751,573**

(*) Items included in net financial position (indebtedness).
(§) Figures restated following the application of IAS 19 revised.

Income statement

(Values in €/000)	Note	2013	2012 (§)
Revenue			
Operating revenue	27	1,235,136,298	1,302,378,063
Other revenue	27	41,254,969	64,625,590
of which operating revenue with related parties	*32*	*625,010*	
Total revenue		**1,276,391,267**	**1,367,003,653**
Costs			
Raw materials and consumables	28	(51,992,335)	(59,414,240)
Subcontracts	28	(101,355,179)	(154,506,465)
Other operating expenses	28	(830,119,242)	(894,056,417)
Personnel expenses	28	(114,503,259)	(120,551,962)
Amortisation, depreciation, provisions and impairment losses	28	(26,075,834)	(26,940,635)
of which: related parties	*32*	*(776,437)*	*(457,132)*
Total costs		**(1,124,045,849)**	**(1,255,469,719)**
Operating profit (loss)		**152,345,418**	**111,533,934**
Financing income (costs) and gains (losses) on investments			
Financial income	29	13,333,087	33,132,860
Financial expense	29	(28,382,488)	(39,145,798)
Net exchange rate gains	29	40,025,837	7,521,099
Net financing costs		24,976,436	1,508,161
of which: related parties	*32*	*168,922*	*(419,733)*
Net gains on investments	30	(13,245,281)	669,886,312
Net financing costs and net gains on investments		**11,731,155**	**671,394,473**
Profit (loss) before tax		**164,076,573**	**782,928,407**
Income tax expense	31	(50,247,096)	(43,605,145)
Profit for the year		**113,829,477**	**739,323,262**

(§) Figures restated following the application of IAS 19 revised.

Statement of comprehensive income

(Values in €/000)	Note	2013	2012 (§)
Profit for the year (a)		**113,829,477**	**739,323,262**
Items that may be subsequently reclassified to profit or loss, net of the tax effect			
Items that may not be subsequently reclassified to profit or loss, net of the tax effect			
Actuarial gains (losses) on defined benefit plans	15	(50,039)	(717,396)
Other comprehensive expense (B)		**(50,039)**	**(717,396)**
Total comprehensive income (A) + (B)		**113,779,438**	**738,605,866**

(§) Figures restated following the application of IAS 19 revised.

Statement of cash flows

(Values in €/000)	Note	2013	2012 (§)
Cash and cash equivalents	14	876,983	155,912
Current account facilities	16	(82,819)	(92,143)
Total opening cash and cash equivalents		**794,164**	**63,769**
Operating activities			
Profit for the year		113,829	739,323
Amortisation of intangible assets	28	2,997	1,002
Depreciation of property, plant and equipment	28	14,136	30,824
Net impairment losses and provisions	28	8,942	(4,885)
Accrual for post-employment benefits and employee benefits	19	6,563	5,956
Net (gains) losses on the sale of assets	27-28	(1,094)	(2,148)
Deferred taxes and national tax consolidation system	31	1,533	(11,740)
Impairment losses on equity investments	30	16,698	231,764
Dividends distributed by subsidiaries		(3,390)	(901,665)
Other non-monetary items		(3,937)	13,102
of which: non-recurring			
Total income statement		**156,277**	**101,533**
Decrease (increase) in inventories		55,582	(157,118)
Decrease (increase) in trade receivables		(101,519)	(71,566)
Decrease (increase) in intragroup loans and receivables		26,983	93,058
(Decrease) increase in progress payments and advances from clients		62,194	(11,111)
(Decrease) increase in trade payables		(48,916)	24,586
(Decrease) increase in intragroup payables		(10,295)	208,235
Decrease (increase) in other assets/liabilities		(81,992)	(22,264)
of which: cash flows from related party transactions	*32*	*(5,061)*	*(981)*
Total operating cash flows		**(97,963)**	**63,820**
Cash flows from operating activities		**58,314**	**165,353**
Investing activities			
Net investments in intangible assets			
Acquisition of the Cociv share		(20,015)	
Investments in property, plant and equipment	1	(1,933)	(17,119)
Proceeds from the sale or reimbursement value of property, plant and equipment		5,104	8,367
Investments in non-current financial assets		(46,402)	(20,579)
Dividends received from subsidiaries		2,725	765,043
Proceeds from the sale or reimbursement value of non-current financial assets		44,012	16,821
Cash flows from (used in) investing activities		**(16,509)**	**752,533**

(Values in €/000)	Note	2013	2012 (§)
Financing activities			
Share capital increase			
Dividend distribution	15	(602,238)	(36,641)
Increase in bank and other loans		72,901	39,555
Decrease in bank and other loans		(88,407)	(188,437)
Change in other financial assets/liabilities		635	(1,968)
Cash flows from (used in) financing activities		**(617,109)**	**(187,491)**
Increase (decrease) in cash and cash equivalents		**(575,304)**	**730,395**
Cash and cash equivalents	14	304,032	876,983
Current account facilities	16	(85,172)	(82,819)
Total closing cash and cash equivalents		**218,860**	**794,164**
Other information:			
Income taxes paid during the year		(59,486)	(6,468)
Net interest paid during the year		(17,566)	(23,699)

(§) Figures restated following the application of IAS 19 revised.

Statement of changes in equity

(Values in €/000)	Note	Share capital	Share premium reserve
As at 1 January 2012 (§)	**15**	718,364	1,222
Allocation of profit and reserves	15		
Dividend distribution	15		
Profit for the year	15		
Other comprehensive expense	15		
Total comprehensive income	**15**	–	–
As at 31 December 2012 (§)	**15**	718,364	1,222
As at 1 January 2013 (§)	**15**	718,364	1,222
Allocation of profit and reserves	15		
Dividend distribution	15		
Profit for the year	15		
Other comprehensive expense	15		
Total comprehensive income	**15**	–	–
As at 31 December 2013	**15**	**718,364**	**1,222**

(§) Figures restated following the application of IAS 19 revised.

Legal reserve	Actuarial gains and losses reserve	Total other reserves	Retained earnings	Profit for the year	Total equity
18,714	**316**	**19,030**	**185,636**	**56,066**	**980,318**
2,803		2,803	53,263	(56,066)	–
		–	(36,641)	–	(36,641)
		–		739,323	739,323
	(717)	(717)			(717)
–	**(717)**	**(717)**	**–**	**739,323**	**738,606**
21,517	**(401)**	**21,116**	**202,258**	**739,323**	**1,682,283**
21,517	**(401)**	**21,116**	**202,258**	**739,323**	**1,682,283**
36,930		36,930	702,393	(739,323)	–
		–	(602,238)	–	(602,238)
		–		113,829	113,829
	(50)	(50)			(50)
–	**(50)**	**(50)**	**–**	**113,829**	**113,779**
58,447	**(451)**	**57,996**	**302,413**	**113,829**	**1,193,825**

2013 performance by geographical segment

(Values in €m)	Italy	Other EU countries	Other European (non-EU) countries
Revenue by geographical segment	**645.4**	**88.7**	**15.0**

Statement of financial position as at 31 December 2013 by geographical segment

(Values in €m)	Italy	Other EU countries	Other European (non-EU) countries
Net non-current assets	417,6	170,1	3,2
Total non-current assets	**417,6**	**170,1**	**3,2**
Provisions for risks, post-employment benefits and employee benefits and other non-current assets (liabilities)	(28,6)	(0,1)	
Net tax assets			
Working capital	81,6	(113,0)	(2,7)
Total working capital	**81,6**	**(113,0)**	**(2,7)**
Net invested capital	**470,6**	**57,0**	**0,5**
Equity			
Net financial position (indebtedness)			
Total financial resources			

	North America	Central and South America	Middle East and Asia	Rest of the world	Australia	Total
	58.4	297.0	96.6	75.3		**1,276.4**

	North America	Central and South America	Middle East and Asia	Rest of the world	Australia	Total
	26.4	11.1	12.0	1.8		642.2
	26.4	11.1	12.0	1.8	–	642.2
		(184.3)	(3.4)			(216.4)
						(17.9)
	(6.6)	771.5	(64.0)	(7.7)	(1.9)	657.2
	(6.6)	771.5	(64.0)	(7.7)	(1.9)	657.2
	19.8	598.3	(55.4)	(5.9)	(1.9)	**1,065.1**
						1,193.8
						(128.7)
						1,065.1

Notes to the separate financial statements of Impregilo S.p.A.

Introduction

Impregilo S.p.A. has prepared its 2013 separate financial statements on a going concern basis. As required by Regulation 1606/2002 issued by the European Parliament and Council, implemented in Italy by Legislative decree no. 38/2005, these separate financial statements of Impregilo S.p.A. have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, in force at 31 December 2013. They comprise a statement of financial position, an income statement, a statement of comprehensive income, a statement of cash flows, a statement of changes in equity and these notes.

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

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

Changes in standards

The following accounting standards, amendments and interpretations have been adopted since 1 January 2013.

On the 12 May 2011 the IASB issued IFRS 13 - *Fair value measurement*, which clarifies in one standard how fair value should be determined and its use in the different measurement contexts set out in the IFRS.

The standard was published in the EU Official Journal on 29 December 2012 and is applicable to annual periods beginning on or after 1 January 2013.

On 16 June 2011, the IASB issued an amendment to IAS 1 - *Presentation of financial statements*. This amendment requires the grouping of statement of comprehensive income items depending on whether they can be subsequently reclassified to profit or loss. The amendment was published in the EU Official Journal on 6 June 2012 and is applicable to annual periods beginning on or after 1 July 2012.

On the same date, the IASB also published the revised IAS 19 - *Employee benefits*, which eliminates the corridor approach, requiring presentation of the plan deficit or surplus in its entirety in the statement of financial position and the recognition of the service cost and net interest expense in profit or loss. Actuarial gains and losses arising on remeasurement of the liabilities and assets are recognised under other comprehensive income (expense). Moreover, the return on plan assets recognised in net financial expense should be measured using the liability’s discount rate rather than that of the expected return. The amendment also requires additional disclosures to be provided in the notes. The revised standard was published in the EU Official Journal on 6 June 2012 and is applicable to annual periods beginning on or after 1 January 2013. Early adoption is allowed. The adoption of this standard led to the creation of a specific equity reserve, also for the comparative period.

On 16 December 2011, the IASB published an amendment to IFRS 7 - Disclosures - Offsetting financial assets and financial liabilities to introduce new disclosures in order to allow users of financial statements to assess the effects of offsetting. The disclosure relates to enforceable master netting arrangements and similar arrangements. The amendment was published in the EU Official Journal on 29 December 2012. It is applicable retrospectively to annual periods beginning on or after 1 January 2013.

IFRIC 20 - Stripping costs in the production phase of a surface mine (EU regulation 1255/2012 of 11 December 2012) provides guidance about when and how to account for stripping costs in the production phase as an asset and the initial recognition and subsequent measurement of the asset. It is applicable to annual periods beginning on or after 1 January 2013.

On 27 March 2013, EC Regulation 301-2013 was issued, which implemented certain Improvements to IFRS at EU level for the period 2009-2011. The improvements concern the following aspects in particular:

- IAS 1 - clarifications regarding the presentation of comparative information;
- IAS 16 - classification of spare parts and servicing equipment;
- IAS 32 - tax effect of the distribution to holders of equity instruments;
- IAS 34 - additional disclosure in interim financial statements regarding total segment assets and liabilities.

The adoption of the above accounting standards did not have significant effects on the separate financial statements at 31 December 2013.

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

On 29 May 2013 the IASB published an amendment to IAS 36 “Impairment of non-financial assets - Recoverable Amount Disclosures for Non-Financial Assets” to provide guidance on the recoverable amount of assets, when this amount is based on fair value less costs of disposals, for impaired assets. The amendments establish that disclosure of the recoverable amount for assets or cash generating units in only required when an impairment or a reversal of a previous impairment have been recognised. The amendment also provides guidance on the disclosure of the impairment of assets, when the recoverable amount has been determined on the basis of fair value less costs to sell. The amendment is applicable to annual periods beginning on or after 1 January 2014, and will not result in significant changes for the Company.

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

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

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

IFRS 1 Amendment “First-time Adoption of International Financial Reporting Standards - Government loans (EU Regulation 185/2013 of 4 March 2013) covers government loans with a below-market rate of interest. It is applicable to annual periods beginning on or after 1 January 2013.

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

- *IFRS 10 - Consolidated financial statements* This standard replaces SIC 12 Consolidation - Special purpose entities and certain parts of IAS 27 - Consolidated and separate financial statements. The new standard identifies a single model of control and provides more detailed guidelines on checking its existence. This provision is particularly important for cases that qualify as “de facto control”.

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

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

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

- *IAS 28 - Investments in associates and joint ventures*
  The standard defines how investments in associates and joint ventures should be treated. The standard has been amended following the changes introduced by IFRS 10 and IFRS 11.

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

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

- the right of set-off shall exist at the reporting date instead of being contingent on a future event;
- this right shall be legally enforceable by the counterparties during the normal course of business or in the event of insolvency or bankruptcy of the entity and all of the counterparties.

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

Except for IFRS 11, adoption of the above amendments will not have significant effects on the company's separate financial statements. In-depth assessments are still underway, including by the relevant authorities and technical bodies, with respect to the adoption of IFRS 11, considering the potential effects that the new standard may have on the separate financial statements of entities like Impregilo S.p.A. which directly and indirectly hold significant investments. The company is currently assessing this issue with the utmost attention, in collaboration with the above-mentioned technical bodies. As at the date of preparation of these separate financial statements, on the basis of the above-mentioned assessments, which are still under way, no significant impacts are expected from an earnings perspective. There are, however, still some problems relating in particular to the classification of certain project entities (SPVs) with the various cases covered by IFRS 11.

On 12 December 2013, the IASB published the documents *Annual Improvements* 2010-2012 and *Annual Improvements* 2011-2013 as part of the program of annual improvements to the standards. Most of the changes are clarifications or corrections to existing IFRSs or amendments arising from changes previously made to the IFRS. As at the date of this annual report, the competent bodies of the European Union had not yet completed the process of endorsement of the amendment.

Format and content of the separate financial statements

Format of the consolidated financial statements

Impregilo S.p.A. opted to present its separate financial statements at 31 December 2013 as follows:

- Current and non-current assets and current and non-current liabilities are presented separately in the statement of financial position. Current assets and liabilities are those expected to be realised, sold, used or settled in the company's normal operating cycle, which usually exceeds 12 months. Non-current assets and liabilities include non-current assets, deferred tax assets, employee benefits, deferred tax liabilities and other balances expected to be realised, sold, used or settled after the company's normal operating cycle, i.e., more than twelve months after the reporting date.
- The income statement gives a classification of costs by nature and shows the profit or loss before "Financing income (costs) and gains (losses) on investments" and income taxes. The statement of comprehensive income shows all non-owner changes in equity.
- The cash flow statement presents the cash flows from operating, investing and financing activities separately. The indirect method is used.

Accounting policies

The accounting policies adopted to draw up Impregilo S.p.A.'s separate financial statements at 31 December 2013 comply with IFRS/IAS and are consistent with those used to prepare the 2012 separate financial statements, except for the standards coming into force after 1 January 2013, summarised in the section on the "Changes in standards".

Property, plant and equipment

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

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

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

Land and buildings, plant and machinery with a carrying amount to be recovered mainly through their sale (rather than the asset's continued use) are measured at the lower of their carrying amount and fair value less costs to sell. Assets held for sale shall be immediately available for sale and their sale shall be highly probable (i.e., the related commitments already exist). Their sales value shall be reasonable compared to their fair value.

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

Borrowing costs directly related to the acquisition or construction of an asset are capitalised as part of the cost of the asset, to the extent of its recoverable amount. As established by IAS 23 - Borrowing costs, the company has applied this method to all qualifying assets.

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

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

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

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

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

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

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

Leased property, plant and equipment

Assets held under finance leases whereby all the risks and rewards of ownership are substantially transferred to the company are recognised as company assets and classified as property, plant and equipment. The related payable to the lessor is shown under financial liabilities. The lease payment is split into the financial expense, taken to the income statement, and the principal repayment, offset against the financial liability. The carrying amount of the leased asset is determined considering its fair value or, if lower, the present value of the minimum future lease payments.

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

Leases where the lessor retains all the risks and rewards of ownership are treated as operating leases. The initial negotiation costs incurred for this type of lease increase the value of the related lease and are recognised over the lease term netted against the revenue generated by the lease. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Other intangible assets

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

The excess of the purchase cost compared to the company's share of the net fair value of the high capacity business units acquired in the past is classified as other intangible assets and mainly refers to acquisition costs of the business units purchased. The related amortisation is calculated in line with the stage of completion and duration of the work.

Equity investments

Investments in subsidiaries and associates and interests in joint ventures are measured at cost and tested regularly for impairment. This test is carried out whenever there is an indication that the investment may be impaired. The method used is described in the section on "Impairment of non-financial assets". When an impairment loss is required, this is recognised immediately in profit or loss. When the reasons for a previous impairment loss no longer exist, the carrying amount of the investment is restated to the extent of its original cost. Reversals of impairment losses are recognised in profit or loss.

Impairment of non-financial assets

If there is any indication that an intangible asset or an item of property, plant and equipment is impaired, the recoverable amount of the asset is estimated to determine the amount of the impairment loss. Goodwill and other intangible assets with indefinite lives are tested at least annually for impairment.

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

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

Value in use is determined by discounting to present value the estimated future cash flows expected to arise from the continuing use of an asset, net of taxes, and, if reasonably determinable, from its disposal at the end of its useful life. Discounting is applied by using a post-tax discount rate which reflects the present market value of the time value of money and specific risks.

The assessment is made for individual assets or the smallest identifiable Group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or Groups of assets from its continuing use (cash-generating unit). An impairment loss is recognised when the recoverable amount is lower than the carrying amount. If the reasons for the impairment loss are no longer valid, the impairment loss (except in the case of goodwill) is reversed and the adjustment is taken to profit or loss as a reversal of impairment losses. A reversal of impairment losses is recognised to the extent of the lower of the recoverable amount and original carrying amount less depreciation/amortisation that would have been recognised had the impairment loss not been recognised.

Inventories of goods

Inventories of goods are measured at the lower of average purchase cost and net realisable value. Cost includes the directly related costs and estimated realisable value is determined using the replacement cost of the assets or similar assets. Any write-downs are eliminated in subsequent years when the reasons therefore are no longer valid.

Contract work in progress and revenue from construction contracts

Contract work in progress consists of work performed net of progress billings issued to clients. When final payment of the consideration is made, the related progress billings and advances are recognised under “Operating revenue” in the income statement, with the related variation in inventories. The provision for contractual risks directly offsets inventories and is set up to cover possible charges and losses on contracts performed either directly by the Group or as part of a joint venture.

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

Revenue related to contract work in progress is recognised using the stage of completion method. The stage of completion is determined using the cost to cost method whereby the percentage of completion (the ratio between costs incurred and total estimated costs) is applied to the total estimated revenue.

Given the technical complexity, size and length of time involved in completing contracts, the additional considerations are measured before an agreement is reached with the client. Claims for additional considerations are considered when measuring contract work in progress when they can be quantified and they are reasonably certain to be made.

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

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

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

- pre-operating costs, which include costs incurred during the start-up stage of the contract, before construction starts, such as the costs of design and specific studies carried out for the contract; organisation and production start-up costs; building site start-up costs. These pre-operating costs are included in the stage of completion calculation and in the cost to cost calculation once they have been incurred. During the initial stage of the contract, they are included in the carrying amount of contract work in progress, if recoverable, without recognising any profit margin when the contract profit or loss cannot be reliably estimated;
- contract operating costs, which include those directly attributable to the contract (e.g., materials, subcontracting, labour, amortisation and depreciation, compulsory purchases, any directly attributable borrowing costs, etc.). They

are recognised on an accruals basis and included in the calculation of the stage of completion;
- post-operating costs, which include site dismantlement costs generally incurred after the contract has been closed to remove the installations (or entire sites) and to return the machinery or plant to the company's premises or transfer them to another site. This category also includes losses on abandoned materials and the cost of transporting unused materials. They are included in the contract estimate and, therefore, if incurred during the contract term, they are comprised in the calculation of the progress billings. Therefore, no specific accruals are made to the income statement;
- costs for services to be rendered after completion of the contract, which mainly relate to services rendered after the contract has been completed. They may include assistance and supervision provided in the early stages of use of the plant or scheduled maintenance. If the contract does not include specific additional considerations for these services and the contract may be "closed" for accounting purposes (contracts are usually closed once work is completed and the client has accepted the end result), the costs to be incurred to render these services when the contract is closed in the accounting records should be estimated and provided for in the specific items. These costs are included in the calculation to determine the contract revenue.

Real estate projects

Closing inventories of real estate projects are those real estate areas developed with a view to selling them. They are measured at the lower of cost and estimated realisable value. Costs incurred consist of the consideration paid to purchase the areas and related charges, construction costs and borrowing costs related to the project up to and not exceeding its completion.

Financial assets and liabilities

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

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

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

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are measured at amortised cost, as detailed further on, and any gains or losses arising therefrom are recognised as "Financing income (costs)" in profit or loss under the amortised cost method.

This category includes the following items:

- Trade receivables and payables and other receivables and payables

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

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

All factored receivables that do not meet the requirements for derecognition under IAS 39 continue to be recognised in the company's separate financial statements even when they have been legally transferred. They are thus included as assets and a financial liability of the same amount is recognised.

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

- Cash and cash equivalents

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

- Loans and bonds

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

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

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

The effects arising from the recognition at amortised cost are taken to "Financing income (costs)".

Held-to-maturity investments

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are not classified in the other categories. They mainly relate to consortia and consortium companies of which the company holds less than 20%. In accordance with IAS 39, such investments are stated as non-current assets measured at cost, adjusted for impairment, since their fair value cannot be determined. Dividend income from such financial instruments is recognised in profit or loss under financial income when the company is given the right to such dividend.

Fair value of financial instruments

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

- The fair value of financial instruments traded on an active market is based on the market price at the reporting date. This method has been applied especially to listed financial instruments classified as "Available-for-sale financial assets" and financial instruments classified as "Held-to-maturity investments".
- The fair value of the derivatives classified as "Hedging derivatives" and "Financial assets and financial liabilities at fair value through profit or loss" has been measured using the Discounted Cash Flow Model. With respect to interest rate swaps, future cash flows have been estimated using the implicit forward rate of the market Euro curve at 31 December 2013 and 2012, while the forward exchange rate market prices at the relevant reporting date have been used for currency forward transactions.
- The fair value of loans and receivables has been determined, for disclosure purposes in the notes, on the basis of the present value of their future cash flows discounted at a rate equal to the current interest rates applicable in the relevant markets and the average spread agreed by the company.

Derecognition of financial assets and liabilities

(a) Financial assets

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

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

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

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

When the company has transferred the contractual rights to receive the cash flows of the financial asset and has neither transferred nor retained substantially all the risks and rewards or has retained control, it continues to recognise the asset to the extent of its continuing involvement in the asset. Continuing involvement that takes the form of guaranteeing the transferred asset is measured at the lower of the initial carrying amount of the asset and the maximum amount of the consideration that the company could be required to pay.

(b) Financial liabilities

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

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

Impairment of financial assets

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

Derivatives and hedging transactions

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

The company has derivatives to hedge currency and financial risks. At the inception of the transaction, it documents the hedging relationship, its risk management and strategy objectives in entering into the transaction, the hedging instrument and hedged item or transaction and the nature of the hedged risk. Moreover, at the inception of the transaction and thereafter on an ongoing basis, the company documents whether or not the hedge meets the effectiveness requirements to offset its exposure to changes in the fair value of the hedged item or cash flows attributable to the hedged risk.

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

a) Fair value hedge - If a derivative is designated as a hedge of exposure to changes in the fair value of an asset or liability due to a specific risk that may affect profit or loss, the gain or loss deriving from the subsequent measurement of the fair value of the hedging instrument is taken to profit or loss. The gain or loss on the hedged item, related to the hedged risk, changes the carrying amount of this item and is taken to profit or loss.
b) Cash flow hedge - If a derivative is designated as a hedge of exposure to changes in cash flows of an asset or liability or a highly probable transaction and could affect profit or loss, the effective part of the gains or losses on the financial instrument is taken to equity. The cumulative gain or loss is derecognised from equity and taken to profit or loss in the same period in which the hedged transaction is

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

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

Employee benefits

- Post-employment benefits

Post-employment benefits are recognised at the actuarial value of the company's liability determined in line with ruling legislation and national and in-house labour agreements. The actuarial method, based on demographic, financial and turnover assumptions, is applied by independent actuaries. The gains and losses resulting from the actuarial calculation are recognised in profit or loss for the cost items related to work service and net financial expenses, whereas the actuarial gains and losses resulting from the remeasurement of the liabilities and assets are recognised in comprehensive income.

The 2007 Finance Act and related implementing decrees introduced significant changes to legislation governing Italian post-employment benefits, effective as from 1 January 2007. These include the option given to employees, to be exercised before 30 June 2007, of where to allocate their future benefits. Specifically, employees can opt to allocate them to selected pension funds or maintain them with the company, in which case, the latter shall pay the contributions to the treasury fund of INPS (the Italian social security institution).

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

Income taxes

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

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

The agreements provide that tax losses transferred by the subsidiaries give rise to a benefit for them to the extent to which they could have been used had the national tax consolidation system not existed. Otherwise, the parent benefits, except for a partial payment to the companies transferring the losses, in proportion to the effective use in the national tax consolidation system. Moreover, the smaller taxes paid by Impregilo following the national tax consolidation system are prudently provided for when it is probable that the tax losses will be paid in the future to the subsidiaries that transferred them.

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

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

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

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

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

Provisions for risks and charges

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

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

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

The increase in the provision due to discounting is recognised as a financial expense.

When the expected cash flows are included in an estimate range with the same probability of occurrence, the median value is discounted to measure the liability.

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

Translation criteria for foreign currency items

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

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

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

Non-current assets held for sale and discontinued operations

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

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

- signing of a binding sales agreement;
- approval and communication of a formal sales plan by directors.

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

- available for immediate sale in their present condition,
- subject only to terms that are usual and customary for sales of such assets, and
- the sale must be highly probable and expected to take place within twelve months.

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

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

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

Revenue recognition

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

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

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

Changes in the contract, claims and incentive payments are recognised to the extent that they are reasonably certain.

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

Interest income

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

Dividends

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

Risks relating to clients and the countries in which Impregilo S.p.A. operates

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

Significant accounting estimates

Preparation of financial statements and the related notes in accordance with the IFRS requires management to make judgements and estimates that affect the carrying amount of assets and liabilities and financial statements disclosures. The estimates are used to:

- determine amortisation and depreciation (see the “Property, plant and equipment”, “Leased property, plant and equipment” and “Other intangible assets” paragraphs of the “Accounting policies” section);
- recognise impairment losses (see the “Impairment of non-financial assets” paragraph of the “Accounting policies” section);
- recognise employee benefits (see the “Employee benefits” paragraph of the “Accounting policies” section);

- recognise taxes (see the “Income taxes” paragraph of the “ Accounting policies” section);
- recognise provisions for risks and charges (see the “Provisions for risks and charges” paragraph of the “Accounting policies” section);
- determine total contract costs and the related stage of completion (see the “Contract work in progress and revenue from construction contracts” paragraph of the “Accounting policies” section). A significant part of the company’s activities is typically performed on the basis of contracts which provide that a specific consideration is agreed when the contract is awarded. This implies that the profits on these contracts may undergo change compared to the original estimates depending on the recoverability of greater expenses and/or costs the company may incur during performance of such contracts.

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

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

Statement of financial position

1. Property, plant and equipment

Property, plant and equipment amount to € 16.7 million, down from the 31 December 2012 figure by € 16.3 million. The historical cost and carrying amount are given in the following table:

	31 December 2013			31 December 2012		
(Values in €/000)	Cost	Acc. depreciation	Carrying amount	Cost	Acc. depreciation	Carrying amount
Land	243	–	243	243	–	243
Buildings	3,370	(1,146)	2,224	3,370	(1,044)	2,326
Plant and machinery	57,140	(45,841)	11,299	70,443	(46,509)	23,934
Industrial and commercial equipment	9,384	(8,294)	1,090	11,196	(7,617)	3,579
Other assets	19,977	(18,102)	1,875	20,816	(17,912)	2,904
Total	**90,114**	**(73,383)**	**16,731**	**106,068**	**(73,082)**	**32,986**

Changes during the year are summarised below:

(Values in €/000)	31 December 2012	Increases	Depreciation	Imp. losses/ Reversals of imp. losses	Disposals	Reclassifications	31 December 2013
Land	243						243
Buildings	2,326		(102)				2.224
Plant and machinery	23,934	818	(9,740)	(42)	(3.671)		11,299
Industrial and commercial equipment	3,579	661	(2,827)		(323)		1.090
Other assets	2,904	454	(1,467)		(16)		1.875
Total	**32,986**	**1,933**	**(14,136)**	**(42)**	**(4,010)**	**–**	**16,731**

The most significant changes include:

- increases of roughly € 1.9 million, mainly due to the investments made in the United Arab Emirates and Qatar projects;
- depreciation for the year of € 14.1 million, calculated as described in the "Accounting policies" section;
- disposals of € 4.0 million, mainly referring to sales to third parties and the disposal of assets related to foreign contracts.

The figure at 31 December 2013 for "other assets" included € 33 thousand for leased assets.

Prior year changes are as follows:

(Values in €/000)	31 December 2011	Increases	Depreciation	Imp. losses/ Reversals of imp. losses	Disposals	Reclassifications	31 December 2012
Land	243						243
Buildings	2,427		(101)				2,326
Plant and machinery	41,560	14,078	(26,499)	(42)	(6,079)	916	23,934
Industrial and commercial equipment	1,641	2,816	(1,932)		(9)	1,063	3,579
Other assets	6,165	225	(2,292)		(131)	(1,063)	2,904
Assets under const. and payments on account	916					(916)	–
Total	**52,952**	**17,119**	**(30,824)**	**(42)**	**(6,219)**	**–**	**32,986**

2. Intangible assets

Intangible assets amount to € 44.9 million, up € 12.0 million from the 31 December 2012 figure.

This item solely comprises “Contract acquisition costs” and includes considerations paid to purchase the railway high speed/capacity business units in the year and in previous years. These assets have a finite life and are amortised in line with the stage of completion of the related contracts. A breakdown of and changes in this item are as follows:

(Values in €/000)	31 December 2012	Increases	Amortisation	31 December 2013
Cociv (Milan-Genoa railway line)	32,941	15,004	(2,997)	44,948
Total	**32,941**	**15,004**	**(2,997)**	**44,948**

The increases relate to the acquisition from third parties of an additional 10% stake in Consorzio COCIV, the General Contractor for the construction of the Terzo Valico dei Giovi section of the high speed/capacity railway, on 19 September 2013.

Prior year changes are given below for comparative purposes:

(Values in €/000)	31 December 2011	Increases	Amortisation	31 December 2012
Cociv (Milan-Genoa railway line)	33,943		(1,002)	32,941
Total	**33,943**	**–**	**(1,002)**	**32,941**

Amortisation of the contract acquisition costs for the high capacity business units is calculated using the stage of completion method of the contracts based on the cost to cost method and considering the related purchase dates.

3. Equity investments

Equity investments increased by € 0.3 million to € 580.5 million, as shown in the following table:

(Values in €/000)	31 December 2013	31 December 2012	Variation
Investments in subsidiaries and associates and interests in jointly controlled entities	542,734	525,576	17,158
Investments in other companies	37,803	54,619	(16,816)
Total	**580,537**	**580,195**	**342**

Changes during the year are summarised below:

(Values in €/000)	31 December 2013	31 December 2012
Acquisitions	16,390	14,760
Disinvestments and liquidations	(44,012)	(16,821)
Waivers of loans and receivables and share capital increases	30,064	5,819
Reversals of impairment losses	23,373	21,000
Impairment losses	(25,473)	(12,592)
Total	**342**	**12,166**

The increase in “Acquisitions” is mainly due to the capital injections of € 11.3 million paid to the SPE for the Ancona port road link (Passante Dorico S.p.A.) and the acquisition of a further share of the concession to operate the new Broni Mortara highway (S.A.BRO.M S.p.A.) for € 4.9 million.

As regards disinvestments and liquidations, in November 2013 Impregilo finalised the sale of its investments in Tangenziali Esterne di Milano S.p.A. (“TEM”) equal to 3.74% of the share capital and € 4.7 million, in Tangenziale Esterna S.p.A. (“TE”) equal to 17.77% of the share capital and € 39.1 million, of which € 17.4 million, not yet collected, recognised under “Current financial assets”.

“Waivers of loans and receivables and share capital increases” include the covering of SGF’s losses (€ 2.0 million), the share capital increase by S.A.BRO.M S.p.A. (€ 2.4 million), and an additional capital injection for “TEM” and “TE” (totalling € 25.6 million) - prior to the sale of investments, described above.

The impairment test of the item “Equity investments”, carried out also to assess any reversals of previously recognised impairment losses, has been carried out on a case-by-case basis, considering the specific objectives pursued by each investee during the performance of their operating activities.

Based on such approach, the item can be analysed as follows:

(Values in €/000)	31 December 2013	31 December 2012	Variation
Interests in special purpose entities (SPEs)	212,968	212,612	356
Other investments	367,569	367,583	(14)
Total	**580,537**	**580,195**	**342**

Special purpose entities (SPEs) are legal entities set up specifically and solely to carry out construction contracts which Impregilo will not carry out directly and in which Impregilo has an interest equal to its share of the tender. These entities have a corporate structure compliant with the clients' requirements as communicated during the tender procedure and considering the specific legal context of the country in which the contract will be performed. They are classified depending on whether they are: (i) SPEs, the profit or loss of which are allocated to their venturers in line with their interests as provided for by law (i.e.: Italian-based consortia and consortium companies which operate on a "recharges of costs" basis), and (ii) other SPEs for which this allocation is not provided for by law (e.g., foreign limited liability companies, companies limited by shares, etc.).

With respect to the SPEs that directly allocate their profit or loss to the venturers on whose behalf they operate, the company does not test them for impairment as any contract losses are passed on to the venturers.

The other SPEs are assessed for impairment as the profits or losses on the contracts they perform are not systematically reflected in the income statements of their venturers. Accordingly, their contracts are considered when testing for indication of impairment. Specifically, the SPEs' statements of financial position, which include the estimated contract costs or profits and are prepared in accordance with the relevant accounting standards interpreted by the Group's procedures, are considered as they show the estimated cash flows of the entity.

In 2013, the company recognised new impairment losses, in addition to those recognised in the previous year, on its interests in the SPEs carrying out the work to widen the Panama Canal (Panama) and to build the Angostura hydroelectric plant (Chile), for a total of approximately € 18.1 million. The SPE carrying out work on the Rio Sogamoso' hydroelectric plant (Colombia) reported a minor improvement in 2013, while the SPE carrying out work on the El Quimbo hydroelectric plant (Colombia) essentially broke even. Given that forecasts for the ongoing contracts, as generally also stipulated by the relevant by-laws, will not only entail additional impairment losses, which would also zero their carrying amounts, but will also require the company to recognise liabilities, despite their being of a merely probable nature, the above impairment losses have been recognised in 'Provisions for risks', along with any losses already accrued at the current date. As a result this item increased by a total of € 18.1 million.

Other investments relate to non-consortium companies whose business object covers more than just one contract. In 2013, potential impairment losses were identified regarding investments in SGF Inc. S.p.A., Imprepar S.p.A. and Fisia Italimpianti S.p.A, whereas it was considered appropriate to revise measurements regarding investments in FIBE S.p.A., in line with measurements for the 2012 reporting date.

In accordance with IFRS, the company has calculated the value in use of its investment in the subsidiary SGF Inc. S.p.A., on the basis of the 2014-2017 business plan (the "Plan") approved by the subsidiary's Board of Directors on 12 March 2014.

Moreover, the company has considered the following assumptions in its calculation of value in use based on the expected cash flows taken from the Plan:

- the terminal value has been calculated using perpetual income streams and a 1% growth rate for the years following those covered by the Plan, prudently considered in line with the benchmarks;
- a 9.4 % discount rate has been used, which considers the tax effects;
- the discount rate was determined on the basis of the following parameters:
  - risk premium = 5.0%
  - "Beta" index = 0.86

Based on the above assumptions applied to analyse the Plan's cash flows, the resulting value in use (equity value) of SGF Inc. S.p.A. is equal to € 2.7 million, and is € 3.9 million lower than the carrying amount of € 6.6 million. It was therefore considered appropriate to adjust the carrying amount by this value.

In its financial statements, Imprepar S.p.A. has measured its net assets (mainly comprising loans and receivables of a different nature, mostly arising from disputes, inventories relating to contracts being completed and current and/or potential liabilities again relating to contracts being completed) using accounting policies substantially in line with the procedures applied during its liquidation period, completed at the end of November 2010, and based on their estimated realisable value. Accordingly, the company considered it appropriate to reduce the carrying amount of the investment within the limits of the existing differential with respect to the equity amount at 31 December 2012, by a total of € 4.2 million.

As regards the investment in Fisia Italimpianti S.p.A., the subsidiary closed 2013 recording a profit. Although the subsidiary also posted a profit in 2012, in prior years it had recorded considerable losses and these circumstances had led to the recognition of impairment losses which, net of the reversal of the impairment loss at the end of 2012, currently amount to € 208.6 million. The subsidiary was therefore tested for impairment.

In accordance with the IFRS and in line with previous years, the company has calculated the value in use on the basis of the 2014-2018 business plan (the "Plan") approved by the subsidiary's Board of Directors on 2 December 2013. In line with previous years, certain prudent adjustments were made to the assumptions underlying the Plan and specifically the development of commercial policies based on a prudent assessment of both expected market trends and in terms of development of acquisitions, with a consequent revenue growth trend even more prudent than previous assumptions during the period covered by the plan.

Moreover, the company has considered the following assumptions in its calculation of value in use based on the expected cash flows taken from the Plan:

- the terminal value has been calculated using perpetual income streams and a 0% growth rate for the years following those covered by the Plan, in line with the assumptions previously described;
- a 10.7% discount rate has been used, which considers the tax effects;
- the discount rate was determined on the basis of the following parameters:
  - risk premium = 5.0%
  - "Beta" index = 0.71
  - additional risk premium considering the company's specific nature = 1%;
- resort to additional debt or significant investments to expand the company's operating capacity are not planned.

Based on the above assumptions applied to analyse the Plan's cash flows, the resulting value in use (equity value) of Fisia Italimpianti S.p.A. is € 61.8 million. Following impairment testing, management reduced the carrying amount by € 17.2 million.

With respect to the investment in FIBE S.p.A., given that the particular circumstances in which it operates do not reasonably allow preparation of a financial plan that meets the requirements of the IFRS for determination of value in use, the company reasonably assumed that its accounting equity at 31 December 2013 prudently reflects the recovery amount of its net assets. Therefore, it can be considered as a parameter to determine the investment's fair value and the carrying amount. At 31 December 2013, equity of the subsidiary amounted to € 121.3 million, and the significant increase over the previous years reflected positive developments in some major disputes relating to the USW Campania projects, with particular reference to the collection of compensation concerning the former RDF plants that had been fully impaired in 2006-2008. Given the reason why the residual impairment losses accumulated in relation to this investment at 31 December 2013 totalled € 23.4 million, the carrying amount of FIBE S.p.A. was reversed within the limits of this amount.

Reference should be made to the annex "Equity investments" for the list of investments in subsidiaries, joint ventures, associates and other companies.

4. Non-current financial assets

This item includes loans due from third parties. Changes compared to 31 December 2012 are as follows:

(Values in €/000)	31 December 2013	31 December 2012	Variation
Collective investment undertakings	10,867	4,960	5,907
Non-current financial receivables	17,420	–	17,420
Total	**28,287**	**4,960**	**23,327**

Unlisted collective investment undertakings are cash investments with a guaranteed return, which mature after twelve months.

The financial receivable refers to the sale to third parties of the investment in "TE" for the portion relative to the second instalment (equal to € 17.4 million). This receivable is interest bearing and will be collected by 31 October 2016.

5. Non-current intragroup loans and receivables

The item amounts to € 1.5 million (€ 88.6 million at 31 December 2012) as follows:

(Values in €/000)	31 December 2013	31 December 2012	Variation
Non-current intragroup loans and receivables	1,524	88,595	(87,071)
Total	**1,524**	**88,595**	**(87,071)**

The item includes the non-current portion of the loan due from Puentes del Litoral of € 1.5 million (net of the allowance for impairment of € 5.4 million). In 2010, following the resolution of a number of issues involving Puentes del Litoral in a bankruptcy proceeding and based on the assessment, which was still pending at that time, of the time frame for the recovery of the proceeding amounts, the net loan amounted to € 7.8 million. The decrease over the previous year end is due to the reclassification of the portion due in 2013 as current and exchange rate trends.

The change also refers to a € 85.2 receivable due in the previous year from Fibe S.p.A. which was settled in 2013 by the subsidiary, after collecting sums owing relative to the Acerra waste-to-energy plant.

Reference should be made to the Annex "Intragroup transactions" for a breakdown of such receivable shown as a gross balance and net of the related payables.

6. Other non-current assets

Other non-current assets amount to € 0.6 million (31 December 2012: € 0.4 million) and refer to guarantee deposits.

(Values in €/000)	31 December 2013	31 December 2012	Variation
Other non-current assets	588	436	152
Total	**588**	**436**	**152**

7. Deferred tax assets and liabilities

Deferred tax assets and liabilities amount to € 36.4 million and € 98.9 million respectively.

Deferred tax liabilities of € 98.9 million at 31 December 2013 relate to the company's potentially attributable liability with the Group companies that participate in the national tax consolidation system for their losses transferred and not yet settled with them, considering the characteristics of these losses from the subjective point of view of the companies that incurred them and also the terms of the existing tax consolidation system agreement (see the paragraph on "Income taxes" in the "Accounting policies" section).

The reduction over the previous year is mainly attributable to the recognition of losses of FIBE S.p.A.

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

(Values in €/000)	31 December 2012	Increases	Decreases	Other changes	31 December 2013
Deferred tax assets:					
Amortisation and depreciation exceeding tax rates	1,389				1,389
Provisions for risks and impairment losses	47,150	4,227	(9,082)		42,295
Other	909		(837)	19	91
Total	**49,448**	**4,227**	**(9,919)**	**19**	**43,775**
Offsetting	(11,500)			4,159	(7,341)
Net deferred tax assets (A)	**37,948**	**4,227**	**(9,919)**	**4,178**	**36,434**
Deferred tax liabilities:					
Unrecognised fiscally-driven amortisation and depreciation	**(4,231)**		**4,231**		
Default interest income - Venezuelan branch	(5,530)				(5,530)
Other	(1,739)	(244)	172		(1,811)
Total	**(11,500)**	**(244)**	**4,403**		**(7,341)**
Offsetting	**11,500**			**(4,159)**	**7,341**
Net deferred tax liabilities (B)		(244)	4,403	(4,159)	
Net deferred tax (income) expense (A + B)		**3,983**	**(5,516)**	**19**	**(1,533)**

Changes in 2012 were as follows:

(Values in €/000)	31 December 2011	Increases	Decreases	Other changes	31 December 2012
Deferred tax assets:					
Amortisation and depreciation exceeding tax rates	1,649		(260)		1,389
Provisions for risks and impairment losses	30,239	22,991	(6,080)		47,150
Other	495	630	(216)		909
Total	**32,383**	**23,621**	**(6,556)**		**49,448**
Offsetting	(6,175)			(5,325)	(11,500)
Net deferred tax assets (A)	**26,208**	**23,621**	**(6,556)**	**(5,325)**	**37,948**
Deferred tax liabilities:					
Unrecognised fiscally-driven amortisation and depreciation	(4,231)				(4,231)
Default interest income - Venezuelan branch		(5,530)			(5,530)
Other	(1,944)		205		(1,739)
Total	**(6,175)**	**(5,530)**	**205**		**(11,500)**
Offsetting	6,175			5,325	11,500
Net deferred tax liabilities (B)		(5,530)	205	5,325	
Net deferred tax (income) expense (A + B)		**18,091**	**(6,351)**		**11,740**

8. Inventories

This item is analysed in the following table:

	31 December 2013			31 December 2012			
(Values in €/000)	Gross carrying amount	Allowance	Carrying amount	Gross carrying amount	Allowance	Carrying amount	Variation
Real estate projects	19,533	(7,772)	11,761	20,009	(7,772)	12,237	(476)
Finished products and goods	376		376	1,155		1,155	(779)
Raw materials, consumables and supplies	18,340	(144)	18,196	19,469	(98)	19,371	(1,175)
Total	**38,249**	**(7,916)**	**30,333**	**40,633**	**(7,870)**	**32,763**	**(2,430)**

Real estate projects

Real estate projects amount to € 11.8 million and show a net decrease of € 0.5 million, mainly due to the sale of land in Berlin. 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. Although the project had not yet been launched at the reporting date, considering the current zoning provisions implemented by the relevant authorities, the directors deemed its carrying amount adequate, based also on appraisals of independent experts.

Finished products and goods and Raw materials, consumables and supplies

Finished products of € 0.4 million (31 December 2012: € 1.2 million) principally comprise materials for resale.

Raw materials, consumables and supplies of € 18.2 million (31 December 2012: € 19.4 million) mainly relate to items used at the Venezuelan building sites (€ 16.4 million).

9. Contract work in progress

Contract work in progress totals € 437.6 million at the reporting date, down on the previous year-end figure of € 490.8 million. 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:

(Values in €/000)	31 December 2013	31 December 2012	Variation
Contract work in progress	7,363,686	8,700,564	(1,336,878)
Progress payments and advances received (on approved work)	(6,926,126)	(8,209,806)	1,283,680
Total	**437,560**	**490,758**	**(53,198)**

The key contracts making up contract work in progress at year end and the related works performed during the year are summarised below:

	Contract work in progress			
(Values in €/000)	31 December 2013	31 December 2012	Variation	Work
Venezuela	228,923	185,491	43,432	172,549
Romania	22,216	31,603	(9,387)	36,048
Qatar	8,067		8,067	8,067
High speed/capacity	20,946	99,099	(78,153)	72,736
Salerno-Reggio Calabria Lots 5-6	73,077	76,896	(3,819)	106,041
Highway 36	32,243	43,284	(11,041)	42,619
Messina Bridge	21,178	19,985	1,193	1,407
Pedelombarda	8,281	204	8,077	170,236
Consorzio Costruttori TEEM				44,320
Tangenziale Esterna di Milano		13,117	(13,117)	
SS 106 Jonica	6,390	2,495	3,895	3,896
Lambro				51,337
La Quado	6,172	3,390	2,782	24,131
Other	10,067	15,194	(5,127)	20,172
Total	**437,560**	**490,758**	**(53,198)**	**753,559**

With respect to the assets of the contract to build the “Bridge crossing the Messina Strait” awarded to the general contractor Eurolink S.c.p.A., an SPE led by Impregilo with a 42% interest, Law decree no. 187 was issued on 2 November 2012 providing for “Urgent measures for the renegotiation of the contracts with Stretto di Messina S.p.A. (the client) and for local public transport”. Following enactment of this decree and given the potential implications for its position as general contractor, Eurolink notified the client of its intention to withdraw from the contract under the contractual terms, also to protect the positions of all the Italian and foreign co-venturers. However, given the immense interest in constructing the works, the general contractor also communicated its willingness to review its position should the client demonstrate its real intention to carry out the project. To date, the ongoing negotiations have not been successful despite the parties’ sincere interest in coming to an agreement. Eurolink has commenced various legal proceedings in Italy and the EU, arguing that the provisions of the above decree are contrary to the Constitution and EU laws and that they damage Eurolink’s legally acquired rights under the contract. It has also requested that Stretto di Messina be ordered to pay the amounts requested by the general contractor due to the termination of the contract for reasons not attributable to it. As a result, Impregilo’s order backlog at 31 December 2012 was adjusted to reflect discontinuation of the contract. Considering the complex nature of the various legal proceedings, the legal advisors assisting Impregilo and the general contractor are reasonably positive about the outcome of the proceedings and the recoverability of the remaining assets recognised for this contract.

Impregilo S.p.A. operates in Venezuela through its own permanent establishment, working on railway and hydroelectric plant projects either directly or in international partnerships, with a presence in the area, at a social and economic-industrial level, established over a period spanning more than ten years.

In recent years, in relations with clients (which are all government entities), payments have always been slow. This was exacerbated over the last year, following changes in top government positions in early 2013, and the worsening of social tensions accompanying this political transition.

Faced by a considerable stalemate situation with clients, the company temporarily stopped production activities.

As regards railways projects, an agreement (“Punto de Cuenta”) was signed in early February 2014 with the IFE Chairman (the client) and the Ministry of the Treasury, but still has to be formally authorised by the President of the Republic. Under the agreement, approximately 82% of all receivables outstanding at 2013 will be paid by the end of 2014.

As regards hydroelectric plant work, carried out through the OIV Tocoma consortium, considering the contract deadline for the completion of works – scheduled for mid-November 2013 – a proposal was made to the client to reschedule works to finish, which will be resumed in May 2014 and should be completed by the end of 2016. This proposal is still being considered by the client, also in view of lawful claims for payment of certified outstanding amounts and the identification of future financial resources to guarantee the due performance of the works to finish.

The projects being developed by Impregilo S.p.A. are for major infrastructure works, which are important both in social and in economic-industrial terms. As in the past, due to issues that have affected country’s recent political history, the company has had to tackle temporary uncertainties which are not dissimilar to the present situation, but have always been successfully managed and have not given rise to liabilities. In view of this, and based on careful and ongoing monitoring of the situation in the country, together with its partners, and on meetings with clients and local government authorities aimed at protecting the company’s position, difficulties in collecting net revenues, apart from longer payment times which have been duly accounted for in financial statement assessments, are not considered likely. Given the delicate and complex political situation, it cannot be excluded that events which cannot currently be foreseen may take place after the date of preparation of this Annual Report that would require changes to the assessments made to date.

Despite the further difficulties outlined in the section “Risk areas” in the Construction segment, in the Directors’ Report, the company does not deem there are significant risks for the recovery of the assets being used for the ongoing railway projects in Venezuela, although recovery normally takes much longer than in other geographical segments. The contracts are of a strategic nature for the country and the current contractual relationships reasonably allow the Group to assume that the assets will be realised, as reflected in its measurement of the individual contracts.

10. Trade receivables and current intragroup loans and receivables

Trade receivables of € 338.9 million, net of the allowance for impairment (€ 12.7 million), show a net increase of € 97.9 million. They comprise amounts due from clients for invoices issued and for work performed and approved by clients but still to be invoiced. The increase is mainly due to the branches in Romania, Qatar, Venezuela and the United Arab Emirates.

The increase in receivables relating to Venezuela reflects the temporary delays in payments by the clients also as a consequence of the situation recently observed in this country and described in the 'Risk Areas' section of the Construction segment in the Directors' report.

Changes in the allowance for impairment are shown in the following table:

(Values in €/000)	31 December 2012	Accruals	Utilisations/ Releases	Reversals	Other changes	31 December 2013
Trade receivables	9,359	9,175	(682)	(5,187)		12,665
Default interest	21			(21)		–
Total	**9,380**	**9,175**	**(682)**	**(5,208)**	**–**	**12,665**

Prior year changes are given below for comparative purposes:

(Values in €/000)	31 December 2011	Accruals	Utilisations/ Releases	Reversals	Other changes	31 December 2012
Trade receivables	12,021		(1,761)		(901)	9,359
Default interest	21					21
Total	**12,042**	**–**	**(1,761)**	**–**	**(901)**	**9,380**

Current intragroup loans and receivables amount to € 466.9 million compared to € 406.9 million at the end of 2012. They mainly comprise trade receivables, receivables for services and of a financial nature.

A breakdown of loans and receivables with Group companies is as follows:

(Values in €/000)	31 December 2013	31 December 2012	Variation
Subsidiaries and jointly controlled entities	103,303	118,963	(15,660)
Associates	116,838	107,931	8,907
Other companies	279,659	211,453	68,206
Allowance for impairment	(32,875)	(31,448)	(1,427)
Total	**466,925**	**406,899**	**60,026**

The allowance for impairment mainly consists of the entire amounts related to the subsidiary Impresit Bakolori (Nigeria) and the SPE Eriday U.T.E.. The change reflects the company's revision of these positions at the reporting date, including the effects of exchange rate gains and losses on items in currencies other than the Euro.

Changes in the allowance for impairment are shown in the following table:

(Values in €/000)	31 December 2012	Accruals	Utilisations/ Releases	Reversals	Other changes	31 December 2013
Subsidiaries and associates	31,448	62	–	–	1,365	32,875
Total	**31,448**	**62**	**–**	**–**	**1,365**	**32,875**

Prior year changes are given below for comparative purposes:

(Values in €/000)	31 December 2011	Accruals	Utilisations/ Releases	Reversals	Other changes	31 December 2012
Subsidiaries and associates	25,140	5,033			1,275	31,448
Total	**25,140**	**5,033**	**–**	**–**	**1,275**	**31,448**

The key debtors of the above net receivables are summarised below:

(Values in €/000)	31 December 2013	31 December 2012	Variation
Consorzio C.AV.TO.MI.	58,214	–	58,214
Consorzio Cavet	19,432	19,046	386
SGF-INC S.p.A.	14,173	7,882	6,291
Fisia Italimpianti	–	89,808	(89,808)
Passante di Mestre	3,622	1,384	2,238
Consorzio OIV TOCOMA	133,196	129,948	3,248
Grupo Unidos por el Canal	88,074	69,850	18,224
Consorzio Contuy Medio	2,727	2,218	509
CMC Mavundla	15,477	7,184	8,293
Empresa constructora angostura ltd	23,584	4,259	19,325
FIBE	25,197	2,578	22,619
Other	83,229	72,742	10,487
Total	**466,925**	**406,899**	**60,026**

The figures for Fisia Italiampianti S.p.A. decreased in 2013 following repayments as it collected compensation due to it related to the Acerra waste-to-energy plant (see earlier and the section “Non-current assets held for sale - USW Campania projects” in the Directors’ report). At the start of 2013, and following the positive conclusion of a dispute in which FISIA Italimpianti was involved with a foreign client, it collected the related compensation and made another repayment of approximately € 50 million to Impregilo, thus decreasing still further the amount shown above.

The increase in the figure for FIBE S.p.A. refers to the recognition of its taxable income in the national tax consolidation system and other items arising regarding the subsidiary.

The receivable accrued during the year due from the consortium C.AV.TO.MI. refers to the portion owing to Impregilo S.p.A. in relation to the arbitration award of 9 July 2013.

Reference should be made to the Annex “Intragroup transactions” of the separate financial statements, for a breakdown of the receivable shown as the gross balance and net of the related payables.

11. Derivatives and other current financial assets

This item includes loans due from third parties. Changes compared to 31 December 2012 are as follows:

(Values in €/000)	31 December 2013	31 December 2012	Variation
Derivative assets	392	1,091	(699)
Total	**392**	**1,091**	**(699)**

The item “Derivative assets” amounts to € 0.4 million and includes currency hedges as detailed below.

Currency derivatives - FVTPL

Company	Agreement date	Expiry date	Currency	Notional amount	Fair value (€)
Impregilo S.p.A.	20/11/2013	20/02/2014	USD	8,772,000	130,724
Impregilo S.p.A.	29/11/2013	28/02/2014	USD	15,678,000	153,689
Impregilo S.p.A.	22/10/2013	22/01/2014	USD	2,810,000	13,406
Impregilo S.p.A.	29/11/2013	28/02/2014	USD	6,320,000	61,954
Impregilo S.p.A.	06/12/2013	06/06/2014	USD	2,520,000	26,060
Impregilo S.p.A.	11/12/2013	11/06/2014	USD	1,579,895	6,324
Total					**392,157**

This category includes derivatives that have been entered into to hedge the Group against currency risks but that do not meet (or no longer meet and the situation has not been yet been resolved) hedge accounting requirements for cash flow hedges.

12. Current tax assets and other current tax assets

Current tax assets amount to € 42.7 million as follows:

(Values in €/000)	31 December 2013	31 December 2012	Variation
Direct taxes	27,906	27,795	111
IRAP	1	610	(609)
Foreign direct taxes	14,806	24,160	(9,354)
Total	**42,713**	**52,565**	**(9,852)**

"Direct taxes" show the amounts claimed for reimbursement. "Foreign direct taxes" mainly relate to the Venezuelan and United States branches (€ 11.7 million and € 2.0 million, respectively).

Other current tax assets amount to € 52.0 million as follows:

(Values in €/000)	31 December 2013	31 December 2012	Variation
VAT	38,788	36,942	1,846
Other indirect taxes	5,199	441	4,758
Foreign indirect taxes	7,838	7,274	564
Other Italian direct taxes	90	90	–
Tax credits and withholdings	76	256	(180)
Total	**51,991**	**45,003**	**6,988**

"Other indirect taxes" include withholdings of € 7.8 million paid by the Icelandic branch on the remuneration paid to foreign temporary workers involved in the building site. A dispute arose with the local tax authorities about the party required to act as the withholding agent for the remuneration of foreign temporary workers at the building site. 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 company's claims were fully satisfied. Nevertheless, the local authorities subsequently commenced a new proceeding for exactly a similar issue. The Supreme Court rejected the company's claims in its ruling handed down in February 2010, which is blatantly contrary to the previous ruling issued in 2006 on the same matter by the same judiciary authority. The company had expected to be refunded both the unduly paid withholdings of € 6.9 million (at the original exchange rate) and the related interest accrued to date of € 6.0 million. Impregilo had prudently impaired the interest amount in previous years, despite a previous local court ruling and the opinion of its consultants that confirmed its grounds, and only continued to recognise the unduly paid principal. After the last ruling, the company took legal action at international level (appeal presented to the EFTA Surveillance Authority on 22 June 2010) and, as far as possible, again at local level (another reimbursement claim presented to the local tax authorities on 23 June 2010) as it deems, again supported by its advisors, that the last ruling issued by the Icelandic Supreme Court is unlawful both in respect of local legislative and international agreements which regulate 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. Following 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 amend its position. As a result the Company Impregilo S.p.A. formally requested the re-opening of the case. Based on the above considerations, Impregilo does not believe objective reasons currently exist to change the valuations made in relation to this dispute.

The company factored VAT receivables of € 21.5 million to a major bank, as described in note 16.

13. Other current assets

Other current assets amount to € 46.6 million, decreasing by € 5.0 million over the previous year. This item is broken down as follows:

(Values in €/000)	31 December 2013	31 December 2012	Variation
Loans	8,183	1,586	6,597
Advances to suppliers	18,229	27,155	(8,926)
Other receivables	10,270	11,880	(1,610)
Prepayments and accrued income	9,955	11,038	(1,083)
Total	**46,637**	**51,659**	**(5,022)**

Loans of € 8.2 million are due from certain co-venturers with which Impregilo operates in various countries. the increase is mainly due to the granting of these loans to Salini Polska SP.Z.O.O.

Advances to suppliers of € 18.2 million decreased by € 8.9 million and mainly refer to the Venezuelan and Romanian branches.

Other receivables amount to € 10.3 million, decreasing by € 1.6 million over the previous year. The item includes € 8.3 million for an interest-bearing deposit pledged to a major bank, for the purchase of shares in the company Collegamenti Integrati Veloci - C.I.V. S.p.A.

As at 31 December 2012, other receivables included the claims for compensation due to Impregilo S.p.A. by the original lessor of the building currently housing its registered office following the outcome of the dispute with the lessor of the Sesto San Giovanni (Milan) building where Impregilo had its registered office until 2009. These claims were enforced by Impregilo S.p.A. and the related amount was received during the year 2013. More details regarding this dispute are provided in the ‘Risk Areas’ section of the Construction segment.

Prepayments and accrued income of € 10.0 million show a decrease of € 1.1 million over 31 December 2012. They are broken down in the following table:

(Values in €/000)	31 December 2013	31 December 2012	Variation
Accrued income:			
– Other	51	–	51
Total accrued income	**51**	**–**	**51**
Prepayments:			
– Insurance	2,613	3,753	(1,140)
– Commissions on sureties	4,920	4,973	(53)
– Leases	1,185	789	396
– Other	1,186	1,523	(337)
Total prepayments	**9,904**	**11,038**	**(1,134)**
Total	**9,955**	**11,038**	**(1,083)**

Prepayments mainly consist of commissions on sureties and insurance policies for certain contracts that are paid in advance.

14. Cash and cash equivalents

At 31 December 2013, cash and cash equivalents amounted to € 304.0 million, down by € 573.0 million, as shown below:

(Values in €/000)	31 December 2013	31 December 2012	Variation
Cash and cash equivalents	**304,032**	**876,983**	**(572,951)**

The statement of cash flows shows the reason for this increase and changes in current account facilities (Note 16).

Cash and cash equivalents include € 69.5 million for the receipt from the client of the contractual advance on the Metro Ryhad contract. This cash has been temporarily credited to a joint account between the two partners of the joint venture and will be transferred as soon as it becomes operational. The amount represents the Impregilo's share of the joint account.

A breakdown of this item by geographical segment is as follows:

(Values in €/000)	
Italy	3,686
Abroad	300,346
Total	**304,032**

15. Equity

Equity amounted to € 1,193.8 million at 31 December 2013 compared to € 1,682.3 million at the end of 2012. Changes of the year in the different equity items are summarised in the schedule attached to the separate financial statements.

(Values in €/000)	31 December 2013	31 December 2012	Variation
Share capital	718,364	718,364	–
Share premium reserve	1,222	1,222	–
– Legal reserve	58,447	21,517	36,930
– Actuarial gains and losses reserve	(451)	(401)	(50)
Total other reserves	57,996	21,116	36,880
Retained earnings	302,413	202,258	100,155
Profit for the year	113,829	739,323	(625,494)
Total equity	**1,193,825**	**1,682,283**	**(488,459)**

In their meeting held on 30 April 2013, the parent's shareholders resolved to allocate the profit for the previous year as follows:

- € 36,930,293.29, equal to 5% of the profit for the year, to the legal reserve;
- € 599,662,326.13 as a dividend to the holders of ordinary shares, equal to € 1.49 per share;
- € 2,575,092.65 as a dividend to the holders of savings shares, equal to € 1.594 per share;
- € 99,438,153.71 to be carried forward.

Disclosures about the individual items are set out below.

Share capital

The company's share capital of € 718.4 million is unchanged with respect to 31 December 2012.

As a result, the company's share capital amounts to € 718,364,456.72 at the reporting date, split into 404,073,428 shares, including 402,457,937 ordinary shares and 1,615,491 savings shares.

On 1 January 2014, the effective date of the merger Salini S.p.A. into Impregilo S.p.A., in implementation of the resolution of the Shareholders' Meeting of 12 September 2013, the share capital of Salini Impregilo S.p.A. was reduced to € 500.0 million – i.e. by an amount of € 218.4 million, of which € 100.0 million to be allocated to the Legal reserve and € 118.4 million for the establishment of specific equity reserve called "Other reserves" – and 44,974,754 million new ordinary shares of Salini Impregilo S.p.A. were issued to Salini Costruttori S.p.A.

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

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

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

The profit for the year as per the separate financial statements is allocated as follows:

a) 5% to the legal reserve, up to the legally-required amount;
b) to savings shares, to the extent of 5% of € 5.2 per share (ie, € 0.26 per share). If a dividend lower than

5% of € 5.2 per share (ie, € 0.26 per share) is paid one year, the difference is taken as an increase in the preferred dividend of the following two years;

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

Details on the possible use of equity items and uses in prior years are summarised below:

				Summary of use in the previous three years	
Nature/Description	**Amount**	**Possible use (A, B, C)**	**Available portion**	**To cover losses**	**Other**
Share capital	**718,364**				
Equity-related reserves:					
Share premium reserve	1,222	A, B, C	1,222		
Other reserves:					
Legal reserve	58,447	B	58,447	–	
Actuarial gains (losses) unavailable reserve	(451)			–	
Total other reserves	**57,996**		**58,447**	**–**	
Retained earnings	302,413	A, B, C	302,413		–
Total			**362,082**	**–**	**–**
Non-distributable portion			**59,669**		
Residual distributable portion			**302,413**		

A: share capital increase
B: to cover losses
C: dividends

The share premium reserve cannot be distributed until the legal reserve reaches 20% of the share capital.

Share premium reserve

The share premium reserve did not change during the year.

Other reserves

This item is broken down as follows:

(Values in €/000)	31 December 2013	31 December 2012	Variation
Legal reserve	58,447	21,517	36,930
Actuarial gains (losses) reserve	(451)	(401)	(50)
Total other reserves	**57,996**	**21,116**	**36,880**

Legal reserve

This reserve underwent the following changes:

(Values in €/000)	
31 December 2012	21,517
Allocation of profit	36,930
31 December 2013	**58,447**

Prior year changes are given below:

(Values in €/000)	
31 December 2011	18,714
Allocation of profit	2,803
31 December 2012	**21,517**

Actuarial gains (losses) reserve

The actuarial gains (losses) reserve underwent the following changes:

(Values in €/000)	
31 December 2012	(401)
Actuarial gains (losses) recognised in comprehensive income	(50)
31 December 2013	**(451)**

The reserve includes the effect of actuarial gains and losses, as required by IAS 19 revised.

Prior year changes are given below:

(Values in €/000)	
31 December 2011	**316**
Actuarial gains (losses) recognised in comprehensive income	(717)
31 December 2012	**(401)**

16. Bank and other loans and factoring payables

Bank and other loans and factoring payables amount to € 204.0 million. They decreased by € 12.2 million compared to 31 December 2012.

(Values in €/000)	31 December 2013	31 December 2012	Variation
Non-current portion	98,839	100,835	(1,996)
Current portion	105,158	115,411	(10,253)
Total	**203,997**	**216,246**	**(12,249)**

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

	31 December 2013			31 December 2012		
(Values in €/000)	Non-current	Current	Total	Non-current	Current	Total
Bank corporate loans	74,101	9,197	83,298	75,000	16,582	91,582
Bank project financing	4,573	611	5,184	3,295	5,842	9,137
Current account facilities		85,172	85,172		82,819	82,819
Factoring payables	20,165	10,178	30,343	22,540	10,168	32,708
Total	**98,839**	**105,158**	**203,997**	**100,835**	**115,411**	**216,246**

Bank loans

They are broken down in the following table:

			31 December 2013			31 December 2012		
(Values in €/000)	Company/branch	Country	Total loans	Current	Non-current	Total	Current	Non-current
Royal Bank of Scotland	Impregilo	Italy	9,000	9,000		9,000	9,000	
Banca IMI (agent)	Impregilo	Italy	74,298	197	74,101	–		
Banca Carige	Impregilo	Italy	–	–	–	7,557	7,557	
UniCredit	Impregilo	Italy	–	–	–	75,025	25	75,000
Total bank corporate loans			**83,298**	**9,197**	**74,101**	**91,582**	**16,582**	**75,000**
Banco de Bogotà	Colombia Branch	Colombia	730	611	119			
Europe Arab Bank	United Arab Emirates branch	United Arab Emirates	–	–	–	5,842	5,842	
Other banks	Venezuelan branch	Venezuela	4,454	–	4,454	3,295		3,295
Total bank project financing			**5,184**	**611**	**4,573**	**9,137**	**5,842**	**3,295**

The main conditions of the bank loans in place at 31 December 2013 are as follows:

	Company/branch	Interest rate	Expiry date	Note
Royal Bank of Scotland	Impregilo	Euribor	2014	
Banca IMI	Impregilo	Euribor	2016	(1)
Banco de Bogotà	Colombia Branch	Fixed rate	2015	
Other banks	Venezuelan branch	Fixed rate	2015	

The interest rates shown in the table have floating spreads depending on the term and conditions of the financing. The decision to apply the Euribor (1, 2, 3 or 6 months) has been contractually provided for to the benefit of Impregilo.

(1) The loan is backed by covenants that establish the requirement for the borrower to maintain certain financial and equity ratios, whose measurement will start from the interim report at 30 June 2014.

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

(Values in €/000)	Company/branch	Country	Total non-current portion	Due after 13 months but within 24 months	Due after 25 months but within 60 months	Due after 60 months
Banca IMI (agent)	Impregilo S.p.A.	Italy	75,000	74,101		
Banco de Bogotà	Colombia Branch	Colombia	119	119		
Other banks	Venezuelan branch	Venezuela	4,454	4,454		
Total			**79,573**	**78,674**	**–**	**–**

The fair value of the bank loans, measured as set out in the "Accounting policies" section, is € 85.4 million.

Current account facilities

Current account facilities total € 85.2 million. This item mainly relates to the Venezuelan branch and, in addition to representing a source of funding for contracts operative in that area, is a hedge against local currency exchange rate fluctuations.

Factoring payables

The following table shows the company's factoring payables:

(Values in €/000)	31 December 2013	31 December 2012	Variation
Non-current portion	20,165	22,540	(2,375)
Current portion	10,179	10,168	11
Total	**30,344**	**32,708**	**(2,364)**

During the year, Impregilo factored VAT receivables claimed for reimbursement pursuant to the ruling legislation (€ 21.5 million) and other receivables for withholdings (€ 8.9 million) to major banks.

17. Finance lease payables

Finance lease payables at 31 December 2013 may be broken down as follows:

(Values in €/000)	31 December 2013	31 December 2012	Variation
Non-current portion	2	15	(13)
Current portion	17	28	(11)
Total	**19**	**43**	**(24)**

This item includes the principal of future lease payments at the reporting date. It refers solely to the Brazilian branch for leased cars (€ 19 thousand). The decrease reflects the amount repaid during the year.

The payables relate to two leases and bear floating interest indexed to the local interbank rate.

The present value of the minimum future lease payments is € 19 thousand.

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

18. Derivative liabilities

Derivative liabilities amounted to € 65 thousand at 31 December 2012. They related to currency and interest rate hedges.

(Values in €/000)	31 December 2013 Liabilities	31 December 2012 Liabilities
Currency swaps - FVTPL	–	(65)
Total derivatives presented in net financial position	**–**	**(65)**

This category includes derivatives that have been entered into to hedge the company against currency risks but that do not meet (or no longer meet and the situation has not been currently resolved) hedge accounting requirements for cash flows hedges.

The company's net financial position is shown in the following table:

Net financial position of Impregilo S.p.A.

(Values in €/000)	Note (*)	31 December 2013	31 December 2012	Variation
Non-current financial assets	4	10,867	4,960	5,907
Cash and cash equivalents	14	304,032	876,983	(572,951)
Total cash and cash equivalents and other financial assets		**314,899**	**881,943**	**(567,044)**
Non-current bank loans	16	(78,674)	(78,295)	(379)
Finance lease payables	17	(2)	(16)	14
Total non-current indebtedness		**(78,676)**	**(78,311)**	**(365)**
Current portion of bank loans and current account facilities	16	(94,981)	(105,243)	10,262
Current portion of finance lease payables	17	(17)	(28)	11
Total current indebtedness		**(94,998)**	**(105,271)**	**10,273**
Derivative assets	11	392	1,091	(699)
Derivative liabilities	18	–	(65)	65
Other non-current financial assets	4	17,420	–	17,420
Current portion of factoring payables	16	(10,178)	(10,168)	(10)
Non-current portion of factoring payables	16	(20,165)	(22,540)	2,375
Total other items in net financial position (indebtedness)		**(12,531)**	**(31,682)**	**19,151**
Net financial position (indebtedness)		**128,694**	**666,679**	**(537,985)**

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

19. Post-employment benefits and employee benefits

At 31 December 2013, the company's liability due to all its employees determined using the criteria set out in IAS 19 was € 11.7 million.

The balance mainly consists of post-employment benefits.

At 31 December 2013 and 2012, the liability for post-employment benefits is the outstanding payable at the reform effective date, net of benefits paid up to the reporting dates. The liability is considered part of a defined benefit plan under IAS 19 and has, therefore, been subjected to actuarial valuation.

The valuation, performed with the assistance of an independent expert, was based on the following rates:

- turnover rate: 7.25%;
- discount rate: 3.10%;
- advance payment rate: 2%;
- inflation rate: 2%.

The benchmark used for the discount rate is the Iboxx AA Corporate index for the Eurozone with an average financial duration in line with the fund being valued.

Changes in the provision are as follows:

(Values in €/000)	31 December 2012	Accrual for the year	Payments	Contributions transferred to INPS treasury and other funds	Other changes	31 December 2013
Post-employment benefits and employee benefits	11,403	6,563	(4,151)	(2,530)	405	11,690

Changes in the previous year are as follows:

(Values in €/000)	31 December 2011	Accrual for the year	Payments	Contributions transferred to INPS treasury and other funds	Differenza cambio	Other changes	31 December 2012
Post-employment benefits and employee benefits	12,015	7,390	(4,759)	(2,469)		(774)	11,403

The net decrease in post-employment benefits in 2013 is due to both payments made during the year and contributions transferred to the INPS treasury and other funds, as well as the accrual for the year.

Other changes includes the effect of actuarial gains and losses recognised in a specific equity reserve, as required by the revised IAS 19.

For the liabilities as at 31 December 2013, a +0.5% change in the discount rate used for the calculation would have generated a positive effect of € 0.1 million. Likewise a -0.5% change in the discount rate would have generated a negative effect of 0.2 million. The same change in the discount rate as at 31 December 2012 (+0.5%) would have generated a positive effect of € 0.1 million or (-0.5%) negative effect of € 0.1 million.

20. Provisions for risks

These provisions amounted to € 206.9 million at the reporting date. Changes during the year are as follows:

(Values in €/000)	31 December 2012	Accrual	Utilisations/ Releases	Reversals	Reclassifications	31 December 2013
Provision for risks on equity investments	244,544	18,275	(3,678)	(61,295)		197,846
Other provisions	8,933	1,240	(569)	(583)		9,021
Total	**253,477**	**19,515**	**(4,247)**	**(61,878)**	**-**	**206,867**

Prior year changes are given below for comparative purposes:

(Values in €/000)	31 December 2011	Accrual	Utilisations/ Releases	Reversals	Other changes	31 December 2012
Provision for risks on equity investments	4,371	240,173				244,544
Other provisions	16,965	232	(8,036)	(228)		8,933
Total	**21,336**	**240,405**	**(8,036)**	**(228)**	**-**	**253,477**

The provision for risks on equity instruments may be analysed as follows:

(Values in €/000)	31 December 2013	31 December 2012	Variation
Equity investments in SPEs with negative carrying amounts	197,846	244,544	(46,698)
Total	**197,846**	**244,544**	**(46,698)**

As disclosed in note 5 (to which reference should be made), the provision for risks on equity investments includes the impairment losses on investments in certain SPEs for the part exceeding their carrying amounts.

Other provisions increased by € 0.1 million to € 9.0 million. Changes of the year comprise:

i) provisions for € 1.2 million mainly relating to risks referable to claims for compensation made by third parties during litigation, to the extent to which the risk of a negative outcome is considered likely;
ii) utilisations/releases of € 1.1 million, due to the occurrence of the events for which the accruals had been made.

Other provisions include the following:

(Values in €/000)	31 December 2013	31 December 2012	Variation
Ongoing litigation	7,298	6,315	983
Building segment litigation	1,402	1,402	–
Tax and social security litigation	90	90	–
Labour disputes	231	750	(519)
Other	–	376	(376)
Total	**9,021**	**8,933**	**88**

The provision for ongoing litigation mainly relates to foreign contracts completed in previous years.

The provision for building segment litigation was originally set up by Impregilo Edilizia e Servizi, merged into Impregilo S.p.A. in previous years.

With regard to the dispute with the Revenue Agency, this is still pending in the Court of Cassation, following an appeal by the Agency; the dispute concerns the notice of assessment challenging the tax treatment of impairment losses and capital losses recorded by the company during financial year 2003. In particular, the main irregularity concerning the sale – by Impregilo S.p.A. to Impregilo International NV – of the shareholding in the Chilean concessionary company Costanera Norte SA, has been rejected by the Regional Tax Tribunal of Milan.

The Group is involved in another two disputes at first level related to 2005 mainly concerning (i) the costs of a joint venture set up in Venezuela and (ii) the technique used to “realign” the carrying amount of equity investments as per article 128 of Presidential decree no. 917/86. A dispute concerning 2006 covers (a) the costs of a joint venture set up in Venezuela, (b) a loss on equity investments, and (c) costs for services not provided in that year. The Milan Provincial Tax Commission has decreased the initially claimed amount by roughly 20% and the ruling at second instance is still pending. After consulting its legal advisors, the Group has not made any accrual for this as it currently believes that the risk of an adverse ruling is not probable although not remote.

With respect to the criminal proceedings commenced against the C.A.V.E.T. consortium and certain individuals, including several former managers of the consortium, the appeal hearing was completed in June 2011 and the related ruling handed down on 27 June 2011 reversed the first level decision in full, thus quashing the measures and fully absolving both the consortium and the individuals of the charges made against them. Following the appeal to the Supreme Court by the Florence public prosecutor, the Supreme Court cancelled part of the ruling issued by the Florence Appeal Court on 18 March 2013. It ordered that the case be returned to the latter court. The judicial review before the Florence Appeal Court started on 30 January 2014 and on 21 March 2014 the Court issued a ruling that rejects most of the accusations made by the Attorney General, but has upheld them in certain significant circumstances. The company is awaiting the filing of the grounds for the ruling in order to be able to assess the impacts of this decision in more detail. However, the company is confident that it will be able to demonstrate, again, in the subsequent courts of instance, that it has behaved completely correctly.

The decrease in “Other” is due to the utilisation of the provision for the events for which it was set up.

21. Progress payments and advances on contract work in progress

The item "Progress payments and advances on contract work in progress" included in "Current liabilities" amounts to € 130.8 million, up by € 56.0 million on the figure at 31 December 2012.
It comprises:

(Values in €/000)	31 December 2013	31 December 2012	Variation
Contract work in progress	(6,522,692)	(4,753,433)	(1,769,259)
Progress payments and advances received (on approved work)	6,569,449	4,804,397	1,765,052
Negative contract work in progress	46,757	50,964	(4,207)
Contractual advances	84,080	23,849	60,231
Total	**130,837**	**74,813**	**56,024**

Contract work in progress recognised under liabilities (negative WIP) is the negative net balance, for each contract, of work performed to date, the provision for contractual risks and progress billings.

Contractual advances received include the amounts paid by clients as per the related contract and recovered over the contract term.

The following table shows the contribution by key contract:

	31 December 2013			31 December 2012				
(Values in €/000)	Negative WIP	Contractual advances	Total	Negative WIP	Contractual advances	Total	Variation	Work
United Arab Emirates	10,985	816	11,801	36,095	4,048	40,143	(28,342)	74,731
Saudi Arabia		69,541	69,541			–	69,541	
Romania			–		7,487	7,487	(7,487)	
Qatar	19,863	7,374	27,237			–	27,237	
Venezuela	4,134	6,242	10,376	1,887	11,892	13,779	(3,403)	
High speed/capacity	8,387		8,387	8,389	–	8,389	(2)	77,880
Pedelombarda			–	1,650	–	1,650	(1,650)	
Metro Blu	884		884			–	884	9,436
Other	2,504	107	2,611	2,943	422	3,365	(754)	4,725
Total	**46,757**	**84,080**	**130,837**	**50,964**	**23,849**	**74,813**	**56,024**	**166,772**

"Other" mainly relates to work which is nearing completion and other minor contracts.

22. Trade payables and current intragroup payables

Trade payables amount to € 99.1 million at the reporting date. The decrease of € 37.6 million compared to 31 December 2012 reflects normal operating activities in 2013.

Current intragroup payables amount to € 387.2 million, up € 10.9 million at the reporting date.
A breakdown of this item is as follows:

(Values in €/000)	31 December 2013	31 December 2012	Variation
Subsidiaries and jointly controlled entities	264,762	206,700	58,062
Associates	86,612	85,258	1,354
Other	35,795	84,310	(48,515)
Total	**387,169**	**376,268**	**10,901**

Gross intragroup payables and related nettable amounts against receivables due from the same companies are shown in the following table.

Reference should be made to the annex "Intragroup transactions" to these notes for further details on such amounts.

	31 December 2013			31 December 2012		
(Values in €/000)	Gross intragroup payables	Netting	Net intragroup payables	Gross intragroup payables	Netting	Net intragroup payables
Subsidiaries and jointly controlled entities	338,913	(74,151)	264,762	313,127	(106,427)	206,700
Associates	234,584	(147,972)	86,612	158,366	(73,108)	85,258
Other	243,186	(207,391)	35,795	259,496	(175,186)	84,310
Total	**816,683**	**(429,514)**	**387,169**	**730,989**	**(354,721)**	**376,268**

The creditors of the main net payables are summarised below:

(Values in €/000)	31 December 2013	31 December 2012	Variation
Consorzio CO.CI.V.	14,403	48,025	(33,622)
Impregilo International Infrastructures N.V.	60,339	–	60,339
Eurolink S.c.p.A.	57,139	56,285	854
Impregilo Lydco	26,730	26,666	64
Salerno-Reggio Calabria S.c.p.A.	35,028	43,208	(8,180)
Reggio Calabria - Scilla S.c.p.A.	37,288	42,671	(5,383)
Fisia Babcock	73,654	77,538	(3,884)
Pedelombarda	–	11,929	(11,929)
Consorzio Torre	5,032	3,383	1,649
Sirjo	15,075	11,458	3,617
Iricav Due	–	4,991	(4,991)
S.A. Healy Company	13,724	8,207	5,517
Other	48,757	41,907	6,850
Total	**387,169**	**376,268**	**10,901**

The payables due to SPEs (consortia and consortium companies) relate to ordinary allocations of costs to the relevant contracts.

The balance due to Impregilo Lydco (Libya) mostly relates to the guarantee deposit paid by the subsidiary at the beginning of 2011 to cover the portion of risks that the parent Impregilo took on vis-a-vis local clients. Details of this subsidiary's particular situation can be found in the initial part of the notes to the consolidated financial statements.

The amount due to the subsidiary Impregilo International Infrastructures N.V. (Netherlands) increased during the year, as a result of a loan from the subsidiary to the parent.

23. Current tax liabilities and other current tax liabilities

Current tax liabilities amount to € 45.7 million as follows:

(Values in €/000)	31 December 2013	31 December 2012	Variation
IRES	36,177	26,583	9,594
IRAP	808	–	808
Foreign taxes	8,763	15,265	(6,502)
Total	**45,748**	**41,848**	**3,900**

Other current tax liabilities of € 4.3 million decreased by € 4.0 million over 31 December 2012. They may be analysed as follows:

(Values in €/000)	31 December 2013	31 December 2012	Variation
VAT	970	4,546	(3,576)
Foreign indirect taxes	6	12	(6)
Withholdings applied in Italy	2,434	3,150	(716)
Withholdings applied abroad	914	499	415
Other current tax liabilities	1	108	(107)
Total	**4,325**	**8,315**	**(3,990)**

24. Other current liabilities

Other current liabilities of € 46.0 million (€ 59.7 million) comprise:

(Values in €/000)	31 December 2013	31 December 2012	Variation
Social security institutions	3,982	4,464	(482)
Employees	11,785	16,817	(5,032)
Other payables	21,281	31,908	(10,627)
Accrued expenses and deferred income	8,902	6,526	2,376
Total	**45,950**	**59,715**	**(13,765)**

They include:

- Payables to social security institutions and personnel, amounting to € 4.0 million and € 11.8 million respectively, accrued and not yet paid;
- other payables of € 21.3 million (€ 31.9 million), down by € 10.6 million over the previous year;
- The change mainly relates to payment of the sum due, recognised in previous years, to Impresa Grassetto S.p.A., for the acquisition of some high speed/capacity railway business units;
- accrued expenses and deferred income of € 8.9 million, which refer to the following items:

(Values in €/000)	31 December 2013	31 December 2012	Variation
Accrued expenses:			
• Commissions on sureties	260	184	76
• Ten-year liability insurance	4,132	1,996	2,136
• Other	3,971	3,425	546
Total accrued expenses	**8,363**	**5,605**	**2,758**
Deferred income:			
• Other	539	921	(382)
Total deferred income	**539**	**921**	**(382)**
Total	**8,902**	**6,526**	**2,376**

Other accrued expenses mainly include costs not yet paid for contract work in progress. The increase in relation to the previous year is mainly due to the ten-year post-contract guarantee concerning Salerno-Reggio Calabria motorway works.

25. Guarantees and commitments

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

- Contractual sureties: these total € 3,830.1 million and are given to clients as performance bonds, to guarantee advances, retentions and involvement in tenders for all ongoing contracts. In turn, the company has guarantees given by its subcontractors.
- Sureties for credit: they amount to € 652.5 million and relate to subsidiaries (€ 390.7 million), associates (€ 132.3 million) and other Group companies (€ 82.5 million). The residual amount, Euro 46.9 million, relates to sureties granted on behalf of Impregilo S.p.A.
- Sureties granted to SACE for export credit of € 204.3 million.
- Other personal guarantees of € 485.1 million consisting of guarantees related to customs and tax obligations.
- Collateral related to:
  - liens on shares of the consortium company Reggio Calabria-Scilla S.c.p.a. given to guarantee a loan (€ 17.8 million).
  - liens on the remaining shares of Tangenziale Esterna S.p.A. given to guarantee a loan (€ 17.4 million).

26. Financial instruments and risk management

Categories of financial instruments

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

31 December 2013 (Values in €/000)	Note	Loans and receivables	Financial assets at fair value through profit or loss	Hedging derivatives	Held-to-maturity investments	Available-for-sale financial assets	Total	Fair value
Financial assets								
Non-current financial assets	4	17,420			10,867		28,287	25,705
Non-current intragroup loans and receivables	5	1,524					1,524	1,524
Trade receivables	10	338,872					338,872	338,872
Current intragroup loans and receivables	10	466,925					466,925	466,925
Derivatives	11		392				392	392
Cash and cash equivalents	14	304,032					304,032	304,032
Total		**1,128,773**	**392**		**10,867**		**1,140,032**	**1,137,450**

31 December 2013 (Values in €/000)	Note	Other liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Hedging derivatives	Total	Fair value
Financial liabilities						
Bank and other loans	16	203,997			203,997	200,911
Finance lease payables	17	19			19	19
Derivatives	18					
Trade payables	22	99,145			99,145	99,145
Current intragroup payables	22	387,169			387,169	387,169
Total loans		**690,330**			**690,330**	**687,244**

31 December 2012 (Values in €/000)	Note	Loans and receivables	Financial assets at fair value through profit or loss	Hedging derivatives	Held-to-maturity investments	Available-for-sale financial assets	Total	Fair value
Financial assets								
Non-current financial assets	4				4,960		4,960	4,960
Non-current intragroup loans and receivables	5	88,595					88,595	88,595
Trade receivables	10	240,969					240,969	240,969
Current intragroup loans and receivables	10	406,899					406,899	406,899
Derivatives	11		1,092				1,092	1,092
Cash and cash equivalents	14	876,983					876,983	876,983
Total		**1,613,446**	**1,092**		**4,960**		**1,619,498**	**1,619,498**

31 December 2012 (Values in €/000)	Note	Other liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Hedging derivatives	Total	Fair value
Financial liabilities						
Bank and other loans	16	216,246			216,246	215,883
Finance lease payables	17	43			43	43
Derivatives	18		65		65	65
Trade payables	22	136,701			136,701	136,701
Current intragroup payables	22	376,267			376,267	376,267
Total		**729,257**	**65**		**729,322**	**728,959**

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

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

Risk management

Impregilo is exposed to financial risks, including the following:

- market risk deriving from the company's exposure to interest rate fluctuations and exchange rate fluctuations;
- credit risk deriving from the company's exposure to potential losses arising from clients' non-compliance with their obligations;
- liquidity risk deriving from the risk that the financial resources necessary to meet obligations may not be available at the agreed terms and deadlines.

Market risk

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

Currency risk

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

Currency risk at 31 December 2013 mainly related to the following currencies:

- Dollar (United States)
- Bolivar (Venezuela)
- Rand (South Africa)
- Dirham (United Arab Emirates)

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

- agreement of contractual considerations for works and projects in countries with weak currencies using a primarily multi-currency format, in which only a portion of the consideration is expressed in local currency;
- use of portions of the contractual considerations in local currency mainly to cover project expenses to be incurred in that currency;
- analysis of exposure in US dollars on a cumulative and prospective basis with consistent deadlines and setting up forward transactions in the same currency to hedge the company's net exposure at those deadlines.

Adoption of the above-mentioned policies has contained the company's exposure to currency risk, which only relates to the US dollar, the Bolivar, the Rand and the Dirham.

Given the regulated regime controlling the Bolivar and the company's strategy in place to hedge currency risk on currencies other than the US dollar or other strong currencies, whereby they are hedged directly in the contract, it did not perform a sensitivity analysis of the Venezuelan currency. In February 2013, the Bolivar was depreciated against the US dollar. The related exchange rate gains and losses, which moreover were not material, were recognised in 2013.

Had the Euro appreciated or depreciated by 5% against the US dollar at year end, the pre-tax profit for the year would have been respectively lower or greater by € 5.3 million, assuming that all other variables remained constant, mainly due to unrealised exchange rate losses (gains) on net assets in US dollars. A similar change at the end of the previous year would have led to a € 1.9 million decrease (increase in the case of depreciation) in the pre-tax profit for the year, mainly due to unrealised exchange rate losses (gains) on net assets in US dollars.

Had the Euro appreciated or depreciated by 5% against the Rand at year end, the pre-tax profit for the year would have been respectively lower or greater by € 0.9 million, assuming that all other variables remained constant, mainly due to unrealised exchange rate losses (gains) on net assets in Rands. A similar change at the end of the previous year would have led to a € 0.1 million decrease (increase in the case of depreciation) in the pre-tax profit for the year, mainly due to the unrealised exchange rate losses (gains) on net assets in Rands.

With reference to the United Arab Emirates Dirham, had the Euro appreciated or depreciated by 5% against the AED at year end, the pre-tax profit for the year would have been respectively lower or greater by € 1.4 million, assuming that all other variables remained constant, mainly due to unrealised exchange rate losses (gains) on net assets in AED. Exposure in this currency at 31 December 2012 was immaterial.

Interest rate risk

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

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

Had interest rates increased or decreased by an average 75 basis points in 2013, the pre-tax profit for the year would have been respectively lower or greater by € 1.5 million (€ 2.3 million – greater/lower – in the income statement for the year 2012), assuming that all other variables remained constant and without considering cash and cash equivalents.

Credit risk

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

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

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

A breakdown of working capital by country, as shown in the section on segment reporting, is set out below:

Working capital by country (Values in €/000)	**31 December 2013**	**31 December 2012**
Italy	81,655	65,551
Other EU countries	(112,970)	(58,926)
Other non-EU countries	(2,716)	6,754
America	764,925	603,187
Asia	(64,040)	(23,042)
Rest of the world	(7,678)	–
Australia	(1,950)	(17,972)
Total	**657,226**	**575,552**

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

Impregilo's exposure to clients, broken down by contract location, is analysed below:

Client by contract location	Receivables	Positive WIP	Negative WIP and contractual advances	Total	Allowances
31 December 2013					
Italy	16,256	177,079	(11,231)	182,105	–
Other EU countries	53	22,821	(651)	22,222	–
America	288,444	228,923	(10,376)	506,991	9,175
Asia	34,071	8,737	(108,578)	(65,770)	–
Australia	48	–	–	48	–
Total	**338,872**	**437,560**	**(130,837)**	**645,596**	**9,175**
31 December 2012					
Italy	21,042	266,243	(13,186)	274,099	5,000
Other EU countries	10,110	31,603	(7,705)	34,008	–
America	188,379	185,491	(13,779)	360,091	–
Asia	21,419	7,421	(40,143)	(11,303)	–
Rest of the world	20	–	–	20	–
Total	**240,970**	**490,758**	**(74,813)**	**656,915**	**5,000**

Liquidity risk

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

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

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

(Values in €/000)	31 December 2014	31 December 2015	31 December 2018	After	Total
Current account facilities	85,172	–	–	–	85,172
Bank loans and borrowings and factoring payables	20,130	24,749	85,934	–	130,813
Finance lease payables	17	2			19
Gross financial liabilities	105,319	24,751	85,934	–	216,004
Trade payables	99,145				99,145
Total	**204,464**	**24,751**	**85,934**	**–**	**315,149**

Future interest has been estimated based on the market interest rates at the date of preparation of these consolidated financial statements, summarised in the notes.

The prior year figures are given below for comparative purposes:

(Values in €/000)	31 December 2013	31 December 2014	31 December 2017	After	Total
Current account facilities	82,819	–	–	–	82,819
Bank loans and borrowings	32,689	103,571	–	–	136,260
Finance lease payables	28	15			43
Derivatives	65				65
Gross financial liabilities	**115,601**	**103,586**	**–**	**–**	**219,187**
Trade payables	136,701				136,701
Total	**252,302**	**103,586**	**–**	**–**	**355,888**

Liquidity risk management is mainly based on containing debt and maintaining a balanced financial position.

Loans (principal) and trade payables (net of advances to suppliers) falling due before 31 March 2014 are compared with the cash and cash equivalents that can be used to meet such obligations in the table below.

(Values in €/000)	
Total current financial commitments	(175,897)
of which: due before 31 March 2014	(74,636)
Cash and cash equivalents	304,043
Difference	**229,407**

Fair value measurement hierarchy

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

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

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

(Values in €/000)	Note	Level 1	Level 2	Level 3
Derivative assets	11		392	
Derivative liabilities	18		–	
Total		**–**	**392**	**–**

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

Income statement

27. Revenue

Revenue for 2013 amounts to € 1,276.4 million, down 6.6% on the previous year:

(Values in €/000)	2013	2012	Variation	Var. %
Operating revenue	1,235,136	1,302,378	(67,242)	(5.2%)
Other revenue and income	41,255	64,626	(23,371)	(36.2%)
Total revenue	**1,276,391**	**1,367,004**	**(90,613)**	**(6.6%)**

The 6.6% reduction in revenue compared to 2012 is mainly attributable to the temporary slowdown of some projects in Venezuela, affected by the social/political conditions in the country, which were exacerbated in the first half of 2014. However, the Company has been present in this region for many years and there have been similar temporary situations of instability in the past. Given the social importance of the works in progress in Venezuela, as well as the relationships at social and contractual level, it is reasonable to assume that the conditions currently being experienced are temporary and it may therefore be assumed that the occurrence of specific situations of a critical nature are attributable to mere chance.

Operating revenue may be broken down as follows:

(Values in €/000)	2013	2012	Variation	Var. %
Works invoiced to clients	918,997	841,692	77,305	9.2%
Allocation of revenue from Group companies	280,794	422,960	(142,166)	(33.6%)
Services	32,967	36,155	(3,188)	(8.8%)
Other revenue	2,378	1,571	807	51.4%
Total	**1,235,136**	**1,302,378**	**(67,242)**	**(5.2%)**

Work invoiced to clients includes contractual revenue deriving from production carried out during the year, measured using the stage of completion method. The contribution of the main contracts is disclosed in the notes on “Contract work in progress” and “Progress payments and advances on contract work in progress”.

Allocation of revenue from Group companies, down € 142.2 million on the previous year, relates to the portion of revenue earned by joint ventures pertaining to Impregilo. This item relates to the Tunnel Alp Transit (T.A.T.) contract (€ 14.5 million), the Consorzio OIV Tocoma (€ 85.2 million), the Greek consortium for the construction of the Thessalonica metro (€ 10,8,0 million), South African contracts (€ 57.1 million) and United States contracts (€ 54.5 million).

Services mainly relate to sponsorship fees and services provided to support Group companies.

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

(Values in €/000)	2013	2012	Variation	Var. %
Cost recoveries	25,091	19,446	5,645	29.0%
Rent and leases	411	492	(81)	(16.5%)
Gains on the disposal of property, plant and equipment	1,411	2,359	(948)	(40.2%)
Prior year income	2,541	1,798	743	41.3%
Other	11,801	40,531	(28,730)	(70.9%)
Total	**41,255**	**64,626**	**(23,371)**	**(36.2%)**

Cost recoveries relate to the portion of costs (insurance, technical and administrative services and sponsorship fees) incurred by the company on behalf of other Group companies.

The reduction in the item "Other" mainly relates to the additional revenue paid to Impregilo S.p.A. on the basis of the specific agreements with the C.M.C.-Mavundla-IGL joint venture (South Africa).

28.1 Raw materials and consumables

The cost of raw materials and consumables incurred in 2013 decreased by € 7.4 million to € 52.0 million compared to the corresponding figure of the previous year:

(Values in €/000)	2013	% of revenue	2012	% of revenue	Variation
Purchases of raw materials and consumables	50,817	4.0%	56,085	4.1%	(5,268)
Change in raw materials and consumables	1,175	0.1%	3,329	0.2%	(2,154)
Total	**51,992**	**4.1%**	**59,414**	**4.3%**	**(7,422)**

28.2 Subcontracts

Costs of subcontracts amounted to € 101.4 million, down € 53.1 million on the previous year. The change is due to the contracts in Romania (down by € 29.1 million), the United Arab Emirates (down by € 31.1 million), Venezuela (up by € 15.7 million), head office contracts (down by € 10.2 million) and other minor contracts with decreases of €1.6 million.

28.3 Other operating expenses

At 31 December 2013, other operating expenses amounted to € 830.1 million, down by € 63.9 million over 31 December 2012, as follows:

(Values in €/000)	2013	% of revenue	2012	% of revenue	Variation
Consultancy and technical services	45,964	3.6%	47,358	–	(1,394)
Fees to directors, statutory auditors and independent auditors	7,511	0.6%	3,368	0.2%	4,143
Maintenance	2,535	0.2%	1,288	0.1%	1,247
Transportation and freight	11,451	0.9%	15,811	1.2%	(4,360)
Insurance	8,530	0.7%	9,669	0.7%	(1,139)
Recharges and allocation of costs from consortia and joint ventures	691,201	54.2%	752,452	55.0%	(61,251)
Rent and leases	20,835	1.6%	23,752	1.7%	(2,917)
Other operating expenses	32,227	2.5%	32,568	2.4%	(341)
Commissions on sureties	7,667	0.6%	6,454	0.5%	1,213
Prior year expense	1,344	0.1%	697	0.1%	647
Losses on the disposal of assets	317	0.0%	211	0.0%	106
Bank charges and commissions	537	0.0%	428	0.0%	109
Total	**830,119**	**65.0%**	**894,056**	**65.4%**	**(63,937)**

The increase in this item is mainly due to the rise in recharges of costs from consortia and joint ventures, specifically the combined effect of the following:

- greater costs recognised for the Consorzio COCIV (€ 38.0 million), Lambro scrl (€ 30.5 million), the Pedelombarda (€ 45.2 million), T.E.E.M. (€ 29.4 million), the Greek contract for the Athens Metro (€ 28.2 million);
- lower costs allocated by Consortiums, such as on the Venezuelan contract of the Consorzio OIV Tocoma (€ 174.9 million), the South-African contract (€ 49.5 million), the contracts of the Consorcio Contuy (€ 6.2 million), and other minor contracts (€ 2.0 million).

“Consultancy and technical services” mainly consist of costs for the design and construction work carried out by the SPEs. These costs are broken down in the following table:

(Values in €/000)	2013	% of revenue	2012	% of revenue	Variation
Design and engineering services	32,969	2.6%	25,990	1.9%	6,979
Testing	43	0.00%	364	0.1%	(321)
Construction	4,127	0.3%	11,417	0.8%	(7,290)
Legal, administrative and other services	8,825	0.7%	9,587	0.7%	(762)
Total	**45,964**	**3.6%**	**47,358**	**3.5%**	**(1,394)**

Fees to the independent auditors, PricewaterhouseCoopers S.p.A., and other companies of its network for 2013 are detailed as follows:

Service		Fees (Values in €/000)
Audit	Impregilo S.p.A.	703
	Subsidiaries	900
Total audit		**1,603**
Tax assistance	Impregilo S.p.A.	36
	Subsidiaries	81
Total tax assistance		**117**
Other services	Impregilo S.p.A.	691
	Subsidiaries	27
Total other services		**718**
Total Impregilo Group		**2,438**

28.4 Personnel expenses

Personnel expenses for the year amount to € 114.5 million, down € 6.0 million on 2012. The item is made up as follows:

(Values in €/000)	2013	% of revenue	2012	% of revenue	Variation
Wages and salaries	78,048	6.1%	77,527	5.7%	521
Social security and pension contributions	15,665	1.2%	15,837	1.2%	(172)
Post-employment benefits	6,562	0.5%	5,956	0.4%	606
Other personnel expenses	14,228	1.1%	21,232	1.6%	(7,004)
Total	**114,503**	**9.0%**	**120,552**	**8.9%**	**(6,049)**

Other personnel expenses mainly relate to termination benefits and repayments of travel expenses.

The figure for post-employment benefits for 2012 was restated based on IAS 19 revised, with a positive effect of € 717 thousand.

The following table shows the workforce at year end and the related average number:

No.	31 December 2013 Total	31 December 2012 Total	2013 average
Managers	107	96	102
White collars	850	784	817
Blue collars	1,514	958	1,236
Total	**2,471**	**1,838**	**2,155**

28.5 Amortisation, depreciation, provisions and impairment losses

This item amounts to € 26.1 million compared to the previous year figure of € 26.9 million. It may be analysed as follows.

(Values in €/000)	2013	% of revenue	2012	% of revenue	Variation
Accrual to the allowance for impairment	8,912	0.7%	4,666	0.3%	4,246
Accrual to the provisions for risks	1,240	0.10%	231	0.02%	1,009
Net reversals of impairment losses	(640)	(0.05%)	(1,746)	(0.13%)	1,106
Utilisations/Releases	(569)	(0.0%)	(8,036)	(0.6%)	7,467
Total provisions and impairment losses	**8,943**	**0.7%**	**(4,885)**	**(0.4%)**	**13,828**
Amortisation of intangible assets	2,997	0.23%	1,002	0.07%	1,995
Depreciation of property, plant and equipment	14,136	1.1%	30,824	2.3%	(16,688)
Total amortisation and depreciation	**17,133**	**1.3%**	**31,826**	**2.3%**	**(14,693)**
Total	**26,076**	**2.0%**	**26,941**	**2.0%**	**(865)**

The accrual to the allowance for impairment was mainly made for impaired receivables from a number of foreign clients. The accrual to the provision for risks mainly refers to costs for legal proceedings brought by a client concerning the activities of Impregilo Edilizia e Servizi, merged into Impregilo S.p.A. in 2006.

The item “net reversals of impairment losses ” came to € 0.6 million in 2013, as certain receivables from clients and other Group companies are no longer at risk and, therefore, the related allowance for impairment recognised in previous years has been reversed.

The utilisation/release of € 0.6 million relates to events for which the provision was set up in previous years.

29.1 Financial income

Financial income totalled € 13.3 million for 2013 (€ 33.1 million for 2012) and is made up as follows:

(Values in €/000)	2013	2012	Variation
Bank interest income	1,315	1,674	(359)
Interest income on securities	2	–	2
Interest income on intragroup transactions	11,005	10,375	630
Interest income on other items of net invested capital:			
– Interest income on tax assets	527	523	4
– Default interest income	303	20,519	(20,216)
– Other interest income	179	12	167
Total interest income on other items of net invested capital	1,009	21,054	(20,045)
Financial discounts and allowances	2	30	(28)
Total	**13,333**	**33,133**	**(19,800)**

The increase over the corresponding figure of the previous year is due to the following:

- lower interest income from other items of net invested capital, including income recognised in the previous year of € 19.8 million arising from the payment of interest relative to delays in interim payments by some South American clients;
- higher interest income overall of € 0.6 million accrued on intragroup transactions with the companies listed below.

(Values in €/000)	2013	2012	Variation
Impregilo International Infrastructures N.V.	4,022	87	3,935
Consorzio C.A.V.TO.MI	925	808	117
Consorzio C.A.V.E.T.	540	1,122	(582)
Fisia Italimpianti	1,283	5,905	(4,622)
SGF-INC S.p.A.	670	582	88
Eriday	424	358	66
CFT 2000	9	8	1
Consorzio Torre	2	4	(2)
GUPC	2,134	1,184	950
Other	996	317	679
Total	**11,005**	**10,375**	**630**

29.2 Financial expense

Financial expense in 2013 amounted to € 28.4 million, down € 10.8 million over the previous year. The item is broken down as follows:

(Values in €/000)	2013	2012	Variation
Bank interest expense	(19,886)	(25,863)	5,977
Interest expense on other loans	(110)	(926)	816
Lease interest expense	(8)	(8)	–
Interest expense on intragroup transactions	(5,175)	(10,094)	4,919
Interest expense on other items of net invested capital			
– Interest expense on tax liabilities	(1,649)	(678)	(971)
– Other interest expense	(500)	(169)	(331)
Total interest expense on other items of net invested capital	(2,149)	(847)	(1,302)
Bank charges and commissions	(1,055)	(1,408)	353
Total	**(28,383)**	**(39,146)**	**10,763**

The € 10.8 million decrease is mainly due to the following:

- a € 6.0 million decrease in bank interest expense, of which € 17.3 million (€ 20.5 million) mainly attributable to the decrease in the gross debt and timing and currency changes in the debt;
- lower interest expense (€ 4.9 million) on intragroup transactions with the following companies:

(Values in €/000)	2013	2012	Variation
Consorzio C.A.V.TO.MI	(611)	(762)	151
Consorzio C.A.V.E.T.	(148)	(567)	419
Imprepar	–	(1)	1
Impregilo International Infrastructures N.V.	(396)	(6,220)	5,824
Fisia Babcock Environment GmbH	(3,570)	(1,936)	(1,634)
Impregilo Lydco	(302)	(348)	46
Other	(148)	(260)	112
Total	**(5,175)**	**(10,094)**	**4,919**

29.3 Net exchange rate gains

Net exchange rate gains amounted to € 40.0 million, an improvement of € 32.5 million on the previous year.

It should be noted that again in 2013 there was a benefit from the positive effects resulting from asymmetries in the foreign exchange market in relation to certain currencies for which the official exchange rates are artificially fixed, asymmetries which in 2013 have increased further compared with previous years.

(Values in €/000)	2013	2012	Variation
Net exchange rate gains	80,609	39,271	41,338
Unrealised exchange rate gains (losses)	(41,097)	(32,127)	(8,970)
Currency hedging gains (losses)	514	377	137
Total	**40,026**	**7,521**	**32,505**

30. Net gains on investments

Net losses on investments came to € 13.2 million compared to net gains of € 669.9 million for the previous year. They are made up as follows:

(Values in €/000)	2013	2012	Variation
Impairment losses on equity investments	(43,745)	(252,764)	209,019
Reversals of impairment losses on investments	27,051	21,000	6,051
Dividends	3,393	901,665	(898,272)
Net losses on the disposal of equity investments	–	(15)	15
Other gains	56	–	56
Total	**(13,245)**	**669,886**	**(683,131)**

Net gains on investments mainly include the following effects:

- the dividend distribution authorised in 2013 by the subsidiaries Healy S.A. and CSC SA. for a total € 3.4 million;
- the reversal of impairment loss on the investment in the subsidiary FIBE S.p.A.;
- the impairment losses on the investments in the subsidiaries Fisia Italimpianti S.p.A., SGF-INC S.p.A. and Imprepar S.p.A. totalling € 25.4 million.
- the net impairment losses approximating € 18.3 million on interests in joint ventures and SPEs, determined using their statements of financial position and considering the reporting-date estimated losses to complete their contracts;

Note 3 provides more information about changes in the carrying amounts of the above equity investments.

31. Income tax expense

The company's income tax expense for the year is € 50.2 million as follows:

(Values in €/000)	2013	2012	Variation
Current taxes (income taxes)	41,646	50,703	(9,057)
Net deferred tax (income) expense	1,533	(11,740)	13,273
Prior year taxes	2,292	561	1,731
Total income taxes	45,471	39,524	5,947
IRAP	4,776	4,081	695
Total	**50,247**	**43,605**	**6,642**

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

	Income tax expense (€m)	%
Profit before tax	**164.1**	
Theoretical tax expense	45.1	27.5%
Effect of permanent differences	3.2	2.0%
Recovered foreign taxes	(7.2)	(4.4%)
Other	4.3	2.6%
Total	**45.4**	**27.7%**

The effective tax expense, in line with the theoretical tax expense is affected however by:

- the effect of permanent differences;
- taxes paid abroad which met the requirements for recovery during the year;
- net income from the national IRES consolidation agreement with other Group companies;
- the adjustment for prior year taxes.

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

	IRAP	
	(€m)	%
Operating profit (loss)	152.3	
Personnel expenses	114.5	
Operating profit (loss) for IRAP tax purposes	**266.8**	
Theoretical tax expense	10.4	3.9%
Tax effect of foreign production	(5.2)	(1.9%)
Tax effect of permanent differences	(0.4)	(0.1%)
Total	**4.8**	**1.8%**

The net deferred tax income contributes positively to the company's profit for € 1.5 million, specifically for the following items:

(Values in €/000)	
Deferred tax expense for the year	244
Reversal of deferred tax liabilities recognised in previous years	(4,403)
Deferred tax income for the year	(4,227)
Reversal of deferred tax assets recognised in previous years	9,919
Total	**1,533**

32. Related party transactions

Transactions with related parties, as defined by IAS 24, were of an ordinary nature.
Following the merger of Impregilo and Salini, the resulting company assumed the name Salini Impregilo S.p.A. and became subject to management and coordination by the parent Salini Costruttori from 1 January 2014. At 31 December 2013 Impregilo S.p.A. was subject to management and coordination by Salini S.p.A. Accordingly, for the purposes of this disclosure the transactions with Salini S.p.A. and the companies subject to its management and coordination constitute related-party transactions up to 31 December 2013.
During the year 2013 the related-party transactions involved the following counterparties:

- directors, statutory auditors and key management personnel, in line with the contracts regulating their positions within the Group.
- associates; these transactions mainly relate to:
  - commercial assistance with purchases andprocurement 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 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 undertaken by Group companies with other related parties, identified pursuant to IAS 24, including the companies subject to management and coordination by Salini S.p.A., are summarised below:

	31 December 2013							
Name (Values in €/000, Impregilo's share)	**Loans and receivables**	**Other current assets**	**Payables**	**Other current liabilities**	**Operating revenue**	**Costs**	**Financial income (expense)**	**Cash flows for the year**
Salini S.p.A.	587		182	286		727		(21)
Salini Costruttori S.p.A.	1				20	12		(19)
Salini Polska Sp.Z.o.o.	214	5,169			214		169	(5,000)
Salini Australia PTY	53		14		48	14		
Salini Malaysia SDN						22		(21)
Todini S.p.A.			11			2		
Todini Costruzioni Generali S.p.A.	359			26	344			
Total	**1,214**	**5,169**	**207**	**312**	**626**	**777**	**169**	**(5,061)**

Most of the Group's production in the construction segment is carried out through SPEs, set up with other partners that have participated with Impregilo in tenders. The SPEs carry out the related contract 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. Their impact on Impregilo S.p.A.'s financial position at 31 December 2013 and results of operations for the year then ended has not been material.

With regard to the merger of Salini S.p.A. into Impregilo S.p.A., on 12 September 2013 the respective Extraordinary General Meetings approved the merger of Salini S.p.A. into Impregilo S.p.A. The merger became fully effective from 1 January 2014, with an exchange ratio of 6.45 Impregilo ordinary shares for each Salini share, excluding cash adjustments, and from that date the merged company has assumed the name of Salini Impregilo S.p.A. The “Prospectus related to major operations with related parties” prepared in accordance with Article 5 of Consob Regulation 17221 of 12 March 2010, as amended, was published on 1 July 2013 accordance with the applicable laws and regulations.

On 1 January 2014, the effective date of the merger, in implementation of the resolution of the Shareholders’ Meeting of 12 September 2013, the share capital of Salini Impregilo S.p.A. was reduced to € 500.0 million - i.e. by an amount of € 218.4 million, of which € 100.0 million to be allocated to the Legal reserve and € 118.4 million for the establishment of specific equity reserve called “Other reserves” and 44,974,754 million new ordinary shares of Salini Impregilo S.p.A. were issued to Salini Costruttori S.p.A.

Transactions with directors, statutory auditors and key management personnel are shown below:

	2013			2012		
(Values in €/000)	**Fees and remuneration**	**Termination benefits and post-employment benefits for the year**	**Total**	**Fees and remuneration**	**Termination benefits and post-employment benefits for the year**	**Total**
Directors and statutory auditors	5,352		5,352	2,002		2,002
Key management personnel	201		201	1,988	8,294	10,282
Total	**5,553**	**–**	**5,553**	**3,990**	**8,294**	**12,284**

The Company’s production is carried out mainly through special purpose entities, which, depending on Impregilo’s share in their contracts, qualify as subsidiaries or associates. In many cases, they have corporate structures that directly and continuously allocate the profits and losses on contracts to their investors, including by “reallocating costs and fees”. They can be considered to be “transparent” considering the original contractual relationship whereby Impregilo, together with the other investors, depending on the type of organisation selected during the tender stage, is the direct counterparty of the client and the SPE acts in its own name but on behalf of its investors, including vis-à-vis third party suppliers.

Accordingly, transactions between Impregilo and the SPEs, in which it has an investment, are not presented in this section but are summarised with other transactions with subsidiaries and associates in the annex “SEPARATE FINANCIAL STATEMENT OF IMPREGILO S.p.A. - Intragroup transactions - 31 December 2013”.

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

As at 31 December 2013 (Values in €/000)	**Non-current loans and receivables (1)**	**Current loans and receivables (2)**	**Current payables (3)**	**Revenue**	**Financial income**	**Financial expense**
Total - Group companies	1,524	466,925	387,169	4,820	11,005	(5,175)
Total financial statements item	709,048	1,719,455	818,350	1,276,391	13,333	(28,382)
% of financial statements item	0.2%	27.2%	47.3%	0.4%	82.5%	18.2%

As at 31 December 2012 (Values in €/000)	**Non-current loans and receivables (1)**	**Current loans and receivables (2)**	**Current payables (3)**	**Revenue**	**Financial income**	**Financial expense**
Total - Group companies	88,595	406,899	376,268	2,951	10,375	(10,094)
Total financial statements item	778,060	2,198,691	813,163	1,367,004	33,133	(39,146)
% of financial statements item	11.4%	18.5%	46.0%	0.2%	31.3%	25.8%

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

Disclosure on management and coordination

In relation to the requirements of paragraph 11 of article 2.6.2. of the Regulation of Markets Organised and Managed by Borsa Italiana SpA, the company certifies that all requirements listed i paragraph 1, article 37 of the Consob Regulation on Markets, have been met, as regards the list of subsidiaries subject to the management and coordination of other companies.

In accordance with Article 2497-*bis* of the Italian Civil Code, the key figures from the financial statements of Salini S.p.A. at 31 December 2012, the last approved financial statements, are presented below. The financial statements at 31 December 2012 of Salini S.p.A. were prepared in accordance with the accounting standards issued by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (Italy's Association of Chartered Accountants) as amended by the OIC (the Italian Accounting Committee) and in conformity with articles 2423 and 2423-*bis* of the Italian Civil Code.

Income and financial position figures at 31 December 2012

(Values in €/000)	
Income figures	
Revenue	743,808
Difference between revenue and production costs	32,632
Profit (loss) before tax	60,334
Profit (loss) for the year	45,044
Financial position figures	
Intangible assets	4,952
Property, plant and equipment	93,494
Financial assets	379,729
Total non-current assets	**478,175**
Working capital	3,903,416
Accruals and deferrals	28,944
Total assets	**4,410,535**
Equity	276,930
Provisions for risks and charges	9,467
Post-employment benefits	1,432
Payables	4,114,559
Accruals and deferrals	8,147
Total liabilities	**4,133,605**
Figures for personnel	
Managers	62
White collars	1,336
Blue collars	10,964
Total workforce at 31 December 2012	**12,362**

33. Significant non-recurring events and transactions

Apart from the dividends distributed by the subsidiary Impregilo International Infrastructures N.V. (see note 32), the company's financial position, performance and cash flows were not affected by significant non-recurring events and transactions in 2013.

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

During the year, Impregilo did not carry out any atypical and/or unusual transactions, as defined in the Consob communication no. DEM/6064293[6].

35. Events after the reporting period

On 1 January 2014, the merger of Salini S.p.A. into Impregilo S.p.A. became effective, in implementation of the resolution of the Shareholders' Meeting of 12 September 2013. The share capital of the company resulting from the merger, which assumed the name Salini Impregilo S.p.A., was established at € 500.0 million. At the same time a legal reserve was established in the amount of € 100.0 million and 44,974,754 new ordinary shares of Salini Impregilo S.p.A. were issued to Salini Costruttori S.p.A.

On 3 January 2014 the Salini Impregilo Group was awarded the project for the design and construction of a lot of the Sebes - Turda motorway in Romania. The client is "Compania Nationala De Autostrazi Si Drumuri Nationale din România" - CNADNR - (the national motorway and roads company of Romania) and the value of the project is around € 121 million. The Sebes - Turda motorway is located in the middle of Transylvania, in the provinces of Alba and Cluj. Lot 1 of the contract consists of 17 kilometres of motorway with two lanes in each direction with a hard shoulder and includes approximately 81,000 m^2 of bridges and viaducts, as well as three motorway intersections.

On 13 March 2014 an agreement was signed with the "Autoridad por el Canal de Panama" (ACP) for the resumption of works under the Canal expansion project in which Impregilo is a leading contractor along with Sacyr Vallehermoso (Spain) and Jan De Nul (Belgium). For more details see the section 'Risk Areas of the Construction segment' earlier in sections of the Annual Report.

Details of the events that have taken place since 31 December 2013 with respect to the USW Campania projects are provided in the section on "Non-current assets held for sale" in the Directors' report of this Annual Report.

No other significant events took place after the end of 2013 other than what has been disclosed in these notes.

On behalf of the board of directors

Chairman

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

Financial statements of Impregilo S.p.A.

Intragroup transactions

Financial statements of Impregilo S.p.A.
Intragroup transactions - 31 December 2013

(Values in €)	Financial assets			
	Trade payables	Loans	Other	Total
OTHER				
Concessions				
Pedemontana Veneta S.p.A.	75,130	101,125		176,255
Tangenziale Esterna di Milano S.p.A.	50,040			50,040
Tangenziale Esterna di Milano	9,784			9,784
Total	**134,954**	**101,125**		**236,079**
Construction				
Arriyad New Mobility Consortium	309,974	280,191		590,165
Barnard Impregilo Healy JV		1,628,643	1,543,222	3,171,865
CMC-Mavundla-IGL JV	8,024,601	4,056,510	15,901,263	27,982,374
Consorcio Acueducto Oriental			900,627	900,627
Consorcio Cigla-Sade	148,480	1,336,876		1,485,356
Consorcio Contuy Medio		801,976	1,925,161	2,727,137
Consorcio Grupo Contuy-Proyectos y Ob. De F.		1,023,201		1,023,201
Consorcio Impregilo - OHL	1,421,716			1,421,716
Consorcio Impregilo Yarull	108,169		1,231,579	1,339,748
Consorcio OIV-TOCOMA	331,292	80,496,492	52,570,004	133,397,788
Consorcio Serra do Mar			2,166,684	2,166,684
Consorcio V.S.T. Tocoma		153,733		153,733
Consorcio VIT Tocoma		1,643,922		1,643,922
Consorzio Alta V. Bo/Fi - C.A.V.E.T.	1,019,338	18,829,057		19,848,396
Consorzio Alta V. Torino/Milano - C.A.V.TO.MI.	129,776,073			129,776,073
Consorzio Camaiore Impianti	51,798			51,798
Consorzio Caserma Donati in liquidation	215,258			215,258
Consorzio CCTE	1,414	139,756		141,170
Consorzio CO.CI.V.	101,253,689			101,253,689
Consorzio CORAV		96,796		96,796
Consorzio Costruttori TEEM	21,991			21,991
Consorzio CPS Pedemontana	233,149			233,149
Consorzio Iricav Due	1,348,358			1,348,358
Consorzio Italian Engineering & Contractors for Al Faw - IECAF	44,960			44,960
Consorzio Libyan Expressway Contractor	16,410	127,642	53,523	197,574
Consorzio Miteco	106,660			106,660
Consorzio MM4	142,398	310,553		452,951
Consorzio NOG.MA				
Consorzio Pedelombarda 2	19,794			19,794
Consorzio San Cristoforo				
Consorzio Scilla	1,706,306			1,706,306
Consorzio TAT-Tunnel Alp Transit Ticino	29,517			29,517
Consorzio Torre	18,130	8		18,138
Consorzio TRA.DE.CI.V.	228,895			228,895
Consorzio VIT Caroni Tocoma		521,225		521,225
Constructora Mazar			2,384,672	2,384,672
E.R. Impregilo/Dumez y Asociados para Yaciretê	2,632,605	7,409,719		10,042,324
Executive J.V. Impregilo S.p.A. Terna S.A.		7,974		7,974

Financial liabilities				Net				
Trade payables	Loans	Other	Total	Financial assets	Financial liabilities	Revenue from sp. fees	Financial income	Financial expense
				176,255				
				50,040				
				9,784				
				236,079				
(12,505,027)			(12,505,027)	15,477,347				
	(284,952)		(284,952)	615,675				
				1,485,356			(65,844)	
				2,727,137				
				1,023,201				
	(1,877)		(1,877)	1,419,839				
				1,339,748				
(201,889)			(201,889)	133,195,899				
	(1,759,911)		(1,759,911)	406,772				
				153,733				
				1,643,922				
(416,124)			(416,124)	19,432,272		(39,560)	(539,905)	
(18,470,954)	(53,029,791)	(60,441)	(71,561,185)	58,214,888		(1,769,057)	(925,332)	
				51,798				
(159,387)	(7,564)		(166,951)	48,308				
(39,066)			(39,066)	102,104				
(115,656,583)			(115,656,583)		(14,402,893)			
				96,796				
				21,991				
				233,149				
(7,037,403)			(7,037,403)		(5,689,045)			
				44,960				
(16,934)			(16,934)	180,641				
				106,660				
(1,265,210)			(1,265,210)		(812,259)			
(29,571)			(29,571)		(29,571)			
(98,854)			(98,854)		(79,060)			
(35,609)			(35,609)		(35,609)			
(6,208,408)			(6,208,408)		(4,502,102)			
		(1,430,393)	(1,430,393)		(1,400,875)			
(5,049,648)			(5,049,648)		(5,031,510)		(2,213)	
(167,237)			(167,237)	61,658				
				521,225				
				2,384,672				
(91,979)		(5,546,951)	(5,638,930)	4,403,394			(423,832)	
				7,974				

(Values in €)	Trade payables	Financial assets Loans	Other	Total
G.T.B. S.c.r.l.	295,677			295,677
Generalny Wykonawca Salini Polska	1,524,608			1,524,608
Ghazi-Barotha Contractors J.V.	69,611	3,275,560		3,345,170
Grupo Empresas Italianas - GEI				
Impregilo SK Galfar al Misnad JV	1,537,097	3,490,732	597,600	5,625,429
Impregilo - Healy UTE		19,114		19,114
Impregilo - Healy-Parsons JV	26,700	1,157,863	43,107	1,227,670
Impregilo - Terna SNFCC	860,489		1,590,875	2,451,364
IS Joint Ventures	1,347,243	501,853		1,849,096
Joint Venture Aktor Ate - Impregilo S.p.A.	12,063			12,063
Joint Venture Aktor S.A. - Impregilo S.p.A.		333		333
Joint Venture Impregilo S.p.A. - Empedos S.A. - Ak	1,498,407	397,819		1,896,226
Joint Venture Impregilo S.p.A. - S.G.F. INC S.p.A.	1,206,575	7,578,547		8,785,122
Line 3 Metro Stations	59,989	215,000		274,989
M.N. 6 S.c.r.l.	455,204			455,204
Metropolitana di Napoli S.p.A.	85,245			85,245
Nathpa Jhakri J.V.			935,400	935,400
Riviera S.c.r.l.	264,784	33,466		298,250
S.I.MA. GEST 3 S.c.r.l.				
Sarmento S.c.r.l.	4,200	445,131		449,331
SFI Leasing Company			2,511	2,511
Shimmick-FCC-Impregilo JV			1,546,014	1,546,014
SO.C.E.T. Società Costruttori Edili Toscani				
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A.		1,203,334	918,631	2,121,965
Thessaloniki Metro				
Thessaloniki Metro CW	1,397,356		1,221,503	2,618,859
Vegas Tunnel Constructors	306,854		3,936,417	4,243,271
Total	**260,163,080**	**137,183,024**	**89,468,792**	**486,814,896**
Total Other	**260,298,034**	**137,284,149**	**89,468,792**	**487,050,975**
ASSOCIATES				
Concessions				
Aguas del Gran Buenos Aires S.A.	21,564			21,564
Consorcio Agua Azul S.A.	196,247			196,247
Passante Dorico S.p.A.		36,643		36,643
Puentes del Litoral S.A.	1,110	5,727,992		5,729,102
Sistranyac S.A.		78		78
Total	**218,921**	**5,764,712**		**5,983,634**
Construction				
Anagnina 2000 S.c.r.l.	66,734			66,734
Ancipa S.c.r.l.	15,127			15,127
Aurelia 98 S.c.r.l.				
CE.S.I.F. S.c.p.A.				
Diga Ancipa S.c.r.l.	8,264			8,264
Empresa Constructora Lo Saldes Ltda			32,869	32,869
Empresa Constructora Metro 6 Ltda	214,923	1,066		215,989
Eurolink S.c.p.A.	10,710,254			10,710,254
Grupo Unidos por el Canal	15,435,606	72,638,112		88,073,718
Impregilo Arabia Ltd.	506,040	426,705		932,744
La Quado S.c.ar.l.	535,730			535,730
Metro Blu S.c.ar.l.	17,433,534	2,050,000		19,483,534

Financial liabilities				Net		Revenue		
Trade payables	Loans	Other	Total	Financial assets	Financial liabilities	from sp. fees	Financial income	Financial expense
(30,091)			(30,091)	265,586				
				1,524,608				
		(1,128,947)	(1,128,947)	2,216,223				
	(108,839)		(108,839)		(108,839)			
(281,557)			(281,557)	5,343,871				
		(94,627)	(94,627)		(75,513)			
				1,227,670				
				2,451,364		(1,278,292)		
				1,849,096				
				12,063				
				333				
				1,896,226				
(4,840)		(4,212,413)	(4,217,253)	4,567,869				
		(59,436)	(59,436)	215,552				
(395,446)			(395,446)	59,758				44,405
(65,730)			(65,730)	19,515				
(40,098)	(603,880)		(643,977)	291,423				
(952,655)			(952,655)		(654,405)		(48)	
(162,355)			(162,355)		(162,355)			
				449,331			(21,920)	
				2,511				
	(559,656)		(559,656)	986,358				
(106,287)			(106,287)		(106,287)			
				2,121,965				
		(2,704,367)	(2,704,367)		(2,704,367)			
(1,504)			(1,504)	2,617,356				
	(2,101,919)		(2,101,919)	2,141,352				
(169,490,444)	**(58,458,389)**	**(15,237,574)**	**(243,186,407)**	**279,423,180**	**(35,794,691)**	**(3,086,909)**	**(1,979,094)**	**803,261**
(169,490,444)	**(58,458,389)**	**(15,237,574)**	**(243,186,407)**	**279,659,259**	**(35,794,691)**	**(3,086,909)**	**(1,979,094)**	**803,261**
(60,300)			(60,300)		(38,736)			
				196,247				
	(8,460,000)		(8,460,000)		(8,423,357)			
(8,506)		(10,491)	(18,997)	5,710,105				
				78				
(68,807)	**(8,460,000)**	**(10,491)**	**(8,539,298)**	**5,906,429**	**(8,462,093)**			
	(3,615)		**(3,615)**	**63,119**				
				15,127				
(16,121)			(16,121)		(16,121)			
(6,935)			(6,935)		(6,935)			
				8,264				
				32,869				
				215,989				
(17,224,165)	(50,625,000)		(67,849,165)		(57,138,911)			
				88,073,718			(2,133,845)	
(50,000)			(50,000)	882,744				
(6,310,221)			(6,310,221)		(5,774,491)	(690,037)		
(14,983,134)	(5,000)		(14,988,134)	4,495,400				
(14.983.134)	(5.000)		(14.988.134)	4.495.400				

Intragroup transactions

(Values in €)	Trade payables	Financial assets Loans	Other	Total
Metrogenova S.c.r.l.	1,466,392			1,466,392
Monte Vesuvio S.c.r.l.	3,600	17,713		21,313
Passante di Mestre S.c.p.A.	10,488,673			10,488,673
Pedelombarda S.c.p.A.	113,737,841	318		113,738,159
Pietrarossa S.c.r.l.	8,264			8,264
Quattro Venti S.c.r.l.	159,503			159,503
San Giorgio Caltagirone S.c.r.l.	5,165			5,165
Sclafani S.c.r.l.	5,164			5,164
Sirjo S.c.p.A.	960,211			960,211
Società di progetto consortile per azioni M4	1,272,856	4,990,184		6,263,040
VE.CO. S.c.r.l.				
Total	**173,033,880**	**80,124,098**	**32,869**	**253,190,847**
Totale Associates	**173,252,802**	**85,888,810**	**32,869**	**259,174,480**
SUBSIDIARIES				
Engineering & Plant Construction				
Fisia Babcock Environment GmbH	435.453			435.453
Fisia Italimpianti S.p.A.	795.839		15.318	811.157
Gestione Napoli S.p.A.	2.596			2.596
Total	**1.233.888**		**15.318**	**1.249.206**
Concessions				
FIBE S.p.A.	435,453			435,453
IGLYS S.A.	795,839		15,318	811,157
Impregilo International Infrastructures N.V.	2,596			2,596
Impregilo New Cross Ltd.	1,233,888		15,318	1,249,206
Total	**282.271**	**25.108.914**		**25.391.184**
Construction				
Alia S.c.r.l.	3,615	239,005		242,620
Aquilgest S.c.r.l.		190,574		190,574
Aquilpark S.c.r.l.		529,520		529,520
Bocoge S.p.A. - Costruzioni Generali				
Campione S.c.r.l.		672,678		672,678
CIS Divisione Prefabbricati Vibrocesa Scac - C.V.S. S.r.l.		990,089		990,089
CO. MAR. S.c.r.l.		34,560		34,560
Congressi 91 S.c.r.l.				
Consorzio Cogefar - Impresit Cariboni per la Frana di Spriana				
Constructora Ariguani Sas	260,949			260,949
Construtora Impregilo y Associados S.A. - CIGLA S.A.				
Costr. Ferroviarie Torinesi Duemila S.c.r.l. - in liquidation	1,800	192,946		194,746
CSC Impresa Costruzioni S.A.	334,794			334,794
Empresa Constructora Angostura Ltda	2,064,628	21,519,461		23,584,089
Eurotechno S.r.l.		25,047		25,047
Grupo ICT II	1,649,922			1,649,922
I.L.IM. - Iniziative Lombarde Immobiliari S.r.l.				
Imprefeal S.r.l.		202,333		202,333
Impregilo Colombia S.a.s.		65,944		65,944
Impregilo Lidco General Contracting Co.	253,359			253,359
Imprepar - Impregilo Partecipazioni S.p.A.	49,897	6,619,047		6,668,944
Impresa Castelli S.r.l. - in liquidation				
INC - Algérie S.àr.l.				

Financial liabilities				Net		Revenue		
Trade payables	Loans	Other	Total	Financial assets	Financial liabilities	from sp. fees	Financial income	Financial expense
(436,459)		(3,476)	(439,935)	1,026,456		(12,973)		
				21,313				
(6,867,164)			(6,867,164)	3,621,510		(115,771)		
(85,067,690)	(28,200,000)		(113,267,690)	470,469				
				8,264				
(72,040)			(72,040)	87,464				
				5,165				
				5,164				
(7,035,592)	(9,000,000)		(16,035,592)		(15,075,381)			
				6,263,040			(77,174)	
(138,527)			(138,527)		(138,527)			
(138,208,048)	**(87,833,615)**	**(3,476)**	**(226,045,140)**	**105,296,074**	**(78,150,367)**	**(818,782)**	**(2,211,019)**	
(138,276,855)	**(96,293,615)**	**(13,967)**	**(234,584,438)**	**111,202,503**	**(86,612,460)**	**(818,782)**	**(2,211,019)**	
	(74,089,167)		(74,089,167)		(73,653,714)			3,569,836
(37,183)	(9,453,668)		(9,490,851)		(8,679,694)		(1,283,309)	502
				2,596				
(37,183)	**(83,542,835)**		**(83,580,018)**	**2,596**	**(82,333,408)**		**(1,283,309)**	**3,570,338**
				25,197,988				344
(289,442)			(289,442)		(162,745)			
	(60,396,089)		(60,396,089)		(60,339,190)		(4,022,921)	396,189
(27,388)			(27,388)		(17,788)			
(316,830)	**(60,396,089)**		**(60,712,919)**	**25,197,988**	**(60,519,723)**		**(4,022,921)**	**396,533**
				242,620			(11,767)	
				190,574			(8,531)	
				529,520			(26,077)	
	(2,628,759)		(2,628,759)		(2,628,759)			17,490
				672,678				
				990,089			(48,763)	
				34,560			(1,697)	
	(6,402)		(6,402)		(6,402)			
							(124)	
				260,949				
	(628,770)		(628,770)		(628,770)			14,821
				194,746			(9,390)	
(243,100)			(243,100)	91,695		(367,102)		3,009
				23,584,089		(546,884)	(703,946)	
				25,047			(1,229)	
(114,570)	(300,253)		(414,822)	1,235,100				
	(3,294,583)		(3,294,583)		(3,294,583)			
				202,333				
				65,944				
(135,199)	(26,848,494)		(26,983,693)		(26,730,334)			301,894
(915,235)	(655,277)		(1,570,512)	5,098,432				
	(281,717)		(281,717)		(281,717)			22
(132,348)			(132,348)		(132,348)			

(Values in €)	Trade payables	Financial assets Loans	Other	Total
INCAVE S.r.l. - in liquidation	17			17
Lambro Scrl	157,589			157,589
Librino S.c.r.l.	3,615			3,615
Montenero S.c.r.l.		376,041		376,041
Nuovo Dolonne S.c.r.l.				
PGH Ltd.	61,529	2,186,112		2,247,641
Reggio Calabria Scilla S.c.p.A.	3,211,884	761,123		3,973,006
Rivigo J.V. (Nigeria) Ltd.	93,643			93,643
S. Anna Palermo S.c.r.l.				
S. Leonardo Due S.c.r.l.		872		872
S. Leonardo S.c.r.l.	12,395			12,395
S.A. Healy Company	335,660			335,660
S.G.F. - I.N.C. S.p.A.		15,322,459		15,322,459
S.G.F. I.N.C. S.p.A. - filiale Venezuela	45,654		1,140,939	1,186,593
Salerno-Reggio Calabria S.c.p.A.	63,096,478			63,096,478
San Martino Prefabbricati S.p.A.	8,013			8,013
SGF filiale Colombia	122,301			122,301
Società Autostrade Broni-Mortara	25,368			25,368
Società Industriale Prefabbricazione Edilizia del Mediterraneo - SIPEM S.p.A.		400,532		400,532
Suramericana de Obras Publicas C.A.		303,783		303,783
Sviluppo Applicazioni Industriali - SAPIN S.r.l.				
Trincerone Ferroviario S.c.r.l.		3,621		3,621
Vittoria S.c.r.l.	3,615			3,615
Total	**71,796,727**	**50,635,747**	**1,140,939**	**123,573,413**
Total Subsidiaries	**73,312,885**	**75,744,661**	**1,156,257**	**150,213,803**
Total current	**506,863,721**	**298,917,620**	**90,657,917**	**896,439,259**
ASSOCIATES				
Concessions				
Puentes del Litoral S.A.		1,523,590		1,523,590
Total Associates		**1,523,590**		**1,523,590**
Total non-current		**1,523,590**		**1,523,590**
TOTAL	**506,863,721**	**300,441,211**	**90,657,917**	**897,962,849**

Financial liabilities				Net		Revenue		
Trade payables	Loans	Other	Total	Financial assets	Financial liabilities	from sp. fees	Financial income	Financial expense
	(464,903)		(464,903)		(464,886)			44
	(902,114)		(902,114)		(744,525)			
				3,615				
				376,041			(18,517)	
(437,751)	(63,394)		(501,145)		(501,145)			6
(17,928)			(17,928)	2,229,714			(8,586)	
(41,260,551)			(41,260,551)		(37,287,544)			
				93,643				
(92,333)			(92,333)		(92,333)			
				872			(38)	
	(9,175)		(9,175)	3,220				
	(14,059,285)		(14,059,285)		(13,723,624)			60,935
(1,149,165)			(1,149,165)	14,173,294			(669,633)	
(1,228,432)			(1,228,432)		(41,838)			
(98,124,275)			(98,124,275)		(35,027,797)			
				8,013				2
				122,301				
				25,368				
				400,532				
	(617,172)		(617,172)		(313,389)			6,536
	(8,751)		(8,751)		(8,751)			
				3,621			(173)	
				3,615				
(143,850,885)	**(50,769,050)**		**(194,619,935)**	**50,862,225**	**(121,908,748)**	**(913,986)**	**(1,508,472)**	**404,760**
(144,204,898)	**(194,707,974)**		**(338,912,873)**	**76,062,809**	**(264,761,879)**	**(913,986)**	**(6,814,703)**	**4,371,631**
(451,972,197)	**(349,459,979)**	**(15,251,542)**	**(816,683,717)**	**466,924,571**	**(387,169,030)**	**(4,819,677)**	**(11,004,816)**	**5,174,892**
				1,523,590				
				1,523,590				
				1,523,590				
(451,972,197)	**(349,459,979)**	**(15,251,542)**	**(816,683,717)**	**468,448,161**	**(387,169,030)**	**(4,819,677)**	**(11,004,816)**	**5,174,892**

Separate financial statements of Impregilo S.p.A.

Equity investments

Separate financial statements of Impregilo S.p.A. Equity investments

Name	% direct	% in-direct	Registered office	Amount Igl S.p.A. 1.1.2013 (€)	Increases for the year	No.
SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES - CONSOLIDATED						
Construction segment						
Barnard Impregilo Healy J.V.	25	45	United States			
Bocoge S.p.A. - Costruzioni Generali		100	Milan			
Campione S.c.r.l. (in liquidation)	99.9	99.9	Milan			
Consorcio Acueducto Oriental	67	67	Santo Domingo			
Consorcio Contuy Medio Grupo A C.I. S.p.A. Ghella Sogene C.A., Otaola C.A.	36.4	36.4	Charallave	1,027		
Consorcio Impregilo OHL		70	Bogotà			
Consorcio Impregilo Yarull	70	70	Santo Domingo			
Consorzio Alta Velocità Torino/Milano - C.A.V.TO.MI.	74.69	74.69	Milan	3,687,080	48.334	O
Consorzio C.A.V.E.T. - Consorzio Alta Velocità Emilia/Toscana	75.98	75.98	Pianoro	4,093,988	26.418	O
Consorzio Camaiore Impianti (in liquidation)	55	55	Cavriago	14,203		
Consorzio Caserma Donati	84.2	84.2	Milan	240,000		
Consorzio CCTE (in liquidation)	60	100	Milan	24,790		
Consorzio CO.CI.V.	64	64	Genoa	278,887	51.646	B
Consorzio Cogefar-Impresit Cariboni per la Frana di Spriana S.c.r.l. (in liquidation)	100	100	Milan	46,481		
Consorzio Scilla (in liquidation)	51	51	Palmi	508		
Consorzio Torre	94.6	94.6	Milan	4,730,000		
Consorzio tra le Società Impregilo/Bordin/Coppetti/Icep - CORAV	96.97	96.97	Milan	51,563		
Consorzio Venice Link (in liquidation)	61	61	Venice	610		
Constructora Ariguani S.a.s.	51	51	Bogotà			
Constructora Mazar Impregilo-Herdoiza Crespo	70	70				
Construtora Impregilo y Associados S.A.-CIGLA S.A.	100	100	San Paolo			
CSC Impresa Costruzioni S.A.	100	100	Lugano	3,208,553		
Effepi - Finanza e Progetti S.r.l. (in liquidation)		100	Milan			
Empresa Constructora Angostura Ltda.	65	65	Santiago			
Eurolink S.c.p.A.	45	45	Rome	67,500,000		
Ghazi-Barotha Contractors J.V.	57.8	57.8	Lugano			
Grupo ICT II S.a.s.	100	100	Bogotà			
Grupo Unidos por el Canal S.A.	48	48	Panama			
I.L.IM. - Iniziative Lombarde Immobiliari S.r.l. (in liquidation)	100	100	Milan	3,834,610		
Impregilo Colombia SAS	100	100	Bogotà			
Impregilo Lidco Libya General Contracting Company	60	60	Tripoli	1,785,000		
Impregilo - Healy-Parsons J.V.	45	65	Washington			
Impregilo - SK E&C-Galfar al Misnad J.V.	41.25	41.25	Doha			
Impregilo - Terna SNFCC Joint Ventures	51	51	Greece			

Decreases in the year	No.	Amount Igl S.p.A. 31.12.2013 (€)	Currency	Nom. amount sub./pay. in rep. currency 31.12.2013	Nom. amount sub./pay. % of interest (€)	Latest published financial statements translated into Euros at 31.12.2013 (direct investment) Reporting equity	Profit (loss)	Reporting date
			USD			3,915,202	798,531	12/12
						-----	-----	-----
			Euro	11,000	10,989	(1,089,917)	(39,814)	12/11
			DOP			519,808	84,506	12/12
		1,027	VUV	1,000		14,294	11,152	12/07
						-----	-----	-----
			DOP			636,240	636,240	12/12
20,024	N	3,715,390	Euro	5,000,000	3,734,500	3,714,477	(20,023)	12/13
		4,120,406	Euro	5,422,797	4,120,241	4,120,241		12/13
		14,203	Euro	25,500	14,025	14,203		12/13
		240,000	Euro	300,000	252,600	252,600		12/13
		24,790	Euro	41,315	41,315	24,790		12/13
		330,533	Euro	516,457	330,532	278,887		12/13
46,481	I		Euro	45,900	45,900	46,482		12/12
		508	Euro	1,000	510	510		12/13
		4,730,000	Euro	5,000,000	4,730,000	4,730,000		12/13
		51,563	Euro	51,129	49,580	49,580		12/13
610	I					-----	-----	-----
			COP	100,000,000	19,141	24,310	5,091	12/12
			USD			10,962,567	(2,913,274)	12/09
			BRL	7,641,014	2,345,596	172,680	1,316	12/12
		3,208,553	CHF	2,000,000	1,629,195	25,572,041	1,546,150	12/12
			Euro	78,000	78,000	-----	-----	-----
			CLP	50,000,000	44,842	(246,649)	(894,508)	12/11
		67,500,000	Euro	150,000,000	67,500,000	67,500,000		12/11
			PKR	100,000	398	(264,607)	(528,134)	12/08
			COP	1,300,000,000	487,911	(57,443)	(58,700)	12/12
			USD	1,000,000	348,053	(100,336,488)	(106,016,932)	12/12
		3,834,610	Euro	3,100,000	3,100,000	3,725,505	(68,622)	12/12
			COP	300,000,000	112,595	(20,173,008)	(22,350,300)	12/12
		1,785,000	LYD	1,500,000	528,814	1,201,944	(219,701)	12/11
			USD					1st yr 2013
			QAR			597,600	597,600	12/13
			Euro				70,469	12/12

Equity investments

Name	% direct	% in-direct	Registered office	Amount Igl S.p.A. 1.1.2013 (€)	Increases for the year	No.
INC - Algérie S.àr.l.		99.97	Touggourt			
Interstate Healy Equipment J.V.		45	San Francisco			
Joint Venture Impregilo S.p.A. - S.G.F. INC. S.p.A.	99	100	Drakotrypa			
La Quado S.c.ar.l.	35	35	Milan	3,500		
Lambro S.c.r.l.	0.01	0.01	Milan	188,880		
Lavori Lingotto S.c.r.l. (in liquidation)	100	100	Turin			
Metro Blu S.c.r.l.	50	50	Milan	5,000		
Nathpa Jhakri J.V.	60	60	Nuova Delhi			
Nuovo Dolonne S.c.r.l. (in liquidation)	100	100	Milan	50,000		
Passante di Mestre S.c.p.A.	42	42	Venice	4,200,000		
Pedelombarda S.c.p.A.	47	47	Milan	37,600,000		
PGH Ltd.	100	100	Port Harcourt			
Reggio Calabria - Scilla S.c.p.A.	51	51	Rome	17,850,000		
Rivigo J.V. (Nigeria) Ltd.		70	Port Harcourt			
S.A. Healy Company	100	100	Lombard	26,370,486		
S.G.F. - I.N.C. S.p.A.	100	100	Milan	4,637,895	2,000,000	D
Salerno-Reggio Calabria S.c.p.A.	51	51	Rome	25,500,000		
SFI Leasing Company	30	30	Long Beach			
Shimmick CO. INC. - FCC CO S.A. - Impregilo S.p.A -J.V.	30	30	Long Beach			
Società Ind. Prefab. Edilizia del Mediterraneo - S.I.P.E.M. S.p.A. (in liquidation)	100	100	Assoro			
Suramericana de Obras Publicas C.A.- Suropca C.A.	99	100	Caracas	3,365,395		
Vegas Tunnel Constructores	40	100	Las Vegas			
Engineering & Plant Construction segment						
Fisia Babcock Engineering Co. Ltd.		100	Shanghai			
Fisia Babcock Environment GmbH		100	Gummersbach			
Fisia Italimpianti S.p.A.	100	100	Genoa	79,000,000		
Gestione Napoli S.p.A. (in liquidation)	24	99	Genoa	41,001		
Steinmuller International GmbH		100	Gummersbach			
FIBE						
FIBE S.p.A.	99.989	99.998	Naples	17,076,370	23,372,833	M
Concessions segment						
IGLYS S.A.		100	Buenos Aires			
Impregilo International Infrastructures N.V.	100	100	Amsterdam	170,000,000		
Impregilo New Cross Ltd.		100	Abingdon			
Impregilo Parking Glasgow Ltd.		100	Abingdon			
Mercovia S.A.		60	Buenos Aires			
Società Autostrada Broni-Mortara S.p.A.	61.081	61.081	Milan		17,342,000	L,A,D

Decreases in the year	No.	Amount Igl S.p.A. 31.12.2013 (€)	Currency	Nom. amount sub./pay. in rep. currency 31.12.2013	Nom. amount sub./pay. % of interest (€)	Latest published financial statements translated into Euros at 31.12.2013 (direct investment)		
						Reporting equity	Profit (loss)	Reporting date
			Euro				–	–
			DZD	151,172,000	1,402,089	–	–	–
			USD			–	47.268	uff.12/11
			Euro					uff.12/12
		3,500	Euro	10,000	3,500	3,500		
188,880	H/L						(10.175)	uff.12/13
			Euro	25,000	25,000	(1,273,444)		uff.12/12
		5,000	Euro	10,000	5,000	5,000		
			USD	1,000,000	435,066			uff.12/11
		50,000	Euro	50,000	50,000	49,999		uff.12/12
		4,200,000	Euro	10,000,000	4,200,000	21,000,000		uff.12/12
		37,600,000	Euro	80,000,000	37,600,000	37,600,000	912.221	uff.12/12
			NGN	52,000,000	235,415	2,699,070		uff.12/12
		17,850,000	Euro	35,000,000	17,850,000	17,850,000	–	–
			NGN	25,000,000	79,226	–	7.106.281	uff.12/12
		26,370,486	USD	11,320,863	8,208,878	26,268,239	(2.538.146)	uff.12/12
3,937,895	N	2,700,000	Euro	3,859,680	3,859,680	2,099,749		uff.12/12
		25,500,000	Euro	50,000,000	25,500,000	25,500,000		1° es. 2013
			Euro	360,000	108,000		496.367	uff.12/12
			USD			1,126,393	(197.942)	uff.12/12
			Euro	438,546	438,546	(387,308)	475.763	uff.12/10
		3,365,395	VEF	2,874,118,000	331,217,462	4,763,735	2.802.008	uff.12/12
			USD			1,759,992		
			Euro	140,000	140,000	–	–	–
			Euro	15,000,000	15,000,000	–	1.082.156	uff.12/12
17,200,000	N	61,800,000	Euro	10,000,000	10,000,000	29,238,675	(8.406)	uff.12/12
41,001	N		Euro	100,000	99,000	(1,028)	–	–
			Euro	25,000	25,000	–		
							(5.566.149)	uff.12/12
		40,449,203	Euro	3,500,000	3,499,930	17,074,492		
							–	–
			ARS	17,000,000	1,891,172	–	798.404	uff.12/12
		170,000,000	Euro	100,000,000	100,000,000	234,696	–	–
			GBP	2	2	–	–	–
			GBP	1,000	1,199	–	–	–
			ARS	10,000,000	667,472	–		
		17,342,000	Euro	25,000,000	15,270,250			

Equity investments

Name	% direct	% in-direct	Registered office	Amount Igl S.p.A. 1.1.2013 (€)	Increases for the year	No.
Imprepar						
Imprepar-Impregilo Partecipazioni S.p.A. (*)	100	100	Milan	50,190,618		
Total investments in subsidiaries, associates and jointly controlled entities - consolidated				**525,576,445**	**42,841,231**	
OTHER NON-CONSOLIDATED ENTITIES						
Construction segment						
Aegek-Impregilo-Aslom J.V.	45.8	45.8	Greece			
Anagnina 2000 S.c.r.l.	50	50	Milan	5,165		
Arbeitsgemeinschaft Aschertunnel		15				
Arbeitsgemeinschaft Tunnel Umfahrung Saas (ATUS)		32	Herzogenbuchsee			
Arge Haupttunnel Eyholz		36	Thun			
Arge Sisto N8		50	Lugano			
Arge Uetlibergtunnel		15	Zurich			
Arriyad New Mobility Consortium	33.48	33.48	S. Arabia			
B.O.B.A.C. S.c.ar.l. (in liquidazione)		50	Pozzuoli			
Calpark S.p.A.		1.89	Rende			
CE.S.I.F. S.c.p.A. (in liquidation)	24.18	24.18	Naples	63,460		
CGMR Gestione Materiale Roveredo		40	Poschiavo			
CGR Consorzio Galliera Roveredo		37.5	Lugano			
Churchill Construction Consortium		30				
Civil Works Joint Ventures	14.5	14.5	S. Arabia			
CMC - Consorzio Monte Ceneri lotto 851		40	Lugano			
CMC - Mavundla - Impregilo J.V.	39.2	39.2				
Collegamento Ferroviario Genova-Milano S.p.A.	60.4	60.4	Genoa	578		
Consorcio Cigla-Sade		50	Sonora			
Consorcio Contuy Medio	29.04	29.04	Caracas			
Consorcio Grupo Contuy-Proyectos y Obras de Ferrocarriles	33.33	33.33	Caracas			
Consorcio Imigrantes		50	S. Bernardo do C.			
Consorcio Normetro	13.18	13.18	Porto			
Consorcio OIV-TOCOMA	20	20	Caracas			
Consorcio Serra do Mar	25	50	Cubatao			
Consorcio V.I.T. - Tocoma	35	35	Caracas			
Consorcio V.I.T. Caroni - Tocoma	35	35	Caracas			
Consorcio V.S.T.		35	Caracas			
Consorcio V.S.T. Tocoma	30	30	Caracas			
Consorzio Stazione Mendrisio		25	Lugano			
Consorzio Biaschina		33.34	Lugano			
Consorzio Casale Nei		3.45	Rome			
Consorzio CEMS		33.4	Lodrino			
Consorzio CMM4	31.05	31.05	Milan	62,100		
Consorzio CON.SI	2.27	2.27	Pordenone	516		

Decreases in the year	No.	Amount Igl S.p.A. 31.12.2013 (€)	Currency	Nom. amount sub./pay. in rep. currency 31.12.2013	Nom. amount sub./pay. % of interest (€)	Latest published financial statements translated into Euros at 31.12.2013 (direct investment)		
						Reporting equity	Profit (loss)	Reporting date
4,249,427	N	45,941,191	Euro	3,100,000	3,100,000	49,189,436	(1,001,183)	12/12
25,684,318		**542,733,358**						
								12/11
3,156	N	2,009	Euro	10,329	5,165	5,623		12/13
						–	–	–
						–	–	–
						–	–	–
						–	–	–
						–	–	–
			SAR					1st yr 2013
			Euro	10,200	5,100	–	–	–
			Euro	511,141	9,661	–	–	–
		63,460	Euro	250,000	60,450	62,695		12/11
						–	–	–
						–	–	–
						–	–	–
			SAR					1st yr 2013
						–	–	–
578	I							
						–	–	–
						–	–	–
						–	–	–
						–	–	–
						–	–	–
			Euro	22,466	775	–	–	–
						–	–	–
		62,100	Euro	200,000	62,100	62,100		12/13
		516	Euro	22,724	516			

Name	% direct	% in-direct	Registered office	Amount Igl S.p.A. 1.1.2013 (€)	Increases for the year	No.
Consorzio Costruttori TEEM	0.01	0.01	Milan	3,400		
Consorzio CPS Pedemontana Veneta Costruttori Progettisti e Servizi	35	35	Verona	35,000		
Consorzio Felce		25	Lodrino			
Consorzio Felce lotto 101		25	Lugano			
Consorzio Iricav Due	13.64	13.64	Rome	70,339		
Consorzio Italian Engineering & Contractors for Al Faw - IECAF	33.1	33.1	Milan	3,310		
Consorzio Libyan Expressway Contractor	42.5	42.5	Milan		4.250	A
Consorzio MARC - Monitoraggio Ambientale Regione Campania (in liquidation)		10	Naples			
Consorzio Mina de Cobre	50	50	Milan			
Consorzio Miteco	44.16	44.16	Castelnovo (RE)	4,416		
Consorzio MPC		33	Lugano			
Consorzio Nazionale Imballaggi - CO.NA.I.	1	1	Milan	5		
Consorzio NOG.MA	14	14	Venice	84,000		
Consorzio Pedelombarda 2	40	40	Milan	4,000		
Consorzio Piottino		25	Lugano			
Consorzio portale Vezia (CPV Lotto 854)		60	Vezia			
Consorzio SI.VI.CI.CA.		25	Lugano			
Consorzio SI.VI.CI.CA. 3		25	Lugano			
Consorzio SI.VI.CI.CA. 4		25	Lugano			
Consorzio TAT-Tunnel Alp Transit Ticino, Arge	17.5	25	Aarau			
Consorzio TRA.DE.CI.V.	8.06	8.06	Naples	12,534		
Consorzio Trevi - S.G.F. INC per Napoli		45	Naples			
Constructora Ariguani SAS	51	51	Bogotà	19,849		
CSLN Consorzio		28	Lugano			
E.R. Impregilo/Dumez y Asociados para Yaciretê - ERIDAY	18.75	20.75	Buenos Aires			
EDIL.CRO S.c.r.l.		16.65	Lamezia			
Emittenti Titoli S.p.A.	0.24	0.24	Milan	10,832		
Empresa Constructora Lo Saldes Ltda.	35	35	Santiago	5,341		
Empresa Constructora Metro 6 Ltda.	49	49.01	Santiago			
Executive J.V. Impregilo S.p.A. Terna S.A. - Iris S.A. (in liquidation)	33.33	33.33	Greece			
G.T.B. S.c.r.l.	0.01	0.01	Naples	5		
Generalny Wykonawca Salini Polska - Impregilo - Kobylarnia S.A.	33.34	33.34	Odolion			
Groupement Hydrocastoro		49.5	Touggourt			
Grupo Empresas Italianas - GEI	33.33	33.33	Caracas			
Healy-Yonkers-Atlas-Gest J.V.		45	Harrogate			
I_Faber S.p.A.	8	8	Milan	583,317		
Immobiliare Golf Club Castel D'Aviano S.r.l.	0.44	0.44	Aviano	62,910		
Impregilo - Rizzani de Eccher J.V.	67	67	Lugano			
Impregilo Alfred Mcalpine Curchill Hospital J.V.		50				
Impregilo Arabia Ltd.	50	50	Jeddah	4,164,064		
Impregilo S.p.A. - S.A. Healy Company UTE	98	100	Buenos Aires			

Decreases in the year	No.	Amount Igl S.p.A. 31.12.2013 (€)	Currency	Nom. amount sub./pay. in rep. currency 31.12.2013	Nom. amount sub./pay. % of interest (€)	Latest published financial statements translated into Euros at 31.12.2013 (direct investment)		
						Reporting equity	Profit (loss)	Reporting date
3,400	H		Euro	10,000	1			
		35,000	Euro	100,000	35,000	35,000		12/13
						–	–	–
						–	–	–
		70,339	Euro	510,000	69,564			
3,310	H							
		4,250	Euro	10,000	4,250			12/13
			Euro	25,822	2,582	–	–	–
								1st yr 2013
		4,416	Euro	10,000	4,416	4,416		12/09
						–	–	–
		5	Euro	130	1			
		84,000	Euro	600,000	84,000			
		4,000	Euro	10,000	4,000	4,000		12/13
						–	–	–
						–	–	–
						–	–	–
						–	–	–
						–	–	–
		12,534	Euro	155,535	12,536			
			Euro	10,000	4,500	–	–	–
		19,849						
						–	–	–
			USD	539,400	81,158			
			Euro	10,200	1,698	–	–	–
		10,832	Euro	4,264,000	10,234			
		5,341	CLP	10,000,000	4,829			
			CLP	25,000,000	16,905			1st yr 2013
			GRD	450,000				
		5	Euro	51,000	5			
			PLN					1st yr 2013
			DZD	2,000,000	9,185	–	–	–
			VEF	10,000,000	384,100			
						–	–	–
		583,317	Euro	5,652,174	452,174			
		62,910	Euro	3,891,720	17,124			
						–	–	–
		4,164,064	SAR	40,000,000	3,866,662	3,068,739	185,765	12/12
			ARS					1st yr 2013

Equity investments

Name	% direct	% in-direct	Registered office	Amount Igl S.p.A. 1.1.2013 (€)	Increases for the year	No.
Impregilo Salini (Panama) S.A.	50	50	Panama			
IS Joint Ventures	50	50	Australia			
Isibari S.c.r.l.		55	Bari			
Istituto Promozionale per l'Edilizia S.p.A. - Ispredil S.p.A.		0.42	Rome			
Joint Venture Aegek-Impregilo-Ansaldo-Seli-Ansaldobreda	26.71	26.71	Moroussi			
Joint Venture Aktor Ate - Impregilo S.p.A. (Constantinos)	40	40	Greece			
Joint Venture Aktor S.A. - Impregilo S.p.A.	0.01	0.01	Greece			
Joint Venture Impregilo S.p.A. - Empedos S.A. - Aktor A.T.E.	66	66	Greece			
Joint Venture Terna - Impregilo	45	45	Greece			
Lambro S.c.r.l.	0.01	0.01	Milan		20	L
Line 3 Metro Stations	50	50	Greece			
M.N. 6 S.c.r.l.	1	1	Naples	510		
Markland S.r.l. (in liquidation)	1.9	1.9	Milan	1,270		
Metrogenova S.c.r.l.	35.63	35.63	Genoa	8,257		
Metropolitana di Napoli S.p.A.	5.18	5.18	Naples	313,652		
Mohale Dam Contractors (MDC) J.V.	50	50				
Mohale Tunnel Contractors (MTC) J.V.	35	35				
Normetro - Agrupamento Do Metropolitano Do Porto, ACE	13.18	13.18	Porto			
Quattro Venti S.c.r.l. (in liquidation)	40	40	Rome	20,658		
Rimini Fiera S.p.A.	2.09	2.09	Rimini	3,193,672		
Riviera S.c.r.l.	10.54	10.54	Naples	5,271		
S. Anna Palermo S.c.r.l. (in liquidation)	71.6	71.6	Palermo	18,592		
S.I.MA. GEST 3 S.c.r.l. (in liquidation)	0.01	0.01	Zola Predosa	5		
Sarmento S.c.r.l.		0.01	Milan			
SI.VI.CI.CA. 2		25	Lugano			
Sirjo S.c.p.A.	40	40	Rome	12,000,000		
Skiarea Valchiavenna S.p.A.	0.98	0.98	Madesimo	99,740		
Società di gestione SSIC-TI		5	Bellinzona			
Società di Progetto Consortile per Azioni M4	29	29	Milan		104,040	A
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A.-Iglys S.A. UTE	26.25	35	Buenos Aires	3,945		
Thessaloniki Metro CW J.V.	42.5	42.5	Greece			
Todini-Impregilo Almaty Khorgos J.V.	49.995	49.995	Kazakhstan			
Transmetro - Construcao de Metropolitano A.C.E.	5	5	Porto			
Unicatanzaro S.c.r.l. (in liquidation)		56	Germaneto			
VE.CO. S.c.r.l.	25	25	Venice	2,582		
Wurno Construction Materials - WUCOMAT Ltd.		5.07	Sokoto			
Yellow River Contractors J.V.	36.5	36.5	Pechino			
Engineering & Plant Construction segment						
Consorzio Agrital Ricerche (in liquidation)		20	Maccarese			
Consorzio Aree Industriali Potentine (in liquidation)		2	Baraggiano S.			
Nautilus S.c.p.A. (in liquidation)		34.41	Rome			
Villagest S.c.r.l. (in liquidation)		50	Cagliari			

Decreases in the year	No.	Amount Igl S.p.A. 31.12.2013 (€)	Currency	Nom. amount sub./pay. in rep. currency 31.12.2013	Nom. amount sub./pay. % of interest (€)	Latest published financial statements translated into Euros at 31.12.2013 (direct investment)		
						Reporting equity	Profit (loss)	Reporting date
			USD	10,000				1st yr 2013
			AUD					1st yr 2013
			Euro	15,300	8,415	–	–	–
			Euro	111,045	466	–	–	–
						–	–	–
							(14,330)	12/11
		20	Euro	200,000	20	–	–	–
		510	Euro	51,000	510			
		1,270	Euro	66,810	1,269			
		8,257	Euro	25,500	9,086	9,201		12/13
		313,652	Euro	3,655,397	189,350			
			PTE	100,000				
		20,658	Euro	51,000	20,400	20,658		12/13
		3,193,672	Euro	42,294,067	883,946			
		5,271	Euro	50,000	5,270			
		18,592	Euro	40,800	29,213	29,583		12/11
		5	Euro	50,000	5			
			Euro	10,200	1	–	–	–
						–	–	–
		12,000,000	Euro	30,000,000	12,000,000	12,000,000		12/12
		99,740	Euro	10,568,180	103,568			
			CHF	1,000,000	40,730	–	–	–
		104,040	Euro	120,000				
		3,945				1,798,547	(248,206)	off. 05/10
			Euro	15,300	8,568	–	–	–
		2,582	Euro	10,200	2,550	2,582		12/99
			NGN	3,300,000	757			
			Euro	138,405	27,681	–	–	–
			Euro	408,000	8,160	–	–	–
			Euro	479,880	165,127	–	–	–
			Euro	13,944	6,972	–	–	–

Name	% direct	% in-direct	Registered office	Amount Igl S.p.A. 1.1.2013 (€)	Increases for the year	No.
Concessions segment						
Acqua Campania S.p.A.		0.1	Naples			
Aguas del Gran Buenos Aires S.A. (in liquidation)	16.5	42.59	La Plata		21,130	O
Aguas del Oeste S.A.		33.33	Buenos Aires			
Autopistas del Sol S.A.		19.82	Buenos Aires			
Coincar S.A.	26.25	35	Buenos Aires			
Consorcio Agua Azul S.A.		25.5	Lima			
Empr. Constr. Delta S.A., Josè Cartellone Constr. Civ. S.A., Iglys S.A. U.T.E.		5	Cordoba			
Enecor S.A.		30	Buenos Aires			
Impregilo Wolverhampton Ltd.		20	Abingdon			
Ochre Solutions Holdings Ltd.		40	Abingdon			
Passante Dorico S.p.A.	47	47	Milan		11,280,000	A
Pedemontana Veneta S.p.A.	19	19	Verona	1,213,500		
Puentes del Litoral S.A.	22	26	Buenos Aires			
Sistranyac S.A.		20.1	Buenos Aires			
Società Autostrada Broni-Mortara S.p.A.	40	40	Milan	10,000,000		
Tangenziale Esterna di Milano S.p.A.	2.73	2.73	Milan	2,692,965	1,976,303	D
Tangenziale Esterna S.p.A.	3.75	3.75	Milan	15,500,000	23,600,000	D
Yacylec S.A.		18.67	Buenos Aires			
Yuma Concessionaria S.A.	40	40	Bogotà	4,348,551		
Total investments in other non-consolidated companies				**54,618,311**	**36,964,613**	
Total equity investments with positive carrying amounts				**580,194,756**	**79,805,844**	

(*) Imprepar's subsidiaries and associates are mainly dormant, held for sale or in liquidation and, hence, their list is not attached hereto.

Decreases in the year	No.	Amount Igl S.p.A. 31.12.2013 (€)	Currency	Nom. amount sub./pay. in rep. currency 31.12.2013	Nom. amount sub./pay. % of interest (€)	Latest published financial statements translated into Euros at 31.12.2013 (direct investment)		
						Reporting equity	Profit (loss)	Reporting date
			Euro	4,950,000	4,950	–	–	–
21,130	N		ARS	45,000,000	2,132,074	(55,851)	(10,815)	12/11
			ARS	170,000	6,303	–	–	–
			ARS	175,396,394	3,867,287	–	–	–
			ARS	40,465,122	1,575,545	1,717,204	89,391	11/11
			PEN	69,001,000	4,559,947	–	–	–
						–	–	–
			ARS	8,000,000	266,989	–	–	–
			GBP	1,000	240	–	–	–
			GBP	20,000	9,596	–	–	–
		11,280,000	Euro	24,000,000	11,280,000			1st yr 2013
		1,213,500	Euro	6,000,000	1,140,000			
			ARS	43,650,000	1,262,524	290,308	(274,951)	12/10
			ARS	3,000,000	67,081	–	–	–
10,000,000	L							
4,669,268	H							
39,099,900	H	100	Euro	100,000,000	3,750,000			
			ARS	20,000,000	415,390	–	–	–
		4,348,551	COP	26,000,100,000	3,903,302	3,795,354	(51,995)	12/12
53,779,612		**37,803,312**						
79,463,930		**580,536,670**						

Equity investments

Name	% direct	% investment	Registered office	Amount Igl S.p.A. 1.1.2013 (€)
Subsidiaries, associates and jointly controlled entities - consolidated, with negative carrying amount				
Campione S.c.r.l. (in liquidation)	99.9	99.9	Milan	931,066
Construtora Impregilo y Associados S.A.-CIGLA S.A.	100	100	San Paolo	380,221
Empresa Constructora Angostura Ltda.	65	65	Santiago	11,263,310
Grupo ICT II S.a.s.	100	100	Bogotà	67,337,712
Grupo Unidos por el Canal S.A.	48	48	Panama	138,515,006
Impregilo Colombia S.a.s.	100	100	Bogotà	23,056,237
Lavori Lingotto S.c.r.l. (in liquidation)	100	100	Turin	1,280,793
PGH Ltd.	100	100	Port Harcourt	1,779,389
Total investments in subsidiaries, associates and jointly controlled entities - consolidated, with negative carrying amount				**244,543,734**

Summary of changes in equity investments

(Values in €)	
Incorporations and subscriptions	A
Acquisitions and increases in investments	B
Reclassifications	C
Capital increases	D
Capital injections for capital increases	E
Reclassifications due to changes in scope	F
Intragroup sales	G
Sales to third parties	H
Liquidations	I
Reclassifications due to changes in investments or other changes	L
Reversals of impairment losses to the extent of previously recognised impairment losses	M
Impairment losses	N
Reconstitution of share/quota capital to cover losses	O
Revaluations	P
Mergers	Q
Cancellations due to mergers	R
Reclassifications of investments with a negative carrying amount	S
Total	

Increases for the year	No.	Decreases in the year	No.	Amount Igl S.p.A. 31.1.2013 (€)	Currency	Nom. amount sub./pay. in rep. currency 31.12.2013	Nom. amount sub./pay. % of interest not in Euros
219,318	N			1,150,384	Euro	11,000	10,989
				380,221	BRL	7,641,014	2,345,596
7,351,685	N			18,614,995	CLP	50,000,000	51,446
		63,692,347	O/M	3,645,365	COP	1,300,000,000	557,646
10,704,143	N			149,219,149	USD	1,000,000	348,053
				23,056,237	COP	5,877,000,000	2,205,732
		1,280,793	I		Euro	25,000	25,000
				1,779,389	NGN	52,000,000	235,415
18,275,146		**64,973,140**		**197,845,740**			

Investments with positive carrying amounts Increases	Investments with positive carrying amounts Decreases	Investments with negative carrying amounts Increases	Investments with negative carrying amounts Decreases
16,338,290			
51,646			
29,968,303			
	43,964,738		
	47,669		1,280,793
10,000,020	10,000,020		
23,372,833			3,677,544
	25,472,633	18,275,146	
95,882			60,014,803
79,826,974	79,485,060	18,275,146	64,973,140

Statement on the separate financial statements

Statement on the separate financial statements

pursuant to article 81-ter of Consob regulation no. 11971
of 14 May 1999 and subsequent amendments and integrations

1. Pietro Salini, as CEO, and Massimo Ferrari, as manager in charge of financial reporting, of Impregilo S.p.A., considering the provisions of article 154-bis.3/4 of Legislative decree no. 58 of 24 February 1998, state:

- that the administrative and accounting procedures are adequate given the group's characteristics; and
- that they were actually applied

during 2013 to prepare the separate financial statements.

2. No significant issues arose.

3. Moreover, they state that:

3.1 the separate financial statements:

a) have been prepared in accordance with the applicable International Financial Reporting Standards endorsed by the European Union pursuant to EC Regulation 1606/2002 of the European Parliament and Council of 19 July 2002;

b) are consistent with the accounting records and entries;

c) are suitable to give a true and fair view of the financial position of the Issuer at 31 December 2013 and its results of operations and cash flows for the year then ended;

3.2 the Directors' Report includes a reliable analysis of the financial position and results of operations of the Issuer and the consolidated companies, together with information about the key risks and uncertainties to which they are exposed.

Milan, 19 March 2014

Chief Executive Officer
Pietro Salini

Manager in charge
of financial reporting
Massimo Ferrari

Reports of the independent auditors and Board of statutory auditors

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

To the shareholders of
Salini Impregilo SpA

1 We have audited the consolidated financial statements of Impregilo SpA (now Salini Impregilo SpA) and its subsidiaries ("Impregilo Group") as of 31 December 2013 which comprise the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated equity, consolidated statement of cash flows and related notes. The directors of Salini Impregilo SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

The consolidated financial statements present, for comparative purposes, the prior year consolidated financial figures. As disclosed in the notes, directors restated some comparative figures related to the prior year, in respect to the figures previously presented and on which we issued our report on 5 April 2013. The methods used to restate the comparative figures and the disclosures presented in the notes have been examined by us for the purpose of expressing the opinion on the consolidated financial statements as of 31 December 2013.

3 In our opinion, the consolidated financial statements of Impregilo Group as of 31 December 2013 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of Impregilo Group for the period then ended.

4 We draw your attention to the following circumstances described in more details in the Directors' report and in the notes to the consolidated financial statements as of 31 December 2013:

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.812.000,00 i.v., C .F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Dante 7 Tel. 01029041 - **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43100 Viale Tanara 20/A Tel. 0521275911 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel.0458263001

www.pwc.com/it

(i) "USW Campania Projects"

Directors have disclosed the significant developments of the issues connected to the activity related to the realization and management of the Urban Solid Waste disposal plants in Campania (USW projects) operated by Fibe SpA and Fibe Campania SpA (merged in Fibe SpA).

Details are reported in chapter "Non-current assets held for sale" of the Directors' report – Part II and in the notes to the consolidated financial statements.

(ii) "Libyan situation"

Directors have disclosed the situation of the Group's activities in Libya.
Details are reported in the paragraph "Construction – Risk Areas" of the chapter "Performance by business segment" of the Directors' report – Part II and in the notes to the consolidated financial statements.

5 The directors of Salini Impregilo SpA are responsible for the preparation of the Directors' report in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Directors' report and of the specific section on corporate governance and ownership structure, solely with reference to the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob. In our opinion, the Directors' report and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the specific section of the aforementioned report are consistent with the consolidated financial statements of Impregilo Group as of 31 December 2013.

Milan, 7 April 2014

PricewaterhouseCoopers SpA

Signed by
Andrea Brivio
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.
We have not examined the translation of the consolidated financial statements referred to in this report.

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

To the shareholders of
Salini Impregilo SpA

1 We have audited the separate financial statements of Impregilo SpA (now Salini Impregilo SpA) as of 31 December 2013 which comprise the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes. The directors of Salini Impregilo SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005. Our responsibility is to express an opinion on these separate financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the separate financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

The separate financial statements present, for comparative purposes, the prior year separate financial figures. As disclosed in the notes, directors restated some comparative figures related to the prior year, in respect to the figures previously presented and on which we issued our report on 5 April 2013. The methods used to restate the comparative figures and the disclosures presented in the notes have been examined by us for the purpose of expressing the opinion on the separate financial statements as of 31 December 2013.

3 In our opinion, the separate financial statements of Impregilo SpA as of 31 December 2013 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of Impregilo SpA for the period then ended.

4 As required by law, the company has included in the notes the key figures from the financial statements of the company that exerts on it the management and coordination activities. Our opinion on the separate financial statements of Impregilo SpA does not extend to such data.

5 We draw your attention to the significant developments of the issues connected to the activity related to the realization and management of the Urban Solid Waste disposal plants in Campania (USW projects) operated by Fibe SpA and Fibe Campania SpA (merged in Fibe

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.812.000,00 i.v., C .F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Dante 7 Tel. 01029041 - **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43100 Viale Tanara 20/A Tel. 0521275911 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel. 0458263001

SpA). Details are reported in chapter “Non-current assets held for sale” of the Directors’ report – Part II and in the notes to the separate financial statements.

6 The directors of Salini Impregilo SpA are responsible for the preparation of the Directors’ report in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Directors’ report and of the specific section on corporate governance and ownership structure, solely with reference to the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob. In our opinion, the Directors’ report and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the specific section of the aforementioned report are consistent with the separate financial statements of Impregilo SpA as of 31 December 2013.

Milan, 7 April 2014

PricewaterhouseCoopers SpA

Signed by
Andrea Brivio
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.
We have not examined the translation of the separate financial statements referred to in this report.

Report of the Board of statutory auditors to the shareholders of Salini Impregilo S.p.A. pursuant to article 153 of legislative decree 58/1998 and article 2429.2 of the Italian Civil Code in relation to the financial statements of Impregilo S.p.A. at 31 December 2013

Dear Shareholders,

Pursuant to current legislation covering public companies listed on regulated markets and in accordance with the Italian Civil Code requirements, we inform you that we have performed the supervisory activities based on the conduct standards recommended by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti and Esperti contabili) and Consob (the Italian Commission for Listed Companies and the stock exchange) communications about company controls and board of statutory auditors' activities during 2013.

******

We would firstly like to note the following events:

- by deed drawn up on 26 November 2013, by Mr. Carlo Marchetti, Notary Public in Milan, File no.10520, Folder no. 5396, registered at the Companies Register of Rome on 4 December 2013, and in Milan on 5 December 2013, the merger of Salini S.p.A. into Impregilo S.p.A. was finalised. The merger became effective on 1 January 2014, the date from which the name of the company changed to Salini Impregilo S.p.A.;
- the extraordinary shareholders' meeting on 12 September 2013 approved the reduction of share capital, pursuant to article 2445 of the Italian Civil Code, from €718,364,456.72 to €500,000,000.00, i.e. by an amount of €218,364,456.72, without cancelling any outstanding shares. An amount of €100,000,000.00 was allocated to the "Legal reserve" and €118,364,456.72 to a specific equity reserve called "Other reserves". This reduction took effect on the effective date of the merger of Salini S.p.A. into Impregilo S.p.A., i.e., 1 January 2014;
- on 10 January 2014, Fabrizio Gatti resigned from his post as statutory auditor; Pierumberto Spanò, already an alternate auditor, took his place as statutory auditor.

This report is provided by the Board of Statutory Auditors to the shareholders of Salini Impregilo S.p.A. called upon to approve, inter alia, the annual financial statements at 31 December 2013 of Impregilo S.p.A. (now Salini Impregilo S.p.A.).

******

Based on our work performed during the year and considering specifically the guidelines set out by Consob in its communications, we note the following:

- we monitored compliance with the law and bylaws;
- we took part in Shareholders' Meetings, as well as all the meetings of the Board of Directors held during the year and obtained regular information from the directors on the activities and key transactions performed by the Company and its subsidiaries;
- pursuant to article 19.1, of Legislative Decree 39/2010, we monitored the financial information reporting system; the effectiveness of the internal controls, internal audit and risk management; the statutory audits of the annual separate and consolidated financial statements; the independence of the auditors engaged to perform the statutory audit, especially as regards the provision of non-audit services;
- in accordance with article 19.3 of Legislative Decree 3/2010, the independent auditors informed us about the key findings of their statutory audit and,

specifically, on the absence of significant weaknesses in the internal controls over financial reporting;

- we actively took part in meetings of the Executive Committee, the Control and Risk Committee, the Compensation and Nominating Committee and the Supervisory Body and collected information about their work, including at the subsidiaries;
- we acknowledged preparation of the remuneration report as per Article 123-ter of Legislative Decree 58 of 24 February 1998 and Article 84-quater of Consob regulation No. 11971/1999, and have no comments to make, and the Report on Corporate Governance and Ownership Structure as per Article 123-bis of the Consolidated Finance Act.
- Lastly, we checked compliance with laws and regulations regarding the preparation and format of the financial statements, verifying the suitability of the impairment tests (in terms of the method used) and the consistency of the 2013 Directors' Report.

******

A number of significant events took place in 2013 which are worthy of mention in this report; specifically:

- on 6 February 2013, Salini S.p.A., announced its decision, in a special notice pursuant to Article 102.1, of Legislative Decree 98/58 (Consolidated Finance Act) and Article 37 of Consob Regulation No.11971/99 (Issuers' Regulation), to launch a voluntary public tender offering, pursuant to Article 106.4 of the Consolidated Finance Act, for all Impregilo S.p.A. ordinary shares not held by Salini S.p.A. at a price of €4.00 per share;
- the Offer Document was published on 16 March 2013, pursuant to the law, accompanied by the related supporting documentation including, specifically, the Issuer's Statement (Impregilo), prepared pursuant to Article 103 of the Consolidated Finance Act and Article 39 of the Issuers' Regulation;
- taking into account the shares tendered during the offering period (from 18 March to 12 April 2013) and the subsequent reopening of the terms (from 18 to 24 April 2013) Salini S.p.A. reached a total holding of 370,575,589 ordinary shares on 2 May 2013, amounting to approximately 92.08% of all ordinary shares of Impregilo S.p.A.;
- in view of the outcome of the offer, and considering that the aim was not to delist Impregilo ordinary shares, on 30 April 2013, Salini S.p.A. announced its decision to restore floating capital sufficient to ensure regular trading of said shares. Therefore, as at 16 May 2013, the investment held by Salini S.p.A. in Impregilo S.p.A. represented less than 90%. On the date of preparation of this report, Salini Costruttori S.p.A.'s investment in Salini Impregilo S.p.A. was 89.95% of the ordinary shares, due to the merger referred to below;
- on 24 June 2013, the Boards of Directors of Salini S.p.A. and Impregilo S.p.A. approved the ("reverse") merger plan of Salini S.p.A. into Impregilo S.p.A. with effect from 1 January 2014, with approval by the extraordinary shareholders' meetings of the respective companies, setting an exchange ratio of 6.45 ordinary Impregilo ordinary shares to each Salini share;
- on 12 September 2013, the Impregilo S.p.A. extraordinary shareholders' meeting approved the merger of Salini S.p.A. into Impregilo S.p.A.;
- as specified above, by deed drawn up on 26 November 2013 by Mr. Carlo Marchetti, Notary Public in Milan, the merger of Salini S.p.A. into Impregilo S.p.A. (the "Merger") was finalised. The merger became effective on 1 January 2014, the date from which the name of the company changed to Salini Impregilo S.p.A.

******

Pursuant to the guidelines provided by Consob on statutory auditors' reports, we provide the following information:

1. **Significant financial or capital transactions.**
   The directors informed us periodically about the operations and key transactions undertaken by the company and its subsidiaries. They also described such operations and transactions in their report with details of their characteristics and effects.
   We obtained adequate information about them in order to be in a position to assess their compliance with the law, bylaws and principles of correct administration.

2. **Atypical and/or unusual transactions, intragroup transactions or related party transactions.**
   Except as specified above regarding the merger, we did not identify and were not informed by the Board of Directors, the Independent Auditors or Internal Control Supervisor about any atypical and/or unusual transactions carried out with third parties, related parties or other group companies.

3. **Adequacy of information provided in the Directors' Report about atypical and/or unusual transactions, intragroup transactions or related party transactions.**
   The Directors have described the day-to-day transactions carried out during the year with group companies and related parties in the notes to the separate financial statements to which reference should be made, also for details about their characteristics and financial effects.
   They did not identify any critical issues with respect to their suitability and compliance with the company's interests. As described in detail in the Report on Corporate Governance, the Board of Directors approved a new procedure for related party transactions at its meeting of 30 November 2010 pursuant to Consob regulation No. 17221 of 12 March 2010. We assessed the compliance of this procedure with the instructions set out in this regulation. At its meetings of 20 April and 9 July 2012, the Board of Directors amended the Procedure, upon recommendation of the Related Party Transactions Committee. On the same dates, the Board of Statutory Auditors confirmed that the amended Procedure was consistent with the principles of the Regulation. We verified that the Procedure had been posted on the Internet site under the "Corporate Governance - Related party transactions" section.

4. **Comments on and proposals about the findings and disclosures in the independent auditors' report.**
   The independent auditors issued an unqualified report on the separate financial statements. They stated that the financial statements comply with the regulations governing their preparation and included an emphasis of matter with which we agree.

5. **Complaints as per Article 2408 of the Italian Civil Code.**
   No complaints pursuant to Article 2408 of the Italian Civil Code were received.

6. **Communications presented.**
   No communications were presented.

7. **Engagement of independent auditors.**
   We obtained evidence from the company supporting the recognition of the following fees paid to the independent auditors, PricewaterhouseCoopers S.p.A., and companies belonging to their network for their services provided in 2013.[7]

7. The following table does not take into account the audit fees set on 7 April 2014 between the company and PricewaterhouseCoopers totalling 249,000 and resulting from exceptional and/or unforeseeable circumstances that affected the Group and the parent in 2013. Additional activities were required as a consequence of these circumstances, most of which were related to major foreign projects.

Details are set out in the following table (in Euros):

Fees Description	Audit	Other services for 2013	Total
Audit of the separate financial statements (*)	548,292		548,292
Audit of consolidated financial statements	43,129		43,129
Review of the interim financial report	94,858		94,858
Quarterly checks as per Legislative Decree 58/1998:	16,579		16,579
Total ordinary audit activities	**702,858**		**702,858**
Other services			
Audit of the financial statements of the Italian subsidiaries	560,735		560,735
Other services (Attestation services and other agreed audit procedures, etc.)		706,093	706,093
Tax services			
Total other services	**560,735**	**706,093**	**1,266,828**
Total			**1,969,686**

*Includes € 134,461 related to audit services provided to foreign branches of Salini Impregilo S.p.A. by foreign entities of the PricewaterhouseCoopers network.

PricewaterhouseCoopers S.p.A confirmed their continued independence and objective position in respect of Impregilo S.p.A. and Impregilo Group during the year.

8. **Assignment of other engagements to parties related to the independent auditors.**
   The company also recorded the following additional fees paid to companies or professional firms part of the international network of PricewaterhouseCoopers for the following engagements (in Euros):

Global network company/ member firm	Services provided	Amount
Pricewaterhouse Coopers network	Audit services for foreign group companies	339,465
Pricewaterhouse Coopers network	Other attestation, administrative and tax advisory services	128,652
Total		**468,117**

9. **Legally-required opinions.**
   Opinions pursuant to Article 2389 of the Italian Civil Code and Article 154-bis of Legislative Decree 58/1998 were expressed during the year.

10. **Frequency of attendance at company body meetings.**
    We attended 17 meetings of the Board of Directors, 30 of the Executive Committee, 14 of the Control and Risk Committee, 8 of the Compensation and Nominating Committee and held 10 Board of Statutory Auditors' meetings.

11. **Compliance with correct administration standards.**
    We have no comments to make about compliance with such standards based on our work.

12. **Observations on the adequacy of the organisational structure.**
    We were promptly and adequately informed of the changes made to the company's organisational structure resulting from and connected to the merger, with effect from 1 January 2014, having constantly monitored the integration activities, and believe that the company's organisational structure is adequate given its size and type of activities.

13. **Adequacy of the internal control system.**
    We supervised, tested and checked the

adequacy of the internal control system.
Specifically:
a) we regularly obtained information about the operations carried out during the meetings of the Control and Risk Committee, through meetings with the Internal Audit Head and by obtaining specific periodic documentation;
b) we were provided with the Internal Audit Head's report which summarised the activities carried out during the year, principally aimed at ensuring compliance with and the adequacy of the group's internal controls and risk management. This entailed our performing tests at different internal levels at the company's sites and corporate offices;
c) we were provided with the Supervisory Body's reports required by Legislative Decree 231/2001 which summarise its activities for the year, also meeting the members.

To the extent of its duties, this board holds that the "Organisation, Management & Control Model", adopted by the company and regularly updated, is suitable to prevent the offences covered by the aforesaid Legislative Decree.

14. Adequacy of the administrative and accounting system and its reliability.
We monitored and tested the adequacy of the administrative and accounting system and its ability to correctly show the company's operations of the year by obtaining information from the different department heads, reviewing internal documentation and analysing the findings of the work performed by the Independent Auditors.

15. Adequacy of the instructions given to subsidiaries.
We believe that the instructions issued by the company to its subsidiaries pursuant to Article 114.2 of Legislative Decree 58/1998 are adequate to ensure compliance with the legal disclosure requirements.

16. Issues which arose during meetings with the Independent Auditors.
No issues arose during the meetings with the Independent Auditors, held in accordance with Article 150 of Legislative Decree 58/1998, that require disclosure or were significant in nature.

17. Compliance with the Code of Conduct of the Committee for Corporate Governance of Listed companies.
The company has long since complied with the Code of Conduct prepared by the Committee for Corporate Governance of Listed Companies. It has made the necessary changes to comply with the new version of the Code issued in December 2011.
Pursuant to the provisions of the Consolidated Finance Act, the company prepared and published the subject report and included it in the "Directors' Report".
We checked the correct application of the criteria and procedures used by the Board of Directors to assess the independence of its Members.
We verified that all the Statutory Auditors continued to meet the independence criteria established by the Code of Conduct throughout 2013.

18. Assessment of the supervisory activities.
No reprehensible behaviour, omissions or irregularities were noted during our supervisory work that would require communication to the supervisory bodies.

19. Proposals to the shareholders.
To the extent we are concerned, we state our consent to approve the 2013 financial statements and the Directors' Report as they are presented by the Board of Directors, and the proposals made regarding allocation of the profit for the year.

Milan, 8 April 2014

The Board of Statutory Auditors

Alessandro Trotter – Chairperson
Nicola Miglietta – Statutory Auditor
Pierumberto Spanò – Statutory Auditor

Resolutions of the Shareholders’ Meeting of 30 April 2014

The Ordinary Shareholders’ Meeting of SALINI IMPREGILO S.p.A., held in single call on 30 April 2014 and chaired by Mr. Claudio Costamagna, was attended by the Holders of 408,282,142 ordinary shares, corresponding to 91.2499% of the share capital with voting rights.

The Shareholders’ Meeting:

1) approved the Annual Report and Financial Statements at 31 December 2013 of Impregilo S.p.A. and Salini S.p.A. and the allocation of the net profit of Impregilo S.p.A. as follows:

   – a dividend of € 0.26 to the holders of savings shares on 16,154,910 savings shares for a total of € 420,027.66;

   – the carry forward of a total amount of € 113,409,449.84.

Setting the dividend date at 26 May 2014 and the payment date at 29 May 2014 (*record date 28 May 2014*).

2) appointed the Board of Statutory Auditors for three years from 2014 to 2016, and consequently up to the approval of the financial statements for the year ending on 31 December 2016, to be composed of Alessandro Trotter (Chairman), Teresa Cristiana Naddeo and Gabriele Villa (Statutory Auditors), and Roberta Battistin and Marco Tabellini (Alternate Auditors), and set the annual gross compensation for the Chairman of the Board of Statutory Auditors at € 60,000.00 and at € 40,000.00 for each Statutory Auditor, in addition to an attendance fee for each meeting attended of the Board of Directors and its internal Committees, both for the Chairman of the Board of Statutory Auditors and for each Statutory Auditor, of € 1,000 (one thousand) for attendance in person and € 500.00 (five hundred) for attendance via audio or video conference.

The Shareholders’ Meeting, in its advisory capacity, also voted in favour of the first section of the Remuneration Report pursuant to art. 123 ter of the Consolidated Finance Act.

This document is available at:
www.salini-impregilo.com

Design
Inarea – Rome