Annual Report
as at 31 December 2013

salini

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salini

Mission

The Salini Group is a general contractor specialising in the construction of major, complex works throughout the world. Inspired by the principles of sustainable development, the Group uses technological and organisational innovation as well as its extraordinary human and professional resources to develop construction solutions capable of enhancing the resources of communities and contributing to the economic and social improvement of nations.

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Directors' report

Corporate Bodies

Board of Directors

Chairman	Simonpietro Salini
CEO	Pietro Salini
Directors	Simon Pietro Salini
	Luisa Todini
	Alessandro Salini
	Francesco Perrini*
	David Morganti*
	Roberto Cera
	Gianluca Piredda*

Executive committee

Committee Members	Simonpietro Salini
	Pietro Salini
	Simon Pietro Salini

Internal control and Corporate governance committee

Committee Members	David Morganti
	Roberto Cera
	Gianluca Piredda

Remuneration committee

Committee Members	David Morganti
	Roberto Cera
	Gianluca Piredda

Board of statutory auditors

Chairman	Roberto Parasassi
Statutory Auditors	Claudio Volponi
	Federico Parasassi
Alternate Auditors	Roberto Melluso
	Francesco Farina

Independent auditors

Reconta Ernst & Young

(Situation at 31 December 2013)

(*) Independent

Governance structure at 1 January 2014

On 12 September 2013, the Extraordinary Shareholders' Meeting approved the merger by incorporation of Salini S.p.A. into Impregilo S.p.A., thereby establishing Salini Impregilo S.p.A. effective as of 1 January 2014. Therefore, the Corporate Bodies of Salini S.p.A. remained in office until 31 December 2013, while the governance structure for financial year 2014 of Salini Impregilo S.p.A. has been reorganised as follows:

Board of Directors (1)

Chairman	Claudio Costamagna
CEO	Pietro Salini
Directors	Marina Brogi
	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
	Giuseppina Capaldo

Executive committee

Committee Members	Pietro Salini
	Claudio Costamagna
	Alberto Giovannini
	Giacomo Marazzi (3)
	Simon Pietro Salini

Control and Risk committee

Committee Members	Mario Giuseppe Cattaneo
	Giuseppina Capaldo
	Pietro Guindani
	Franco Passacantando (4)

Committee for related-party transactions

Committee Members	Alberto Giovannini
	Marina Brogi
	Giuseppina Capaldo
	Geert Linnebank

Remuneration committee

Committee Members	Marina Brogi
	Nicola Greco (3)
	Geert Linnebank
	Laudomia Pucci

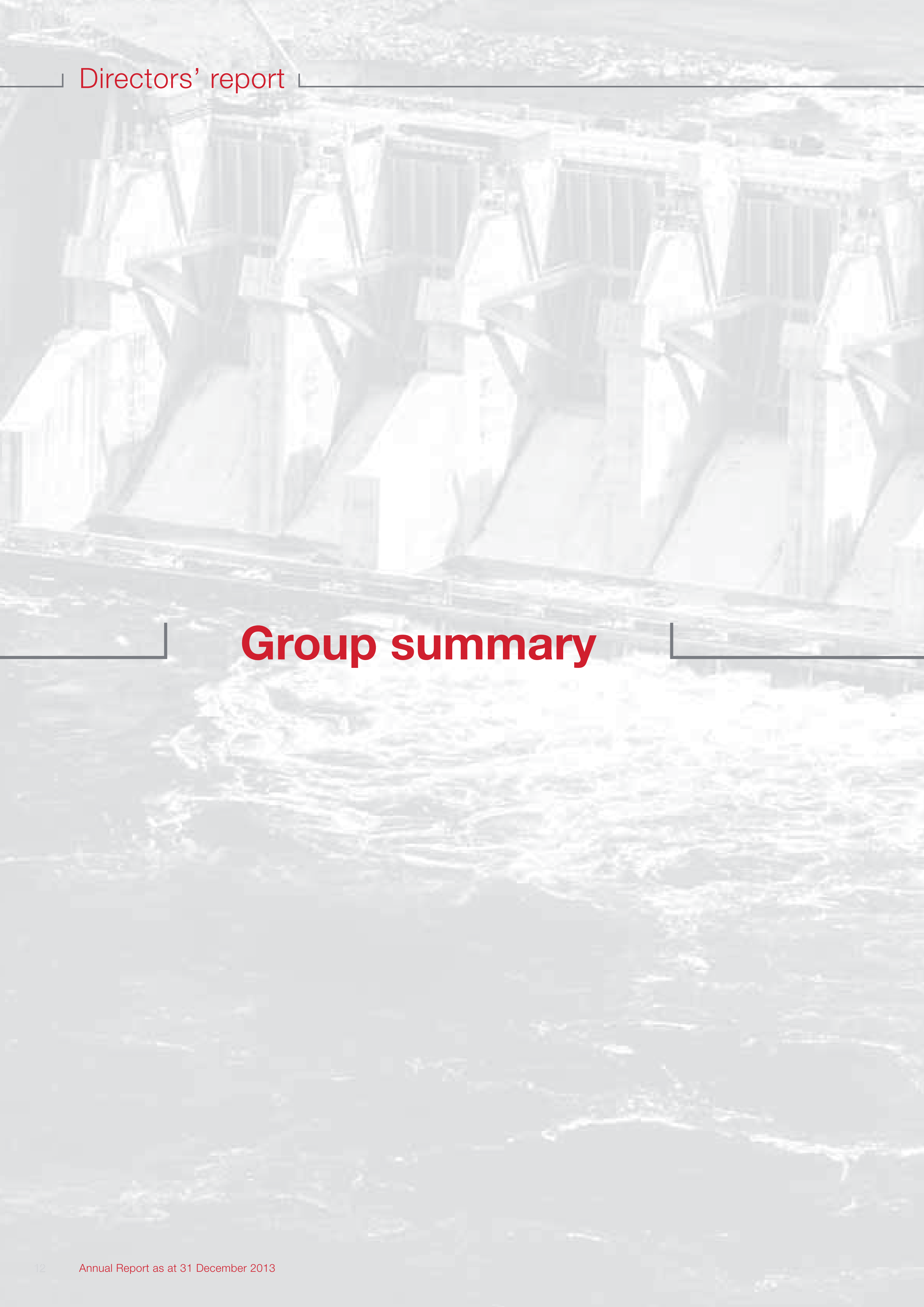
Board of statutory auditors (2)

Chairman	Alessandro Trotter
Statutory Auditors	Nicola Miglietta
	Pierumberto Spanò (5)
Alternate Auditors	Marco Tabellini (6)

Independent auditors

PricewaterhouseCoopers S.p.A.

(1) Appointed by the Shareholders' Meeting of 17 July 2012 and in office up to the shareholders' meeting for the approval of the financial statements as at 31 December 2014.
(2) Appointed by the Shareholders' Meeting of 28 April 2011 and in office up to the approval of the financial statements as at 31 December 2013.
(3) Appointed by the Shareholders' Meeting of 12 September 2013 and in office up to the approval of the financial statements as at 31 December 2014.
(4) The shareholders' meeting on 12 September 2013 appointed Franco Passacantando as director effective as of 16 December 2013. He will remain in office up to the approval of the financial statements as at 31 December 2014.
(5) Statutory auditor effective as of 10 January 2014.
(6) Alternate auditor since 30 April 2013.



Group summary

Key income and financial position figures of the Group

The voluntary public tender offer launched by Salini S.p.A. in the first half of 2013 for all Impregilo S.p.A. ordinary shares, resulted in an interest in the share capital of the latter company equivalent to 88.83% of the ordinary shares as at 31 December 2013.
The first subscription phase of the public tender offer was closed on 18 April 2013. On said date, Salini S.p.A. gained control over Impregilo S.p.A., which prior to that date had been accounted for as an associate. In order to determine the scope of consolidation and in accordance with the provisions of IFRS 3, the acquisition date for accounting purposes was set on 1 April 2013.

As a result, the balance sheet data as at 31 December 2013 of the subsidiary Impregilo S.p.A. were fully consolidated in the financial statements of the Salini S.p.A. Group, whereas only the results for the second, third and fourth quarters of 2013 were consolidated in the income statement.
On 12 September 2013, as a part of this transaction, the extraordinary shareholders' meetings of Salini S.p.A. and Impregilo S.p.A. approved the merger by incorporation of Salini S.p.A. into Impregilo S.p.A. The merger went into effect as of 1 January 2014 as a result of a share exchange ratio of 6.45 Impregilo ordinary shares to each Salini share, with no cash adjustments.

As from said date, the company resulting from the merger has taken the name of Salini Impregilo S.p.A. In this Annual Report, for the purpose of consistent and uniform disclosure, reference to the previous company name is made for anything concerning management events prior to the effective date of the merger. A more extensive disclosure concerning the merger is provided in the documents made available to the public as required by the applicable provisions of law and regulations.
In accordance with IFRS 3, the company measured its controlling interest in Impregilo S.p.A. with the purchase price allocation (PPA) method, reporting assets and liabilities - including potential ones - at fair value at the acquisition date. This has resulted in a significant impact on the income statement in terms of revenues, non-core business, the calculation of taxes and the net result of discontinued operations, while the balance sheet was significantly impacted in terms of intangible assets, investments and tax payables. Further details can be found in the paragraph on business combinations in the explanatory notes to the financial statements.

Finally, the net result of discontinued operations includes the consolidated data of the subsidiary Todini Costruzioni Generali S.p.A., which has been measured in this financial year in view of its disposal. In accordance with the provisions of standard IFRS 5, for the purpose of comparing the financial statements, the statement of income of the previous period was restated by classifying the investee's consolidated data as at 31 December 2012 under the "Discontinued operations".

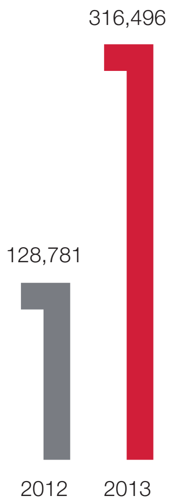
(Values in €/000)	December 2013	December 2012
Total revenues	3,425,661	1,214,880
EBITDA	316,496	128,781
EBITDA margin	*9.2%*	*10.6%*
EBIT	147,652	64,816
EBIT margin	*4.3%*	*5.3%*
EBT	289,075	349,181
EBT margin	*8.4%*	*28.7%*
NET profit attributable to the Group	166,944	324,968

Total fixed assets	777,137	946,101
Operating working capital	336,999	(243,954)
Non-current assets held for sale	653,604	0
Non-current liabilities held for sale	(418,061)	0
Reserves	(125,688)	(18,752)
Net invested capital	**1,223,991**	**683,395**
Shareholders' equity	(892,283)	(588,340)
Net financial payables	(331,708)	(95,005)
Funding	**(1,223,991)**	**(683,395)**

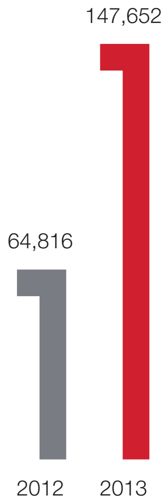
Net debt/equity	**0.37**	**0.16**
Net debt/EBITDA	**1.05**	**0.74**
ROS (Return on Sales)	**4%**	**5%**
ROI (Return on Investment)	**12%**	**9%**
Current asset ratio	**1.6**	**1.4**

N.B. The 2013 figures were consolidated with the balance sheet and income statement data (from 1 April 2013) of the Impregilo Group, whereas the 2012 figures regarded the Salini S.p.A. Group alone, being its first stand-alone year.

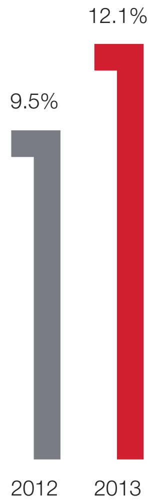
EBITDA
(€/000)



EBIT
(€/000)

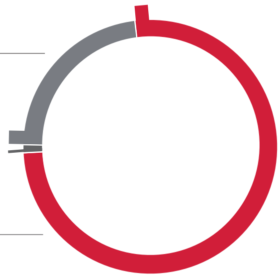


ROI
(%)



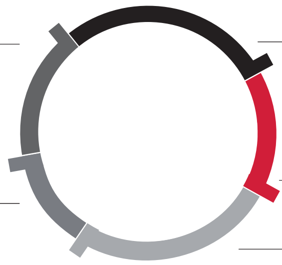
Portfolio of work in hand by sector

(Values in €/000)	December 2013		December 2012	
Construction	21,988,015	76.3%	19,939,115	75.3%
Concessions	6,533,660	22.7%	6,260,723	23.7%
Plants	309,464	1.1%	271,874	1.0%
	28,831,139		26,471,712	



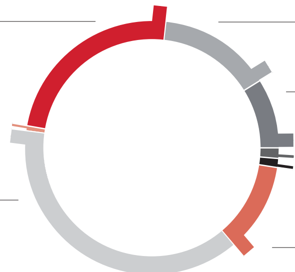
Construction portfolio of work in hand

(Values in €/000)	December 2013		December 2012	
Railways	5,675,811	25.8%	4,493,205	22.5%
High-speed railways	3,616,708	16.4%	3,195,684	16.0%
Hydraulic works	5,518,057	25.1%	6,108,364	30.6%
Miscellaneous works	3,355,850	15.3%	3,145,201	15.8%
Road works	3,821,589	17.4%	2,996,661	15.0%
	21,988,015		19,939,115	76.3%



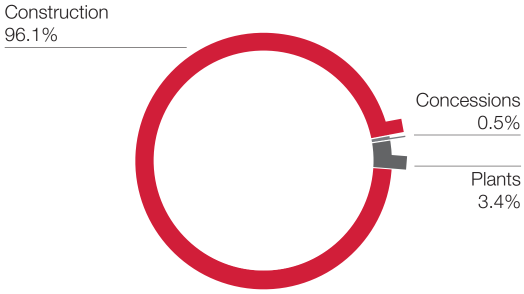
Portfolio of work in hand by geographical area

(Values in €/000)	December 2013		December 2012	
Africa	6,841,843	23.7%	6,737,317	25.5%
Europe	4,139,939	14.4%	3,082,093	11.6%
Asia	2,617,851	9.1%	1,215,625	4.6%
North America	366,883	1.3%	350,364	1.3%
Central America	331,537	1.1%	629,870	2.4%
South America	3,245,558	11.3%	3,671,589	13.9%
Italy	11,069,898	38.4%	10,784,855	40.7%
Oceania	217,630	0.8%	-	0.0%
	28,831,139		26,471,712	



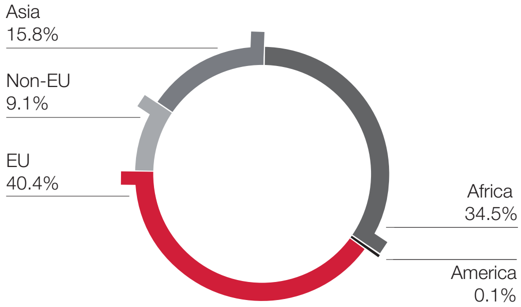
Operating revenues by sector

(Values in €/000)	December 2013		December 2012	
Construction	3,205,360	96.1%	1,174,185	100.0%
Concessions	15,719	0.5%	-	-
Plants	112,741	3.4%	-	-
SUW	-	0.0%	-	-
	3,333,820		**1,174,185**	



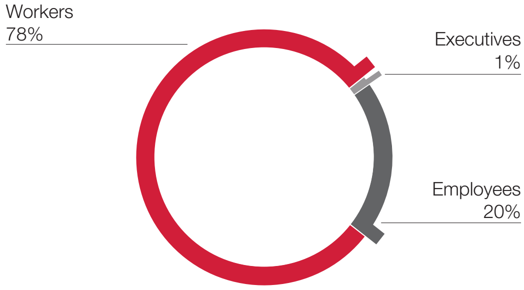
Operating revenues by geographical area

(Values in €/000)	December 2013		December 2012	
EU	997,709	40.4%	304,222	25.9%
Non-EU	225,616	9.1%	37,156	3.2%
Asia	390,987	15.8%	254,561	21.7%
Africa	850,382	34.5%	578,246	49.2%
America	3,063	0.1%	-	-
	2,467,757		**1,174,185**	



Summary personnel figures

	December 2013
Personnel costs	459,443
Number of employees	31,172



Macroeconomic scenario and reference markets

The competitive landscape of the Salini-Impregilo Group is the global market of investments in the construction industry and specifically in the construction of complex large-scale infrastructures.

Global economic activity and trade showed signs of growth in the second half of 2013. Specifically, the International Monetary Fund reported that consumer demand in most developed countries has grown moderately, though in line with forecasts, while in emerging markets exports have been the main driving force, with enduring weak domestic demand and difficult financial conditions.

Economic forecasts in the Eurozone expect a recovery after the recent recession. The International Monetary Fund expects the European Union to grow by 1% in 2014 and 1.4% in 2015, though with trends differing from one country to another. Germany's economy is forecast to grow by 1.6% in 2014 and 1.4% in 2015, while the forecasts for Italy are rather conservative with trends of 0.6% and 1.1% in 2014 and 2015 respectively. According to the IMF, the emerging countries are expected to grow by 5.1% and 5.4% in the 2014-15 period.

A McKinsey study for the OECD reported that from 2014 to 2030 investments in infrastructures will amount to US$57,300 billion, of which about 29% in roads and motorways, 21% in energy infrastructure, 20% in hydraulic works, 17% in telecommunications, and finally 13% in metros/ railways, airports and ports.

In the next four years, an upward trend is expended in global demand for infrastructures, equal to 9% per annum, in the energy, transport and other civil infrastructure sectors. In this perspective, an important business opportunity is represented by the need of most economically developed countries to replace or expand existing infrastructure that are no longer adequate to meet growing energy needs, and the need for mobility, energy and water related to the economic development and urbanization that is affecting many emerging and developing countries.

The global "Great Recession" in the 2008-2011 period, though penalizing some segments in the construction sector, such as residential and commercial construction, did not slow down the demand for major infrastructure projects, which, on the contrary, continue to represent a strategic priority for the growth of the domestic economies of most countries, both industrialized and emerging, with particular reference to areas such as the Middle East, Central Asia, Latin America and India.

In this perspective, the merger between the Salini and Impregilo companies has consolidated the global competitive standing of the Group, consolidating its presence in the geographical areas in which it already operates and providing its operating structure with the expertise needed to access new markets and support continued business growth.

The Salini Impregilo Group's new dimension, designed to catch the early signs of change, has successfully implemented the *Campione Nazionale®* project characterised by:

- a body of engineering and technology expertise of the highest order in the construction industry;
- an integrated management team with the determination and experience required to compete in large-scale and complex infrastructure projects;
- a global presence with an almost unique commercial strength;
- the scale of a market leader;
- a solid financial structure with an adequate credit standing (*BB(Fitch)/BB(Standard &Poor's*) issuer ratings).

The estimated value of the projects in the portfolio is characterised by a well-balanced geographic composition, with major contracts in Latin America, Europe and the Middle East and a greater focus on the hydroelectric, dams, metro, roads and highways, and railways segments.

Sustainable development

Over the years, sustainable development has become an integral part of corporate strategy, being rolled out in programmes designed to provide the necessary tools for working in numerous and diversified environments, interpreting and meeting the expectations of institutions, clients, local communities, consumers and technical and operating counterparties with different histories and cultures.

The Company believes strongly that the correct management of sustainable development makes it possible not only to mitigate operating, financial and "reputational" risks, through optimising non financial variables, but to also create new opportunities and gain competitive advantages in a market that is increasingly concerned about sustainability issues.

The Company has translated these requirements into a vision and style of work based on the value of people, attention to the environment, the principles of social responsibility and corporate citizenship. This decision has resulted in a commitment to a broader concept of "sustainable development" constituting a structural aspect of our business.

The projects we carry out – energy from renewable sources, infrastructures to reduce urban traffic congestion, public metro systems with a low environmental impact, development and upgrading of regional infrastructures to boost regional development – create lasting value for the communities involved and are a catalyst for further growth.

The Group has formalised its working philosophy in a coordinated set of policies, procedures and organisational structures aligned with major international benchmark standards. In particular, since 2010, we have been a member of the United Nations Global Compact, a worldwide initiative for sustainable development, which requires a commitment to aligning our strategies and operations with ten universal principles relating to human rights, labour, the environment and the fight against corruption.

At a national level, we are also part of the Global Compact Network Italy, and work together with other member organisations and businesses to execute specific projects and initiatives aimed at advancing the priorities set forth in the Global Compact.

The Group's sustainability strategy is implemented by maximising the benefits generated in the areas in which it works, benefiting local stakeholders. Our priorities include creating new jobs, using on-site suppliers, investing and engaging in initiatives in favour of local communities, and conforming rigorously to high environmental standards.

The commitment to use local workers and suppliers has a positive impact on the development of national economies, especially in emerging markets, by increasing workers' skill levels and suppliers' quality standards, while at the same time improving infrastructure and environmental conditions in the areas where we execute our projects.

Our complete dedication to human resources is especially concentrated in the areas of health, safety and human rights, through the adoption of widely shared standards and codes of conduct that are supported by a commitment to training and regular dialogue with employees.

The Group's commitment is also characterised by thorough consideration of the needs of local

1,250 km of underground works

communities. The Head Office divisions as well as on-site management analyse and assess community requirements and, often in partnership with institutions and other organisations on-site, develop investment projects in the areas of education, health, culture and recreation.

In recent years, significant resources have been allocated to construct buildings, schools, hospitals and roads. Furthermore, energy and water distribution as well as health care have been provided for local communities. During projects, these local communities have been granted access to some work site facilities, such as medical clinics, classrooms, wells, roads and bridges, which are often turned over to the communities and institutions when the project is complete.
Our daily commitment extends from people to the conservation of the environment and natural resources, which are crucial aspects of our business model.
For this purpose, the Group structures and conducts its work while guaranteeing the best possible environmental protection, and is committed to continuously improving environmental services, considered an integral part of the Company's financial and operating performance. Our work sites are focused on reducing energy and water consumption by developing innovative projects to re-use and recycle natural resources and scrap generated while works are being conducted.
Mitigating the impacts of work site activities on communities is another priority to which the Group dedicates the utmost attention, by monitoring and closely managing aspects relating to noise, vibrations, dust and road conditions.
Since the environmental area incorporates strategic objectives in a globalised and highly competitive market, clients, suppliers, local authorities and interested parties are involved in processes and initiatives in the environmental area.

The commitment to constantly maintaining an open dialogue with stakeholders, in order to understand their legitimate expectations and create opportunities for involvement and cooperation, is implemented through tools and highly diversified methods both at central level and at the individual work site, generating positive interactions with increasingly broader groups of internal and external stakeholders.

Our commitment to transparency is demonstrated by the fact that the Group's 2013 Sustainability Report, which reports each year on the Group's sustainability practices and performance, has maintained application level A+ with the Global Reporting Initiative (GRI). This Report has been drawn up in compliance with version 3.1 of the "Sustainability Reporting Guidelines & Construction and Real Estate Sector Supplement" issued in 2011 by the Global Reporting Initiative.

As a further guarantee to its stakeholders, the Company also voluntarily submits its Sustainability Report for external certification. Please see the Report for further details.

Finally, during 2013 the subsidiary Impregilo S.p.A. also implemented a sustainability reporting system to draw up the 2013 Sustainability Report.

This report was the first of the Impregilo Group to be drafted in accordance with the GRI Guidelines and voluntarily submitted to external certification.

Quality, safety and environment

Senior management created the Quality, Health and Safety and Environment (QHSE) System to ensure that relevant activities are planned, developed and improved consistently in compliance with corporate policies and to the full satisfaction of all stakeholders.

The performance of the Quality, Health, Safety and Environment System was assessed and monitored through internal checks and by analysing work site reports, and it was found to have been applied satisfactorily.

Locally, the certification of Salini S.p.A. has been extended to the management systems of the Dubai and Abu Dhabi branches with regard to ISO 9001, ISO 14001 and OHSAS 18001, and to the Singapore branch for ISO 9001:2008 only.
The ISO 9001, ISO 14001 and OHSAS 18001 certifications of the subsidiary Salini Australia Pty Ltd were also confirmed.

In order to improve support to production facilities, the QAS management was reorganised by appointing a "regional QHSE Coordinator", with expertise in quality, safety and environment issues, who will be directly involved in the contracts in the relevant geographical area, providing the support needed for the proper start-up of activities and a timely transfer of the know-how gained. The QHSE Coordinator function went into operation in the first half of 2013.

The training was also provided to the relevant resources and specifically to expatriate staff with regard to workplace health and safety pursuant to Legislative Decree 81/08.

Corporate governance

The corporate governance model adopted by Salini complies (except for certain modifications) with the principles enshrined in the Code of Conduct for Listed Companies, Consob recommendations and national and international best practice (cf. the Sarbanes-Oxley Act - July 2002 and the Combined Code on Corporate Governance UK - July 2003). Its corporate governance policies are therefore continually updated and documented in its Annual Corporate Governance Report. That document describes the corporate governance model in detail. It defines the Company's organisation, specifying the roles and responsibilities of each corporate body and of senior management, and provides information on the implementation of the provisions of the Code of Conduct.
The Internal Control System monitors the practical implementation of governance policies and works effectively to promote their actual and constant execution.

The Board of Directors of Salini S.p.A., appointed during the board meeting of 16 October 2012, is composed of nine directors, of whom three have particular duties, and six are non-executive directors (including three independent directors). The Board remained in office until 31 December 2013. The Board met sixteen times during last year, and its major resolutions on corporate governance concerned the examination and/or approval of:
- interim financial statements of the Group;
- the acquisition of strategic equity investments;
- financial projections;
- merger transaction.

On 24 June 2013, the Board of Directors of Salini S.p.A. approved the so-called reverse merger of Salini into Impregilo (the "Merger"). The merger was part of a larger industrial and strategic plan implemented by the Salini Costruttori Group

in 2011 and geared toward the creation of a "Campione Nazionale©" in the construction of complex works and infrastructures, thus establishing a large international group with shares listed on the Milan Stock Exchange organised and managed by Borsa Italiana S.p.A. The Merger marked the climax of a market transaction that recorded the success of one of the most important proxy fight transactions carried out in Europe in 2012, with the support of small investors, institutional investors and activists. It was followed by the voluntary public tender offer launched by Salini for all Impregilo shares, which was ultimately completed in April 2013.
On 26 November 2013, the deed of the merger by incorporation of Salini S.p.A. into Impregilo S.p.A. was signed pursuant to the resolutions of the respective shareholders' meetings held on 12 September 2013. Starting from the effective date of the merger on 1 January 2014, the company resulting from the merger has taken the name of "Salini Impregilo S.p.A." All effects for civil law, accounting and fiscal purposes have started as of the said date.
The merger resulted in the cancellation of all 62,400,000 ordinary shares with a nominal value of €1.00 each, constituting the share capital of Salini S.p.A. and the allocation to Salini Costruttori S.p.A. of a total of 402,480,000 ordinary shares, equivalent to 89.95% of the ordinary shares of Salini Impregilo S.p.A.

With regard to the Internal Control System, the Internal Audit Department conducted the audits set forth in the Audit Plan defined at the beginning of the year in order to monitor the suitability of the applicable procedures, as well as the compliance of processes with local and international regulations. During 2013 the inspections requested by the Regulatory Authority were carried out in Italian and foreign operating areas in order to assess the effectiveness of the Management and Control Organisational Model.
Based on the results of the activities carried out by the Internal Audit Department during the year, it can be reasonably concluded that the overall system is suitable to allow for proper management of the main risks identified and, at the same time, to contribute to the improvement of the corporate management as a whole.
It should be noted that in 2014 the corporate changes made during 2013 will have a significant impact on the Group's organizational structure and, consequently, on the organisation of the Internal Control System.
Financial year 2013 saw the continued training of personnel and ongoing monitoring of changes in legislation and case law concerning the administrative liability of companies.
In order to favour compliance with ethical standards as well as with regulations on the prevention of corruption, and on integrity, transparency and fairness in the conduct of business, the preparations were started for the drafting of a Group Anti-corruption Model to provide a systematic reference framework of regulatory instruments and anti-corruption policies implemented by the Company to exclude any form of corruption, either direct or indirect, both active and passive, thereby ensuring compliance with Italian and international anti-corruption laws, including the Italian Anti-Corruption Law 190 of 6 November 2012, the Foreign Corrupt Practices Act (FCPA) enacted in the U.S., and the UK Bribery Act.

The Group Anti-Corruption Model, though following the steps planned for the updating of the Model pursuant to Legislative Decree 231/01, appears to have a broader scope, since its purpose is to protect the Company and/ or its personnel against corruption practices, not only of an active nature, which are not necessarily carried out in the interest and to the benefit of the company.

The Company also took steps to comply with current regulations concerning the security of computer data (as described in Legislative Decree 196/2003) and to update the "Security Policy Document" as required by current regulations.

Human resources

At 31 December 2013, the Salini Group had 31,172 employees, of whom 4.3% are located in Italy and the remaining 95.7% abroad.
The multinational and multiethnic nature of the Group is underscored by its presence in every continent of the world and by the employment of personnel belonging to about a hundred different nationalities. Without considering the staff of the subsidiary Impregilo S.p.A., the Salini Group availed itself of the services of 22,125 employees, of whom 1.4% in Italy and 98.6% abroad.

Geographical distribution of workforce	Employees	31 December 2012 (*)	31 December 2013	Change
Italy	No.	1,483	1,342	(141)
Foreign work sites	No.	29,447	29,830	383
Total	**No.**	**30,930**	**31,172**	**242**

(*) Pro-forma figure: includes the workforce of the Impregilo Group to ensure comparability with figures as at 31 December 2013.

During the year, Group personnel grew by 0.8% and was broken down into the following categories:

Total workforce by category	Employees	31 December 2012 (*)	31 December 2013	Change
Executives	No.	287	300	13
Office workers	No.	5,756	6,186	430
Manual workers	No.	24,887	24,686	(201)
Total	**No.**	**30,930**	**31,172**	**242**

(*) Pro-forma figure: includes the workforce of the Impregilo Group to ensure comparability with figures as at 31 December 2013.

Despite the challenging macroeconomic situation, the size of the workforce shows excellent employment levels, testifying to the strong attraction of the Group to new generations of employees and, at the same time, demonstrates the success of the process designed to recruit and hire resources with advanced professional qualifications, with a view to reinforcing the critical skills of technical and service organisations and guaranteeing suitable and gradual generational turnover.

With regard to training activities, in addition to investing in pathways to develop and consolidate the skills of individual professional figures, the Company provided training on workplace health and safety through classroom sessions and e-learning, both at the headquarters and at foreign sites, as well as tailor-made courses for staff elected as Workers' Safety Representatives and for Health and Safety Managers.

31,000
employees

Creating a *Campione Nazionale®* (National Champion)

During 2013, with the signing of the merger by incorporation of Salini S.p.A. into Impregilo S.p.A., effective as of 1 January 2014, the Campione Nazionale® project was completed. It is geared toward creating a world leader with the expertise, skills, track record and scale required to compete in the global construction industry through more efficient and effective business management.

The key steps that enabled the implementation of the project following one of the most important proxy fight transactions in Europe in recent months can be summarised as follows:

- On 17 July 2012 Impregilo's Ordinary Shareholders' Meeting approved the proposal submitted by Salini S.p.A. ("Salini") by a majority, with the attendance of shareholders holding over 80% of the share capital, for the termination of the directors in office and the appointment of a new Board of Directors made up of 15 directors, 14 of whom were elected from the list presented by Salini;
- On 27 September 2012, Impregilo and Salini Costruttori S.p.A. (Salini's parent company) signed a strategic commercial and organisational cooperation agreement between the Impregilo Group and the Salini Group in order to launch a collaboration strategy aimed at seizing market opportunities and increasing value for both Groups, as well as producing cost savings due to operating and industrial synergies, while preserving the individual characteristics, structure and make-up of each company. The Parties terminated the agreement by mutual consent in December 2013 following the signing of the aforementioned deed of merger;
- On 6 February 2013, Salini S.p.A., announced its decision, in a special notice pursuant to Article 102, paragraph 1 of Legislative Decree 98/58 (TUF) and Article 37 of Consob Regulation 11971/99 (Issuers' Regulation), to launch a voluntary public offering, pursuant to Article 106, paragraph 4 of the TUF, 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, accompanied by the supporting documentation, specifically the (Impregilo) Issuer Statement, prepared pursuant to Article 103 of the TUF and Article 39 of the Issuers' Regulation;
- Taking into account the shares tendered during the subscription period (from 18 March to 12 April 2013) and the subsequent reopening of terms period (from 18 to 24 April 2013), by 2 May 2013 Salini held a total of 370,575,589 ordinary shares, equal to approximately 92.08% of total Impregilo S.p.A. ordinary shares.
- In light of the outcome of the offer, as it was not aimed at the delisting of Impregilo shares, Salini S.p.A. announced that it would restore sufficient free float to ensure regular trading of said shares. Therefore, at the reporting date, the investment in the subsidiary amounted to 88.83% of the ordinary share capital.
- On 14 May 2013 Salini's Board of Directors carried out a preliminary investigation into the merger by incorporation of Salini S.p.A. with Impregilo S.p.A., in order to launch all the preliminary activities to implement corporate integration in a short space of time. It resolved to:
  a) appoint Vitale & Associati as the independent expert producing the expert appraisal supporting the Board of Directors in determining the share exchange ratio for the merger between Salini S.p.A. and Impregilo S.p.A., as well as BancaIMI and Natixis as advisors to help the Company with all aspects of the transaction;
  b) appoint PricewaterhouseCoopers S.p.A., Impregilo's independent auditors, to conduct the statutory audit of the accounts for the preparation of the report pursuant to Article 2501-bis, paragraph 5 of the Italian Civil Code;
  c) provide the CEO with a mandate to file a request with the Court of Milan for the appointment of the expert who will prepare the report on the adequacy of the exchange ratio pursuant to Articles 2501-sexies of the Italian Civil Code;

- on 24 June 2013, the Boards of Directors of Salini S.p.A. and Impregilo S.p.A. approved the plan for the so-called reverse merger of Salini S.p.A. into Impregilo S.p.A. effective as of 1 January 2014, subject to the approval of the extraordinary shareholders' meetings of the two companies, setting the exchange ratio at 6.45 Impregilo ordinary shares for each Salini share;
- On 28 August 2013, the Disclosure Document concerning the merger by incorporation of Salini S.p.A. into Impregilo S.p.A. was published at the registered office and on the website of the subsidiary Impregilo S.p.A.;
- On 12 September 2013 the extraordinary shareholders' meeting of Impregilo S.p.A., by a large majority:
  - approved the merger by incorporation of Salini into Impregilo S.p.A. and the reduction of the share capital of the acquiring company pursuant to Article 2445 of the Italian Civil Code.
  - assigned the Board of Directors the mandate to increase the share capital without pre-emption right pursuant to Articles 2443 and 2441, paragraph 4, sentence 2, of the Italian Civil Code (amendment of Article 7 of the Bylaws).
  - assigned the Board of Directors the mandate pursuant to Articles 2443 and 2420-ter of the Italian Civil Code to increase the share capital and to issue convertible bonds, possibly also without pre-emption right pursuant to Article 2441, paragraphs 4, part 1, 5 and 8 of the Italian Civil Code (amendment of Article 7 of the Bylaws).
  - amended Article 33 of the Bylaws, in order to grant the Board of Directors, pursuant to Article 2433-bis of the Italian Civil Code, the power to approve the distribution of interim dividends.
  - amended Article 14 of the Bylaws in order to adopt the derogation system provided for by Article 135-undecies, paragraph 1, of Legislative Decree 58 of 1998.
- By deed of Mr. Carlo Marchetti, notary public in Milan, filed under No. 10520 of Folder No. 5396, with the Registers of Companies of Rome on 4 December 2013, and of Milan on 5 December 2013, the merger of Salini S.p.A. into Impregilo S.p.A. was finalised effective as of 1 January 2014 and the company name was changed into Salini Impregilo S.p.A. Therefore, starting from the effective date, Salini Impregilo S.p.A. took over all contracts, assets and existing legal relationships of Salini S.p.A. which the latter was previously a party to, taking on the relevant rights and obligations without interruption.
- Effective as of 1 January 2014, the 62,400,000 shares held by Salini Costruttori, with a nominal value of €1.00 each and constituting the entire share capital of Salini S.p.A., were cancelled with the concurrent allocation to the parent company of 402,480,000 ordinary shares of Salini Impregilo S.p.A., equivalent to 89.95% of the total ordinary share capital.

The merger is an essential step in the industrial and strategic plan pursued by the Group to create a Campione Nazionale® in the complex works and infrastructures construction industry, thus becoming a major Italian player with shares listed on the Milan Stock Exchange that can be a leading industry player worldwide.

In this perspective, the merger between the two companies will enable optimising the critical success factors that characterise the business sectors of interest and yielding further significant benefits, including:

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

Operating performance

Analysis of income, financial position and cash flow

Introduction

The financial year ended on 31 December 2013 is the first year for which Salini S.p.A. has prepared separate financial statements pursuant to the *International Financial Reporting Standards* (IFRS) adopted by the European Union. In accordance with the provisions of IFRS1, data for financial year 2012 were restated pursuant to the provisions of the International Accounting Standards.
In contrast, the first-time application of the IFRSs to the Group consolidated financial statements took place on a voluntary basis starting from 2012, which is the company's first financial year.
Article 40 of Legislative Decree 127/91 (Implementing Directive 78/660/EEC and Directive 83/349/EEC on companies' separate and consolidated financial statements), as amended by Legislative Decree 32 of 2 February 2007, allows companies producing consolidated financial statements to present the directors' report on the consolidated financial statements and the separate financial statements of the parent company in a single document, giving "greater prominence, where necessary, to matters that are significant for the enterprises included in the consolidation as a whole".
Taking into consideration the importance of the production activities conducted through its subsidiaries and in view of the evaluation criteria of the same in the separate financial statements, Salini S.p.A. has opted for a single document.
The management analysis for the entire Salini S.p.A. Group is provided below, with data prepared in accordance with the *International Financial Reporting Standards*.
See the following paragraph on the "Main Group Companies" for the analysis of the data of the separate financial statements of the parent company and main subsidiaries.

Summary of consolidated financial information and other information concerning operations

The consolidated financial statements at 31 December 2013 reported total revenues of €3,425.7 million, an EBIT of €147.7 million and net profit attributable to the Group of €166.9 million.
Changes over the previous period are mainly due to the second, third and fourth quarter results of the Impregilo Company, which became a subsidiary starting from 1 April 2013 and to the effects of the measurement of the subsidiary Impregilo S.p.A. using the PPA method pursuant to IFRS 3.

Profit margins, though in the presence of significant non-recurring costs incurred for the completion of the public tender offer, recorded levels of excellence, with an EBITDA margin and ROS of 9.2% and 4.3% respectively.

Pre-tax profit was greatly affected by the net financial position, which, as well as reflecting the costs sustained in supporting investments and production activities and the results of foreign-exchange losses, shows the positive effect, equal to €204 million, of measuring the investment in Impregilo S.p.A. at fair value as provided for by IFRS 3.

In particular, paragraph 4 of IFRS 3 states that the acquisition should be accounted for by applying the purchase acquisition method, which requires that all assets and liabilities, including potential ones, of the acquiree be reported in the financial statements of the acquirer at fair value regardless of the value posted by the acquiree in its financial statements (for more details on the economic and financial effects of the so-called "PPA" process, see the paragraph on "Business combinations" in the notes to the financial statements).

The net result of discontinued operations equivalent to €(88.1) million consisted mainly of the consolidated result of Todini Costruzioni Generali S.p.A., which was measured for the first time in a disposal perspective.
With reference to the complex situation concerning the SUW projects in the Campania region, these too part of the non-current assets held for sale, the positive developments in litigation concerning the Group's claims for damages in relation to the former CDR plants had a significant impact, as a result of which about €241 million were collected, equivalent to a net gain for the year of €21.1 million.
Also as part of the SUW Campania projects, the broad acquittal handed down by the Court of Naples at the end of 2013 for criminal proceedings started in 2004 was also of great relevance. As part of the above proceedings, the Impregilo Group was the subject of major precautionary measures which had already been quashed with a final ruling by the Court of Cassation. For more complete disclosure on the events related to the SUW Campania projects, see the section below of this Annual Report on Assets Held for Sale and Discontinued Operations.

As part of the contracts for works, in the latter part of financial year 2013, the contractual relationship with the client of the expansion works of the Panama Canal reported less favourable results.
In this context, the subsidiary Impregilo, participating as lead partner with the Spanish group Sacyr Vallehermoso in the international joint venture that was awarded the contract, met with major critical issues and significant cost increases – in previous financial years – basically due to causes attributable to the client , and in the second half of 2013 encountered difficulties to continue production activities.
This situation arising from the repeated refusal of the client to engage with a cooperative spirit in the procedures contractually provided for protecting the parties' rights was settled only after year-end as a result of an agreement under which it was possible to resume construction activities.
The agreement provides, inter alia, that in view of the resumption of works and their completion by 31 December 2015, the client and contractors will co-fund the works to be finished and, specifically, the additional costs incurred compared to the original estimates, as well as defer the repayment of contractual advances by making the final allocation of the additional costs between the parties contingent on the outcome of the arbitration proceedings initiated simultaneously.
In light of these considerations, according to an evaluation approach consistent with these recent events, it was deemed necessary to update the forward-looking assessments concerning the contract reporting any additional net expenses over the entire life even if the amount is not particularly significant.

Despite the considerable volume of production activities achieved during the year, the portfolio of work in hand reached €28.8 billion, which represents more than 8.5 years of future production, assuming revenues from ordinary operations equal to that recorded in the income statement for 2013.
New prestigious contracts have been acquired for contraction of the metro in Riyadh (Saudi Arabia), the "Red North Line" of the metro in Doha (Qatar) and the "Skytrain" project in Australia. More detailed information about these and other contracts acquired during the period is provided in the specific paragraph on the portfolio of work on hand.

Consolidated net financial position amounted to €(331.7) million after making significant investments for the control of Impregilo S.p.A. and covering the ordinary operations of the Group, and was in line with the forecasts of the business plan and much better than the figure of €(694.9) million recorded at the end of the first half.

Group personnel reached 31,172 employees, growing by 0.8% versus the figure at 31 December 2012, had the subsidiary Impregilo been part of the current scope of consolidation.

Group reclassified income statement

(Values in €/000)	December 2013		December 2012*	
Revenues	3,333,820	97.3%	1,174,185	96.7%
Other revenues	91,841	2.7%	40,695	3.3%
Total Revenues	**3,425,661**	**100.0%**	**1,214,880**	**100.0%**
Costs of production	(2,586,409)	75.5%	(939,159)	77.3%
Value added	**839,252**	**24.5%**	**275,721**	**22.7%**
Personnel costs	(459,443)	13.4%	(138,001)	11.4%
Other operating costs	(63,313)	1.8%	(8,940)	0.7%
EBITDA	**316,496**	**9.2%**	**128,781**	**10.6%**
Depreciation and amortisation	(152,514)	4.5%	(62,791)	5.2%
Provisions		0.0%	0	0.0%
Write-downs	(16,330)	0.5%	(1,174)	0.1%
(Capitalised costs)		0.0%	0	0.0%
EBIT	**147,652**	**4.3%**	**64,816**	**5.3%**
Total net financial and investment income	141,423	4.1%	284,365	23.4%
Pre-tax profit/(loss)	**289,075**	**8.4%**	**349,181**	**28.7%**
Taxes	(43,234)	1.3%	(28,781)	2.4%
Profit/(loss) from continuing operations	**245,841**	**7.2%**	**320,401**	**26.3%**
Profit/(loss) from discontinued operations	(88,140)	2.6%	13,081	1.1%
Net Profit	**157,701**	**4.6%**	**333,481**	**27.4%**
Profit/(loss) attributable to minority interests	(9,244)	0.3%	8,513	0.7%
Profit/(loss) attributable to the group	**166,944**	**4.9%**	**324,968**	**26.7%**

Economic and operating performance

Key consolidated income figures (Values in €/000)	31 December 2013	31 December 2012
Total Revenues	3,425,661	1,214,880
EBITDA	316,497	128,781
EBIT	147,652	64,816
EBT	289,075	349,181
Net Profit	157,701	332,918
Net profit/Total Revenues	4.6%	27.4%

Production

Total revenues for 2013 amounted to €3,425.7 million, consolidating – as from 1 April 2013 – the turnover of the subsidiary Impregilo, whose share of the total value of production was equal to 52.8 %.

Foreign projects represented a total of 83% for the year, testifying to the sound competitive standing of the Group in geographical areas with great potential, such as Africa and the Americas, which alone represent 52% of the total value of production.
Operating revenues amounted to €3,333.8 million, accounting for 97.3% of turnover.
The "core" business was Construction, which reported a value of €3,205.4 million, i.e., 96% of the operating revenues.

Operating revenues by sector (Values in €/000)	31 December 2013	%	31 December 2012	%
Construction	3,205,360	96%	1,174,185	100%
Concessions	15,719	0%		0%
Plants	112,741	3%		0%
Total operating revenues	**3,333,820**	**100%**	**1,174,185**	**100%**

The Ethiopian hydroelectric projects, Gibe III and Grand Ethiopian Renaissance Dam, as well as the Ulu Jelai works in Malaysia and the Panama Canal expansion project provided a significant contribution to this result. Similar considerations can be made with reference to the works for the construction of the Copenhagen metro in Denmark, the construction of the hydraulic tunnel in Abu Dhabi as well as to the works related to the contracts in Venezuela.
Specifically, the Italian market was characterised by the works of the Pedemontana Lombarda motorway, which in 2013 saw the completion of the road link between the A8 and A9 motorways.

Operating revenues by geographical area (Values in €/000)	31 December 2013	%	31 December 2012	%
Italy	491,790	15%	107,379	9%
EU (excluding Italy)	505,919	15%	196,843	17%
Non-EU	225,616	7%	37,156	3%
Asia	390,987	12%	254,561	22%
Africa	850,382	26%	578,246	49%
America	866,063	26%	-	0%
Oceania	3,063	0%	-	0
Total operating revenues	**3,333,820**	**100%**	**1,174,185**	**100%**

Other non-operating revenues, amounting to € 91.8 million, basically relates to entries which, by their nature, are not part of core business (e.g. the recovery of costs incurred on behalf of subsidiaries and charged back to them, technical and administrative services provided to third parties, disposals of materials, insurance reimbursements).

Costs

Direct production costs stand at €2,586.4 million and account for 75.5% of total revenues (77.3% in 2012).
Service costs, which represent the direct cost with a greater weighting, refer mainly to expenses incurred to support production volumes and, net of the ancillary costs (amounting to about €35 million) incurred for the public tender offer for Impregilo, are proportional to the growth in turnover.
Personnel costs, standing at €459.4 million, absorbed 13.4% of the value of production.

Results of operations

Results of operations for the year show the substantial income quality of existing projects and the portfolio of work in hand.

Economic and financial indicators, such as ROI (+12%) and net invested capital turnover (2.8), confirm the positive performance of invested capital, both in terms of profitability and the capacity to generate sales revenues.

The performance in EBITDA is significant which, reaching a total of €316.5 million, has resulted in an EBITDA margin of 9.2%, which is outstanding considering both the impact of the non-recurring costs of the public tender offer, amounting to about €35 million, and the negative effect of €27.3 million, resulting from the application of the IFRS 3 standard for the fair value measurement of the investment in Impregilo. For more details, see the paragraph on "Business combinations" of the notes to the financial statements.

Similar remarks can be made for EBIT, which at €147.7 million represented a ROS of 4.3%.

Results from discontinued operations

The balance of the discontinued operations, amounting to €(88.1) million, mainly includes the net consolidated result of the subsidiary Todini Costruzioni Generali S.p.A., which on 31 December 2013 reported a value of €(73.5) million.

In financial year 2013 the subsidiary reported some non-recurring events that had a significant impact on profit margins for the period especially in the latter part of the year.

Specifically, the interruption of the works on the construction of the "Alat - Masalli Highway" in Azerbaijan and the subsequent signing of a settlement agreement for the mutual termination of the contract had a negative impact on Group EBIT amounting €40.9 million. The settlement agreement, signed in the second half of the year, showed its effectiveness only near the end of the year with the realisation of the mutual obligations.
Similar considerations can be made for the Dubai contract, where Todini was forced to limit its production activities due to events beyond its control, without having the opportunity of a

proportional and simultaneous adjustment of the local structure for both technical and commercial reasons. This situation had a negative impact on the contract's income statement, which was only partially offset by a supplemental agreement by which the client granted an amount of AED 20 million (equivalent to approximately €4 million) as full and final settlement, well below the additional costs incurred due to the extension of the contract.
The contract in question was substantially completed and no significant future economic impacts are expected.
Moreover, it should also be noted that the new contracts acquired during the year are still in the start-up phase and were not able to generate revenues and profits equivalent to the completed contracts, thus worsening the residual margin for the year.
Part of the result from discontinued operations reflected the ruling of the Court of Cassation and the outcome of the enforcement procedures implemented by the subsidiary Impregilo S.p.A. with regard to the dispute concerning the claims for damages filed through its subsidiary FIBE for the former CDR plants. Further information about the dispute and the broader situation regarding it is provided in the paragraph of the Annual Report on non-current assets held for sale.

Results for the period

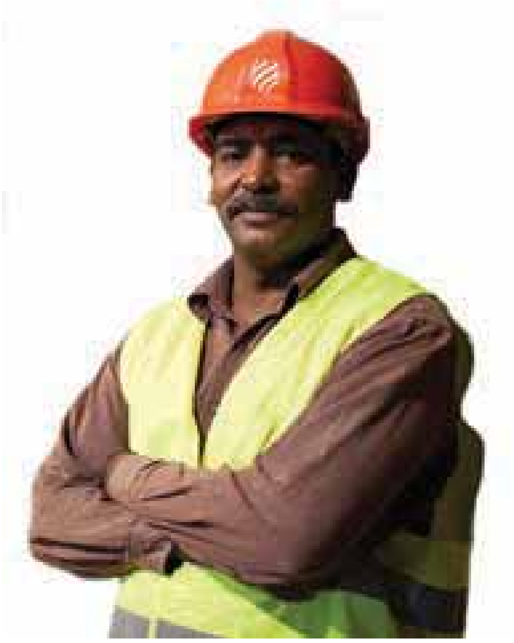
EBT (pre-tax profit) totalled €289.1 million, representing 8.4% of revenues due to the combined effect of the positive operating margins and benefits of financial operations, which were affected by the net impact of the fair value measurement of the controlling interest in Impregilo amounting to €203 million.
The provision for taxes for the year (€ 43.2 million) includes a current portion of €(59.9) million and a portion for deferred taxes of €16.6 million.

For additional information on the calculation of taxes, see the section on "Income taxes" in the notes to the financial statements.

Economic effects resulting from the application of PPA

The following is a summary of the economic effects of the value adjustments made in accordance with the provisions of IFRS 3 to the assets acquired and liabilities assumed as part of the business combination related to the acquisition of the Impregilo Group.

The application of "purchase price allocation" had a negative impact on EBITDA and EBIT in the amount of €27.3 million and €27.8 million respectively.
The net result of the final PPA amounted to €34.8 million. Further details can be found in the paragraph on business combinations in the explanatory notes to the financial statements.



Global player
in the construction of major complex infrastructure projects

Reclassified statement of financial position

(Values in €/000)	December 2013	December 2012	% Change
Intangible fixed assets	165,234	2,594	n.s.
Tangible fixed assets	519,021	330,303	57.1%
Equity investments	61,261	581,672	-89.5%
Other fixed assets	31,621	31,532	0.3%
Total fixed assets (A)	**777,137**	**946,101**	**-18%**
Inventories	244,016	168,088	45.2%
Amounts due from clients	1,282,410	624,705	105.3%
Amounts due to clients	(1,884,083)	(1,098,355)	71.5%
Trade receivables	1,634,515	490,685	233.1%
Other assets	381,814	181,899	109.9%
Tax assets (liabilities)	105,254	8,549	n.s.
Subtotal	**1,763,927**	**375,560**	**369.7%**
Trade payables	(1,177,283)	(569,842)	106.6%
Other liabilities	(249,645)	(49,672)	402.6%
Subtotal	**(1,426,928)**	**(619,514)**	**130.3%**
Operating working capital (B)	**336,999**	**(243,954)**	**-238%**
Non-current assets held for sale (C)	**653,604**	**0**	**n.s.**
Non-current liabilities held for sale (D)	**(418,061)**	**0**	**n.s.**
Employee benefits	(22,059)	(4,506)	389.5%
Provisions for risks and charges	(103,629)	(14,247)	627.4%
Total provisions (E)	**(125,688)**	**(18,752)**	**570%**
Net Invested Capital (F=A+B+C+D+E)	**1,223,991**	**683,395**	**79%**
Cash and cash equivalents	1,132,420	411,703	175.1%
Current financial assets	232,529	64,220	262.1%
Non-current financial assets	48,928	28,525	71.5%
Current financial liabilities	(441,846)	(299,377)	47.7%
Non-current financial liabilities	(1,303,740)	(300,125)	334.4%
Net financial payables/receivables (G)	**(331,708)**	**(95,055)**	**249%**
Shareholders' Equity	699,158	559,579	24.9%
Minority interests	193,125	28,761	571.5%
Shareholders' Equity (H)	**892,283**	**588,340**	**52%**
Total Sources (I=G+H)	**1,223,991**	**683,395**	**79%**

Financial results

Key consolidated financial position figures (Values in €/000)	31 December 2013	31 December 2012
Total fixed assets	777,137	946,101
Operating working capital	336,999	(243,954)
Non-current assets held for sale	653,604	0
Non-current liabilities held for sale	(418,061)	0
Reserves	(125,688)	(18,752)
Net invested capital	**1,223,991**	**683,395**
Shareholders' equity	(892,283)	(588,340)
Net financial payables	(331,708)	(95,055)
Funding	**(1,223,991)**	**(683,395)**

The structure of the statement of financial position at 31 December 2013 reflects the trends in Group operations which are to be deemed instrumental to the balanced use of investments and careful management of working capital.

Net fixed assets amounted to €777.1 million, consisting mainly of technical equipment at operational sites whose value – net of the related accumulated depreciation – totalled €519.1 million.

The change in intangible assets was significantly affected by the consolidation of the balance sheet data of Impregilo, whose nature is essentially attributable to rights on infrastructure granted under concession, to consideration paid for the acquisition of the High-Speed Railway business units and to goodwill for the subsidiary Fisia Babcock.

The value of the equity investments was affected by the different accounting treatment used to measure ownership of the Impregilo Company, which the year before was reported in the statement of financial position as an associated company worth about €570 million.

Operating working capital, equal to €337 million, was the result of the significant growth in production revenues, which had a proportional influence on uses, specifically regarding inventories for work in progress, certification for clients and supplier exposure. Another significant element consisted in the discounting to present value of the expected margins of the contracts in the portfolio of the subsidiary Impregilo S.p.A. as at 31 March 2013 in accordance with the purchase price allocation method as required by IFRS 3 and further detailed in the paragraph on business combinations in the notes to the financial statements.

Non-current assets (liabilities) held for sale, whose net value totalled €235.5 million, consisted entirely of the consolidated balance sheet figures of the subsidiary Todini Costruzioni Generali S.p.A. (+€229.8 million) and the balance of the claims for damages relating to the former CDR plants (+€5.7 million), which were already mentioned in the previous paragraph on "Income from discontinued operations" and are more extensively illustrated in the chapter on "Non-current assets held for sale".

The effects of the final PPA on the Shareholders' Equity for the year amounted to €80.4 million, of which €45.6 million were included in the consolidated financial statements of Impregilo S.p.A. for the period from April to December 2013, while the remaining €34.8 million represents the net additional effect recognised at 31 December 2013.

Net financial position

The consolidated net financial position of continuing operations at the end of 2013 amounted to €(331.7) million and, in line with the management's forecasts, was the result both of the investments planned for the implementation of the *Campione Nazionale*® project, which was completed with the control of the company Impregilo S.p.A., and of the ordinary uses of cash flow to support the continued growth in the production volumes of the contracts.

The debt structure showed a substantial improvement in exposure compared to the end of the first half of the year, when the value of the NFP amounted to €(694.8) million, with a redistribution of commitments geared toward the medium to long term. The positive value of the current ratio – equivalent to 1.6 and better compared to the same period last year – showed the Group's structural ability to cope with short-term liabilities with current asset items alone.

Specifically, the balance of non-current financial liabilities was mainly composed of an *unsecured term loan facility* of approximately €354 million with a three-year maturity, signed on 10 December 2013 to refinance the remaining portion of the debt incurred for the public tender offer for the subsidiary Impregilo S.p.A. and the liabilities related to the bond issue in July for a nominal amount of €400 million maturing in 2018.
These transactions, together with the signing of a revolving unsecured line amounting to €100 million with a 3-year maturity and not yet used at the balance sheet date, shifted the mix of maturities toward the long term, increasing the cash flow elasticity and financial flexibility.
Finally, the application of the PPA method to the business combination related to the acquisition of the Impregilo Group resulted in increased net debt in the NFP of approximately €18.9 million, as a result of the fair value measurement of financial assets and liabilities at the date of acquisition of control of Impregilo.

(Values in €/000)	December 2013	December 2012	Change
Cash and cash equivalents	1,132,420	411,703	720,717
Current financial assets	232,529	64,220	168,309
Current financial liabilities	(441,846)	(299,377)	(142,469)
Total current position	**923,103**	**176,545**	**746,558**
Non-current financial assets	48,928	28,525	20,403
Non-current financial liabilities	(1,303,740)	(300,125)	(1,003,615)
Total non-current position	**(1,254,812)**	**(271,600)**	**(983,212)**
Net financial position of continuing operations	**(331,708)**	**(95,055)**	**(236,653)**
Net financial position of non-current assets held for sale	(53,868)	-	(53,868)
Net financial position comprising the non-current assets held for sale	**(385,576)**	**(95,055)**	**(290,521)**

6,700 km of railways

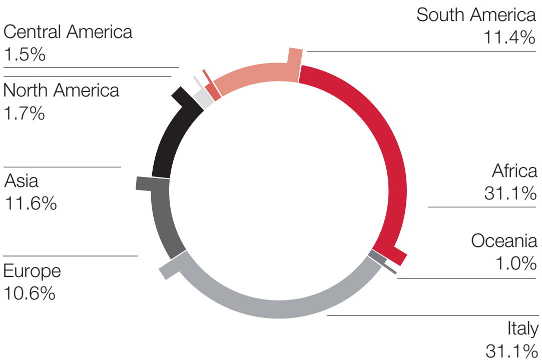
Portfolio of work in hand

The combination of industrial expertise of Salini and Impregilo, as a result of the strategic cooperation agreement signed by the two groups in September 2012, has allowed the commercial activities to achieve extremely important results in 2013.
The consolidated portfolio of work in hands totalled about €28.8 billion, including the backlog of Todini (amounting to €0.8 billion) and consisted of €22 billion from the construction sector, while the concessions and plants business contributed €6.5 billion and €0.3 billion respectively.

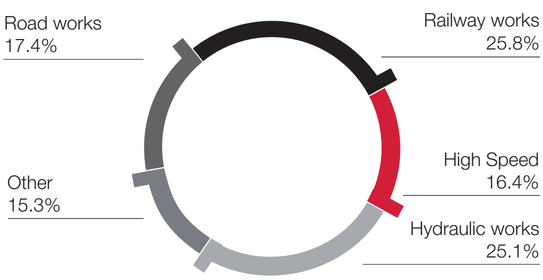
The new acquisitions amounting to €8.6 billion were mainly the result of the construction business, which contributed approximately €5.7 billion, i.e., 66.5% of the total, while the remaining 33.5% was generated almost entirely by the concessions sector and specifically by the management contract for the hospital in the Turkish city of Gaziantep.
Noteworthy is the performance in the "Railway works" and "Road works" sectors, which account for 32.6% and 30.1% of the new projects in the construction sector respectively.

With regard to the "core" activities, 31% of the construction backlog referred to domestic projects (€ 6.8 billion), and the remaining 72% to foreign projects, of which Africa accounts for 45% (€6.8 billion), Asia and the Middle East 17% (€2.6 billion), the Americas 21% (€ 3.2 billion), Europe 15% (€ 2.3 billion), and Oceania 2% (€ 0.2 billion).
The construction sector is important not only for its impact on the overall portfolio of work in hand, equivalent to 68%, but above all as an indicator of the commercial penetration potential of the Group, which in 2013 was able to improve the value of its backlog by 10%, up from €19.9 billion (pro forma figure including the 2012 portfolio of Impregilo) at year-end 2012 to the current €22 billion.
The railway works (€ 5,676 million) and hydraulic works (€ 5,518 million) segments represented the core business of the Group with 25.8% and 25.1% of the construction portfolio respectively.
Nonetheless, road works and high-speed railway projects also played a substantial role with €3,821 million and €3,617 million each, representing 17.4% and 16.4% of total works in hand respectively.

Construction portfolio of work in hand by geographical area



Construction portfolio of work in hand by business sector



Construction Sector

The Construction sector is the Group's core business and includes projects relating to the construction of large infrastructure works, such as dams and hydroelectric plants, motorways, railway lines, metros, underground works, bridges and similar works.
In 2013, the Construction sector reported total revenues of €3,205.3 million.
Below is a brief description of the key events relating to the main contracts of the year broken down by geographical area.

Foreign

The Group's global mission is mainly demonstrated in its presence in foreign countries through permanent structures, branches and local companies which, due to their strong positions in the various markets, are ready to take advantage of the strategic potential and business opportunities to be found there.

Within the Construction portfolio of work in hand, the value of international business (€15,152 million) represented 69% of the total.

International market activity, totalling €2,860.5 million, represented 84% of the value of production at 31 December 2013.

Africa

Ethiopia

Work on the Gibe III project continues. The contract for this work, signed on 19 July 2006 and with a value of €1,569 million, involves building a hydroelectric plant with a capacity of 1,870 MW, consisting of an RCC (roller-compacted concrete) dam which is 243 metres high, with a surface plant. Other permanent works include a total of 75 km of access roads, a new bridge over the Omo river and camps and facilities for the client.

In 2010, an agreement was also signed with the client for the construction of a 66 kV power line from the Wolayta Sodo substation to the Gibe III site. This line and the relative substations will remain the property of the client, EEPCo (Ethiopian Electric Power Corporation), but in exchange Salini will be supplied with discounted electricity.

On 30 December 2010, Salini Costruttori and EEPCo (Ethiopian Electric Power Corporation) entered into an agreement to construct the "Grand Ethiopian Renaissance Dam" (GERDP), which will be the largest dam in Africa (1,800 m long, 170 m high and with an overall volume of 10 million cubic metres), along with two plants located on the banks of the Blue Nile, equipped with a total of 16 turbines each with installed capacity of 375 MW.

On 12 March 2012, a second addendum was signed to formalise the request on behalf of the client to increase the voltage of the electric line between Beles and GERDP, from 132 kV to 400 kV. This change resulted in an increase of €42 million in the contract amount, resulting in a project total of €3.6 million.

Earthworks are currently in progress for the foundations of the main and central dams, while the new bridge over the Nile was completed in September 2012 and is open to traffic.

The works for the construction of the plants along the river bank, the permanent camp and construction site roads are substantially completed, as well as the works to divert the Nile into the relevant channel.

Nigeria

The work relating to the "Gurara Dam and Water Transfer Project, Lot A – Dam and Associated Works" project is near completion. The current value of the job, inclusive of the various

Active in over **50** countries

contract addenda issued over the years (the contract was signed on 30 January 2001) is approximately €545 million. The 9-million m3 earth and rockfill dam, the intake structure and the 30-MW hydroelectric plant are complete; the power transmission line, the irrigation perimeter and some road works still need to be finished. Completion is scheduled for 31 December 2014.

Work continues on the "Development of Idu Industrial Area Engineering Infrastructure" project (the contract is worth around €237 million), involving the primary urbanisation of a new district in the capital, Abuja, destined for industrial use. The sewage and drainage systems are complete, the road network (including four viaducts) is 60% tarmacked and the construction of water and power supply networks is under way.

Work is also continuing on the design and execution of the Nigeria Cultural Centre and Millennium Tower (the contract is worth around €421 million). The structure of the tower has reached its final height of 170 m and work is under way into the assembly of architectural components, the underground parking area beneath the piazza is in the completion stages, the artificial tunnel connecting the two plots has been completed and the structures of the seven buildings which make up the Cultural Centre and the Auditorium are in an advanced stage of construction.

The section of urban motorway pertaining to the Extension of Inner Southern Expressway (ISEX), a project with a value of around €65 million awarded by the Federal Capital Development Authority on 13 January 2010, is at an advanced stage of construction. Three of the four main viaducts are complete, drainage works are nearing completion and most of the road section has been tarmacked.

The "Dualisation of Suleja Minna Road in Niger State" project acquired in November 2010, worth approximately €50 million, is currently under way. At present, the earthworks and drainage works are in the completion stages, paving has been partially completed and the construction of 3 bridges has been concluded, while the fourth bridge, the longest running across the Gurara river, is under construction.

Similarly, the "Development of District 1 Abuja North Phase IV West" project is being developed. This project's overall value is approximately €250 million, and the awarding process was carried out in two steps (phase 1 on 30 December 2010 and phase 2 on 5 March 2012). To date, the construction of one of the main viaducts of the project is almost finished.

The "Adiyan Waterworks Phase II" project, worth €250 million, was awarded on 12 September 2012. It involves the design and construction of a water treatment plant with a capacity of 320,000 m^3/day, destined to meet part of the water requirements of the population of Lagos. Mobilisation of the work site has been completed, the design of the plant is currently under way, and the construction of the civil works is in the start-up phase.

Namibia

On 26 March 2013 Salini S.p.A. was awarded a contract for the construction of the Neckartal dam, worth about €200 million.

The instruction to begin work was received on 11 September 2013 and the mobilisation of the work site is underway.

Sierra Leone

Activities relating to the management and routine maintenance of the Bumbuna hydroelectric power

plant and the related transmission line to the city of Freetown are progressing steadily. Power generation takes place in coordination with the National Power Authority, which is responsible for the country's electricity distribution.
The contract value, originally €10.2 million, was increased to €26.1 million as a result of two addenda signed on 18 November 2011 and 18 December 2013 respectively.

The same applies to the "Rehabilitation of 21.2 km of urban town roads" project for the rehabilitation of several sections of main roads located in the four main cities of Sierra Leone. When five new contract addenda were signed, in June and October 2011, March 2012 and October 2013, the project's value increased from the original €10.3 million to €30.2 million.

On 13 June 2013, an addendum to the original contract for original rehabilitation of some roads in the Lunsar area was also signed, for an additional value of €4.5 million.

Lastly, on 24 May 2013, a new contract was signed with the Sierra Leone Road Authority for the rehabilitation of 70 km of road within the "Sefadu roads rehabilitation project section 1 - Matotoka-Yiye", worth approximately US$30.7 million funded by the Asian Development Bank.

Uganda
In June 2012 the fifth and final turbine of the Bujagali Hydroelectric Power Project, concerning the construction of a dam with hydroelectric power plant (265 MW) on the White Nile, was inaugurated.

The civil works were completed along with the environmental restoration works, while the final certificate was released by the client BEL on 6 August 2013.

Though still in the critical demobilization phase, the work site continued to pursue highest standards in terms of relationships and interactions with stakeholders, gaining for the second year in a row the prestigious Uganda Responsible Investor (URI) Award, in recognition for having distinguished ourselves in the Engineering & Construction sector as a highly responsible investor on issues such as workers' rights, product quality, the prevention of discrimination and corruption, and environmental protection.

Algeria
The maintenance period for the "Autoroute Est-Ouest, troncon Bouira-El Adjiba" project (27 km motorway section), carried out by the "Groupement Todini Enaler", came to an end in 2011.

Therefore, the client was submitted a proposal for an "avenant de cloture" including, in addition to the quantities actually executed, the technical, compensation and bonus provisions that had been deferred from the previous avenants to the closing one.

In November 2013, during a meeting with the ANA and Works Management, an agreement was formalised by which the Groupement was granted an amount of 851.3 million dinars and €6.2 million.

The final version of the document was delivered to the client in the month of January 2014 with the aim of reaching a settlement in the first half of the current year.

With regard to the Algiers Inter-City Collector contract, the issues of a geotechnical nature relating to Shaft 5, due to the particular composition of the ground in the area surveyed, were solved.

After several technical evaluations, shared with the client, the final position of the shaft was chosen, starting the initial excavation and tunnel consolidation works.

Since the amount of the works described concerns additional activities, estimated at approximately €11.7 million, a specific avenant was submitted to the client whose approval is being finalised.

Tunisia
In the early months of 2012, the “La Marsa” road project was completed in the first few months of the year by widening both directions of a 6-km section of the existing road to four lanes.

We are waiting for the client to sign off the final approval.
In 2010, we were awarded the contract to build the Sfax-Gabes motorway as part of the Maghreb highway.
This work, co-funded by the European Investment Bank (EIB), involves building two motorway lots of 25 km each in southern Tunisia and has a value of approximately €81 million.

Work, which began in March 2010, has been significantly delayed due to the social unrest that led President Ben Ali to flee the country and also due to the revolutionary uprisings that occurred in bordering Libya.

As a result and in agreement with the other companies awarded Sfax-Gabes lots, a claim was submitted to the client for the increased costs incurred.

The EIB, and later the client, accepted the principle of payment to the companies which submitted reserves due to the disturbances of the Arab Spring for 2011 and 2012. Specifically, the criterion for calculating the “compensation” was determined, which could favour the Group to the tune of approximately TND 22.5 million (equivalent to €11 million). The file is now being examined by the Comitè Consultatif de Reglement a l’Amiable des Litiges and is currently awaiting the signature of the Chef du Gouvernement.

Considering the political instability of the country, created also as a result of the recent resignation of the Government, it is expected that the claims cannot be resolved before the end of the first half of the year.

Pending the formalisation of the Avenant, an 18-month extension of the contract times was requested.

The service order to begin work on the Oued Zarga - Bou Salem stretch of motorway was received in May 2012. The project, which is worth around €39 million in total, is located in the north-west of the country. It is co-financed by FADES and involves the construction of 18.5 km of new motorway and the resurfacing of 6.2 km of state road.

The two contracts are part of the major Maghreb highway project, which will boost trade and economic growth in the area by connecting Mauritania and Egypt via Morocco, Algeria, Tunisia and Libya.

Lastly, it should be noted that in March 2013 the reserve presented for the M’Saken - Sfax project for the change in prices of raw materials was approved and paid. The amount paid equalled approximately TND 4.1 million (equal to €2 million).

Zimbabwe
The addendum to complete the Tokwe Mukorsi dam was signed on 8 April 2011 with the Zimbabwean government, represented by the Ministry of Water Resources Development and Management.

The addendum, worth around €66 million, also involved the payment in full of delayed receivables due from the client for previous addenda, equal to approximately €11 million, which was paid in full.

In 2012 and 2013, four new contractual amendments were granted, contributing to the restatement of the contract value as a result of the recognition of new designs, increased amounts of excavations and extensions of contractual terms.

The work, which would create the highest dam in the country and the largest artificial lake in Zimbabwe, involves the construction of a raised rockfill with a maximum height of 90 metres, a capacity of 1.8 billion cubic metres and the potential to irrigate approximately 25,000 hectares of agricultural land.

230
dams and hydroelectric plants

The work site has completed the roads, building about 43 km of roads and carrying out the excavations for the main dam and five saddle dams, the intake tower and the diversion tunnel. The embankment and two spillways are currently under construction.

Libya

In August, a consortium of Italian companies, among which the Group is the lead partner with 58%, including the Società Italiana per Condotte d'Acqua, Pizzarotti & C. and Muratori & Cementisti - C.M.C. Cooperative, signed a contract for the construction of the first lot of the new Libyan coastal highway, called "Ras Ejdyer - Emssad Expressway project", for a total value of approximately €945 million.
The new highway will cross 1,700 km of Libyan territory, from the border with Tunisia to the one with Egypt. Its construction is an integral part of the agreements signed between the Italian Government and the Government of Libya, with the signing of the Treaty of Friendship and Cooperation on 30 August 2008.

The lot to be built by the Group will be 400 km long and stretch from the city of Al Marj Emsaad to the border with Egypt.

The motorway will have three lanes in each direction plus an emergency lane, and the most significant works will include the construction of 14 bridges and 52 viaducts, 8 service areas and 6 parking areas.

The contract will be financed by the Italian government.

In 2010, a contract awarding the rehabilitation of the Kufra airport runways was signed, worth around €53 million.

After a long period of political instability that has prevented the start of works, the country's commissioning authorities have resumed the original commercial and contractual relationships in order to reopen the work sites.

Therefore, the relevant guarantees were submitted and, in July 2013, the contract advance was finally received.
The work site mobilisation activities have started. On 27 June 2013, a new contract was signed for the Kufra Urbanisation project.
The design activities will soon start, while works are planned to start in 2014.
The agreement for the construction of the new runway at Tripoli airport is yet to be formalised. The signed documents are expected to be received by the end of the next semester.

South Africa

In March 2009, procedures for the participation of Impregilo, together the CMC of Ravenna and a local company, were formalised for the construction of a hydroelectric plant in South Africa. The total value of the project, of which Impregilo holds a share of 39.2%, amounts currently to about €948 million. The project, called 'Ingula Pumped Storage Scheme', involves the construction of a generating and pumping plant with a total installed capacity of 1100 MW, which will generate electricity during peak hours and reuse the water pumping it into the upstream basin during hours of less demand.

Asia

Saudi Arabia

On July 29th, the subsidiary Impregilo, as the lead partner of an international consortium including the Italian company Ansaldo STS, the Canadian company Bombardier, India's Larsen & Toubro and

Saudi Nesma, won a 18.85% of the maxi-contract sponsored by the Riyadh Development Authority for the design and construction of the new Line 3 (40.7 km) of the Metro Riyadh, the longest line of the major project for the new metro network in the capital of Saudi Arabia.

The lot assigned to the Consortium is an important part of the broader project of the contemporary construction of the new Riyadh metro network (consisting of 6 lines with an overall length of about 180 km), worth a total of about US$23.5 billion. In addition to the one awarded to the Consortium to be led by Salini Impregilo, the successful contractors for the other two mega-lots include two other global groups, including some of the largest companies in the world: one led by the United States company Bechtel and composed of Almabani, CCC and Siemens and the other led by the Spanish company FCC, including Samsung, the Saudi company Freyssinet, Strukton and Alstom.

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

United Arab Emirates - Dubai

The "R881 Comprehensive improvements of the parallel roads" project, involving the construction of a stretch of motorway (lots 2C and 3A) in the city of Dubai, was delayed as a result of the continuing financial and liquidity crisis that hit the country to the point that it could not ensure regular payments at specific stages of the work. Production activities were fully resumed in 2012, also owing to payment by the client of some claims for lot 2C (AED 40 million) and to further advances for lot 3A.

The project mainly includes building 30 bridges, resurfacing more than 200,000 square metres of road and providing a large number of underground works.

All structures and roads were open to traffic in December 2013 and the request of inspection for the "taking over" certificate was submitted to the Principal.

An additional agreement worth AED 20 million was signed with the client by way of compensation for the additional costs incurred during lot 3A during "slow down" period resulting from the economic crisis that hit the Emirate.

United Arab Emirates - Abu Dhabi

Through the subsidiary Impregilo, the construction in the UAE of two lots of the STEP Programme (Strategic Tunnel Enhancement Programme) is near completion. It involves the construction of a tunnel that will collect wastewater by gravity from the island and the mainland of Abu Dhabi and convey it to the treatment plant in the city of Al Wathba. Impregilo is building 25 km of the tunnel, which will ultimately measure 40 km. The overall value of the contracts amounts to about US$445 million.

In December 2013, consortium composed of Salini S.p.A. and the local contractor Tristar Engineering & Construction was awarded the "Abu Dhabi - Dubai road, E 311, Package B" project.

The contract, valued at AED 840 million, equivalent to about €168 million, cover approximately 28 km and includes three new motorway junctions with six concrete bridges.

United Arab Emirates - Qatar

On 17 May 2013, the subsidiary Impregilo, lead partner with a share of 41.25% of a joint venture, won the tender organised by the Qatar Railways Company for the design and construction of the 'Red Line North Underground' in Doha. The 'Red Line North' will run north about 13 km from the Mushaireb station with the construction of 7 new underground stations. Specifically, the project involves the excavation of two parallel tunnels, one in each direction, approximately 11.6 km in length and 6.17 metres in inner diameter. The new project, along with 3 other metro lines, is part of a programme to build a new system of mobility infrastructure promoted by Qatar under the National Development Plan for 2030 (‘Qatar National Vision 2030’), which provides for significant investments to ensure sustainable economic growth over time within the country and abroad.

The total value of the ‘Red Line North’ contract amounts to about 8.4 billion Qatari Rial, equivalent to approximately €1.7 billion, of which about €630 million for the design and civil works and about €1.1 billion in provisional sums for preparatory works, electromechanical systems and architectural structures of the stations.

Malaysia

In Malaysia, the Ulu Jelai hydroelectric project is currently under way, which includes a first lot relating to the access roads (CW1) and a second lot (CW2+EM1) that involves building an RCC (roller-compacted concrete) dam 90 metres high, an underground plant with 372 MW installed capacity, complete with hydro-electromechanical equipment with intake works, and approximately 25 km of tunnels.

In December 2013, came the award of a third lot of the project (CW3) consisting in the rockfill protection of the basin banks, worth about €70 million bringing the value of the contract to approximately €598 million.

The construction works, carried out by the subsidiary Salini Malaysia within a consortium with local partner TMSB (Salini 90%, TMSB 10%) will continue until 2016. The first lot of the project, which consists of the access road, has been completed and delivered. As far as the main lot consisting of the dam and the hydroelectric plant is concerned, the dam excavations and the works to divert the river were completed on 30 September 2013, while the underground excavations for the underground plant and the tunnels that make up the plant pumping and return system are at an advanced stage.

There are also ongoing business development activities in other countries in the region, which have so far mainly regarded the pre-qualification for the metros in Hanoi and Ho Chi Minh City in Vietnam, the prequalification for the Tembourong bridge in Brunei, and the prequalification for the Cisokan pumped storage plant in Indonesia.

Kazakhstan

Work continues on the project awarded in December 2009 for the rebuilding of the “Western Europe - Western China, lots 1-5 and 9-14” International Transit Corridor, one of the most important sections of road in Kazakhstan’s road infrastructure.

The contract is divided into 11 lots and has a total value of approximately €680 million. It involves building and rehabilitating the existing road corridor over a total distance of 630 km.
Work is in an advanced phase and during the year “Taking Over Certificates” were issued for lots 9, 11, 12, 13 and 14.

In July 2013, the subsidiary Impregilo S.p.A. and Todini Costruzioni Generali S.p.A., in a joint venture with the local company Kazakhdorstroy, were awarded the construction of four lots of motorway linking the city of Almaty to Khorgos. The project, promoted by the Ministry of Transport and Communications of the Republic of Kazakhstan, is worth approximately €272 million. The work, funded by the World Bank, consist in the modernization and doubling of the existing motorway for a total of about 193 km and in the construction of 5 viaducts.
The four lots are part of a larger project called “Western Europe - Western China International Transit Corridor”, which is the road corridor between Western Europe and Western China, the so-called new “Silk Road”, to improve the network infrastructure of the area, developing trade to and from Europe.
Activities for the installation of the work site and the mobilization of equipment are in progress, as well as the preparation of areas for workshops and warehouses.

The ability of the Group to play a strategic role in the implementation of infrastructure projects in the country is testified by the award to the subsidiary

Todini Central Asia - always in July 2013 - of the project for the reconstruction of a 41-km lot of the Almaty - Ust - Kamenogorsk road, worth about €92 million.

During the year earthworks and the milling of the existing road surface were started, as well as the construction of sub-bases for about 10 km.

Lastly, on 28 November 2013, the joint venture formed by the subsidiaries Todini Costruzioni Generali and Impregilo S.p.A. and by the Azerbaijani company Akkord, was awarded the contract called "Rehabilitation of Almaty - Korday - Blagoveshenka - Merke - Tashkent - Temez Road Section km 705 to km 742 (37.5 km) Corridor 3" (Shymkent-Tashkent Section).
The works, worth a total of about €63 million, will start during the first quarter of 2014.

Azerbaijan
Work on the construction of the motorway section called "Alat - Masalli Highway" were interrupted during the second half of the year due to the failure of the client to recognise the additional expenses incurred in the course of work.
Specifically, the subsidiary Todini Costruzioni believed that a number of changes in the design of the contract had led to unexpected costs for the extraction of particular quarry materials, for the use of larger quantities of steel in the construction of the bridges, and for the need to import bitumen from neighbouring countries to Azerbaijan as a result of short supply in the local market.
Taking into account the client's stance, it was considered appropriate - for commercial reasons - to sign a settlement agreement for the mutual termination of the contract.

This resolution and the consequent economic and financial provisions, under certain "to do" and arbitration clauses contained in the text, took effect only near the end of the current year.

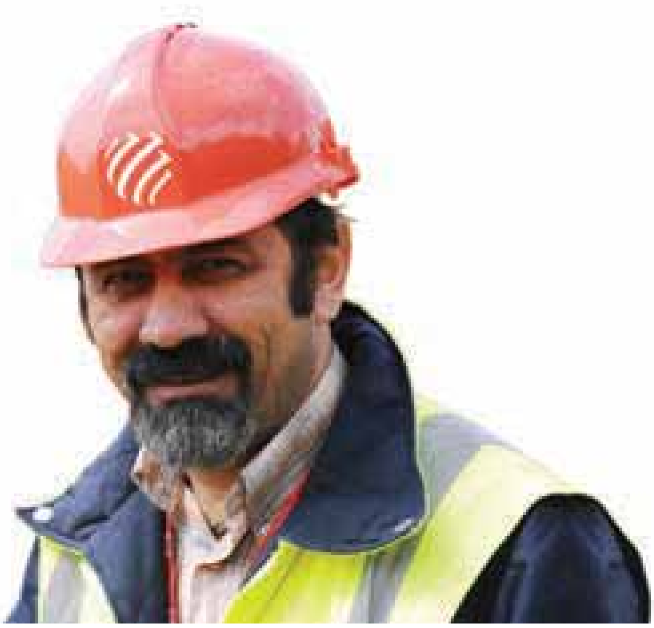
Georgia
Work on the Sveneti - Ruisisono contract was completed and the "taking over certificate" was received on 30 June 2013.

The project, which involved the construction of a 4-lane highway, including the construction of an 800-metre-long twin-tube tunnel, is currently in the warranty period.

In the meantime, three major road projects that are part of the main corridor of the country connecting Europe with Asia, are in progress.

These are managed through a subsidiary in which the Japanese company Takenaka has a minority interest. A brief description of the contracts follows.

- The activities relating to the construction of the new Kutaisi Bypass, along the East-West Highway in the Zestafoni-Kutaisi-Samtredia stretch, started in early 2012. It is expected that approximately 17 kilometres of the main road will be opened to traffic by the end of the first half of 2014. The project is worth a total of approximately €47 million.
- A new contract was secured in March 2012, worth around €44 million for the construction of a 27-km two-lane fast-flowing arterial road on the Kutaisi-Samtredia section. On 18 July 2012, we received instruction to begin work, and this started with the initial mobilisation of people and equipment. About 14 kilometres of the main road are expected to be opened to traffic by the end of May 2014.
- On 11 March 2013 a contract worth about €46 million was signed for the construction of a 27-km, two-lane expressway in the Zestafoni – Kutaisi section. Work site development is currently underway, while some minor works preliminary to the main works were carried out.



36,000 km of roads and motorways

India

The company Salini India Private Ltd. has been operational since the end of 2011, with its registered office in New Delhi. Salini S.p.A. has a 95% stake in the company, and the subsidiary Co.Ge.Ma. S.p.A. a 5% stake. Various pre-qualifications and bids for hydroelectric plants in the country have been submitted, the most recent of which is currently being prepared for the Pakal Dul (1,000 MW) hydroelectric plant in Kashmir.

South America

Venezuela

The projects currently underway in the country are managed through the subsidiary Impregilo.

The project consists in the construction of civil works for a railway line of about 110 km, connecting Puerto Cabello to La Encrucijada.

In November 2011, Impregilo signed a contract addendum with the Institute of Railways for the completion of the Puerto Cabello - La Encrucijada line. The contract addendum includes a further extension of the line from the town of Moron to the port of Puerto Cabello. The total value of the new works provided for in the addendum amounts to about €763 million (with a share of 33.33% for Impregilo).

Work is also continuing for the construction of two additional railway lines in the "San Juan de los Morros - San Fernando de Apure" (252 Km) and "Chaguaramas - Las Mercedes-Cabruta" (201 Km) sections, of which Impregilo has a 33.33% share.

Colombia

In December 2009, the subsidiary Impregilo won the tender to build a hydroelectric plant on the river Sogamoso in north-western Colombia, about 40 kilometres from the city of Bucaramanga.

The project involves the construction of a dam 190 metres tall and 300 metres long, as well as an underground power station that will host three turbines totalling 820 MW of installed capacity. The value of the project currently stands at about €590 million and the client is ISAGEN SA, a joint public/private licensee active in Colombia in the production of electricity.

Impregilo has also already completed the preliminary works of the dam, which provide for the construction of two diversion tunnels about 870 metres long and 11 metres in diameter and of a system of roads and access tunnels to the station.

As for the main project and the construction of the dam, already since the second half of 2011, there have been critical issues that have had a negative impact on both the level of production and profit margins. Specifically, these events included exceptionally bad weather that affected a significant part of Colombia, delaying significantly the works to divert the river, the concomitant presence of geological conditions substantially different from those contained in contracts, in addition to changes in the scope of work required by the client. In the first part of 2012, some of the most major claims made by the contractor were recognised and in 2013 a new variant of the contract related to the construction of new works connected to the dam basin was signed. Additional reservations made to the client are still under discussion.

At the end of July 2010, the Group, through its subsidiary Impregilo, won the tender for the management of the third lot of the 'Ruta del Sol' motorway project in Colombia. This concession, awarded to a consortium led by Impregilo and formed by the Colombian companies Infracon, Grodco, and Tecnica Vial and by the private investment fund RDS (owned by Bancolombia and the Proteccion Pension Fund), provides for the upgrading, widening to four lanes and management of the two motorway sections between the cities of San Roque and Ye de Cienaga and the city of Carmen de Bolivar and Valledupar. The project is worth a total of about US$1.3 billion. The concession contract provides for total revenues of approximately US$3.7 billion (of which 40%

to Impregilo), including revenues from tolls and a public contribution of US$1.7 billion which will be paid starting from the construction phase. The concession will run for 25 years, including 6 years for the design and infrastructure upgrading phase and 19 years for management.

Chile

At the end of June 2010, the subsidiary Impregilo won the tender called by the client Colbun SA, a Chilean company active in the production of electricity, for the construction of a hydroelectric project in Chile, currently totalling approximately €250 million.

The plant will be located in Angostura, about 600 kilometres south of the capital Santiago.

Specifically, the project involves the construction of a main dam, 152 meters long and 63 metres high, a secondary dam 1.6 km long and 25 metres high, and the underground plant hosting three generators with an installed capacity of 316 MW. The electricity produced will amount to approximately 1540 GWh per year.

From the second half of 2011, the project started to show some critical issues, owing to growing problems related to the socio-environmental conditions, substantially different from those forecast during the tender phase and to operating conditions of the work site also resulting in changes in the work requested by the client. The litigation initiated against the client, part of which is ongoing, has allowed a partial containment of the effects that these critical issues have had on to the profit margins of the project, which at the date of this financial report on 31 December 2013 are still negative and fully reflected in the amounts recognized in the financial statements at that date.

On 11 February 2013, the Empresa de Transporte de Pasajeros Metro Santiago S.A. awarded the JV comprising Salini S.p.A. and Impregilo S.p.A. the contract for lots 1 and 2 of line 6 of the Santiago metro line in Chile.
The work involves the construction of six stations and the excavation and surfacing of 8,515 metres of tunnels.

Argentina

On 15 July 2013, the subsidiary Impregilo, in association with the US subsidiary S.A. Healy, was awarded the contract for a lot within the framework of the environmental remediation programme in the metropolitan region of the Province of Buenos Aires for the construction of the new wastewater collector in the capital city. The value of the project, promoted by AySA (Agua y Sanamientos Argentinos SA), one of the major players in the water sector in Argentina, amounts to about €360 million.

The project involves the collection of wastewater at the Riachuelo treatment plant through a well about 40 metres deep. The wastewater will then be conveyed through a tunnel 11 km long and 3.8 metres in diameter, to a diffuser that will be built on the bed of the Rio de la Plata.

The project has a strong social and environmental impact and is a first part of a broader programme, funded by the World Bank, for the sustainable development of the Matanza-Riachuelo Basin, aimed at the environmental recovery of the Riachuelo River, considered to be one of the most polluted in the world, and the lands crossed by it.

Central America

Panama

In July 2009, the subsidiary Impregilo, through the consortium Grupo Unidos por el Canal - a consortium including Sacyr Vallehermoso (Spain), Jan de Nul (Belgium) and the Panamanian company Constructora Urbana (Cusa) - received the official notice of the award of the tender for the construction of a new system of locks as part of the project to widen the Panama Canal. The bid amounted to US$3.22 billion.

The project, which is one of the largest and most important civil engineering projects ever undertaken, provides specifically for the construction of two new sets of locks, one on the Atlantic and one on the Pacific side, which will make it possible to increase commercial traffic through the Canal and address developments in the maritime transport market characterised by the tendency to build larger vessels with a greater tonnage, called Post Panamax, compared to those that can currently use the existing locks.

With regard to the main types of critical issues identified in this project, please refer to the paragraph on 'Risk areas of the industry' in this section.

North America

United States

In 2008, the subsidiary Impregilo won the tender called by the Southern Nevada Water Authority (SNWA) for the construction of a system of collection and transport of the waters of Lake Mead, one of the largest artificial lakes in the United States, in order to increase the supply of water for drinking and domestic uses to the urban area of Las Vegas. The contract is worth US$447 million.

At the end of the first half of 2011, the Board of Directors of the San Francisco Municipal Transportation Agency awarded the Group, through its subsidiary Impregilo (in a consortium with the American company Barnard), the contract for the construction of the extension of the 'Central Subway' line of the city of San Francisco. The contract is worth a total of US$233 million; Impregilo, through its subsidiary SA Healy, is participating with an overall share of 45%. The project involves the extension of the existing subway line that runs above ground in the city centre, with the construction of two new single-track tunnels with a total length of 5 km that will be built with two TBMs having a diameter of 6.40 metres. The works are expected to last 35 months.

On 8 May 2013, Impregilo, in association with the 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 in the city of Washington DC. This highly technological project is worth approximately US$254 million (the overall share of the Group is 65%). Impregilo will be lead partner of the project, which is expected to be completed in about four and a half years after the start of works.

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

Australia

In December, a contract was awarded for the design and construction of the "Skytrain" bridge and other civil works, which constitute one of the main sections of the new North West Rail Link line in the city of Sydney.
The project worth about €220 million provides, inter alia, for the construction of a bridge of 4.6 kilometres in length over one of the city's streets with the most intense traffic.

90%

of employees from local communities

Europe

Denmark

On 7 January 2011, subsidiary Copenhagen Metro Team I/S, a company established under Danish law whose shareholders are Salini S.p.A., Tecnimont Civil Construction and S.e.l.i., signed a contract to build the new line of the Copenhagen metro, which will be one of the most modern transport infrastructures in the world.

The "Copenhagen Cityringen Project" consists in designing and building the new circular metro line located in the city centre, including 17 stations and two tunnels of approximately 17 km with an expected traffic of 240,000 passengers a day.

The original contract value of €1,497 million was increased to €1,657 million following five addenda, on top of the three already exercised by the client in 2011.

As well as design work on the underground sections and stations, construction work is under way on all 21 of the sites (17 stations and 4 shafts).

Lastly, on 9 October 2013, the subsidiary Impregilo took over 39.995% of the interest held by Tecnimont Civil Construction in the Copenhagen Metro Team I/S, allowing the Group to hold a share near 100% in the association of undertakings engaged in the work.

Greece

The project involves the construction of the driverless metro in the city of Thessaloniki. The contract was signed in 2006 and the subsidiary Impregilo is involved with the Greek construction company Aegek S.A. and Seli S.p.A. for the part relating to the civil works. The project involves the construction of a underground driverless metro including two tunnels, 9.5 km in length each and 13 new underground stations.

In addition, at the end of 2012, Impregilo, as part of a joint venture with the Greek company Terna S.A., won a contract for the construction of the new Stavros Niarchos Foundation Cultural Center in Athens, Greece. The contract value is worth approximately €325 million, while Impregilo's share amount to 51%, fully guaranteed and paid by the Foundation. The project by the architectural firm Renzo Piano Building Workshop involves the construction of an ecologically sustainable multipurpose centre about 4.5 km away from the centre of Athens, occupying a total area of 232,000 m2, largely covered by a public park. It will be completed within 38 months from the start of works. The initiative also provides for the construction of the new Greek National Opera, which includes a main theatre with 1400 seats and an experimental theatre with 400 seats, and of the National Library, which will be open to the public and host up to 750,000 books. Once the works are completed, the contract includes the management and maintenance of the Cultural Center for a period of five years, worth an additional €10 million.

Ukraine

On 21 December 2012 the State Road Agency received the letter of acceptance from the subsidiary Todini Costruzioni S.p.A. for the "Capital repair of M03 Kiev-Kharkiv-Dovzhanskyy road" project.

The contract, valued at approximately €229 million, is financed by the World Bank and involves the rehabilitation and extension of six road lots for a length of 112 km as part of a huge infrastructure programme aimed at improving the efficiency of Ukrainian transport.

Turkey

On 17 November 2011, the subsidiary SKG, owned by Salini S.p.A., the local company Kolin and by Generali Costruzioni Ferroviarie, received an order to begin works for the "Rehabilitation and reconstruction of the Kosekoy-Gezbe section of the Ankara-Istanbul high-speed train project".

This initiative, a symbol of the modernisation of Turkey's transportation system, includes dismantling the existing railway as well as building a new double-track railway 55.6 km in length, which will link the country's two "capitals". The new railway will have an operating speed of 160 km/h.

The project also involves building the railway superstructure and carrying out signalling, electrification and telecommunications works.

In August 2012, the client issued a new order of service for the extension of the railway in view of the inclusion of a future third line.

The financing authority has formally approved execution and the formalisation of the addendum is pending.

The contract's value is approximately €147 million.
The removal of the existing railway line was completed, like the civil works, while the railway works are in an advanced stage and the electromechanical works have been started.

On 26 March 2013, the Ministry of Health of the Republic of Turkey awarded Salini S.p.A., in JV with the South Korean company Samsung, the Dutch company Simed and the local company Kayi Insaat, the licence for the construction and management of a large hospital complex in the city of Gaziantep with a total of 1,875 beds to be developed on a site of just over 500,000 square metres.

The initiative will be realised through the PPP model (public private partnership) through a special purpose vehicle (SPV) in which Salini holds a 28% stake. The SPV, in turn, will outsource the design, construction and provision activities, worth a total of approximately €510 million, to a JV composed of Salini (33%), Samsung and Kayi.

The concessionaire was duly registered at the Chamber of Commerce of Istanbul on 20 June 2013 under the name of Gaziantep Hastane Sagalik Izmetleri Isleteme Anonim Sirket.

The design of the health care facility, which will be completed in about eight months, has been started, while negotiations among potential lenders, the project company (concessionaire or SPV) and the Minister of Health are in progress for the definition of financial conditions.

Belarus

On 19 July 2011, a contract was signed to carry out resurfacing work on the 53-km M5 Minsk-Gomel road section, worth a total of about €93 million.

Work physically began in November 2011 after the client handed over the four lots assigned and was completed on 15 November 2013.

The contract is currently in the maintenance phase, which will end on 15 November 2015.

Romania

In April 2011, the subsidiary Impregilo won the tender for the design and construction of lot 3 of the Orastie - Sibiu motorway called by the National Company of Motorways and Roads in Romania (CNADNR). The contract is worth €144 million, funded 85% by the European Union and 15% by the Romanian government. The contract involves the construction of 22.1 km of motorway with two 2-lane carriageways, plus an emergency lane, for a total width of 26 metres. The Orastie - Sibiu project is part of a larger project called 'Motorway Corridor No. 4' that will connect the city of Nadlac, situated on the border with Hungary, to the city of Constanta, located on the western shore of the Black Sea.

On 11 October 2013, the joint venture between Salini S.p.A. and the company SE.CO.L signed the contract for the construction of lot 2 of the Lugoj-Deva road with the National Company of Motorways and Highways of Romania (CNADNR).

The project worth approximately €127 million will last a 30 months, of which the first six for the design activities.

Poland

On 3 April 2013, the subsidiary Salini Polska, together with Impregilo S.p.A. and the local

company Kobylarnia, on 3 April 2013, was commissioned to complete the construction of the stretch - long about 35 km - of the A1 "Torun - Strykow" motorway connecting the cities of Czerniewice and Brzezie.
The project is worth a total of approximately € 207 million.
Lots 1 and 2 were opened to traffic, while 10 km of the main route of lot 3 were made available. The additional works are expected to be completed at the beginning of the second half of 2014.
The initiative, promoted by the General Management of the Polish Roads and Motorways Authority and co-financed by the European Community, sees the full application of the strategic commercial agreement signed with the Impregilo Group in September 2012.

Italy

Within the portfolio of work in hand, the value of the domestic business, equivalent to €6,836 million, accounts for 31% of the total backlog.

Domestic market operations, totalling €565.1 million, represented 16% of the value of production at 31 December 2013.

Rome metro, Line B

The new section of the B1 line linking Piazza Bologna and Piazza Conca d'Oro was put into service on 13 June 2012, in the presence of the Mayor of Rome and the major municipal authorities.
Provisional approval was given in February 2013, while the granting of the claims posted in the final bull is still pending.

Excavations of the tunnels for the line from Piazza Conca d'Oro to Jonio station have been completed, while finishing work and the installation of technological plant are in progress. The works relating to the supply shafts have essentially been completed, as has the construction of car parks at the Annibaliano and Conca d'Oro stops.
Negotiations with the client resulted in an extension of the contractual terms, extended to August 2014, pursuant to Order of Service No. 21 sent by the Contracting Authority.

The Group also won the tender to extend line B of the Rome metro, from Rebibbia to Casal Monastero. The project, assigned by Roma Metropolitane to a consortium including Vianini and Ansaldo, will be conducted using the property development technique, and its value is calculated at approximately €948 million.
The major works will be the dead-end track at Rebibbia, the station at San Basilio and the station at Torraccia/Casal Monastero with around 3.8 km of tunnels, a junction and car parks with 2,500 spaces.
The Services Conference to approve the definitive project and the changes made at the tender stage was concluded on 21 December 2012 with a positive outcome.
The commissioner order through which the Mayor approved the preliminary project was issued on 31 December 2012. It defined the destination of the areas and approved the expropriation plan related to the works project.
In January 2013, the awarding authority Roma Metropolitane ordered the simultaneous start of the final and executive design stages.
On 8 August 2013 the awarding authority Roma Metropolitane was submitted the final design, revised according to the instructions received from Roma Capitale, and its approval is expected in the first half of 2014.
With regard to real estate development, the City Council has not yet made the necessary urban planning variants so it is not possible to provide a construction start date.

Milan-Naples A1 Motorway, upgrading of the Apennine section between Sasso Marconi and Barberino di Mugello, the La Quercia-Aglio section

This initiative is for works to widen and modernise the A1 Motorway base tunnel – Lot 9-11 – Valico Bypass. This contract is part of the larger project being carried out by Autostrade per l'Italia S.p.A. to develop the A1 by building the Valico Bypass, in order to improve road conditions and reduce the time it takes to travel between Bologna and Florence. The most distinctive part of the Valico Bypass is the Galleria di Base: a tunnel with divided carriageways (160-m^2 section, approximately 8.6 km long), which will connect the Emilia-Romagna and Tuscany regions, linking the future Badia Nuova service area in the north with the new Poggiolino junction to the south.

The works have been substantially completed with the exception of modest finishing interventions and some minor works to be carried out in the Tuscany Region, which are in custody pending the lifting of the suspension of work issued by the Project Manager (RUP).

In June 2011, following investigations started in 2005, the Public Prosecutor charged some employees/ senior executives of Todini Costruzioni Generali S.p.A. (no longer part of the company), Autostrade per l'Italia S.p.A. and other contractors with environmental crimes allegedly committed in the course of construction works for the Valico Bypass.

Among the representatives of Todini Costruzioni Generali S.p.A., Mr. P. Salini, in his capacity as Managing Director in office at the date of the order, is among those under investigation.

By judgement of 5 November 2012, the Judge for the Preliminary Hearing:

- issued a decision of no case to answer with respect to CEO Pietro Salini for not having committed the offence;
- dropped the charges for the offences concerning water control and the management of wastewater for all the defendants;
- ordered that the defendants stand trial for the offences concerning the management of excavated earth and rocks and the damage of environmental assets.

On 26 March 2013, before the Court of Florence, the Italian Ministry of Environment joined the proceeding as plaintiff seeking damages from the parties liable under civil law, that is Todini C.G., Autostrade per l'Italia S.p.A., and the other contractors involved (in addition to the said defendants) by claiming damages "for equivalent assets" of no less than €810 million or such amount as the Court considers just and appropriate.

In support of the said claim, the Ministry of Environment enclosed a report signed by ISPRA (an Institute set up within the Ministry), then struck out at hearing on 9 December 2013 from the trial files, as the judge considered it a document that could not be produced because it was drawn up without hearing the defendants and did not bear the name of the author.

Considering that the plaintiff seeking damages did not call witnesses or consultants, the claim for damages is not currently supported by any evidence on the actual size thereof.

The preliminary phase started in January 2014. To date, no evidence has been examined concerning the alleged offences of Todini Costruttori, nor have any activities been conducted to determine the existence of the unlawful conduct and damage.

The Group denies any responsibility in the alleged charges, reaffirming the absolute legitimacy of its work and the groundless nature of the allegations. It also challenges the absolute abnormity of the claim for damages lodged by the Ministry of Environment, which, in addition to being formulated without any prior request for the adoption of the necessary measures for environmental restoration, also appears to not comply with Italian regulations and European Directive 2004/35/EC. In this regard, the European Commission has started an infringement procedure against Italy already in 2007 (No. 2007/4679), confirmed on 27 January 2012 with a supplementary reasoned opinion, which has recently led to the inclusion in Law 97 of 6 August 2013 of a series of amendments to the Consolidated Environment Act as per Legislative Decree 152 of 3 April 2006, including the elimination from Article 311

340 km of metro systems

of Legislative Decree 152/2006 of the reference to claims for damages "for equivalent assets", being environmental damage indemnifiable firstly through specific remedial measures.

In light of the above and of the opinions of its legal advisors, the Group considers the said claim for damages to be groundless and, consequently, that the risk of the granting of damages is remote. The management did not therefore deem it necessary to make any provision in the financial statements.

Construction of road infrastructure to replace the Capo Boi-Terra Mala S.S.125 trunk road

The construction of the road infrastructure replacing S.S. 125, from the junction of Capo Boi to the junction of Terra Mala in Sardinia, was completed in January 2013 and the work was handed over to the client on 20 March 2013 to be opened to traffic. Final accounting is in progress in view of the provisional acceptance of the works.

Salerno-Reggio Calabria Motorway Project: Lots 5 and 6

The 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). The subsidiary Impregilo is participating in the project with a 51% share.

With specific regard to Lot 5, major disputes had arisen with the client. These were positively resolved, but in the second half of last year, new critical situations have occurred. These are due to both the difficulty of obtaining the desired levels of productivity and to the social and environmental conditions that remain critical in the entire area of operation of the work sites, and have led to the need to revise the corresponding estimates in the quotation covering the entire life of the contract, resulting in losses, which were already fully reported in the income statement for the year 2012. In light of these considerations, during financial year 2013, there were no new critical elements requiring changes to the assessments already made.

Pedemontana Lombarda motorway

This contract involves the final and executive design 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 the construction of roughly 26 km of motorway and secondary roads, including about 7 km of tunnels.

In February 2010, the final designs were approved and Rider No. 1 was signed. In addition to determining the contract price of €880 million, it provided for and regulated the early execution of certain works and related executive designs without modifying the time plan set out in the contract. As well as the approval of the executive designs, an addendum to Rider no. 1 was agreed (increasing the work defined as early works) in December 2010 and the works were partly delivered on 7 December 2010.

However, starting from 2011 and throughout 2012, the client had increasing difficulties in meeting its contractual financial commitments. Nonetheless, 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, during the first half of 2013, the client substantially overcame the financial difficulties mentioned above and during the current financial year, work is proceeding according to schedule. In particular, on 30 November 2013, as provided for in the contract documents, the link road between the A8 and A9 motorways can be considered as substantially completed.

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 the A4 Venice - Trieste motorway to three lanes 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.

Jonica Highway

At the end of 2011, Impregilo – in association with Astaldi – was awarded the tender called by ANAS (the Italian national roads authority) for the construction of the third maxi-lot of Jonica Highway No. 106 (SS-106) as general contractor. This 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 (SS-534) to Roseto Capo Spulico (CS). The contract includes the construction of about 13 km of tunnels, 5 km of viaducts and 20 km of embankments as the main works. It 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 the other six years and five months for actual construction.

Rome-Fiumicino motorway, construction of parallel roads and access roads

Construction work on the Rome-Fiumicino motorway section was completed in June 2011. The completion of some finishings, not interfering with the road bed, was postponed owing to a delay in receiving approval from the regional archaeological authority. Finally, on 21 March 2012, the client prepared the work completion report. The final inspections were completed successfully on 22 July 2013.

Naples, construction of a railway section for heavy underground transport, Piscinola-Secondigliano section

The civil engineering works on the Piscinola-Secondigliano railway section as part of the modernisation and upgrading of the Napoli-Alifana Railway were suspended in the second half of 2011 due to the client's failure to make contractual payments, with the result that the only activities carried out involved safety measures at the work sites.

Although the client was aware of the strategic importance of the work for the completion of the circular system for Naples, it did not manage to meet its commitments because of financial difficulties affecting the Campania Region budget. These resulted in a lack of funds in the subsidiary Metrocampania Nordest S.r.l., making it extremely difficult to meet the payments due.

With regard to this situation, the Ministry of Infrastructure and Transport, based Decree-Law 83 of 22 June 2012 (converted into Law 134 of 7 August 2012), appointed an Acting Commissioner with the task of looking into the extent of payables and receivables in companies operating in regional rail transport, in order to prepare a repayment plan.

At present it appears that the appointed Commissioner has completed his work in relation to the assessment and planning stage and the company is therefore waiting for his determinations.

Taking into consideration that, in order to ensure that the Commissioners' activities be carried out, the above-mentioned Decree-Law established that executive works could be started or continued by companies operating in regional rail transport within 12 months from the coming into effect of Decree-Law 83, the subsidiary Todini Costruzioni launched all initiatives deemed necessary to exercise its rights acquired, while maintaining a collaborative relationship with the client, which still considers the lot in question as a priority for the effective operation of the circular metro system.

High-speed/capacity Milan-Genoa Railway Project

The project for the construction of this High-Speed/Capacity railway line from Milan to Genoa 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. The subsidiary 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 enactment of Decree-Law 112/2008, converted into Law 133/2008, and the 2010 Finance Act, which provided for the contract to be split into construction lots, the parties resumed discussions to ascertain whether it was possible to start work again and to discontinue the claims for compensation under the ongoing dispute, as specifically provided for by the 2010 Finance Act.

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, are worth about €4.8 billion. The first lot, already financed by CIPE for €500 million, includes works and activities worth €430 million. CIPE also assigned the funds for the second lot as per its resolution No. 86/2011, published in 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 to commence Lot 2, worth €617 million, on 23 March 2013.

The arbitration proceedings commenced in previous years for the legal recognition of the amounts due to the Consortium for activities performed prior to enactment of Decree-Law No. 112/2008, for which the Consortium had only recognised the costs actually incurred, were concluded in the Consortium's favour in the first half of 2013.
At the end of the arbitration proceeding, the Consortium was required to return the contractual advance received together with the default interest due thereon. It duly complied with this obligation at the start of the third quarter of 2013 by offsetting it against the amounts due to the Consortium, as a result of the above arbitration award, as provided for by the Rider to the Agreement of November 2011.

Lastly, the share of the CO.CIV Consortium was increased to 64% as a result of the finalisation of the agreements signed with the partner Technimont S.p.A. in September 2013.

Milan metro, Line 4

The subsidiary Impregilo, leader and lead contractor of a joint venture consisting of Astaldi, Ansaldo STS, Ansaldo Breda, Azienda Trasporti Milanese (the Milan municipal transport company) and Sirti, was finally awarded the tender called by the City of Milan for the selection of a private partner in a public/private partnership, which will be granted a concession for the engineering, construction and subsequent operation of Line 4 of the Milan Metro.

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 investment, mainly for the civil works, the supply of technological services and mechanical equipment, amounts to about €1.7 billion, two thirds of which is financed by the Italian government and by the City of Milan.

In order to coordinate the construction work, Impregilo S.p.A. has established together with the private members only (Astaldi, Ansaldo STS, Ansaldo Breda and Syrtes) the MM4 Consortium, which, in turn, has awarded the construction of the civil works and non-system plants to the consortium partners Impregilo and Astaldi, which, in turn, have joined together into Metroblu S.c.r.l. with a 50% share each.

On 20 June 2013 SP M4 S.c.p.A. (project company incorporating the same partners that replaced the temporary joint venture) and the client signed the Addendum to the Ancillary Contract accessory that redefined the work schedule, limiting these to the 'EXPO Section' alone and increasing, inter alia, the total investment to about €1.8 billion.

Terni, public works as part of activities to complete the detailed "Zona Corso del Popolo" plan

Activities relating to the execution of public works in the Municipality of Terni to complete the detailed "Zona Corso del Popolo" plan were completed.
In the meantime, meetings with the client have continued to lay out and implement a new traffic plan aimed at increasing the use of the underground car park, whose management is the subject of a thirty-year concession contract. Similarly, the private construction works have been completed up to 98%, including the exterior façades and ground floors used as business premises. Only some residual finishing works are to be finished, whose construction is planned for the end of the first quarter of 2014.

Terni, design, construction and management of a multi-purpose sports complex called "Le Piscine dello Stadio"

On 1 March 2012 a concession agreement was entered into with the municipal authorities of Terni, with a 29-year term, for the design, construction and management of a multi-purpose sports complex called "Le Piscine dello Stadio". This initiative, which involves building indoor and outdoor swimming pools, fitness facilities, a commercial and refreshment area and an outdoor green space with public footpaths, is based on the use of modern technologies with a low environmental impact, as well as the rational and targeted use of alternative energy sources.
The earthworks, execution of the foundations and prefabricated structures were started.

Port of Ancona

On 18 December 2013, Salini Impregilo, as leader of a joint venture, was awarded the construction and operation of the road link between the Port of Ancona, the A14 motorway and "Adriatica" highway No. 16. The project is worth approximately €480 million, and the concession period will last 30 years from completion of works. The project under concession provides for total revenues for the infrastructure operation period equal to about €2,540 million. The project financing proposal submitted by the joint venture was declared of public interest by the Board of Directors of ANAS already in April 2008.

Works on the new facility will start in 2015, at the end of the procedure required for the execution and approval of the final project, and will be completed after 5 years. The new road has a total length of about 11 kilometres from the main and link roads, representing a strategic intervention to optimize the flow of traffic between the Port of Ancona, the city and the major roads, including

World **leader** in the water segment

the A14 motorway, and allowing for adequate growth in the logistics system of the City of Ancona centred on the port, intermodal freight terminal and airport.

Risk areas of the industry

Ukraine

The country is going through a phase of social and geopolitical turmoil caused by the decision of the Ukrainian government to suspend the drafting of the Association Agreement with the EU.
The unrest, initially confined to Maidan square, in the centre of Kiev, has spread out of the square and the capital reaching several other areas, and specifically the Crimean peninsula, making the situation lapse into an international crisis.

The subsidiary Todini Costruzioni Generali operates in Ukraine both with a stable organization that has been awarded the project for the rehabilitation of the motorway along the M03 axis, and through a JV with Salini S.p.A. and its local partner Akkord, which has upgraded the M06 axis.
Considering the location of the work sites in the vicinity of the city of Poltava and Zhytomyr, geographically distant from the areas most affected by the social crisis, there have been no significant impacts on the safety of production activities.

However, the instability of the new political class and the uncertainty about the country's near future, together with substantial debt with neighbouring Russia for the supply of natural gas, have resulted in a deep financial crisis that only intervention by the international community can solve.
The Group management reasonably believes to be able to assess the profitability of the contracts awarded in Ukraine with a perspective of continuity, while constantly and continuously monitoring the internal developments in the country and without excluding that in the future currently unforeseeable events may occur that may require a change in these assessments.

Libya

The subsidiary Impregilo operates in Libya through its subsidiary Impregilo Lidco Libya General Contracting Company (Impregilo Lidco), a joint enterprise incorporated by Impregilo, with a share of 60%, and a local partner holding the remaining 40%.

In the past, Impregilo Lidco had acquired significant contracts for the construction of:
- infrastructure projects in the cities of Tripoli and Misuratah;
- university centres in the cities of Misuratah, Tarhunah and Zliten;
- new "Conference Hall" of Tripoli.

In relation to the political events in Libya since the end of February 2011 to present, the subsidiary has always operated in accordance with the provisions of the contract and that the investments made until the date of the collapse of the country's political situation were fully covered by advances provided for in the contracts.

The work covered by the contracts signed by the Libyan subsidiary, moreover, are works of national interest for which, at present, it is not reasonable to abandon them. Clearly, there are critical issues currently relating to the actual capacity of Lidco to carry out production in accordance with the obligations undertaken before the breakout of the crisis. Therefore, the possibility of a significant new development of its activities has been ruled in the short period.

During 2012, preliminary procedures were started to resume industrial activity, although the local context remains critical and complete safety cannot be guaranteed yet. However, commercial and contractual relationships have been resumed with the awarding authorities aimed at restarting construction and restoring the economic terms originally laid down in the relevant contracts.
Within this general framework, more precise information has become available once again about the balance sheet and income statement items that impact the consolidated financial statements of the Group. In the statement of

financial position, statement of income and financial position at 31 December 2012, the assets, liabilities, profits and losses of the Libyan subsidiary were updated in accordance with the Group's standards, based on the data of the period and with the support of the assessments made by the subsidiary's independent legal advisors. Compared to the consolidated situation of Impregilo for the year 2011, which included the most recent data available at 31 March 2011, value adjustments progressively made to the values reported in the assets net of the subsidiary as a result of the events described above resulted in expenses of about €40.7 million. These expenses were included in the work in progress, as these are deemed recoverable in view of the relations that have been recently resumed with the clients. Net cash held in Libya was also reduced to a total of €13.9 million as a result of expenses incurred locally in the period from 31 March 2011 to 31 December 2013.

In the first part of 2013, the physical inventory of plants, equipment and supplies in stock was taken, amounting to a total of €29.9 million, although, security conditions did allow full access to all the sites where these are located. Since any additional expenses that may be potentially reported in this area at the completion of the inventory procedures, could be attributable to the responsibility of the clients under conditions of force majeure according to the contractual provisions, as also assessed by the subsidiary's legal advisors, at present it is deemed that there are no new significant risks concerning the recovery of the net assets of the company, also through contractual and extra-contractual actions and claims vis-à-vis the client.

Lastly, the country's situation is followed very closely and it cannot be ruled out that, after the reporting date of this Annual Report, events may occur that are unforeseeable at present and liable of resulting in changes to the assessments 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. The subsidiary Impregilo was firstly wrongly held responsible for the payment of the withholdings on this remuneration, which it therefore paid. Following the final ruling of the court of first instance, the company's claims were fully satisfied. Nevertheless, the local authorities subsequently commenced a new proceeding for exactly the same 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. The company 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 withholdings. After the last ruling, the company took legal action at international level (appeal filed with the EFTA Surveillance Authority on 22 June 2010) and, as far as possible, again at local level (another reimbursement claim filed with the local tax authorities on 23 June 2010) as it deemed, again supported by its advisors, that the last ruling issued by the Icelandic Supreme Court was unlawful in respect of local legislation, international agreements regulating trade relations between 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 concerning the free exchange of services and requested the government to submit its observations in this regard. In April 2013, the EFTA Surveillance Authority issued

42%
of employees under thirty

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 requested that Iceland take steps to comply with these regulations. Accordingly, the Group requested the case to be re-examined. Based on the above considerations, it is deemed that to date there are no objective reasons to change the assessments made about 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 Province of Arezzo had been damaged on 29 December 2010. The Umbria-Tuscany Irrigation Body notified Imprepar in January 2011 that "investigations and inspections 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 had been carried out by another company in 1979 and 1980, from which Impregilo (then COGEFAR) took over the contract in 1984 only. The works had already been tested and inspected with positive results. In its reply to the Umbria-Tuscany Irrigation Body, Imprepar specifically explained its non-liability for any damage caused by the event and does not believe that there are reasons to modify its related assessments, supported by the opinion of its legal advisors.
During the period, the managers of Ente Acque Umbre Toscane and the works manager signed a service order requesting the contractor to immediately prepare executive designs and commence the related works at its own expense and under its own responsibility. Imprepar challenged all these acts. However, the amounts involved are negligible.
The subsidiary, supported by its legal advisors, deems it too early to be able to assess any risks arising from the Montedoglio dam contract other than those already assessed the year before, given the above recent developments.

Widening of the Panama Canal

Certain critical issues have arisen during the first stage of full-scale production which, due to their specific characteristics and the materiality of the work to which they relate, have 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. Other issues also arose when the client adopted a series of operating and management procedures that differed substantially from the those provided for in the contract, with specific regard to the process for the approval of technical and design solutions proposed by the contractor. Such situations already specifically addressed in previous financial reports drawn up by the Group further continued in 2013. Given the persistent unwillingness of the client to reasonably set up the appropriate instruments provided for in the contract for the management of these disputes, it became impossible for the contractor - and the original contracting partners - to continue the construction activities required for the completion of the project at their own risk, bearing the entire financial burden required for this purpose without any concrete assurance of starting an objective discussion with the counterparty. In this context, at the end of 2013, a formal notice was sent to the client to inform him of the intention to suspend works immediately if the client continued to refuse to address the dispute in accordance with a contractual approach marked by good faith and the common will of all parties to reach a reasonable agreement.

The talks between the parties, assisted by their advisers and legal/contract experts lasted throughout the month of February 2014, and on 13 March 2014 the relevant agreement was signed. The key elements of the agreement include that the contractor undertake to resume works and complete them by 31 December 2015, while the client and contracting companies undertake to provide financial support for the works to be finished up to a maximum value of about US$1.4 billion. This commitment will be fulfilled by the client through a moratorium on the repayment of contractual advances already paid for about US$800 million, and the payment of US$100 million in further advances, while the group of contracting companies will contribute US$ 100 million directly with their own financial resources and additional financial resources, through the conversion into cash of existing contractual guarantees, totalling US$400 million. The repayment of the amounts granted for the financing of the works to be carried out has been postponed until the outcome of the arbitration proceedings, initiated simultaneously, which will set out the responsibilities of the parties in relation to the extra costs incurred and yet to be incurred as a result of the situation described. In this context, already in previous financial years, the Impregilo Group had applied a reasonably prudent assessment approach to the project, articulately supported by its legal advisers on the basis of which they had already recognised significant losses to complete the contract, only partially limited at the time by the corresponding recognition of additional claims vis-à-vis the client determined based on the expectation that recognition could be considered reasonably certain. Considering that by the end of the previous financial year, the general critical situation observed, far from being resolved, continued as described below, pending the finalisation of the arrangements illustrated above, it was decided to update the overall economic forecasts for the entire life of the contract. Consistently and in continuity with the previous assumptions and in view of a further increase in the expected costs to complete the contract, it was decided to update the assessment of all the additional payments whose realisation is contractually corroborated and reasonably certain, though prudently deferred over time consistently with the deadlines provided for in the understanding with the client. This effort revealed additional net expenses over the entire life of the contract, which, while negligible compared to those estimated in previous years, were fully recognised in the income statement for year 2013.

Bridge crossing the Strait of Messina and roadway and railway connections to and from Calabria and 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 bridge over the Strait of Messina and the related roadway and railway connections.

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 allocated 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 up to then since the contract was signed. As provided for by the rider, the final designs were delivered to the client whose Board of Directors approved them on 29 July 2011.

Decree Law 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 partners. However, given the huge interest in building the works, the general contractor also communicated its willingness to review its position should the client prove its intention to actually carry out the project. To date, the ongoing negotiations have not been successful despite the efforts made. 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 and although the legal advisors assisting Impregilo and the general contractor are reasonably confident about the outcome of the proceedings and the recoverability of the remaining assets recognised for this contract, it cannot be excluded that events not currently foreseeable may arise in the future which would require the current assessments to be revised.

Venezuela

The subsidiary Impregilo is present in Venezuela through its permanent organisation, which directly or through international partners, is engaged in various railway works and in the construction of hydroelectric plants, with a presence established over more than a decade in the local area at both a social level and an economic and industrial level.

In recent years, relations with clients, all government-sponsored, were characterized by slowness in payments. This aspect has worsened over the past year as a result of the change in the country's leadership, which took place in early 2013, and of the simultaneous intensification of social tensions that have accompanied the political transition.

In view of the substantial deadlock with clients in this context, the Group has temporarily suspended production activities.

As for the railway works, at the beginning of February 2014, an agreement (called "Punto de Cuenta") was drawn up and signed by the IFE President (the client) and the Ministry of the Treasury. However, it is still waiting for formal validation by the President of the Republic. This agreement provides for the gradual payment of approximately 82% of the total outstanding receivables at 31 December 2013 by the end of 2014.

As for hydroelectric projects realised by the OIV Tocoma consortium, in view of the expiry of the contractual deadline for the completion of the works - scheduled for mid-November 2013 - the works to be completed were rescheduled at the client's request, with the resumption of works in May 2014 and a target completion date by the end of 2016. This proposal is still being analysed by the client, especially in light of the legitimate claims for the payment of the certified receivables and the allocation of future financial resources to ensure the normal course of the works to be finished.

The works being carried out by the Group are facilities of great significance, in economic, industrial and social terms, and in the past, due to the events that have characterised the country's recent political history, there have been temporary situations of uncertainty not critically dissimilar from the current situation. However, these have always been resolved positively without giving rise to any significant liabilities. With these assumptions, and on the basis of continuous and careful monitoring of the country's situation, carried out jointly with its partners, including through meetings with the clients and local government authorities aimed at safeguarding and protecting the Group's positions, it is unlikely that there are significant critical issues regarding the possibility of realising its net assets, except for the extension of the time of collection that has been adequately taken into account in the assessments of the financial statements.

Given the country's delicate and complex situation at a political level, it cannot be ruled out that, after the reporting date of this Annual Report, events may occur that are unforeseeable at present and liable of resulting in changes to the assessments made to date.

Concessions

Group activities in this business segment relate to the management of investments in numerous subsidiaries and other investees, which hold concessions mainly for the management of motorway networks, plants that generate energy from renewable sources, electric power 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 subholding company wholly owned by Impregilo S.p.A., which coordinates the segment.
In line with the Group's new strategies charted out in the second half of 2012, followed by preparation of the 2013-2015 business plan, approved in December 2012, the Concessions segment took steps to leverage its main assets that are no longer considered strategic for the Group's core business. Accordingly, at the start of the first quarter of 2013, the Group finalised the disposal of its investment in the jointly controlled Brazilian group EcoRodovias Infraestrutura e Logistica S.A. (originally 29.74% of the holding company) held by Impregilo International Infrastructures.

Also as part of the leveraging process above, in late November, 2013, the sale was finalised for the investments in the Tangenziali Esterne di Milano S.p.A. Company ("TEM"), equivalent to 3.74% of the share capital, for a consideration of €4.7 million and Tangenziale Esterna S.p.A. ("TE"), equivalent to 17.77% of the share capital, for a consideration of € 39.1 million, both to ITINERA S.p.A. (Gavius Group). This agreement also provides for the leveraging of works in progress for about €23.2 million through the sale of equity investments held by Impregilo in the Costruttori TEEM Consortium, for a consideration of about €13.4 million, and in Lambro Scarl, for a consideration of about €9.8 million.
Taking into account that the operational activities in its portfolio consist primarily of minority investments, and that the most significant and recently acquired ones (i.e., 'Ruta del Sol' – Colombia, Milan Metro Line 4 – Italy, etc.) are still under construction, the Concessions segment did not reveal significant levels of activity in 2013, with revenues of €15.7 million.

The following tables summarise the key figures of the Concessions order backlog at year-end, broken down by business segment.

Motorways

Country	Concessionaire Company	% held	Total km	Stage	Start date	End date
Italy	Broni-Mortara	61.08	50	Not yet operational		
	Passante Dorico S.p.A. - Connection to Port of Ancona	47%	11	Not yet operational		
Argentina	Iglys S.A.	98		Holding co.		
	Autopistas del Sol	19.82	120	Operational	1993	2020
	Puentes del Litoral S.A.	26	59.6	Operational	1998	2023
	Mercovia S.A.	60	18	Operational	1998	2023
Colombia	Yuma Concessionaria S.A. (Ruta del Sol)	40	465	Operational	2011	2036

Metro lines

Country	Concessionaire Company	% held	Total km	Stage	Start date	End date
Italy	Milan Metro Line 4	31.05	15	Not yet operational		

Power from renewable sources

Country	Concessionaire Company	% held	Installed capacity	Stage	Start date	End date
Argentina	Yacilec S.A.	18.67	T line	Operational	1994	2088
	Enecor S.A.	30.00	T line	Operational	1992	2088

Integrated water cycle

Country	Concessionaire Company	% held	Pop. served	Stage	Start date	End date
Argentina	Aguas del G. Buenos Aires S.A.	42.58	210,000	Liquidation		
Peru	Consorcio Agua Azul S.A.	25.50	740,000	Operational	2002	2027

Hospitals

Country	Concessionaire Company	% held	No. of beds	Stage	Start date	End date
United Kingdom	Impregilo Wolverhampton Ltd.	20.00	150,000 visits	Operational	2002	2032
	Ochre Solutions Ltd.	40.00	220	Operational	2005	2038
	Impregilo New Cross Ltd.	100.00		Holding co.		

Car parks

Country	Concessionaire Company	% held	No. of spaces	Stage	Start date	End date
United Kingdom	Impregilo Parking Glasgow Ltd.	100.00	1,400	Operational	2004	2034

The concessions backlog consists of two main areas of operation referring to some investments in concessionaires that operate and are based in Argentina, Peru and the United Kingdom, and to so-called “green field” initiatives that comprise motorway infrastructure projects in Italy and Peru, whose operational activities will be reflected only in future financial years, as construction activities are still ongoing. The following part of this section provides a summary of the main initiatives of the Concessions sector that are still in the portfolio, broken down by main country of operation.

Argentina

The Group operates in the “Concessions” segment in Argentina through its subsidiary Mercovia SA and certain other investments in associates and minority investments.
The subsidiary Mercovia continued its activities with substantially balanced results, while with reference to the associate Puentes del Litoral SA, negotiations are still ongoing aimed at renegotiating the economic terms of the concession contract.

Italy

In the domestic market, the “Concessions” segment is engaged in three recent major projects, whose construction activities are not fully operational yet. These are:

(i) Milan Metro Line 4 The project involves the construction of a new metro line in the city of Milan, in the Linate/Lorenteggio direction. The subsidiary Impregilo is participating in the concession with a 29% share.
(ii) Broni – Mortara Motorway: The project involves the design, construction and operation for 43 years of a new 50-km stretch of motorway between Lombardy and Piedmont. The subsidiary Impregilo is participating in the concession with a 61.08% share.
(iii) Port of Ancona: the project refers to the construction and operation for 30 years of the road link between the Port of Ancona, the A14 motorway and Adriatica Highway 16. The new road stretches about 11 km, including main roads and link roads, and the Group is participating with a 47% share.

Plants segment

The Plants segment, through the subsidiaries FISIA Italimpianti and FISIA Babcock Environment (Germany), includes the operation of plants for the desalination of seawater, fume treatment and waste-to-energy processes.

Until 31 December 2013, the Plants segment also included the activities of the Chinese company Shanghai Pucheng Thermal Power Energy Co. Ltd., 50% owned by FISIA Babcock and consolidated according to the proportional method. In line with the process of leveraging the Group's non-core assets, launched in October 2012, during the reporting year, the Group completed the sale of its investment held in the subsidiary Impregilo International Infrastructures NV for a total consideration of approximately €65 million (at the exchange rate on the date of sale). The transaction described did not reveal any significant capital gains or losses compared to the carrying value recognised in the consolidated financial statements at the date of sale.

In accordance with the guidelines in the 2013-2015 Business Plan, the activities concerning the Plants segment in December 2013 were aimed, on the one hand, at recovering the assets of the subsidiary Fisia Italimpianti that are still involved in disputes - both within the SUW Campania projects and in the context of a number of projects related to desalination plants in the Persian Gulf, for which major litigation has been commenced in previous years with the clients - and, on the other, at developing the activities of the subsidiary Fisia Babcock Environment in order to seize the best opportunities for development of the entire segment, while maintaining its leadership in currently strategic market segments for the German company.

The volume of production reached in the Plants segment in 2013 amounted to €112.7 million.

The table below shows the details of the order backlog at 31 December 2013 of the Plants segment:

(Values in € millions)

Area/Country	Project	Residual backlog at 31 December 2013	Percentage of total	Percentage completion (%)
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%**	

(Values in € millions)

Area/Country	Project	Residual backlog at 31 December 2013	Percentage total	Percentage completion (%)
Fisia Babcock				
Germany	Datteln REA	2.1	1%	94.0%
Germany	Moorburg - ESP	1.6	1%	96.0%
Germany	Mannheim Block 9 RRA	12.2	4%	85.0%
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%
Sweden	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%
Italy	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.
	Foreign	3.7	1%	n.a.
Other		**3.8**	**1%**	
Total Fisia Babcock		**262.1**	**85%**	
Total plants		**309.4**	**100%**	

In the current financial year, FISIA Babcock Environment (FBE) secured two large contracts in Finland and Sweden worth approximately €90 million. The first relates to a new WTE plant in Tampere to be rolled out in 2015 which will have a waste disposal capacity of 180,000 tons/year. The contract was commissioned by Tampereen Sahkolaitos Oy, which has generated and distributed electricity since 1888 in Tampere, one of the first European cities to set up a municipal electricity company. The second contract is for the construction of a new boiler (62 KV) in an important university and industrial centre in Linkoping. It will be the core of a new waste incineration line, which is set to go into operation in 2016, as part of the existing WTE plant in Garstadverket, which has a current incineration capacity of 260,000 tons a year. The client is Tekniska verken i Linkoping (TvAB), one of the largest municipal energy suppliers in Sweden.

320 km of bridges and viaducts

Risk areas of the industry

The considerable slowdown in industrial production 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. These markets include the Arabian Gulf countries, which are the Group's key markets.

Although this situation has critical repercussions on the company's order backlog, at year-end 2012 the Fisia Italimpianti acquired a contract to build a new desalination plant worth approximately US$28 million.

Although 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.

Non-current assets held for sale

Todini Costruzioni Generali

As part of the Group's strategy, aimed at achieving the increasingly efficient allocation of resources also though a continous focus on possible rearrangements of its organisational structure, the Board of Directors of Salini S.p.A. decided to assess the valuation of the 100% equity investment held in Todini Costruzioni Generali with a view to its disposal.

The goal of creating a global player in the field of complex infrastructures that can compete with major international competitors in terms of economies of scale, size and geographic complementarity has made the development of the contracts currently in the portfolio of Todini Costruzioni Generali S.p.A. irrelevant for the purpose of achieving the business plan objectives.

The guidelines for future business initiatives, increasingly focussed on the acquisition of major projects, provides for a rigorous selection of new business opportunities, according to profitability and cash generation parameters identified and in areas with high growth potential.

The markets in which the subsidiary currently operates are deemed to be of interest, and if opportunities meeting the dimensional requirements provided for by the Group's current commercial policy were to arise, the possible methods of participation and/or acquisition will be assessed.

Given the uncertainties relating to the manner, terms and the timing of the aforementioned disposal, which is currently being developed through the involvement of a major financial institution, and the fact that no binding commitments have been made with any third parties yet, it is not possible to make a reasonably reliable estimate about its effects on the Group's business plan.

SUW Campania Project

I.1 SUW Campania Projects: situation at 31 December 2013

I.1.1 Introduction

The 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. Given that, in 2009, FIBE Campania S.p.A. merged into FIBE S.p.A., further in this chapter - unless otherwise specified - reference is made only to the latter also for situations or events originated by the company closed as a result of this merger.

The relevant issues, which from 1999 to 2000 characterized the activities of the company as part of the service contracts, have evolved and covered several years, giving rise to a significant set of disputes, some of which—as further illustrated below in this chapter—are of great importance and partly still ongoing at the reporting date of this Annual Report.

In order to facilitate a concise correlation of the various operational phases of the SUW Campania projects with the major disputes still pending and with the related assessments, these are presented chronologically broken down into the following main phases/periods:

- So-called "contractual" phase: the phase starts in 2000-2001 with the signing of the service contracts for the disposal of municipal solid waste in the provinces of the Campania Region by the two project companies FIBE and FIBE Campania, and ends on 15 December 2005 with the resolution by law of these contracts as a result of Decree Law no. 245/2005 (converted into Law 21 of 27 January 2006).
- So-called "transitional" phase: this phase whose start coincides with the conclusion of the contractual phase, lasts until the entry into force of Decree Law 90 of 23 May 2008 and Decree Law 107 of 17 June 2008, both converted into Law 123 of 14 July 2008 which, among other things, sanctioned the exit of the Impregilo Group from the waste disposal activities, transferring the "ownership" of the RDF plants "located in their territories" to the relevant provincial authorities (see article 6-bis, para. 1) and provided for "the use of the Armed Forces for the technical and operating management of the said plants" (see art. 6-bis, para. 3).
- So-called "post-transitional" phase, which spans from the end of the "transitional" phase to present and is hence called "current" phase in short.

I.1.2 Contractual phase

From the early stages of the Project, following the signing of the contracts, significant critical issues arose, the most important of which are:

- Failure by the Campania Regional Authorities to provide for the scheduled volumes of waste sorting, an essential factor underpinning the project and the service contracts entered into between the Company and the Government Commissioner and which is one of the causes of some of the most important disputes still pending and relating to the management of the former RDF plants (now "STIR").
- Inadequate landfill areas made available by the government commissioner.
- Delayed start of the works to build the waste-to-energy plants in Acerra and Santa Maria La Fossa. The activities at the Acerra waste-to-energy plant, which should have commenced as per the contract in early 2001, started only in August 2004 following the extraordinary intervention of more than 450 policemen who cleared the work areas occupied since January 2003 by demonstrators. The Santa Maria La Fossa waste-to-energy plant, which was supposed to complete the project framework covering Campania's provinces with the exception of the province of Naples, only obtained the E.I.V. (environmental impact valuation) in 2007. Works were never started, although activities should have started there concurrently with those in Acerra.

Alongside the rapid worsening of the company's operating and economic conditions resulting from the critical issues illustrated above, public authorities - both local and central - involved in the contractual relationship failed to pay the amounts due to FIBE for the treatment of their waste.

On 12 May 2004, the Naples public prosecutor seized the plants with their concurrent release on attachment bond as part of proceedings which included investigation of the directors of the Group companies involved in the project (FIBE, FIBE Campania and FISIA Italimpianti) and the top management of the commission, thereby starting a new criminal proceeding that will be illustrated more extensively in this section and which is still partly in progress.

At the end of the contractual phase, the company was thus significantly exposed financially for having implemented most of the investments it was contractually bound to with its own resources, including those for which the company had taken out loans from the banking system, and due to the non-payment by local authorities of a significant portion of the amounts due to FIBE.
The works to build the Acerra plant had been only partially started and meanwhile a number of civil and administrative law disputes had already been commenced.

These disputes, best described in the following paragraphs of this chapter, saw involved a variety of parties. In most cases, one side of the proceedings was the company (depending on the individual cases, FIBE could be called into question along with other subsidiaries of the Group, which had participated in contractual activities in various capacities, such as FISIA Italimpianti and Impregilo Edilizia e Servizi, later merged into Impregilo), which intervened at all levels to support the correctness of its actions and to enforce its rights vis-à-vis its debtors and the other side comprised the public authorities, which, in the course of the emergency situation and with the worsening of the company's financial situation, instrumentally argued that FIBE was to be held liable for the breach of its contractual obligations.

Starting from the final stages of the contractual phase, in this already complex situation of disputes, an increasing number of companies and individuals were involved. For various reasons, and in some cases even indirectly, they found themselves engaged in the management activities, as was the case of the suppliers or sub-contractors of FIBE, which as a direct result of the failures to perform of the public authorities, were also under increasing financial pressure.

I.1.3 Transitional phase
Decree-Law 245/2005 (converted into Law 21 of 27 January 2006), inter alia, (i) terminated the service contract between FIBE, FIBE Campania and the Special Commissioner for the Waste Emergency in Campania by law on 15 December 2005, "without prejudice to any claims arising from terminated contracts", (ii) provided that the company continue its activities in full compliance with the control and coordination of the Special Commissioner vis-à-vis the right to be reimbursed by the Commissioner for the costs and expenses incurred in connection therewith and (iii) continue with the construction of the landfills and plant in Acerra, pending that, due to the extreme urgency, the Commissioner find a new entity to be entrusted with the service through a public procedure. The law also imposed an obligation on the Government Commissioner to recover the sums due to the company by local authorities by way of fee for waste disposal until the date of termination of the service contracts.

The changed legal framework, already burdened by significant difficulties related both to the nature of the new legal relationships these were linked to and by the unrealistic expectations about the possibility of finding a new entity to which to award the service under the same conditions that had already led to the collapse of the management system in the contractual phase, led to the start of the so-called transitional phase and further complicated the task of FIBE without it being able to solve some of the most important critical aspects that characterised the previous phase. The most significant concerned:
- the inadequate allocation of financial resources

to the commissioner in order to carry out the ordered control and coordination both in relation to the operating expenses and to the significant capital expenditures to be made;
- the unlawful continuation of the Fibe's obligation to continue its activities because of the failure to find new service providers (all the tenders called were unsuccessful due to the lack of appropriate guarantees about the availability of sites where to dispose of the residues of the RDF process), although it had been the very law to determine the early termination of the service contracts; and
- the lack of specific and accurate forecasts in relation to the manner in which the company's claims for damages arising from the early termination of its service contracts could be settled.

While consistently operating in compliance with the rules in force at the time and keeping an open attitude to collaboration with the commissioner, FIBE nonetheless continued in the construction of the plant without being able to have appropriate funding from public authorities that would later become the owners thereof, thereby further worsening the impact on its financial statements.

The end of this phase, as described above, coincided with the entry into force of Decree Law 90 of 23 May 2008 and Decree Law 107 of 17 June 2008, both converted into Law 123 of 14 July 2008. These provisions, on the one hand, confirmed Fibe's obligation to complete the Acerra incinerator and, on the other, definitively marked the exit of the Impregilo Group from the waste disposal activities, transferring ownership of the RDF plants to the provincial authorities of the Campania Region as well as the resources present in each plant including the staff (other than management) employed at the plants who were hired with temporary contracts.

Even though it was a major breakthrough, the company was in absolutely critical operating and financial conditions. The most significant of these include:

- increased financial imbalance attributable to the forced continuation of the construction of the Acerra plant for which no specific procedural or contractual process concerning its final destination was identified;
- final exit of FIBE from the management of all the facilities and equipment used by the company until then to carry out the activities as mere executor on behalf of the commissioner of the waste disposal activities without any resolution relating to the repayment of the costs incurred for the construction of the said facilities;
- suppression by law of the public administrative structures that had coordinated the activities in the transitional period without any concrete measure to repay the huge financial resources that in the course of the disposal activities FIBE had to pay in advance in the name and on behalf of the administration - with the financial support of the Group as in previous periods - and for which, once again, there were no specifically identified debtor or any specific procedures for the related payment by the public administration.

The already extensive impacts that the situation described above had on both FIBE and the entire Group was further burdened by the criminal proceedings, involving, on the one hand, a series of precautionary measures on assets (i.e.: seizures of equivalent amounts) requested by prosecutors, originally granted by the Court of Naples and subsequently cancelled in the last instance by the Court of Cassation, and, on the other, the start of new criminal proceedings against both the Company's directors and public officers and the legal entities related to them for alleged responsibilities under Law 231.

I.1.4 Post-transitional or current phase

The start of this phase was mainly characterised by two new scenarios which involved (i) the completion of the Acerra waste-to-energy plant and the development of the events relating to it and (ii) the initiation of a new phase of litigation between the company and public authorities related to the management of plants, storage sites and facilities, which, due to the aforementioned Law 123/2008, had been taken over by public authorities.

As for the Acerra plant, in the month of December 2008 and in the framework of the procedure for the awarding of the service to manage the incinerator under construction, a new service provider was identified. It is a leading Italian company that owns other major waste disposal facilities and the related energy recovery. At the same time, FIBE, in accordance with the provisions of the aforementioned Law 123/2008, continued the technical activities aimed at the completion of the plant and the related testing. The final acceptance tests of the Acerra plant were carried out in the first two months of 2010 and the relevant certificate was issued on 16 July 2010 confirming the success of the procedure. In this context, we should mention the enactment of Decree Law 195/2009, converted with amendments into Law 26 of 26 February 2010, which, inter alia, contains some significant provisions that can be summarised as follows:

a) the amount for the Acerra waste-to-energy plant was determined to be €355 million and title to the plant was to be transferred by Impregilo group to the Campania regional authorities (or to the Prime Minister Office - Civil Protection Department or to a private body). The transfer was to take place by 31 December 2011 in accordance with the Prime Minister's new decree and after determining the related financial resources. Until then, the former service provider would be paid a monthly lease payment of €2.5 million for up to 15 years. The payments for the 12 months before transfer of title would be deducted from the consideration to be paid as well as the amounts advanced to the former service provider, pursuant to article 12 of Decree Law 90/2008, as advances for work in progress when the plant was being built;

b) always in relation to the Acerra plant, (i) the deadline for the execution of the inspection was set on 28 February 2010, (ii) it was agreed that, until the transfer of property, it would not have been alienable, amenable to seizure or other provisions nor could registrations or other acts detrimental to the said plant be carried out, and (iii) the former service provider was imposed further significant charges in relation to a set of guarantees of a substantially different nature and significantly more burdensome than existing best practices in the plant engineering sector. The management of the plant, however, was awarded to the new service provider starting from 2010, despite the guarantees required and despite the property still belonged to FIBE.

As for the development of litigation relating to the management of the plants and storage sites, the first period of the post-transitional phase was marked, inter alia, by two key administrative disputes and more precisely:

- one relating to the final determination of the role played by FIBE vis-à-vis public administration after the resolution of the service contracts;
- one relating to the determination of the entity which, after the entry into force of L.123/2008, would take charge and manage all plants, storage sites and equipment which, during the contractual phase had been built by FIBE for the conduct of its activities.

With regard to the determination of the role played by FIBE in the transitional phase, Lazio Regional Administrative Court ruling No. 7280 of July 2008, which became final due to the failure to appeal, reconstructed 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 – who bore the sole responsibility for the waste disposal service and coordination activities, required to identify the best solutions for waste disposal.

The ruling concurrently established that all obligations imposed on the former service providers by law ceased to exist on 31 December 2007, also expressing the fact that the commissioner's various measures ordering FIBE to extend its operations up to the entry

Over **85** different nationalities

into force of Law 123/2008 – measures which were all promptly challenged by the company – were found to be unlawful as contrary to the previous regulations governing the conditions and limitations of the specific emergency.
In relation to the dispute related to the ownership and management of the plants and storage sites, the litigation stage, which began in the period immediately following the entry into force of Law 123/2008, ended with the decision of the State Council which, by ruling No. 290/2010, finally confirmed the cancellation of the claims made by the government for the return of the sites to FIBE in December 2008, thus freeing it from any obligation in relation to the operation thereof, which, in the administration's opinion, were deemed not suitable for its activities.

Near the end of 2010, therefore, the overall situation of the SUW Campania projects continued to be somewhat complex, mainly due to the following situations:

- a statement of income and financial position, which at the Group consolidated level showed huge net receivables and claims for damages related mainly to the following activities:
  - construction of the Acerra plant, which, besides being one of the largest and most modern waste incineration plants with energy recovery in the world, was already fully functioning and productive without the company that built it being recognised any compensation;
  - repayment of costs not amortized yet of the former RDF plants which, according to the provisions of the service contracts terminated by law in late 2005, were to be paid by the public authorities, which at that date had not recognised them;
  - net receivables arising from the financial imbalance that progressively accrued during both the contractual and transitional phases as a result, on the one hand, of the defaults of the debtor public authorities and, on the other, the impossibility of opposing such defaults in respect of third-party suppliers and subcontractors of FIBE which was forced to further expose itself in order to counter actions instrumentally taken by these entities also in bankruptcy proceedings.
- The protracted criminal litigation in which, though proceedings on the merits were already in progress, the Group was still subject to relevant claims of a precautionary nature by prosecutors, with all the operational and reputational consequences that this entailed.
- The continuation of both civil and administrative litigation, which, in spite of the important rulings described above, did not yet allow for the determination of a precise time-frame in which the legitimate claims made by the company in various capacities could be met.

As of year-end 2010, however, there were some significant changes with regard to aforementioned issued. Specifically, these were:

- the dispute concerning the legitimate compensation due to FIBE for the construction of the Acerra incinerator was largely completed at the end of 2011 and the final payment for said plant, amounting to about €355 million, was received during 2012;
- the criminal proceedings initiated in 2004, which had been matched by the concurrent precautionary procedure that saw the Group subject to significant seizures of financial resources since financial year 2007, were finally closed in the early part of 2012 with the final exclusion of the applicability of the said measures, while in November 2013 the Court of Naples acquitted all the defendants involved. To date, the deadlines for an appeal by the public prosecutor are still pending;

- the dispute for the legitimate claims of FIBE for the repayment of costs incurred for the construction of the former RDF plants and not amortized yet at the date of termination of the service contracts (15 December 2005) was also closed with the ruling of the Supreme Court in March 2013, which dismissed the appeal of the public authorities, which were deemed to be the losing party by the State Council in 2012. Although in this context enforcement proceedings started by FIBE are still pending to achieve full compliance by the unsuccessful public authorities, during 2013 a total of € 240 million were collected, of which about €204 million related to costs not amortized at December 2005 and legal interest from said date equivalent to €35 million.

At year-end 2013, finally, the Group’s financial position related to the SUW Campania Projects, which are exhaustively discussed further below in the notes to the consolidated financial statements for the year 2013, is mainly concentrated in net receivables items within working capital, relating to FIBE claims under the contractual and transitional phases.

The rest of this chapter, in accordance with previous periodic financial disclosures of the Group, is a description of the main pending disputes in order to complete the complex operational framework that still characterises the Group’s activities in the SUW Campania Projects.

In this context, despite having observed the significant and positive developments briefly described above, the overall picture is still quite complicated.

This situation, though constituting an important factor for the Group as a consistent support of the correctness of its actions at all levels of litigation still pending does not make it possible though to rule out the risks linked to this complex set of proceedings, even though these can be reasonably deemed overall as possible but not likely.

II. Pending disputes relating to the SUW Campania Projects

II.1 Administrative disputes

A) In October 2006, FIBE and FIBE Campania took legal action before the Lazio Regional Administrative Court objecting to the commissioner’s failure to comply with its obligations under Decree Law 245/2005 (converted into Law 21/2006), namely: (i) recovery of outstanding amounts due by municipalities for waste disposal services 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 filed by FIBE and FIBE Campania (in the ruling of 11 October 2006, confirmed by the State Council on 7 November 2006), in ruling No. 3790 filed on 27 April 2007, the Regional Administrative Court of Lazio stated 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 procedure provided for under law for the collection of outstanding receivables;
(ii) due to the termination by law of the service contracts, FIBE and FIBE Campania “*as of 15 December 2005 merely provided the [waste disposal] service on behalf of the commissioner and had definitively lost title thereto*”;
(iii) the commissioner was to complete the procedure aimed at meeting the companies’ requests within 45 days;
(iv) in the case of ongoing default of the public authorities, an extraordinary commissioner was appointed who was given an additional 45 days to act in their lieu.

The commissioner appealed against this ruling with the Council of State, which rejected the appeal in ruling No. 6057 of 28 November 2007, fully confirming the ruling of the Lazio Regional Administrative Court.
As a result of the newly introduced regulations, the

companies were no longer interested in completing the procedure aimed at identifying the sites where to send the stabilised organic fraction (SOF) and stockpiles generated by the RDF plants and preparing and implementing a plant maintenance plan, given that these were 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 until 31 December 2005.

The extraordinary commissioner appointed by the Regional Administrative Court to recover the receivables due from public authorities of the Campania Region for the waste disposal services provided until 15 December 2005, filed a first report in August 2009 and another one in June 2013 based on a more in-depth investigation into the receivables by cross-checking the accounting records and documents submitted by the parties. While recognising the receivables due to FIBE for the services provided under the contract, the commissioner asked the Regional Administrative Court to evaluate the claims made by the public authorities and to take the relevant decisions. During the hearing to discuss these aspects on 4 December 2013, the Regional Administrative Court adjourned the case to 25 June 2014.

B) The Lazio Regional Administrative Court confirmed the findings of its ruling No. 3790/2007 in ruling No. 7280 of 23 July 2008, reiterated by State Council ruling No. 6057/07, as confirmed and supplemented by the regulations implemented in the meantime and by the said Decree Laws 90/08 and 107/08, converted into Law no. 123/08 et seq.

This ruling, which became final due to the failure of the public authorities involved to appeal, is very important for the companies because it provides an accurate reconstruction of 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 – who bore the sole responsibility for the waste disposal service and coordination activities, required to identify the best solutions for waste disposal. The ruling also established that all obligations imposed on the former service providers by law ceased to exist on 31 December 2007, as the challenged extension measures were in contrast with the previous regulations governing the conditions and limits of the specific emergency measures. Moreover, the regulations implemented in the meantime also affected the orders challenged, as such regulations were applicable to past contractual relationships involving the companies, to which "*no further activities are requested except for those to allow the provincial authorities and Armed Forces to take over the management of the plants, staff and assets as well as transactions with third parties". Given the above, the Regional Administrative Court concluded "It can logically be deducted that the appointed 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 (so-called technical-operational chief as per Prime Minister's Order No. 3705/2008 and the extraordinary commissioners for the provinces) obliged the companies to re-acquire possession of certain areas and stocking sites - which said parties had taken over in August 2008 - as these were not deemed functional to running the service, requesting the concurrent declaration of "*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 light of the regulations existing in the sector which fully regulated the previous situations in full compliance with Lazio Regional Administrative Court ruling No. 3790/2007, confirmed by the Council of State with ruling No. 6057/2007 and Lazio Regional Administrative Court ruling No. 7280 of 23 July 2008 about the nature of the relationships between the public authorities, FIBE and FIBE Campania and third parties, and the obligations of public authorities to comply with the relevant provisions 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 public authorities, 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 by ruling No. 2357/09 on 13 March 2009 upheld the appeal made by FIBE and FIBE Campania, cancelling the challenged measures.

The public authorities involved appealed against this ruling before the State Council on 8 July 2009. The companies appeared in court for the proceeding and lodged a counter-appeal against the same ruling, requesting that the objections deemed to have been covered by the first-instance hearing and specifically related to the lack of grounds concerning the alleged inoperability of the sites for the purposes of the waste management service, be examined and granted. They also requested that the objections 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 public authorities' obligation to comply with rulings of the Lazio Regional Administrative Court No. 3790/07, confirmed by State Council ruling No. 6057/07 and Lazio Regional Administrative Court ruling No. 7280 of 23 July 2008 about the nature of the relationships between the public authorities, FIBE and FIBE Campania and third parties, be examined and granted as well.

On 22 July 2009, the under-secretary of state notified FIBE and FIBE Campania through the extraordinary commissioners of new orders to take over the above sites. The companies appealed to the Regional Administrative Court also with respect to these orders.

On 26 January 2010, the State Council 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 local public authorities, 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 they breached the relevant legislation due to the erroneous valuation of the concept of the operability of the assets for the waste management service.
The State Council based its assessment of the operability of the sites on Article 183.1.D) of Legislative Decree 152/2006, which expressly defines the concept of waste management as the collection, transportation, recycling and disposal 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; the challenged measures were accordingly declared unlawful.

Despite this outcome, the party engaged under Law 26/2010 to manage the sites in the Province of Caserta and, subsequently, the parties engaged to manage the sites in the Provinces of Naples and Benevento commenced new proceedings to order FIBE S.p.A. to take over the custody and costs for the sites.

The company lodged a motion for the repeal of this action with the relevant judicial authority which was rejected on 25 October 2010. Following the request for clarifications about the custody obligations, the Fifth Criminal Chamber of the Naples Court stated 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 conclusion corroborates the company's argument, supported by its legal advisors, that the official receiver is exempt from any responsibility 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 Court of Naples initiated by S.A.P.NA. S.p.A., a local company set up by the Naples provincial authorities, are part of this situation. S.A.P.NA. S.p.A challenged its takeover of title to certain temporary and definitive areas and stocking sites in roughly 40 proceedings. These areas and sites were the same already found to be inoperable by the extraordinary commissioners in their measures of December 2008 challenged by FIBE S.p.A. and which led to Lazio Regional Administrative Court ruling No. 2357/09 and the State Council 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 operating costs incurred in the meantime and yet to be incurred, including possible site reclamation.
FIBE S.p.A. appeared before court in the various 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 public authorities' slowness 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 local public authorities and carried out by the companies during the transition period (16 December 2005 - 31 December 2007). They requested the Court to declare the unlawfulness of this silence and verify the local public authorities' obligation to finalise the procedure in a suitable time-frame, with the concurrent appointment of an extraordinary commissioner who would take the measures required of the defaulting public authorities, should the latter fail to act within the set time-frame. At the conclusion of the hearing of 24 June 2009, the Court stated the appeal was inadmissible in ruling No. 7070/2009 and that with respect to the "checks into financial claims, even if based on obligations undertaken by law", the companies should not have followed the special silence procedure, but should have lodged a specific action for declaration and satisfaction with the Court on an exclusive jurisdiction basis.

In light of this, 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 Decree Law No. 90/2008, for the issue of the necessary declaration and satisfaction orders against the local public authorities, including on an admonitory basis. The admonitory motion was quashed as the Court did not accept the assumptions for issue of a court order. The merits hearing is yet to be held. Pending a date for the said hearing, a preliminary motion was notified and subsequently filed on 8 April 2010 for the appointment of a court-appointed expert who, after examining the documentation presented, should identify the amount of:

a) *the sum due by the local public authorities for the management activities reported by the companies from 16 December 2005;*
b) *the amount already paid by the local public authorities for this service;*
c) *the amount payable, already checked and acknowledged but not yet paid by the local public authorities as per the administrative measures already issued and added to the court records;*
d) *the amount not yet checked or paid by the local public authorities for the services reported by the companies;*
e) *the amount due by public local authorities for the services awarded to the companies and provided by them since 16 December 2005;*
f) *the amount already paid by the local public authorities for the services as per item e);*
g) *the amount payable, already checked and acknowledged but not yet paid by the local public authorities as per the administrative measures already issued and added to the court records;*
h) the *appointed expert should, based on the verification of the above documents, identify and specify the amount due by local public authorities for all the activities imposed on and carried out by FIBE S.p.A. and FIBE Campania S.p.A.in favour of such pubic authorities, starting from 16 December 2005, net of the amount already paid for such services and to any other issue that this court will consider.*

The companies lodged a specific motion for the timely setting of the related hearing, after which the Regional Administrative Court issued interim ruling No. 3669 ordering that the "checks" of the accounting documentation submitted for reporting purposes be carried out to ascertain if the claims made in court were grounded. It has reserved to hand down its decision at the end of procedure. Accordingly, the Court requested that La Sapienza Rome University carry out the check based on the questions posed in the ruling. A partial appraisal was filed on 29 January 2013 covering the period from 15 December 2005 to 31 December 2006 and an extension was requested for the filing of the final appraisal for all the periods considered. The extension was 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 waste 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 is 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 local public authorities for which waste was to be disposed of first) lies solely with the municipalities, the companies have prudently lodged an appeal against this order with the Lazio Regional Administrative Court in Rome.

F) The Lazio Regional Administrative Court issued ruling No. 3886 on 5 May 2011 on FIBE's appeal (RG No. 9942/2009) for the local public authorities' non-payment of FIBE's non-amortised costs at 15 December 2005 for the Campania RDF plants. It upheld FIBE's appeal and ordered the local public authorities 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 contractual terms and legislation of reference. It confirms that the local public authorities took over the RDF plants as a result of termination of the service contracts and are therefore obliged to pay the former service providers the non-amortised costs at the contract termination date (15 December 2005) as expressly stated by the local public authorities. The Regional Administrative Court based its quantification of the claim on FIBE's accounting figures and the considerations set out by the local public authorities in the previous calls to tender for the service.

The local public authorities lodged an appeal against the ruling, which was filed on 11 July 2011. The appeal (R.G. 6313/11) was heard on 13 December 2011 after which the State Council rejected it with its ruling No. 868/2012 filed on 20 February 2012 and ordered that the parties bear their own legal costs.

The public prosecutor lodged an appeal with the Supreme Court against the State Council's ruling, alleging that the administrative judge lacked jurisdiction. FIBE, in turn, filed a statement of defence and a counterclaim challenging the public local authorities' arguments and appealing against the State Council's ruling with its counterclaim in the part in which it holds that it had first to rule about jurisdiction (though 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. The Supreme Court rejected the public prosecutor's motion in the hearing of 6 March 2013. FIBE thus commenced the enforcement action aimed at the compulsory recovery of the entire amount ordered. The public prosecutor appealed against enforcement with a suspension request, which was discussed at the hearing of 9 July 2013. The enforcement judge of the Rome Court ordered that FIBE be paid €240,547,560.96 with its orders of 24 July 2013 to cover the receivables for principal and legal interest. The judge also suspended the enforcement procedure for the additional interest requested and set a deadline of 30 November 2013 for the merits ruling about the opposition.

Both parties therefore initiated proceedings on the merits and at the hearing on 3 February 2014 the court declared the absence of the Presidency of the Council of Ministers, and set a deadline on February 21st for the production of a certificate attesting the non filing of the summons brought by the Presidency of the Council of Ministers with the date set (in the summons) on February 10th.
Anyhow, the court stated that if this second appeal were filed, the two cases would be joined.

G) The Campania Regional Administrative Court handed down order No. 292 of 23 February 2012 rejecting appeal RG No. 301/2012 lodged by S.A.P.NA. S.p.A. for the suspension of the ministerial measure which requested that the local company submit the results of the characterisation plan and implementation of urgent safety measures for the contaminated groundwater at the Settecainati landfill (Municipality of Giugliano) 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 date for the merits hearing has not yet been set. S.A.P.NA. challenged (appeal No. RG 3247/2012) Campania Regional Administrative Court order No. 292/2012 before the State Council, which confirmed first instance ruling No. 1968 of 23 May 2012. Each party bore its own legal costs.

H) Lazio Regional Administrative Court ruling No. 5831 of 26 June 2012 stated the lack of its jurisdiction in favour of the Court of Public Waters with respect to the appeal RG no. 7434/2008 and subsequent additional grounds lodged by Fibe s.p.a. in which the latter requested the annulment of the commissioner's and ministerial measures ordering the communication of the results of the surface and groundwater characterisation plan and urgent safety measures – failing which the substitute powers to address the damage would be activated -, as well as the recognition of the real cost and the inspection and repair of the environmental damage at the landfill in Cava Giuliani in the Municipality of Giugliano. The lack of jurisdiction of the Regional Administrative Court was stated in favour of the Court of Public Waters, as the measures were considered administrative measures covering public waters. The ruling was reinstated before the Court of Public Waters which adjourned the hearing to 9 October 2013. After an agreement with the government commissioner of 9 September 2013 covering the characterisation of the Cava Giuliana landfill, the hearing was adjourned to 25 June 2014.

I) Lazio Regional Administrative Court ruling No. 6033/2012, published on 3 July 2012 and notified on 13 September 2012, joined and rejected appeals Nos. RG 10397/2007, 10398/2007 and 2770/2012 and related additional grounds lodged by FIBE for the cancellation of the commissioner's and ministerial measures requiring the characterisation plan and urgent safety measures, under penalty that procedures to address the damage be initiated for the Pontericcio site, the RDF production plant and stocking site and the Cava Giuliani site and stocking site.

The company appealed against this ruling with the State Council (RG no. 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 other than those referred to in the ruling. Reference is mistakenly made to contamination at the landfill in Cava Giuliani (as shown in the court-appointed expert's report to the Naples public prosecutor, drawn up for criminal proceedings RGNR No. 15968/2008), appealed against with motion RG no. 7434/2008 (see letter I) above). On 21 November 2012, the State Council rejected FIBE's precautionary motion for suspension of the execution of the ruling. A date for the merits hearing has not been set yet.

Following rejection of the precautionary motion of ruling No. 6033/2012, FIBE decided to inform the Ministry for the Environment and the other relevant authorities of its willingness to voluntarily execute this ruling in its communication of 13 December 2012, requesting that a meeting be set to draw up an agreement to stipulate the relevant terms. It took this decision partly to prevent the possible commission of the crime of non-reclamation and the company's liability pursuant to Legislative Decree No. 231/2001 and based on the government commissioner's communication as per order No. 3849/2010 and following orders for the agreement in itinere of the contract for the characterisation of the areas in Pontericcio and Cava Giuliani with Sogesid S.p.A., covered by ruling No. 6033/2012 and appeal No. 36/2013 with the Court of Public Waters. However, it did not admit any liability as the merits hearing has yet to be held and it also reserved the right to recover the costs of executing the ruling. This agreement was signed by FIBE and the government commissioner on 9 September 2013, whereby FIBE accepted the government commissioner's requests about the characterisation and environmental surveys, excluding any liability about possible issues that may arise during such surveys. FIBE confirms that it is proceeding in this sense solely to comply with Regional Administrative Court ruling No. 6033/2012 referred to above.

II.2 Civil litigation

The government commissioner served a writ in May 2005 requesting compensation from FIBE, FIBE Campania and FISIA Italimpianti for alleged damages of approximately €43 million. During the hearing, the commissioner raised 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 court to challenge 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 to that provided for in the 2000 and 2001 contracts) in the issue of the authorisations required to build the waste-to-energy plants and the related delay in the construction thereof. These delays led to both the lengthening of the temporary stocking periods of the produced "eco-bales" and an increase in the stocked "ecobales" with the related need to find bigger stocking areas, thereby forcing FIBE and FIBE Campania to incur greater costs.

In the same proceeding, the banks that issued FIBE and FIBE Campania's performance bonds in favour of 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 challenged 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 ruling and FIBE appeared accordingly before the court in the related case (RG No. 686/12). The specification hearing before the Appeal Court of Naples is set for 11 December 2014.

With the "resumption statement" of 1 August 2012, the Ministry for Justice and Cassa delle Ammende resumed proceedings for enforcement of the sureties totalling €13,000,000.00 before the Court of Milan. These sureties had been given by certain major banks to guarantee execution of the measures imposed by the Public prosecutor of Naples as part of the seizure of the RDF plants.

The group companies appeared before the Court of Milan (RG No. 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 enforcement. In turn, they summoned the government commissioner.

At the first hearing of 17 January 2013, the proceeding was deferred to 5 December 2013 for the specification hearing, during which the final judgement was further delayed.

Finally, at civil law level, the public authorities have recently commenced proceedings challenging FIBE's operations with respect to the complex situation of receivables and payables arising from the contractual phase. Although these are separate from the other proceedings described above, they refer to the same claims filed by FIBE in the administrative courts for which the extraordinary commissioner is still taking action (see item II.1.A above). Accordingly and assisted by the Group's legal advisors, FIBE's fully compliant conduct during the contractual phase can be reasonably confirmed and the risk of a negative outcome in these proceedings is a mere possibility.
The company's legal advisors hold that the local public authorities' claims can reasonably be challenged considering the counterclaims and, moreover, the admissibility of legal compensation given the circumstances.

Finally, FS Logistica (formerly Ecolog) has a pending payment order opposition proceeding vis-à-vis the Office of the President of the Council of Ministers for the payment of the fees for the 2001-2008 assignment made by the then government commissioner to transport waste abroad. FS Logistica motion for payment was addressed to the Office of the President of the Council of Ministers, which, in turn, filed action in warranty against FIBE. The latter, inter alia, firstly objected to the correspondence of the action in warranty with that already part of the case commenced by the Office of the President of the Council of Ministers/government commissioner before the Court of Naples and settled with ruling No. 4253/11, finding lack of jurisdiction (see above) and, with respect to the counterclaims made by the Office of the President of the Council of Ministers, noted both their inadmissibility due to their complete inconsistency with the claims originally made by FS Logistica and the fact that these claims had already been filed by the Office of the President of the Council of Ministers in many other pending disputes.

The judge, following the hearing on 11 July 2013, adjourned the proceedings to the hearing on 24 January 2014 where he admitted court-appointed experts only in relation to the claims of FS Logistica vis-à-vis Office of the President of the Council of Ministers and forming the subject of the injunction.

II.3 Criminal litigation

In September 2006, the public prosecutor at the Court of Naples 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 legal entities" related to the alleged administrative crime pursuant to Article 24 of Legislative Decree 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 Court of Naples accepted the request for indictment made by the public prosecutor.

The Court accepted the objections proposed by the companies' defence and declared the unlawfulness of the civil parties' claims against the bodies involved pursuant to Legislative Decree 231/2001. Therefore, all their claims made in the preliminary hearing were found to be inadmissible.

Moreover, the public prosecutors Messrs. Noviello and Sirleo presented an additional charge pursuant to Article 517 of the Italian Code of Criminal Procedure in the hearing of 15 June 2011, against individuals only, 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 22/97, now Article 260 of Legislative Decree 152/06.
The public prosecutor requested the following precautionary measures relating to:

- "assets", pursuant to article 19 of Legislative Decree 231/2001 (seizure of: RDF production plants; Acerra waste-to-energy plant; approximately €43 million belonging to Impregilo group companies; receivables of about €109 million due to FIBE and FIBE Campania from municipalities in the Campania Region);

- "interdiction", pursuant to Article 9 of Legislative Decree 231/2001 (or: ban on negotiating with public bodies; exclusion from subsidies, loans and similar aid; ban on advertising goods and services).

In its ruling of 26 June 2007, the Judge for the Preliminary Investigation ordered the precautionary seizure of the profit from the alleged crime, estimated to amount to about €750 million; specifically, the Judge ordered the precautionary seizure of:

A) € 53,000,000.00, equal to the amount paid in advance by the commissioner to build the plants in provinces other than Naples;
B) the total amount of €301,641,238.98 for the regularly collected waste tariffs;
C) certain, liquid and due receivables amounting to € 141,701,456.56 due from the municipalities and not yet collected;
D) the expenses incurred by the commissioner for the disposal of the SUW and related processing downstream of the RDF plants amounting to € 99,092,457.23;
E) € 51,645,689.90 equivalent to the missing guarantee deposit, payment of which had been agreed to guarantee proper compliance with contractual obligations;
F) amounts received as premiums for the collection service performed on behalf of the commissioner and municipalities to be determined upon enforcement;
G) € 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, commenced with the above orders, lasted nearly five years and have finally been settled with no consequences for the Group in May 2012 when the final ruling taken by the Supreme Court (Sixth Criminal Chamber) denied the existence of new evidence that would overturn the final judgement passed down by the same Supreme Court (Second Chamber) on 16 April 2009 about the public prosecutor's precautionary requests related to the tariffs.

On 4 November 2013, the Court of Naples issued an order by which all the defendants were acquitted in the broadest terms, the seizure of the storage sites was repealed, and these were returned to the provincial authorities having territorial jurisdiction. On 1 February 2014, the articulated acquittal ruling (consisting of 265 pages) was filed and the deadline for any appeal by the Public Prosecutor is expected to expire on 21 March 2014.

* * *

During 2008, as part of a new inquiry by the Court of Naples into waste disposal and related activities in the region carried out after the termination by law 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 were once again charged with the administrative liability of legal entities under Legislative Decree 231/01. The related acts describe how this is both a continuation of the previous investigations and a separate proceeding based on new allegations.

The preliminary hearing was concluded on 29 January 2009 with all the defendants being arraigned for trial. In the pre-trial hearing, the civil actions brought against the legal entities were found to be inadmissible. Moreover, on 16 December 2009, the Court of Naples declined its jurisdiction and ordered that the documents be transferred to

Salini Impregilo is operative in **5** continents

the Rome public prosecutor. The Court of Rome set the date for the preliminary hearing on 27 October 2010 when it was adjourned by the Judge for the Preliminary Hearing to 13 December 2010 due to the erroneous service of the writ about the hearing to legal counsel of FIBE S.p.A. At the next hearing of 10 January 2011, the Judge for the Preliminary Hearing at the Court of Rome cancelled certain charges filed against the chief executive officer in office when the events took place and adjourned the hearing to 23 March 2011, which was adjourned again to 21 September 2011, then to 14 December 2011 and finally to 28 March 2012. The Judge deferred the decision about the conflict in jurisdiction and the other individual positions and other charges to the Supreme Court, holding the Court of Naples competent to decide on these positions. The related hearing before the First Chamber of the Supreme Court was held on 6 July 2011. However, the First Chamber deferred the case, awaiting to know the opinion of the Joint Chambers of the Court of Cassation. However, following the decision of the Chief Justice of the Supreme Court, the "similar issue related though to another matter" was not heard by the Joint Chambers and, therefore, the Second Chamber of the Supreme Court handed down its judgement and ruled that the Judge for the Preliminary Hearing at the Court of Rome was 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 Judge in Rome on 16 May 2012, which was then adjourned 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.

On 26 September 2012, the new Judge, Mr. Saulino, took over the different parts of the proceeding and set the dates for the extraordinary hearings on 10 and 31 January 2013 and 14 March 2013.

Following these hearings, during which certain defendants made voluntary statements, the Judge for the Preliminary Hearing stated the inadmissibility of the sole party that had brought a civil action in the criminal proceeding. The public prosecutor requested that all the defendants and legal entities involved be arraigned for trial pursuant to Legislative Decree 231/2011.

The hearings of 14 and 21 March 2013 were held to hear the defence counsel's statement and to hand down a ruling, respectively.

Following this hearing, the Judge for the Preliminary Hearing ordered that all the defendants and legal entities involved pursuant to Legislative Decree 231/2001 be arraigned for trial for all charges before the Court of Rome on 16 July 2013.

During this hearing, the Court of Rome noted that many defendants had not received the summons and accordingly adjourned the hearing to 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 21/2006 but were carried out merely on behalf of the commissioner (see the rulings of the Lazio Regional Administrative Court and State Council in paragraph II.A.).

In January 2011, FIBE joined proceeding No. 61604/10 RGNR as an injured party against MP Nicola Cosentino at the Court of Santa Maria Capua Vetere. 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 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 government commissioner for the waste emergency)*".

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 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 charges under Article 24 of Legislative Decree 231/01 relating to the committing of the crime covered and punished by Article 81, paragraph 2, and articles 110 and 640, para. 1 and 2, 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 commissioner's organisation and for FIBE S.p.A. allegedly actively encouraged and induced other accomplices to implement stratagems and tricks to hide and conceal the extremely 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 SUW 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 public prosecutor will probably request that the Judge for the Preliminary Hearing at the Court of Naples hear the case. However, as it relates to events challenged in the period after the contracts were terminated, when the companies' activities were not solely specifically covered by Law 21/2006 but also carried out on behalf of the commissioner, FIBE is fully convinced that it acted in accordance with the law.

III. Directors' considerations about the situation at 31 December 2013

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

The rulings of the administrative courts on the claims about the costs of the RDF plants not yet depreciated at the termination date of the service contract (15 December 2005), which have become final following the Supreme Court's ruling as illustrated above, are positive and important, as they support the Group's argument that it has acted correctly and its related assessments made to date. In this context, the impairments which in previous years had been made to the total value of claims for damages relating RDF plants totalling €91.1 million were issued and the resulting positive economic effects, together with the interest component recognised by the enforcing Judge with the decision of July 24th, net of related tax effects, were recorded in the results of discontinued operations.

The conclusion of the first degree of the criminal proceedings at the Court of Naples with a full acquittal of both the natural and legal persons involved "because the fact does not subsist", and the articulated reasons filed on 1 February 2014 in which the judges state: "The disastrous attempt to dispose of waste in Campania was not a result of unlawful conduct of the defendants, of technical competence, or of disorganization in the management of the plants" and again "what did not work were not the plants but the fact that the waste cycle, as had been organically and effectively conceived, was not fully in place being stunted both in the initial phase, i.e., waste sorting, and especially in the final one, since the incinerators at Acerra and Santa Maria La Fossa had not been built" reinforce the belief, supported by the opinions of the company's legal advisors, which the various proceedings still pending in several courts of law (administrative, criminal and civil) will show the correctness of the activities carried out.
Considering the recent decisions handed down by the administrative courts concerning the areas in the Municipality of Giugliano are still pending

with respect to their merits, and for which the assessment of the risk of being the losing party, with the support of FIBE's legal advisors in the relevant disputes, is deemed as merely possible, the exact timing of when the various proceedings will be closed cannot yet be established precisely.

Given the complexity and range of the different litigation proceedings disclosed in the previous sections, the Group cannot exclude that events may arise in the future that cannot currently be foreseen, which might require changes to these assessments.

Salini S.p.A.

Introduction

A brief analysis follows below of the separate financial statements at 31 December 2013 of the parent company Salini SpA prepared in accordance with *International Financial Reporting Standards* adopted by the European Union. In accordance with the provisions of IFRS 1, data for financial year 2012 were restated pursuant to the provisions of the *International Accounting Standards.*

Summary of financial information and other information concerning operations

Salini S.p.A.'s separate financial statements for financial year 2013, which are submitted for the approval of the Shareholders' Meeting, show pre-tax profit of €415.6 million and net profit of €419.1 million, with a value of production of €769 million. Pre-tax profit was greatly affected by financial activities, which, as well as reflecting the costs sustained in supporting production activities and investments and the results of foreign exchange losses, shows the positive effect, equal to €534 million, of the dividend distribution made by the subsidiary Impregilo S.p.A. Profit margins, though in the presence of significant non-recurring costs incurred for the completion of the public tender offer and calculated in an amount of about €35 million, represent levels of excellence, with EBITDA of €55 million, equivalent to 7. 2% of total revenues.
The net financial position amounted to €(726) million after making significant investments for the control of Impregilo S.p.A. and covering the ordinary operations of the Group, and was in line with the management's forecasts.

Reclassified income statement

(Values in €/000)	December 2013		December 2012	
Revenues	757,429	98.5%	686,054	92.0%
Other revenues	11,574	1.5%	59,715	8.0%
Total Revenues	**769,003**	**100.0%**	**745,769**	**100.0%**
Costs of production	(608,210)	79.1%	(578,184)	77.5%
Value added	**160,793**	**20.9%**	**167,585**	**22.5%**
Personnel costs	(97,914)	12.7%	(82,157)	11.0%
Other operating costs	(7,848)	1.0%	(8,021)	1.1%
EBITDA	**55,031**	**7.2%**	**77,407**	**10.4%**
Depreciation and amortisation	(60,322)	7.8%	(47,998)	6.4%
Allocation to provisions	0	0.0%	0	0.0%
Write-downs	(6,436)	0.8%	(1,174)	0.2%
(Capitalised costs)	0	0.0%	0	0.0%
EBIT	**(11,728)**	**1.5%**	**28,235**	**3.8%**
Total net financial and investment income	427,364	55.6%	22,890	3.1%
Pre-tax profit/(loss)	**415,637**	**54.0%**	**51,125**	**6.9%**
Taxes	3,488	0.5%	(16,791)	2.3%
Net Profit	**419,125**	**54.5%**	**34,334**	**4.6%**

Economic and operating performance

Key consolidated income figures (€/000)	31 December 2013	31 December 2012
Total Revenues	769,003	745,769
EBITDA	55,031	77,407
EBIT	(11,728)	28,235
EBT	415,637	51,125
Net Profit	419,125	34,334
Net profit/Total Revenues	54.5%	4.6%

Production

At 31 December 2013 the total revenues of Salini S.p.A. stood at €769 million, with foreign projects accounting for 93%.
Operating revenues amounted to €757.4 million, accounting for 98.5% of turnover.

The Ethiopian hydroelectric projects, Gibe III and Grand Ethiopian Renaissance Dam, as well as the Kyzilorda road project in Kazakhstan, provided a significant contribution to this result.

Operating revenues by geographical area (Values in €/000)	31 December 2013	%	31 December 2012	%
Italy	54,989	7%	95,402	14%
EU (excluding Italy)	648	0%	-	0%
Non-EU	448	0%	-	0%
Asia	92,370	12%	158,941	23%
Africa	608,338	80%	431,711	63%
America	636	0%	-	0%
Total operating revenues	**757,429**	**100%**	**686,054**	**100%**

The dams and hydroelectric plants sector was the most significant, where, with the substantial contribution from the above-mentioned Gibe III and Grand Ethiopian Renaissance Dam projects, revenues accrued represented 78% of the annual total.

The performance of the roads and motorways segment was also extremely significant, mainly due to the full operation of the lots for the reconstruction of the "Western Europe - Western China International Transit Corridor" in Kazakhstan and the works on the construction of the section of motorway "R881 Comprehensive Improvements of the Parallel Roads" in Dubai.

Other non-operating revenues, amounting to €11.6 million, relate essentially to the provision of goods and services which, by their very nature, are not part of the core business and to services provided to the Group (e.g. technical and administrative services, transfers of materials and insurance reimbursements).

Costs

Direct production costs stand at €608.2 million and account for 79.1% of total revenues.
Service costs, which represent the direct cost with a greater weighting, refer mainly to expenses incurred to support production volumes and, net of the ancillary costs (amounting to about €35 million) incurred for the public tender offer for Impregilo, are proportional to the growth in turnover.
Personnel costs, equivalent to €97.9 million, absorbed 12.7% of the value of production and were essentially in line with the figures at Group level.

Results of operations

Results of operations reflected the comments made in the previous paragraphs.
In particular, the profit margins were significantly affected by the costs incurred for the acquisition of control of the subsidiary Impregilo SpA, whose benefits became visible only in EBT through the receipt of dividends amounting to approximately € 534 million.

Total net financial and investment income

The net financial and investment income, equivalent to € 427.4 million, was mainly impacted by:

- distribution of dividends by the subsidiary Impregilo S.p.A. totalling approximately € 534 million;
- impairment test conducted by the subsidiary Todini Costruzioni Generali S.p.A. to assess its current ability to generate cash flows in accordance with IFRS 36. The comparison between the value in use and the overall investment of the Company in Todini Costruzioni Generali S.p.A. resulted in an impairment loss of € 69 million, resulting in a write-down of the carrying amount of the investment (€ 35.2 million) and recognition in the provision for risks of investment losses of an additional amount of € 33.8 million. For more details on the impairment test's criteria and calculation methods, refer to the relevant section of the notes to the financial statements;
- financial expenses incurred to obtain the cash necessary to carry out the takeover bid for Impregilo equivalent to about € 35 million.

Result for the period

EBT (pre-tax profit) amounted to € 415.6 million, or 54% of total revenues.
The provision for taxes for the year includes a current portion of € (8.9) million and a portion for deferred taxes of € 12.4 million.
For additional information on the calculation of taxes, please see the details in the dedicated section "Income taxes E22" of the explanatory notes to the financial statements.

Reclassified statement of financial position

(Values in €/000)	December 2013	December 2012	Change	% Change
Intangible fixed assets	161	255	(93)	-36.6%
Tangible fixed assets	224,636	208,488	16,148	7.7%
Equity investments	1,295,909	357,114	938,795	n.s.
Other fixed assets	4,427	4,402	25	0.6%
Total fixed assets (A)	**1,525,133**	**570,259**	**954,874**	**n.s.**
Inventories	132,133	111,446	20,687	18.6%
Amounts due from clients	251,391	227,617	23,774	10.4%
Amounts due to clients	(557,598)	(549,236)	(8,362)	1.5%
Trade receivables	306,527	193,945	112,582	58.0%
Other assets	71,510	80,875	(9,365)	-11.6%
Tax assets (liabilities)	25,952	(141)	26,093	n.s.
Subtotal	**229,916**	**64,506**	**165,410**	**n.s.**
Trade payables	(280,712)	(264,423)	(16,289)	6.2%
Other liabilities	(32,938)	(42,346)	9,408	n.s.
Subtotal	**(313,649)**	**(306,769)**	**(6,881)**	**4.8%**
Operating working capital (B)	**(83,734)**	**(242,263)**	**158,529**	**n.s.**
Non-current assets held for sale (C)	**-**	**-**	**-**	
Non-current liabilities held for sale (D)	**-**	**-**	**-**	
Employee benefits	(1,856)	(1,861)	5	-0.2%
Provisions for risks and charges	(41,512)	(8,852)	(32,659)	368.9%
Total reserves (C)	**(43,368)**	**(10,713)**	**(32,655)**	**305%**
Total uses (D=A+B+C)	**1,398,032**	**317,283**	**1,080,748**	**n.s.**
Cash and cash equivalents	49,904	71,632	(21,729)	-30.3%
Current financial assets	447,929	241,848	206,082	85.2%
Non-current financial assets	4,350	4,358	(8)	-0.2%
Current financial liabilities	(222,835)	(101,885)	(120,951)	n.s.
Non-current financial liabilities	(1,005,374)	(272,034)	(733,340)	n.s.
Net financial payables/receivables	**(726,026)**	**(56,080)**	**(669,946)**	**n.s.**
Shareholders' equity	672,006	261,203	410,803	n.s.
Minority interests	-	-	-	n.s.
Shareholders' Equity	**672,006**	**261,203**	**410,803**	**n.s.**
Total Sources	**1,398,032**	**317,283**	**1,080,748**	**n.s.**

Fixed assets stood at € 1,525.1 million and mainly comprised the value of the equity investment in Impregilo S.p.A. of approximately € 1,253.3 million and the technical equipment at work sites, representing 15% of total fixed assets.

Net invested capital, amounting to € 1,398 million, in addition to the strategic investment in the subsidiary Impregilo, reflected the evolving trend in production revenues, whose growing importance impacted cash flow uses and, more in general, the Company's capital structure in a balanced manner.

Net financial position

(Values in €/000)	31 December 2013	31 December 2012	Change
Cash and cash equivalents	49,904	71,632	(21,729)
Current financial assets	447,929	241,848	206,082
Current financial liabilities	(222,835)	(101,885)	(120,951)
Total current position	**274,998**	**211,596**	**63,402**
Non-current financial assets	4,350	4,358	(8)
Non-current financial liabilities	(1,005,374)	(272,034)	(733,340)
Total non-current position	**(1,001,024)**	**(267,676)**	**(733,348)**
Net financial position	**(726,026)**	**(56,080)**	**(669,946)**

The net financial position at 31 December 2013 stood at € (726) million and included the result of investments planned to support the growth in contract production volumes and to continue with the *Campione Nazionale*®, project completed through the acquisition of control of Impregilo S.p.A.

Specifically, the balance of non-current financial liabilities was mainly composed of an *unsecured term loan facility* of approximately € 354 million with a three-year maturity, signed on 10 December 2013 to refinance the remaining portion of the debt incurred for the public tender offer for the subsidiary Impregilo S.p.A. and the liabilities related to the issue of the bond in July for a nominal amount of € 400 million maturing in 2018.

These transactions, together with the signing of a revolving unsecured line amounting to € 100 million with a 3-year maturity and not yet used at the balance sheet date, shifted the mix of maturities toward the long term, increasing the cash flow elasticity and financial flexibility.

Other information

Treasury shares

The Company held no treasury shares at 31 December 2013.

Management and coordination

Salini S.p.A. is managed and coordinated by its sole shareholder, Salini Costruttori S.p.A.
Relations with the parent company and with other companies subject to the same management and coordination activities, including Todini Costruzioni Generali, Co.Ge.Ma S.p.A., Metro B1 S.c.a.r.l. and Rimati S.c.a.r.l., are part of the company's ordinary business and have been conducted at arm's length conditions.

The management and coordination activities of Salini Costruttori S.p.A. did not have any significant effect on the results for the year.
Relations established refer almost exclusively to the centralised cash management conducted by Salini S.p.A. for the Salini Costruttori Group in order to optimise financial resources. This service generated financial income in the Company's income statement of approximately € 6.3 million.

For details of the nature and value of more significant transactions with other companies subject to the same management and coordination activities, refer to the section in the notes to the financial statements on related parties, with the exception of relations with subsidiary Todini Costruzioni Generali, which are summarised below:

Revenues

- Financial revenues for centralised cash management, equal to € 8.9 million;
- Coordination activities for services such as engineering and procurement, legal services, overseeing human resources and general and administrative services, equal to € 7.0 million.

Expenses

- Administrative and technical service activities amounting to € 2.0 million.

Statutory audit

The Independent Auditors, Reconta Ernst & Young S.p.A., were appointed to perform the statutory audit and verification activities, as set forth in Article 14 of Legislative Decree 39/2010.

Judicial proceedings concerning the subsidiary Impregilo S.p.A.

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

Following the proceedings initiated by the public prosecutor at the Court of Monza for crimes under Articles 81 and 110 of the Criminal Code and Articles 2621 and 2637 of the Italian Civil Code, in which the chairperson of the Board of Directors and the CEO of Impregilo at the time of the alleged crimes are 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 under Article 25-ter, letters a) and r), Articles 5 and 44 of Legislative Decree 231/2001.

The public prosecutor notified the company of the allegations against the defendants on 13 October 2005.

The allegation is that Impregilo "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, at the hearing of 12 July 2007, accepting the related objections that the defence counsel of the defendants and companies involved in the case had raised since the preliminary hearing, the Court of Milan ruled on a preliminary basis "the invalidity of the ruling issued by the Judge for the Preliminary Hearing at the Court of Milan 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 public prosecutor's office of Milan.

The public prosecutor of Milan re-opened the proceeding and presented the Judge for the Preliminary Investigation of Milan with a request for dismissal of the case 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 them to be dismissed. As a result, Imprepar S.p.A. was excluded from the proceedings. The Judge referred the case files 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 that the Judge for the Preliminary Hearing did not dismiss, the company submitted a request for summary proceedings. The public prosecutor requested that a ruling of "dismissal" be handed down for the remaining charges in the hearing of 21 September 2009.

At the hearing of 17 November 2009, Impregilo was acquitted for 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 231/01, as it has a suitable organisational model.

On 21 March 2012, the Court of Appeal of Milan rejected the public prosecutor's appeal against the first-instance ruling that had cleared Impregilo from the liability as per Law 231/01 and fully confirmed this ruling which, inter alia, found the company's organisational model to be appropriate. The Public Prosecutor appealed against the said decision with the Court of Cassation, which, with ruling No. 4677/14 of 18 December 2013, quashed the ruling of the Court of Appeal of Milan referring the case to another division of the same Court for reconsideration on the merits in relation to three issues: (i) Ruling on the pre-emptive effectiveness of the organization and management model in force at the time of the offence and its effective implementation; (ii) Subsistence of an elusive conduct of a fraudulent nature on the part of the authors of the alleged offence of insider trading; (iii) Assessment of the predicate offence (insider trading).

Judicial investigations - Court of Naples

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

Other proceedings - Court of Milan

With respect to ruling No. 57720/12 in which IGLOO S.p.A. challenged the shareholders' resolutions to remove from office and elect directors of Impregilo S.p.A., the Court of Milan rejected the motion to suspend the effectiveness of the resolutions in both the first and second instance. At the hearing of 19 February 2013, the judge assigned the terms as per Article 183 of the Code of Civil Procedure and set a date for the hearing to discuss the evidence on 1 October 2013. Following the settlement reached and formalised by the parties to the dispute, the proceeding was cancelled pursuant to Article 309 of the Code of Civil Procedure.
On 17 October 2012, the Anti-trust Authority commenced an investigation pursuant to Article 14 of Law no. 287/90 into the agreements covering future commercial projects entered into by Impregilo with the Salini Group to determine whether Article 101 of the TFUE (Treaty on the Functioning of the European Union) had been violated. On 29 January 2013, the Authority notified the results of its investigation to Impregilo: it did not find violations of the anti-trust regulations. The Authority authorised the business combination between Impregilo and Salini on 20 February 2013. The Anti-trust closed the investigation without identifying any violations at its meeting on 3 July 2013.

Other proceedings - Court of Florence

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 closed in June 2011 and the related ruling handed down on 27 June 2011 reversed the first instance decision in full, thus quashing the measures and fully acquitting both the consortium and the individuals of the charges made against them. Following the appeal to the Supreme Court by the public prosecutor of Florence, the Supreme Court cancelled part of the ruling issued by the Court of Appeal of Florence on 18 March 2013, referring the case to the latter court. The proceeding at the Court of Appeal of Florence was opened on 30 January 2014 and is currently in progress.

Alternative performance indicators

The Company's management assesses the financial and operating performance of the Group and business lines based on certain indicators not covered by IFRS. Below is a description, as required by the CESR/05-178b recommendation, of the components of each of these indicators.

EBITDA: this is obtained by adding the following elements to EBIT, as defined below: (i) depreciation and amortisation of tangible and intangible fixed assets, (ii) write-downs and provisions, and (iii) costs capitalised for internal work.
EBIT (net operating profit): means earnings before interest and taxes, unadjusted. EBIT also excludes income and expenses deriving from the management of non-consolidated equity investments and securities, in addition to the proceeds from any disposals of consolidated shareholdings, classified in the financial statements under financial income and expenses or, for the profit (loss) of equity-accounted investments, under the heading "Effects of measuring equity investments according to the equity method".
EBT (pre-tax profit): is calculated as EBIT net of financial income and expenses, in addition to the effects of measuring equity investments according to the equity method.
Net debt/equity ratio: this is obtained from the ratio of net financial position – according to the CESR (Committee of European Securities Regulators) – to net equity excluding treasury shares.

Net fixed assets: means total non-current assets; specifically it refers to tangible fixed assets, intangible assets, the valuation of equity investments and other non-current items.
Operating working capital: is obtained from the algebraic sum of receivables and payables from the core business (trade receivables and payables, inventories, work in progress, tax credits, advances from clients, residual components of current assets and liabilities).
Net invested capital: is the sum of total fixed assets, operating working capital, provisions for risks and provisions for employee benefits.
ROS (Return on Sales): this indicator is calculated as the ratio between EBIT and total revenues.
ROE (Return on Equity): this is calculated as the ratio between earnings for the period and Group shareholders' equity.
ROI (Return On Investments): this is calculated as the ratio between EBIT and net invested capital.
Current Asset Ratio: this is calculated as the ratio between current assets and current liabilities.
Invested capital turnover: this indicator is calculated as the ratio between sales revenues and net invested capital.

Information on related-party transactions

Please see the relevant section of the notes to the financial statements for details of transactions with related parties.
These transactions essentially concern the exchange of goods, the provision of services, funding and the use of financial resources with the Company's subsidiaries, associate companies and other investee companies, in addition to optimising the Group's centralised cash management activities.
The aforementioned transactions are part of the Company's ordinary business and are conducted under normal market conditions, that is, at arm's length.

Research and development

In accordance with the requirements of Article 2428 of the Civil Code, it is hereby stated that no research and development activities were carried out during financial year 2013.

Secondary offices

Country	Name	Address
Jordan	Salcost Giordania	P.O. Box 925885, 11196 Amman - Jordan
Singapore	Salini S.p.A. Singapore Branch	50 Raffles Place, #32-01 Singapore Land Tower, Singapore (048623)
Uganda	Salini Costruttori Uganda Branch	Plot 22, Lower Naguru East Road, P.O Box 70393 - Kampala - Uganda
Morocco	Salini Costruttori S.p.A, Succursale du Maroc	560 Secteur B Cite Guich Des Oudayas - Temara / Rabat - Maroc
Dubai	Salini S.p.A. Middle East	Salini S.p.A. Middle East Office TPOFCB0431 -PLOT S50904A -Jebel Ali Free Zone - Dubai UAE
Dubai	Salini S.p.A. Dubai Branch	P.O. Box 213676, Office 401, Tameem House, Tecom C, Dubai United Arab Emirates
Turkey	Salini S.p.A., Merkezi Italya, Istanbul Merkez Subesi	Süleyman Seba Cad. Saatçioglu Is Merkezi, Kat 5-6, 34357 Besiktas - Istanbul
Turkey	Salini Costruttori S.p.A. Turchia Branch	Süleyman Seba Cad. Saatçioglu Is Merkezi, Kat 5-6, 34357 Besiktas - Istanbul
Abu Dhabi	Salini S.p.A. Abu Dhabi Branch	P.O. Box 32594 Al Murorr Area 179-st. 2/19 Saif Ali Mirz Ali Al Rumathi Building Abu Dhabi - United Arab Emirates
Iraq	Salini Costruttori S.p.A. (Kurdistan Branch)	Gulan Street, Vital Village, Vila # 30, Erbil, Kurdistan Region, Iraq
Sierra Leone	Salcost Sierra Leone	P.O. Box 191, Freetown Sierra Leone
Zimbabwe	Salcost Zimbabwe	44A Ridgeway North, Highlands - Harare - Zimbabwe
Ethiopia	Salini Costruttori Ethiopia Branch	Kirkos Kifle Ketema Kebele 17 - House No. 626 - P.O. BOX 101463 Addis Ababa
Romania	Salini S.p.A. Roma Sucursala Bucaresti	Bucuresti Sectorul 2, Strada Fierarilor, Nr. 1, Parter, Camera Nr.2
Kazakhstan	Salini Costruttori Kazakhstan Branch	b/n Muratbayeva str. Business centre Samal 3° piano 12000 Kyzylorda, kazakhstan
Bulgaria	Salini Costruttori Bulgaria Branch	Registered office address: Sredets District, 19B Patriarh Evtimii Blvd, floor 4 1142 Sofia - Bulgaria Registered correspondence address: Triaditsa District, 180 Vitosha Blvd., 2nd floor - 4th apartment 1408 Sofia - Bulgaria
Libya	Salini S.p.A. Libya	Hammamet Street Gargaresh, P.O. Box 3346 Maidan -Aljazaira, Tripoli - Libya
Panama	Salini S.p.A. - Sucursal Panamá	Official address: c/o Aleman Cordero Galindo Lee Torre MMG 2nd floor Calle 53 Este, Marbella Apartado postal 0819-09132 Panama, Republica de Panama Operations office: San Francisco Bay, Torre 200 - appartamento 29-c. Panama City
Chile	Salini S.p.A. Agencia Chile	Salini Chile Avenida Nueva Providencia 2134 (piso 9 - oficina 901) Comuna de Providencia Santiago 7510118 Region Metropolitana Chile

Exercise of the tax consolidation option for IRES (corporate income tax)

The Company has exercised the tax consolidation option for IRES pursuant to Article 117 et seq. of the Consolidated Law on Income Tax (TUIR) and to the Ministerial Decree of 9 June 2004.

The exercise of this option enables the Company's IRES-taxable income to be charged to the parent company Salini Costruttori S.p.A.
The legal, economic and financial implications of joining the group taxation regime are governed by special agreement signed by the parties.

Tax litigation

The parent's dispute with Italian tax authorities, concerning the tax treatment of impairment losses and losses reported by the company in 2003, is currently before the Supreme Court following the tax authorities' appeal. Specifically, the most significant issue related to the parent's sale of its investment in the Chilean operator Costanera Norte S.A. to Impregilo International Infrastructures N.V. was cancelled by the Milan Regional Tax Commission.
The group is involved in another two first-instance disputes related to 2005 mainly concerning: (i) the costs of a joint venture set up in Venezuela; and (ii) the method used to "realign" the carrying amount of equity investments as per Article 128 of Presidential Decree 917/86. A dispute concerning 2006 covers: (a) the costs of a joint venture set up in Venezuela; (b) a loss on the sale of equity investments; and (c) costs for services not provided in that year. The Milan Provincial Tax Commission decreased the initially claimed amount to roughly 20% and the related second-instance hearing is still pending.
After consulting its legal advisors, the company believes that it has acted correctly and consistently deems that the risk of an adverse ruling is not probable though it is not remote.

Risk management at Group level

The structures of the Group are particularly careful with regard to identifying and monitoring typical risks of core activities, with the dual purpose of providing management with suitable tools for adequate management and maximising the protection of company assets.
The main types of risks to which the Company could be exposed to are:

- *Interest rate risk*, related to the fluctuations in the cost of various sources of external financing and the related breakdown of fixed rate and variable rate loans.
- *Exchange rate risk*, resulting from fluctuations in the exchange rate between the Euro and other currencies with which the Group operates.
- *Liquidity risk*, represented by the possibility that resources generated by operating activity are not capable of meeting obligations under the terms and due dates established.
- *Credit risk*, caused by possible potential losses resulting from the failure of clients to meet obligations undertaken towards the Group.
- *Country risk*, referred to the international activities and consisting in possible defaults due to macroeconomic variables of the relevant country.

For details of the actions undertaken by the Company for effective management of the above-mentioned risks, please see the explanation in the notes to the financial statements.

Subsequent events

This section shows the key events that have occurred after year-end 2013 if these have not been expressly illustrated in previous sections of the Annual Report at 31 December 2013.

On 3 January 2014, the Salini Impregilo Group acquired the project for the design and construction of a lot of the Sebes - Turda motorway in Romania. The client is the "National Company of Motorways and National Roads Romania" (CNADNR) and the project is worth approximately € 121 million. The Sebes - Turda motorway is located in the centre of Transylvania, in territories of the provinces of Cluj and Alba. The works to be carried out at the "Sebes-Turda Lot.1" work site will consist of 17 kilometres of motorway with two lanes in each direction and an emergency lane, and include about 81 thousand square metres of bridges and viaducts in addition to three motorway junctions.

On 13 March 2014 the agreement was signed with the Autoridad por el Canal de Panama (ACP) for the resumption of work on the project to expand the canal, of which Impregilo is contractor with Sacyr Vallehermoso (Spain) and Jan De Nul (Belgium). More extensive information in this regard is provided in the section 'Risk Areas in the Construction sector' in the previous parts of this Annual Report.

With regard to the events to have occurred after 31 December 2013 concerning the SUW Campania Projects, reference should be made to the section of this Annual Report on "Non-current assets held for sale - SUW Campania Projects".

Taking into account the results of the financial year ended on 31 December 2013, the subsidiary Todini Costruzioni Generali S.p.A., which reported a net loss of € (70.6) million and an equity loss of € (31.1) million, on 12 March 2014, the Board of Directors of Salini Impregilo, resolved its willingness to convert a portion amounting to € 71 million of the credit balance in its favour for the transfer current account held with subsidiary into a "reserve for payment for future capital increase". This will allow preventing the applicability of the provisions of Article 2447 of the Civil Code to Todini.

There have been no other significant events after year-end 2013 in addition to those illustrated in the notes to the consolidated and separate financial statements.

Business outlook

The key events that have characterized Group governance during the current financial year will further consolidate its strategic and competitive standing in its respective markets in the medium term, in keeping with the strategic guidelines and objectives set forth in the 2013 - 2016 Business Plan that Impregilo and its parent company Salini jointly approved in June, also for the purposes of the merger (the Merger) by incorporation of both companies approved by the Extraordinary Shareholders' Meetings of both companies on 12 September 2013. The Merger became fully effective 1 January 2014, the date from which 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 companies now merged will be involved in the progressive organisational integration that will cover a significant part of financial year 2014.

At year-end 2013, the excellent situation of the order backlog resulting from the merger of the two Groups both in terms of quantity and quality, and the balanced financial situation continue to be important factors growth such that support the new Group's view that the expected results for periods subsequent to the current financial year will follow the trends recently disclosed to the market.

Please be noted that the Group is currently in a complex operating and judicial situation within the framework of the criminal and civil proceedings relating to the SUW Campania projects. Due to the particularly complex nature of the described proceedings involving government, regional, and provincial institutions and municipalities of the Campania Region and to the complexity of the related proceedings, it cannot be excluded that in the future currently unforeseeable events requiring the modification of the above assessments may occur.

Conclusions

Dear Shareholders,

The 2013 annual financial statements of Salini S.p.A. that have been submitted for your approval reported pre-tax profit of € 415.6 million and net profit of € 419.1 million, with a value of production of € 769.0 million.

In thanking you for your trust, we ask you to approve the financial statements as presented herein.

Resolution on the allocation of the net profit of Salini S.p.A.

Net profit amounts to € 419,124,512.
Given the completion of the merger by incorporation of Salini S.p.A. into Salini Impregilo S.p.A. with effect from 1 January 2014 as per the deed of merger drawn up by Mr. Marchetti, notary public, of 26 November 2013, file No. 10520, folder No. 5396, which merged the Equity of the acquiree into acquirer, the following motion for resolution is submitted:

a) considering the merger by incorporation of Salini S.p.A. into Salini Impregilo S.p.A., allocation of the net profit for the year amounting to € 419,124,512 to "retained earnings".

Accordingly, we submit the 2013 financial statements as set out in the statement of financial position and statement of income, as well as in the Notes for your consideration and approval and recommend the adoption of the related resolutions.

The Board of Directors

Consolidated financial statements

at 31 December 2013

Consolidated statement of income

(Values in €/000)	December 2013	December 2012*
Revenues	3,333,820	1,174,185
Other revenues and earnings	91,841	40,695
Total revenues	**3,425,661**	**1,214,880**
Cost of sales	(615,067)	(184,475)
Service costs	(1,971,341)	(754,684)
Personnel costs	(459,443)	(138,001)
Amortisation, depreciation and provisions	(168,844)	(63,964)
Other operating costs	(63,313)	(8,940)
Total costs	**(3,278,009)**	**(1,150,064)**
Costs capitalised for internal work	0	0
Operating profit (loss)	**147,652**	**64,816**
Total financial income	271,923	115,659
Total interest and other fin. expenses	(334,236)	(105,465)
Income/(expenses) from equity-accounted investments	203,736	274,171
Pre-tax profit (loss)	**289,075**	**349,181**
Income tax for the year	(43,234)	(28,781)
Profit (loss) from continuing operations	**245,841**	**320,401**
Profit (loss) from discontinued operations	(88,140)	13,081
Net profit (loss)	157,701	333,481
attributable to:		
Profit/(loss) attributable to the Group	166,944	324,959
Profit/(loss) attributable to minorities	(9,244)	8,522

*Restated according to IFRS 5

Earnings (loss) per share:		
From continuing and discontinued operations		
Basic	2.68	5.20
Diluted	2.68	5.20
From continuing operations		
Basic	3.94	5.47
Diluted	3.94	5.47

Consolidated statement of comprehensive income

(Values in €/000)	31 December 2013	31 December 2012*
Net profit (loss)	**157,701**	**333,481**
Items that may be reclassified to the income statement in subsequent periods:		
Cumulative translation adjustment	(2,962)	(572)
Valuation of equity investments	0	0
Cash flow hedge	2,458	0
Total items that may be reclassified to the income statement in subsequent periods before tax:	(504)	(572)
Taxes	**0**	**0**
Total items that may be reclassified to the income statement in subsequent periods after tax:	(504)	(572)
Items that cannot be reclassified to the income statement in subsequent periods:		
Actuarial gains/(losses) on employee benefits	(1,080)	(608)
Total items that cannot be reclassified to the income statement in subsequent periods before tax:	(1,080)	(608)
Taxes	**0**	**167**
Total items that cannot be reclassified to the income statement in subsequent periods after tax:	(1,080)	(441)
Total statement of comprehensive income profit/(loss) before tax	(1,585)	(1,180)
Taxes	**0**	**167**
Total statement of comprehensive income profit/(loss) after tax	(1,585)	(1,013)
Total profit/(loss) after tax	156,116	332,468
Attributable to:		
Owners of the parent	165,246	324,959
Minority interests	(9,130)	7,509

Consolidated statement of financial position

(Values in €/000)	31 December 2013	31 December 2012
ASSETS		
Property, plant and equipment	519,021	330,247
Investment property	0	55
Intangible assets	165,234	2,594
Investments in associates, subsidiaries and joint ventures	54,940	580,307
Other equity investments	6,321	1,365
Non-current financial assets	48,928	28,525
Other non-current assets	31,621	31,532
Deferred tax assets	121,190	19,838
Total non-current assets	**947,255**	**994,464**
Inventories	244,016	168,088
Amounts due from clients	1,282,410	624,705
Trade receivables	1,634,515	490,685
Current financial assets	232,529	64,220
Tax receivables	222,166	95,614
Other current assets	381,814	181,889
Cash and cash equivalents	1,132,420	411,703
Total current assets	**5,129,870**	**2,036,903**
Non-current assets held for sale	**653,604**	**0**
Total assets	**6,730,730**	**3,031,367**

(Values in €/000)	31 December 2013	31 December 2012
Shareholders' equity		
Total Share capital	62,400	62,400
(Treasury shares)	0	0
Legal reserve	2,252	0
Retained earnings (losses)	309,442	2,094
Other reserves	155,294	167,318
Other components of comprehensive income	2,826	2,808
Total capital and reserves	**532,214**	**234,619**
Net profit (loss)	166,944	324,959
Total Group equity	**699,158**	**559,579**
Shareholders' equity and minority interests	193,125	28,761
Total Group equity and minority interests	**892,283**	**588,340**
Liabilities		
Non-current financial liabilities	1,303,740	300,125
Provisions for risks and charges	103,629	14,247
Other non-current liabilities	7,354	14,850
Employee benefits	22,059	4,506
Deferred tax liabilities	74,001	22,920
Amounts due to clients after 12 months	634,666	679,819
Total non-current liabilities	**2,145,449**	**1,036,467**
Amounts due to clients within 12 months	1,249,417	418,536
Trade payables	1,177,283	569,842
Current financial liabilities	441,846	299,377
Tax payables	164,101	83,983
Other current liabilities	242,291	34,822
Total current liabilities	**3,274,937**	**1,406,560**
Non-current liabilities held for sale	**418,061**	0
Total liabilities	**5,838,447**	**2,443,027**
Total shareholders' equity and liabilities	**6,730,730**	**3,031,367**

Consolidated statement of changes in equity

(Values in €/000)	Share capital	Legal reserve	Other reserves	Translation reserve	Cash flow hedge reserve	Provisions for actuarial gains/losses on employee benefits	Retained earnings (losses)	Net profit/ (loss)	Group equity	Shareholders' equity and non-controlling interests	Group equity and minority interests
Balance at 1 January 2012	62,400	0	158,219	6,051	0	(513)	9,787	0	235,944	17,008	252,952
Translation differences on foreign assets				(572)					(572)		(572)
Cash flow hedge									0		0
Actuarial gains/(losses) on employee benefits						(441)			(441)		(441)
Total gains/(losses) recognised in equity	0	0	0	(572)	0	(441)	0	0	(1,013)	0	(1,013)
Profit/(loss)								324,959	324,959	8,513	333,472
Consolidation changes									0	2,350	2,350
Other changes			(306)				(6)		(312)	891	579
Balance at 31 December 2012	62,400	0	157,913	5,478	0	(954)	9,781	324,959	559,578	28,761	588,339

(Values in €/000)	Share capital	Legal reserve	Other reserves	Translation reserve	Cash flow hedge reserve	Provisions for actuarial gains/losses on employee benefits	Retained earnings (losses)	Net profit/ (loss)	Group equity	Shareholders' equity and non-controlling minority interests	Group equity and minority interests
Balance at 1 January 2013	62,400	0	157,913	5,478	0	(954)	9,781	324,959	559,579	28,761	588,340
Translation differences on foreign assets	0	0	0	(2,893)	0	0	0	0	(2,893)	(69)	(2,962)
Cash flow hedge	0	0	0	0	2,151	0	0	0	2,151	307	2,458
Actuarial gains/(losses) on employee benefits	0	0	0	0	0	(957)	0	0	(957)	(123)	(1,080)
Total gains/(losses) recognised in equity	0	0	0	(2,893)	2,151	(957)	0	0	(1,698)	114	(1,585)
Profit/(loss)	0	0	0	0	0	0	0	166,944	166,944	(9,244)	157,701
Consolidation changes (Impregilo acquisition)	0	0	0	0	0	0	0	0	0	172,237	172,237
Consolidation changes (CMT Shares acquisition)	0	0	0	0	0	0	(9,195)	0	(9,195)	0	(9,195)
Consolidation changes (diff. between consol.and statutory profits)	0	0	0	0	0	0	279,915	(279,915)	0	0	0
Dividends	0	0	0	0	0	0	0	(12,979)	(12,979)	0	(12,979)
Allocation of Profit/(Loss)	0	2,252	19,614	0	0	0	10,199	(32,065)	0	0	0
Release of Reserve ex art. 2426.4 Civil Code	0	0	(18,620)	0	0	0	18,620	0	0	0	0
Other changes	0	0	(3,613)	0	0	0	120	0	(3,493)	1,256	(2,237)
Balance at 31 December 2013	62,400	2,252	155,294	2,585	2,151	(1,911)	309,442	166,944	699,158	193,125	892,283

Consolidated statement of cash flows

(€/000)	December 2013	December 2012
Net profit/(loss)	**157,701**	**332,925**
Depreciation and amortisation	152,514	81,800
Provision for risks and charges	1,895	5,972
Effects of valuation of investee companies	(203,736)	(275,450)
Change in deferred taxes	(15,689)	12,436
Change in inventories	(16,149)	(22,189)
Change in amounts due from/to clients	(59,057)	(248,916)
Change in trade receivables	(253,977)	16,894
Change in trade payables	43,556	82,933
Change in employee benefits	466	605
Change in tax receivables	(34,349)	(16,774)
Change in tax payables	27,019	2,442
Other current and non-current assets/liabilities	21,784	11,130
Non-current assets held for sale	85,403	0
Net cash flow from operating activity	**(92,619)**	**(16,192)**
Net investment in tangible assets	(151,376)	(165,229)
Net investment in intangible assets	(18,142)	(537)
Acquisition of equity investments*	267,942	(175,539)
Loans to associate companies and other Group companies	(155,352)	(91)
Disposal of fixed assets	66,034	2,841
Impairment loss on tangible fixed assets	0	0
Receivables arising from concessions	0	(655)
Other changes	36,984	3,565
Net cash flow generated/(absorbed) by investing activity	**46,090**	**(335,645)**
Net dividends paid	(12,979)	0
Change in financial payables (leasing + factoring)	27,521	30,213
Change in payables to banks	720,971	205,952
Other changes	(10,966)	419
Net cash flow generated/(absorbed) by financing activity	**724,547**	**236,584**
TOTAL CASH FLOW	**678,018**	**(115,253)**
Net cash and cash equivalents at the beginning of the period	**321,811**	**437,064**
Net cash and cash equivalents at the end of the period	**999,829**	**321,811**

*Net of the consolidation change

Notes to the consolidated financial statements

1. Form, content and other general information

Company Information

Salini S.p.A. is a leader in the civil engineering sector and mainly in the construction of roads, motorways, railways, dams, hydroelectric plants, tunnels, aqueducts, and civil and commercial construction in general, both in Italy and abroad. At present much of the Group's work is carried out abroad, particularly in Ethiopia, Nigeria, Denmark, Dubai, Sierra Leone, Turkey, Zimbabwe, Malaysia, Libya, Kazakhstan and Romania. In Italy, the main project consists of building the metro B1 line in Rome.

The parent company, Salini S.p.A., is a public limited company with its registered office at Via della Dataria 22, Rome.

In the first half of 2013, with the completion of the voluntary public tender offer for all ordinary shares of Impregilo S.p.A. and with the approval of the resulting merger of Salini S.p.A. into Impregilo S.p.A., in the respective Shareholders' Meetings of 12 September 2013, effective from 1 January 2014, a key step was taken to implement the Campione Nazionale® project, which is fully described in the Directors' Report, with the aim of creating a global leader with the know-how, expertise, track record and size necessary to compete in the global construction sector through more efficient and effective business management.

The merger transaction is an essential phase in the industrial and strategic plan launched by the Group to create a Campione Nazionale® in the sector of the construction of complex works and infrastructures, consisting of a major Italian player with shares listed on the electronic stock market and capable of becoming one of the largest worldwide operators in this sector.
The publication of these consolidated financial statements for the year ended 31 December 2013 was authorised by the Board of Directors on 19 March 2014.

Form and content of the consolidated financial statements

At its meeting on 30 November 2011, the Board of Directors of Salini Costruttori S.p.A. resolved to establish "Salini S.p.A.", the purpose of which would be to design and build infrastructural works. The same meeting also approved the contribution in kind by the sole shareholder Salini Costruttori S.p.A. – effective as of 1 January 2012 and pursuant to Article 2342 et seq. of the Italian Civil Code – to the aforementioned Salini S.p.A. of the infrastructure construction business unit, inclusive of all associated contracts undertaken directly or indirectly in Italy and abroad at 30 September 2011. As a result of this contribution in kind, Salini Costruttori S.p.A. controls 100% of Salini S.p.A.'s share capital.
That transaction, to be considered an essential component of the parent company's corporate reorganisation project, was completed through the establishment of Salini S.p.A. on 6 December 2011 and the subsequent contribution of the business unit, including its equity, assets and liabilities, examined in the report of the independent expert, appointed pursuant to the procedure set forth in Article 2343-ter, paragraph 2, letter b) of the Italian Civil Code. This transaction, which can be configured as a business combination under common control, does not come under the application scope of IFRS 3; therefore for the purpose of this consolidated financial report, the assets and liabilities transferred are reported at IFRS values.

The Group has decided to prepare these consolidated financial statements in accordance with the International Financial Reporting Standards published by the International Accounting Standards Board ("IASB") and adopted by the European Union and in accordance with the regulations issued in implementation of Article 9 of Legislative Decree 38/2005. IFRS means all revised

international accounting standards ("IAS") and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), including those previously issued by the Standing Interpretations Committee ("SIC").
Specifically, the Salini Costruttori Group started the conversion project to IAS/IFRS international accounting standards in 2008. Therefore, from the year ended 31 December 2008, Salini Costruttori has prepared the consolidated financial statements on a voluntary basis, in accordance with the International Financial Reporting Standards adopted by the European Union for the sole purpose of presenting them in accordance with the uniform standards which prevail in the sector of construction companies, also with regard to the access procedures for international tenders. Therefore the First-Time Adoption (FTA) date was 1 January 2007.

As a result of the circumstances described above, 2013 is the first year in which the Salini Group has a complete set of consolidated financial statements that can be compared with the previous year (2012), for both the statement of financial position and the income statement.
In particular, the figures for 2012 have been restated with respect to the consolidated financial statements for 2012. This restatement did not result in significant impacts on the statement of financial position, income statement and statement of comprehensive income.

In implementing its management and accounting systems, from 2013 the Company has unified chart of accounts of its branches and entities that fall within the consolidated financial statements. This has resulted in a number of reclassifications of balances on the financial statements of the companies mentioned above, which have consequently changed the comparative figures of the consolidated financial statements. In addition, in the IFRS first-time adoption separate financial statements of the parent company Salini S.p.A. (the date of FTA was 1 January 2012), differences emerged from the calculation of the tax effects of the adjustments arising from the first time adoption of IAS/IFRS differences, that were not significant in terms of impact on equity at 1 January 2012 and on the income statement and equity at 31 December 2012. For the most significant impacts, details are provided in the notes of the effects of this restatement on the comparative figures at 31 December 2012.
The consolidated financial statements at 31 December 2013 comprise the following statements:

- a consolidated statement of income, which contains a classification of costs according to their nature, in addition to EBIT;
- a statement of comprehensive income;
- a statement of financial position, which is prepared by classifying assets and liabilities according to the "current/non-current" criterion. Minority interests are represented in the consolidated statement of financial position, in shareholders' equity and separately from shareholders' equity attributable to the Group;
- a consolidated statement of cash flows, which is prepared by reporting financial flows generated by operating, investing and financing activities according to the "indirect method", as permitted by IAS 7 (Statement of Cash Flows);
- statement of changes in equity;
- explanatory notes.

The consolidated financial statements were prepared based on the historical cost principle, except for items which in accordance with IFRS are measured at fair value as indicated in the measurement criteria below.
To improve the presentation of the financial statements and for a better reflection of the contractual nature of some contractual advances received from clients, the Group has decided to report these amounts under liabilities in "Amounts due to clients", distinguishing between the non-current and current portion.
The consolidated financial statements are presented in Euros and all figures are rounded to the nearest thousand, unless otherwise indicated.
Compared to 31 December 2012, the scope of consolidation has changed due to:

- acquisition of control of Impregilo S.p.A.; see section 5 for more details;
- incorporation of Salini USA Inc. (100% Salini S.p.A.);

- incorporation of Salini Namibia Pty Ltd (100% Salini S.p.A.) for the construction of the Neckartal dam;
- incorporation of Empresa Constructora Metro 6 Ltd (51% Salini S.p.A. and 49% Impregilo S.p.A.), for the completion of lots 1 and 2 of line 6 of the Santiago metro line in Chile;
- incorporation of Impregilo Salini (Panama) (50% Salini S.p.A. and 50% Impregilo S.p.A.);
- Salini İnşaat Taahhüt Sanayi ve Ticaret Anonim Şirketi (Turkey) (100% Salini S.p.A.).

Regarding the former IFRS 8 segment information, the Group has provided details by geographical area; the content of this information is determined by applying the same accounting standards used to prepare the consolidated financial statements. See Note 6 for the segment information tables.

2. Accounting standards adopted

Standards and scope of consolidation

The consolidated financial statements of the Salini Group include the statement of financial position, statement of income and financial position of the parent company, Salini S.p.A., and the Italian and foreign operating companies in which Salini S.p.A. has a direct or indirect controlling interest. The financial statements at 31 December 2013, approved by the corporate bodies of the entities included in the scope of consolidation, were used for the consolidation. The financial statements included in the consolidation process were prepared by adopting, for each entity, the same accounting standards as the parent company and making any consolidation adjustments necessary to harmonise items affected by the adoption of different accounting standards; intercompany balances, transactions, revenues and costs were all eliminated. Minority interests are reported in the consolidated statement of financial position, in shareholders' equity and separately from shareholders' equity attributable to the Group; the share of consolidated Group profit attributable to minority interests is also reported separately.

All assets and liabilities of foreign companies within the scope of consolidation and in a currency other than the Euro are converted using the exchange rates prevailing on the reporting date (current exchange rate method), while the corresponding revenues and costs are converted at the average exchange rates for the period. The different conversion rates resulting from the application of this method are classified under shareholders' equity until disposal of the investment.
Non-operating subsidiaries, or those that do not report amounts material for the purposes of the consolidated financial statements, are excluded from the scope of consolidation and are measured according to the equity method, since they are not relevant for the true and fair representation of the operating, financial and cash position of the Group.

Investments in associate companies and joint ventures in which Salini S.p.A. directly or indirectly has a significant influence and holds between 20% and 50% of the capital are measured according to the equity method as defined in IAS 28 and IAS 31 respectively, recognising the share of profits or losses accrued during the period in the statement of income. The risk arising from any losses exceeding the carrying amount of the equity investment is set aside in a special reserve under liabilities insofar as the investor is committed to fulfilling legal or constructive obligations towards the investee company or otherwise covering its losses.

Other equity investments are measured at fair value with the effects recognised in shareholders' equity; when the fair value can no longer be reliably estimated, equity investments are measured at cost. This value is adjusted where there is evidence of an impairment loss. If the reasons for the write-downs no longer apply, the value of equity investments are reinstated commensurate with the write-downs made and the corresponding effect carried in the statement of income. The list of Group companies can be found in section on Related Parties.

Regarding the Impregilo Group, which was included in the Group's consolidated financial statements effective 1 April 2013 (see section 5 for additional details), it consolidates the companies or businesses over which it exercises joint control using the proportional method as a function of the ownership interest or specific contractual provisions on the basis of IAS 31.
On the other hand, on the basis of the option provided in IAS 31, the standards adopted by the Group for the preparation of the financial statements as at 31 December 2012 specify that these companies must be measured using the equity method. In light of (i) the need to harmonise standards adopted by the parent company and its subsidiaries and (ii) the existence of companies or businesses over which joint control is exercised as a function of the ownership interests or specific contractual provisions only within the Impregilo Group (at 31 December 2012 there were cases of this in the Group's consolidated financial statements, but they were not significant), for the purposes of preparing these financial statements, management decided to adopt the option specified by IAS 31 which calls for proportional consolidation.

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 fair value at their acquisition date.
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.

Property, plant and equipment

Property, plant and equipment are measured at historical cost, including any directly related ancillary expenses, in addition to financial expenses incurred during the period of construction of the assets. Assets acquired through business combinations prior to 1 January 2007 have been recognised at their carrying amount, determined based on the previous accounting standards used for these combinations, as a substitute for the cost.

The cost, as determined above, of assets used only during a certain period, is systematically depreciated on a straight-line basis each financial year based on their estimated technical and economic life, using depreciation rates intended to represent the estimated useful life of the assets. If material components of these assets have a different useful life, these components are recognised separately. The useful life estimated by the Group for the various asset classes is as follows:

	Years
Buildings	15-33
Plant and machinery	5-7
Equipment	3-9

Land, whether undeveloped or developed for civil or commercial buildings, is not depreciated since it has an indefinite useful life.
As previously mentioned, capital assets acquired under finance leases are recognised as tangible fixed assets and offset by the corresponding payable. The lease payment is broken down into its components of interest expense, recognised in the statement of income, and capital repayment, deducted from financial debt.

When the asset is sold or when there are no longer any expected future economic benefits from its use, it is derecognised from the statement of financial position and any profit or loss (calculated as the difference between the disposal value and carrying amount) is recognised in the statement of income in the year in which it is derecognised.

Intangible assets

Intangible assets acquired separately are initially recognised in assets at historical cost, determined according to the same procedures as those indicated for tangible assets. Intangible assets acquired through business combinations are recognised at fair value at the acquisition date, if this value can be determined reliably.

Intangible assets produced internally, excluding development costs, are not capitalised and are recorded in the statement of income for the period in which they are incurred.
Intangible fixed assets may have a finite or indefinite useful life. Within the Group, the following types of intangible assets are currently present:

	Years
Intellectual property rights	3
Concessions and licences	9
Other	9

The Group has no assets with an indefinite useful life other than goodwill.

Following initial recognition, intangible assets with a finite useful life are recognised at cost, net of depreciation and any accumulated impairment losses. The period and method of depreciation are reviewed at the end of each financial year, or more frequently if necessary.
Intangible assets with a finite useful life are amortised, from the point at which the asset is available for use, on the basis of their residual possibility of use, in relation to the useful life of the asset. The period and method of depreciation applied is reviewed at the end of each financial year, or more frequently if necessary.

Gains and losses arising from the disposal of an intangible asset are determined as the difference between the disposal value and the carrying amount of the asset and are recognised in the statement of income on disposal.

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.

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

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".

Financial expenses

Financial expenses relating directly to the acquisition, construction or production of an asset that requires a fairly long period of time before being available for use are capitalised as part of the cost of the asset itself. All other financial expenses are recognised as a cost for the period in which they are incurred.

Assets held under finance or operating leases

Finance leases, which substantially transfer to the Group all risks and rewards incidental to ownership of the leased asset, are capitalised under tangible fixed assets on inception of the lease at the fair value of the leased asset, or at the present value of the lease payments, whichever is lower. This will be offset by a payable for an equal amount, which is gradually reduced based on the lease repayment plan.

Lease payments are divided between the principal and interest, so as to obtain the application of a constant interest rate on the residual balance (principal amount). Interest is charged to the statement of income. Assets are depreciated by applying the criterion and rates indicated in the previous paragraph on tangible fixed assets. Contracts in which the lessor substantially retains all risks and rewards incidental to ownership are classified as operating leases. Operating lease payments are charged to the statement of income over the term of the lease.

Any sale and leaseback transactions to repurchase – under a lease – an asset previously held are recognised as a financing transaction. The assets involved in the transaction remain classified in the Group's statement of financial position assets with consistent accounting treatment, and a liability is recognised to offset the financial flows arising from the sale. Any capital gain that should arise from the disposal is recognised in the statement of income on an accrual basis. This entails an entry under accrued liabilities and the gradual allocation to income in the statement of income, based on the term of the lease.

Impairment losses on non-financial assets

At the end of each reporting period, the Group assesses whether there is any evidence that the value of assets may have been subjected to impairment. If so, or if an annual impairment test is required, the Group estimates the value. The recoverable value is the fair value of the asset or cash-generating unit, less costs to sell, or, if higher, its value in use. Recoverable value is determined for each individual asset, unless its cash flows are not broadly independent of those generated by other assets or groups of assets. Impairment is recognised if the carrying amount of an asset exceeds its recoverable value and, accordingly, this amount is written down to its recoverable value.

When establishing value in use, the Group discounts estimated future cash flows to present value using a pre-tax discounting rate that reflects market assessments of the time value of money and the specific risks associated with the asset. When establishing fair value less costs to sell, a suitable valuation model is used. These calculations have been made using suitable valuation multipliers, prices of listed equity securities for equity investments in which securities are traded publicly and other fair value indicators available.

Impairment losses on operating assets are recognised in the statement of income in the cost category that best reflects the purpose of the asset affected by the impairment loss. This does not apply to assets that have previously been revalued, where the revaluation has been recognised in shareholders' equity. In this case the impairment loss is recognised in shareholders' equity for an amount equal to the previous revaluation.

At each reporting date, the Group assesses whether there is any evidence that the impairment loss previously recognised has ceased to apply (or has been reduced) and, if so, estimates the recoverable value. The value of an asset previously written down may be reversed only where there have been changes in the estimates on which the calculation of the recoverable value determined after the recognition of the last impairment loss was based.

The reversal may not exceed the carrying amount that would have been recorded, net of depreciation and amortisation, had an impairment loss not been recognised in prior periods. This reversal is recognised in the statement of income unless the asset is not recognised at the revalued amount, in which case the reversal is treated as a revaluation increase.

Contract works in progress

Construction agreements in the course of completion are measured based on the contractual payments accrued with reasonable certainty in relation to the progress of the works, according to the percentage of completion method, so as to allocate the revenues and net profit from the contract to the relevant period, in proportion to the progress of the works.Contract works in progress are reported net of any provisions for impairment losses and amounts invoiced at specific stages of the work (prepayments). The corresponding comparison is carried out for each contract and, if the differential is positive due to works in progress exceeding the amount of the prepayments, the difference is classified under assets in the "Amounts due from clients" item. If, on the other hand, this differential is negative, the difference is classified under statement of financial position liabilities in the "Amounts due to clients" item.

Conversely, invoicing for advances constitutes a financial transaction and does not count towards revenues recognition. Therefore, since they

represent a financial transaction, advances are always recognised as a liability since they are not received in respect of works carried out. These advances are however gradually reduced, usually based on contractual agreements, to offset the invoices raised under the contract.
Contractual revenues, in addition to contractual payments, include variants, price revisions and any claims insofar as it is likely that these represent revenues that can be estimated reliably.

In the event that a loss is expected from the performance of a contract, the full amount of the loss is recognised at the point at which it occurs, irrespective of the stage of completion of the contract.

Inventories

Inventories are carried at the lower of cost or net estimated realisable value. Cost is determined by applying the weighted average cost method. The item in question also includes buildings and assets under construction and held for sale.

Cash and cash equivalents

Cash and cash equivalents are recognised at nominal value and include cash instruments, i.e. are available on demand or in the very short term, have cleared and are free of redemption charges.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents are represented by cash funds as defined above net of bank overdrafts repayable on demand.

Non-current assets held for sale

Non-current assets, and groups of assets awaiting disposal, are classified as held for sale when it is expected that their carrying amount will be recovered through disposal rather than through continued use. These assets are recognised at their previous carrying amount and fair value net of costs attributable to the sale, whichever is lower. Revenues from discontinued operations, or in the course of disposal, is reported separately in the statement of income. In accordance with paragraph 34 of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the comparative statement of income is restated based on the same assumptions.

Financial assets

IAS 39 makes provision for the following types of financial instruments: financial assets at fair value in the statement of income, loans and receivables, investments held to maturity and available-for-sale assets. All financial assets are initially recognised at fair value, plus, in the case of assets other than those at fair value in the statement of income, ancillary expenses.
The Group determines the classification of its financial assets after initial recognition and, where appropriate and permitted, reviews this classification at the end of each financial year.
All regular-way purchases and sales of financial assets are recognised on the trade date, or on the date on which the Group enters into a commitment to purchase the asset. Regular-way purchases and sales mean all transactions in financial assets involving the delivery of assets during the period envisaged by the regulations and by standard practice in the market in which the trade takes place.

Financial assets at fair value through Profit and Loss

This category includes assets held for trading and assets designated on initial recognition as financial assets at fair value in the statement of income.

Assets held for trading are all assets purchased with a view to their immediate sale. Derivatives, including separate derivatives, are classified as financial instruments held for trading unless they are designated as effective hedging instruments. Gains or losses on assets held for trading are recognised in the statement of income.

Where a contract contains one or more embedded derivatives, the Group assesses whether the derivative could be separated from the host contract when it becomes a party to the contract.

The revaluation is carried out only if there are changes in the contractual terms that significantly alter the cash flows that would be otherwise required.

Investments held to maturity

Financial assets that are not derivatives and that are characterised by fixed or determinable payments at maturity are classified as “investments held to maturity” when the Group plans and is able to hold them until maturity.

Following initial recognition, financial investments held to maturity are measured on the basis of amortised cost, using the effective interest rate method. Gains and losses are recognised in the statement of income once the investment is derecognised or following an impairment loss, as well as through amortisation.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. Following initial recognition, these assets are measured on an amortised cost basis using the effective discount rate method net of any provisions for impairment losses. Gains and losses are recognised in the statement of income when the loans and receivables are derecognised or following an impairment loss, as well as through amortisation.

Available-for-sale financial assets

Available-for-sale financial assets are financial assets, other than derivative financial instruments, which are designated as such or are not classified in any of the three previous categories.

Following initial recognition, financial assets held for sale are measured at fair value and unrealised gains and losses are recognised as part of comprehensive income in the available-for-sale assets reserve until elimination of the investment, when the accumulated gains or losses are reclassified in the statement of income.

Fair value

For securities widely traded on regulated markets, fair value is determined with reference to the stock market price at the close of trading on the reporting date.
For investments without an active market, fair value is determined using measurement techniques based on: recent transaction prices between independent parties; the present market value of a substantially similar instrument; the analysis of discounted financial flows or option pricing models.

Amortised cost

Financial assets held to maturity and loans and receivables are measured at amortised cost. Amortised cost is calculated using the effective interest rate method net of any provisions for impairment losses. The calculation takes into account any premium or discount on the purchase and includes the transaction costs and commission that are an integral part of the effective interest rate.

Impairment loss on financial assets

The Group verifies at each reporting date whether a financial asset or a group of financial assets has been subjected to an impairment loss.

Assets measured according to the amortised cost method

If there is objective evidence that a loan or receivable recognised at amortised cost has been impaired, the amount of the impairment loss is measured as the difference between the carrying amount and the present value of the estimated future cash flows (excluding future losses not yet incurred) discounted at the original effective interest rate of the financial asset (i.e. the effective interest rate calculated at the initial recognition date).

The carrying amount of the asset will be reduced through the use of a provision. The amount of the loss will be recognised in the statement of income. If the amount of the impairment loss is subsequently reduced and this reduction can objectively be traced to an event occurring after the impairment was recognised, this value may be reinstated. Any subsequent reversals are recognised in the statement of income, provided that the carrying amount of the asset does not exceed the amortised cost at the reversal date.

For trade receivables, provisions for impairment losses are established when there is objective evidence (such as the probability of the debtor becoming insolvent or having serious financial difficulties) that the Group will be unable to recover the entire amount due according to the original terms of the invoice. The carrying amount of the receivable is reduced through recourse to a special reserve. Receivables subjected to impairment are cancelled once these are confirmed as irrecoverable.

Available-for-sale financial assets

At each reporting date, the Group assesses whether there are any impairment losses on available-for-sale financial assets. In the case of equity instruments, this consists of a material and prolonged reduction in the fair value of the instrument to less than its cost. In the event of impairment of an available-for-sale financial asset, a value equal to the difference between its cost (net of the repayment of principal and amortisation) and its present fair value, net of any previous impairment losses recognised in the statement of income, will be reversed from other components of comprehensive income to the statement of income.

Reversals relating to equity instruments classified as available for sale are not recognised in the statement of income. Reversals relating to debt instruments are recognised in other components of comprehensive income. If the increase in the fair value of the instrument can be objectively attributed to an event occurring after the loss had been recognised in the statement of income.

Financial liabilities

Loans and interest-bearing finance

Financial liabilities, other than derivative financial instruments, are initially recognised at the fair value of the payment received, net of the transaction costs that are directly attributable to the issuance of the financial liability itself; these are subsequently measured at amortised cost, in other words at the initial value, net of the capital repayments already made, adjusted (up or down) by the amortisation (using the effective interest rate method) of any differences between initial value and value at maturity.

Financial liabilities at fair value through Profit and Loss

Financial liabilities at fair value in the statement of income include liabilities held for trading and financial liabilities designated at fair value with changes carried in the statement of income at the time of initial recognition.

Liabilities held for trading are all those acquired with a view to their immediate sale. Derivatives, including separate derivatives, are classified as financial instruments held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of income.

Financial guarantees given

Financial guarantees given by the Group are contracts that require an outflow to reimburse the holder for a loss incurred following a default by a debtor on a payment due at maturity based on the contractual terms of the debt instrument. Financial guarantee contracts are initially recognised as liabilities at fair value, plus transaction costs that are directly attributable to the issuance of the guarantee. Liabilities are subsequently measured at the best estimate of the outflow required to meet the effective obligation at the reporting date, or, if higher, the amount initially recognised.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement.

The Group only uses derivative financial instruments for some interest rate swaps to hedge the risks arising mainly from interest rate fluctuations. These derivative financial instruments are initially recognised at fair value on the date on which the contract is signed and are subsequently measured at fair value. They are recognised as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives are recognised directly in the statement of income, except for the effective part of cash flow hedges, which is recognised in shareholders' equity.

For the purposes of hedge accounting, hedges are classified as:

- fair value hedges, if they hedge the risk of a change in fair value of the underlying asset or liability or an irrevocable commitment not recognised (except for foreign exchange risk);
- cash flow hedges, if they hedge exposure to changes in cash flows attributable to a specific risk associated with an asset or liability recognised or a transaction that is extremely likely to take place, or a foreign exchange risk linked to an irrevocable commitment that has not been recognised;
- hedges of a net investment in a foreign operation.

On establishing a hedge, the Group designates and formally documents the hedge to which it intends to apply hedge accounting, its risk management objectives and the strategy pursued. The documentation includes identifying the hedging instrument, the item or transaction to be hedged, the nature of the risk and the procedures whereby the company intends to measure the effectiveness of the hedge in offsetting exposure to changes in fair value of the hedged item or cash flows linked to the hedged risk. These hedges are expected to be highly effective in offsetting exposure of the hedged item to changes in fair value or financial flows attributable to the hedged risk; the assessment of whether these hedges are in fact highly effective is carried out on a continuous basis during the periods for which they were designated.

Transactions that satisfy the hedge accounting criteria are recognised as follows:

- **Fair value hedges**
  The change in fair value of interest rate hedges is recognised in the statement of income under financial expenses. The change in fair value of hedging instruments attributable to the hedged item is recognised as part of the carrying amount of the hedged item and is also recognised in the statement of income under financial expenses.
  With regard to fair value hedges for items recognised according to the amortised cost method, the adjustment of the carrying amount is amortised in the statement of income over the remaining period to maturity. The amortisation may begin as soon as an adjustment is made, but no later than the date on which the hedged item ceases to be adjusted by the changes in its fair value attributable to the hedged risk.
  If the hedged item is cancelled, the unamortised fair value is recognised immediately in the statement of income.
  The Group has no fair value hedges.

- **Cash flow hedges**
  The portion of profit or loss on the hedged instrument relating to the effective hedge is recognised under other comprehensive income in the "cash flow hedge" reserve, while the ineffective portion is recognised directly in the statement of income under financial expenses. Amounts recognised as other comprehensive income are transferred to the statement of income during the period in which the hedged transaction influences the statement of income, for example when the financial income or expense is recognised or when a planned sale takes place. When the hedged item is the cost of a non-financial asset or liability, the amounts recognised under other comprehensive income are transferred at the initial carrying amount of the asset or liability.
  If the proposed transaction or irrevocable commitment is no longer expected to take place, the accumulated gains or losses recognised in the cash flow hedge reserve are transferred to the statement of income. If the hedging instrument reaches maturity or is sold, cancelled or exercised without being replaced, or if its designation as a hedge is revoked, amounts previously recognised in the cash flow hedge reserve remain there until the proposed transaction or irrevocable commitment have an impact on the statement of income.
  At the reporting date, the Group had 10 cash flow hedge derivatives outstanding. See Note 39 for more information.

- **Hedging a net investment in a foreign operation**
  The hedging of a net investment in a foreign operation, including the hedging of a monetary item recognised as part of a net investment, are recognised in the same way as cash flow hedges. Gains or losses on the hedging instrument are recognised under other comprehensive income for the effective part of the hedge, while the remainder (ineffective) are recognised in the statement of income. On the disposal of the foreign asset, the accumulated value of such comprehensive gains or losses is transferred to the statement of income.
  The Group does not have any hedges of net investments in foreign operations.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive financial flows from the asset are extinguished;
- the Group retains the right to receive financial flows from the asset, but has assumed a contractual obligation to pay them immediately and in full to a third party;
- the Group has transferred the right to receive financial flows from the asset and (a) has substantially transferred all risks and rewards incidental to ownership of the financial asset, or (b) has neither transferred nor substantially retained all risks and rewards incidental to ownership, but has transferred control of the asset.

In cases where the Group has transferred the right to receive financial flows from an asset and has neither transferred nor substantially retained all risks and rewards and has not lost control over the asset, the asset is recognised by the Group to the extent of its residual interest therein. The residual interest, which takes the form of a guarantee on the transferred asset, is measured at the lower of the initial carrying amount of the asset and the maximum value of the consideration that the Group could be required to pay. In cases where the residual interest takes the form of an option issued and/or acquired on the transferred asset (including options settled in cash or similar), the measurement of the Group's interest corresponds to the amount of the transferred asset that the Group could repurchase; however, in the case of a put option issued on an asset measured at fair value (including options settled in cash or using similar instruments), the measurement of the Group's residual interest is limited to the fair value of the asset transferred or the exercise price of the option, whichever is lower.

Financial liabilities

A financial liability is derecognised when the underlying obligation is extinguished, cancelled or fulfilled. In cases where an existing financial liability is replaced by another from the same provider, under substantially different conditions, or the conditions of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with any differences between the carrying amounts recognised in the statement of income.

Employee benefits

The liability relating to short-term benefits guaranteed to employees, paid during the period of employment, is recognised based on the amount accrued at the end of the reporting period.
Liabilities relating to employment benefits paid during or after the period of employment under defined benefit plans, represented by the employee termination benefits plan and the loyalty bonus scheme provided by Article 66 of the national collective agreement of 5 July 1995 for the building industry, are recognised during the vesting period, net of any assets used to service the plan and advances paid, and are determined based on actuarial assumptions and recognised on an accrual basis in line with the period of service necessary to qualify for benefits; the liabilities are measured by independent actuaries.
The method used to measure defined benefit plans is the Projected Unit Credit Method (PUCM).
With regard to termination benefits, this method consists of calculating the average present value of obligations under the plan, accrued based on the employee's length of service prior to the measurement date, taking into account the employee's future contributions. The calculation method, applied on an individual basis for the population measured, can be divided into the following stages: 1) projection of the fund already set aside and future contributions, which will accrue whenever payment takes place; 2) calculation of the probable payments that will have to be made if the employee leaves the company due to dismissal, resignation, disability, death or retirement, or in the event of taxes or an advance payment request; 3) discounting, at the measurement date, of each probable payment; and 4) recalculation of the probable benefits discounted based on the length of service at the measurement date, compared with the total length of service whenever settlement takes place. The same method is used to measure the loyalty bonus, the calculation of which does not include future contributions from the employee, nor the possibility of advances.

Note that from the 2007 financial year, the Group absorbed the effects of changes introduced by the 2007 Finance Act and subsequent decrees and regulations relating to the allocation of termination benefits accrued from 1 January 2007, applicable for companies with an average of more than 50 employees in 2006. It follows from this that, for Group companies affected by the changes:

- the termination benefits accrued at 31 December 2006 remain a defined benefit plan;
- the termination benefits allocated to a supplementary pension from the date of this option (or at the end of the six-month statutory period, unless otherwise indicated) represent a defined contribution plan;
- the termination benefits allocated after 1 January 2007 to the treasury fund represent a defined contribution plan.

For termination benefits accrued at 31 December 2006, while maintaining the status of a defined benefit plan, the calculation method has changed due to the absence of future contributions; in fact, the liability linked to accrued termination benefits is measured for actuarial purposes at 1 January 2007 (or the date on which the decision was made to allocate these to a supplementary pension) without using the Projected Unit Credit Method (PUCM), since the employee benefits accrued prior to 31 December 2006 (or the date on which the decision was made to allocate these to a supplementary pension) could be considered almost entirely vested (with the sole exception of the revaluation) in accordance with paragraph 67(b) of IAS 19.
Conversely, the accounting treatment of amounts accrued from 1 January 2007 is similar to that for other contribution payments, both in the case of the

supplementary pension option, and in the event of allocation to the INPS treasury fund.
In addition, in accordance with IAS 19, these changes entail the recalculation of the termination benefits accrued at 31 December 2006; this recalculation ("curtailment", as defined in paragraph 109 of IAS 19) is essentially based on the exclusion of future payments and the related assumed increases from the actuarial calculation.

Gains and losses arising from the actuarial calculation for both defined benefit plans are recognised in comprehensive income during the period in which they occur. These actuarial gains and losses are classified immediately under retained earnings and are not reclassified in the statement of income in subsequent periods.

Provisions for risks and charges

Provisions for risks and charges are recognised when there is a present (legal or constructive) obligation towards third parties arising from a prior event, if an outflow of resources is probable to satisfy the obligation and the amount of the obligation can be reliably estimated.

Provisions are recognised at the value representing the best estimate of the amount that the company would pay to extinguish the obligation or to transfer it to third parties at the reporting date. If the impact of discounting the value of money is significant, the provisions are determined by discounting expected future financial flows at a discount rate that reflects the current market valuation of the time value of money. When the discounting is carried out, the increase in the provision due to the passage of time is recorded as a financial expense.

Revenues

Revenues other than from work in progress under contract are recognised insofar as it is possible to determine their fair value reliably and it is probable that the related economic benefits will materialise.

Depending on the type of transaction, revenues are recognised on the basis of the following specific criteria:

- revenues from sales of goods are recognised when the material risks and rewards of ownership of the assets are transferred to the buyer;
- revenues from the provision of services are recognised with reference to the stage of completion of the assets based on the same criteria as for work in progress under contract. If it is not possible to determine the amount of revenues reliably, this is recognised based on the costs incurred which are expected to be recovered;
- revenues from lease payments and royalties are recognised during the accrual period, based on the contractual agreements signed.

Interest revenues (and interest expenses) are recognised based on interest accrued on the value of the corresponding financial assets and liabilities, using the effective interest rate method.

Dividends received from companies other than subsidiaries, associate companies or joint ventures are recognised on the vesting of the shareholders' right to receive them, following a resolution by shareholders of investee companies to distribute dividends.

Income tax

This is recognised based on a realistic estimate of the tax expenses due, in accordance with the prevailing regulations, taking into account any applicable exemptions. The tax rates and legislation used to calculate the amount are those issued or substantially in force at the reporting date in countries where the Group operates and generates its taxable income.

The liability for regional income tax (IRAP) and corporate income tax (IRES) to be paid directly to the tax administration is reported in the statement of financial position under current liabilities in the "Current tax liabilities" item, net of payments on

account made. Any positive difference is recognised under current assets in the "Current tax assets" item.
Deferred and prepaid taxes are calculated using the liability method on temporary differences between assets recognised in the financial statements and the corresponding values recognised for tax purposes. Prepaid tax assets are also recognised on tax losses carried forward by the company.

Deferred tax liabilities are recognised against all taxable temporary differences, except for:

a) when deferred tax liabilities arise from the initial recognition of goodwill or of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction itself, has no impact either on net profit calculated for the purposes of the financial statements, or on profit or loss calculated for tax purposes;
b) with reference to taxable temporary differences associated with equity investments in subsidiaries, associate companies and joint ventures, in the event that the reversal of temporary differences can be verified and it is likely that this will not occur in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and for tax assets and liabilities carried forward, insofar as it is probable that there will be adequate future taxable income to justify the use of deductible temporary differences and of tax assets and liabilities carried forward, except for cases where:

- the deferred tax asset associated with the deductible temporary differences derives from the initial recognition of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction, has no influence either on net profit calculated for the purposes of the financial statements, or on profit or loss calculated for tax purposes;
- with reference to taxable temporary differences associated with equity investments in subsidiaries, associate companies and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the deductible temporary differences will be reversed in future and there is adequate taxable income against which the temporary differences could be used.

Prepaid tax assets are recognised when their recovery is deemed probable, based on the estimated future availability of sufficient taxable income for the realisation of the prepaid taxes themselves. The recoverable nature of the prepaid tax assets is reviewed at each reporting date.
Deferred tax assets and liabilities are measured based on the tax rates expected to apply to the financial year in which such assets are realised or liabilities extinguished, considering the prevailing rates and those already published or substantially published at the reporting date.
Current taxes relating to items recognised outside profit and loss are recognised in shareholders' equity or in the statement of comprehensive income in line with the recognition of the item to which they relate. Deferred tax assets and liabilities are offset, when there is a legal right to offset current tax assets against current tax liabilities and the deferred taxes relate to the same fiscal entity and the same tax authority.

Conversion of items and translation of financial statements in foreign currency

The consolidated financial statements are presented in Euros, which is the functional and presentation currency of the parent company.
Balances included in the financial statements of each Group company are entered in the currency of the primary economic environment in which the entity operates (functional currency). Items expressed in a different currency from the functional currency, whether monetary (cash, assets and liabilities to be collected or paid with fixed or determinable amounts, etc.) or non-monetary (inventories, work in progress, advances to suppliers of goods and/or services, goodwill, intangible assets, etc.) are initially recognised at the exchange rate in force on the date on which the transaction takes place. Thereafter the monetary elements are converted into the functional currency based

on the prevailing exchange rate at the reporting date and differences arising from the conversion are recognised in the statement of income. Non-monetary items are maintained at the conversion rate on the transaction date, except in the event of a persistent unfavourable trend in the reference exchange rate. Exchange rate differences relating to non-monetary items receive the accounting treatment (statement of income or shareholders' equity) provided for changes in value of such items.

The rules for the translation of financial statements expressed in foreign currency are as follows:

- assets and liabilities included in the financial statements, even if only for comparison purposes, are translated at the exchange rate in force on the reporting date;
- costs and revenues and income and expenses included in the financial statements, even if only for comparison purposes, are translated at the average exchange rate for the reporting period, or at the exchange rate on the date of the transaction, if this differs significantly from the average rate;
- components of shareholders' equity, excluding net profit, are converted at historical exchange rates;
- the "translation reserve" contains both exchange rate differences generated by the conversion of amounts at a different rate from the closing rate, and those generated from the translation of shareholders' equity at a different exchange rate from the rate used at year-end;
- exchange rate differences arising from conversion are recognised in the statement of comprehensive income.

The exchange rates in use at 31 December 2013 were as follows (source: Bank of Italy):

Currency	Period end rate	Average rate
Aed - United Arab Emirates Dirham	5.07	4.88
All - Albanian Lek	140.53	140.30
Ars - Argentine Peso	8.99	7.28
Azn - Azerbaijani Manat	1.08	1.04
Bgn - New Bulgarian Lev	1.96	1.96
Dzd - Algerian Dinar	107.79	105.61
Etb - Ethiopian Birr	26.40	24.86
Gel - Georgian Lari	2.39	2.21
Gnf - Guinean Franc	9695.07	9175.70
Jos - Jordanian Dinar	0.98	0.94
Kzt - Kazakhstani Tenge	212.44	202.14
Lyd - Libyan Dinar	1.70	1.68
Mad - Moroccan Dirham	11.25	11.17
Mdl - Moldovan Leu	18.01	16.72
Myr - Malaysian Ringgit	4.52	4.19
Ngn - Nigerian Naira	220.89	211.55
Ron - New Romanian Leu	4.47	4.42
Sll - Sierra Leone Leone	5944.51	5744.48
Tnd - Tunisian Dinar	2.27	2.16
Try - New Turkish Lira	2.96	2.53
Uah - Ukrainian Hryvnia	11.33	10.79
Ugx - Ugandan Shilling	3484.63	3434.87
Pln - Polish Zloty	4.15	4.20
Usd - Us Dollar	1.38	1.33
Pes - Chilean Peso	724.77	658.32
Inr - Rupia Indiana	85,37	77,93
Sar - Riyal Arabia Saudita	5,17	4,98
Sgd - Singapore Dollar	1,74	1,66
Rub - Russian Ruble	45,32	42,34
Aud - Australian Dollar	1,54	1,38
Pab - Panamanian Balboa	1,38	1,33
Iqd - Iraqi Dinar	1.606,65	1.547,26
Nam - Namibian Dollar	14,57	12,83

3. Newly issued and approved accounting standards and interpretations

Standards and interpretations with effect from 1 January 2013

IAS 1 Presentation of Financial Statements – Presentation of items in other components of comprehensive income in the financial statements

The amendment to IAS 1 introduces the grouping of items presented in other components of comprehensive income. The items, which in the future could be reclassified (or "recycled") in the income statement (e.g., net profit on hedging net investments, translation differences on foreign financial statements, net profit on cash flow hedges and the net profit/ loss from available-for-sale financial assets) must now be presented separately from items that will never be reclassified (e.g., actuarial gains/losses on defined benefit plans and the revaluation of land and buildings). The amendment only concerned the method of presentation and had no impact on the Group's financial position or results.

IAS 1 Presentation of Financial Statements – Clarification of requirements for comparative information

This amendment to IAS 1 clarifies that when an entity presents comparative information in addition to the minimum comparative statements required by IFRS, the entity must present the related comparative information in the notes to financial statements in accordance with IFRS. The presentation of this voluntary comparative information does not involve a complete disclosure of financial statements including all tables.

IAS 32 – Tax effect of distributions to equity holders

The amendment to IAS 32 Financial Instruments: Presentation in Financial Statements, clarifies that taxes tied to distributions to equity holders must be recorded in accordance with IAS 12 Income Taxes. The amendment removes requirements from IAS 32 concerning taxes, and asks the entity to apply IAS 12 to any tax tied to distributions to equity holders. The amendment had no impact on the Group's condensed consolidated interim financial statements since there was no tax impact tied to monetary and non-monetary distributions.

IAS 19 (2011) Employee Benefits (IAS 19R)

IAS 19R includes numerous changes in the recording of defined benefit plans, including: actuarial gains and losses that are now recorded among other components of comprehensive income and permanently excluded from the income statement; the returns expected from plan assets that are no longer recorded in the income statement, while it is necessary to record in the income statement the interest on the plan's net liability (asset) balance, and such interest must be calculated using the same interest rate used to discount the obligation; and costs related to past work performed that are now recognised in the income statement on the first to occur between i) a change or reduction of the plan, or ii) the recognition of related restructuring or employment termination costs. Other changes include new information, such as information on qualitative sensitivity.

In the case of the Group, the transition to IAS 19R had an impact on the net obligation of the defined benefit plan due to the difference in recording interest on the plan's assets and costs related to past work performed.

IFRS 7 Supplemental Information – Offsetting of Financial Assets and Liabilities – Amendments to IFRS 7

These amendments require the entity to provide information on offsetting rights and related agreements (e.g. guarantees). The information will provide useful information to the reader of financial statements to assess the effect of offsetting agreements on the entity's financial position. The new information is required for all financial instruments recorded that are being offset according to IAS 32. The information is also required for financial instruments covered by framework offsetting agreements (or similar agreements), regardless of whether such instruments are offset according to IAS 32. Since the Group does not offset financial instruments in accordance with IAS 32 and has not signed significant offsetting agreements, these amendments have no impact on its financial position or results.

IFRS 13 Fair Value Measurement

IFRS 13 introduces an unambiguous guide line for all fair value measurements under IFRS. IFRS 13 does not modify the cases when it is required to use fair value, but it provides a guide on how to measure fair value under IFRS when the application of fair value is required or permitted by international accounting standards. The application of IFRS 13 had no material impact on the Group's fair value measurements.

IFRS 13 also requests specific information on fair value, a part of which replaces disclosure requirements currently specified by other standards, including IFRS 7 Financial Instruments: Supplemental Information. Some of this information is specifically required for financial instruments by IAS 34.16A(j), and thus it has an effect on the consolidated financial statements. The Group has provided this information in Note 11.

In addition to the amendments and new standards summarised above, an amendment was also made to IFRS 1 First-Time Adoption of International Financial Reporting Standards which applies to annual periods beginning on or after 1 January 2013. This amendment is not relevant for the Group since it is not a new user of IFRS.

IAS 12 – Deferred taxes: recovery of underlying assets

This amendment provides clarification regarding the measurement of deferred taxes on investment property measured at fair value. This amendment introduces the refutable assumption that the carrying amount of an investment property, measured using the fair value model specified by IAS 40, will be recovered through its sale, and that, as a result, the related deferred tax should be measured on a sale basis. This assumption is refuted if the investment property can be depreciated and is held with the intent of using over time substantially all the benefits deriving from the investment property instead of realising these benefits from its sale. The amendment had no impact on the Group's financial position, results or disclosure.

IFRIC 20 – "Stripping costs in the production phase of a surface mine"

This interpretation applies to stripping costs in mining activities during the production phase of a surface mine. The interpretation addresses accounting of the benefits arising from the stripping activity. The new interpretation has had no effect on the Group.

Standards and interpretations approved during 2013 not adopted in advance by the Group

Regulation (EU) No 1254/2012 of the Commission of 11 December 2012, published in Official Journal L 360 of 29 December 2012 concerning the adoption of international accounting standards IFRS 10 – Consolidated financial statements, IFRS 11 – Joint arrangements, IFRS 12 – Disclosure of interests in other entities, amendments to IAS 27 – Separate financial statements and IAS 28 – Investments in associates and joint ventures.

IFRS 10 aims to provide a single guiding standard to follow for the preparation of consolidated financial statements, stipulating control as the basis for the consolidation of all types of entities. In effect, IFRS 10 replaces IAS 27 – Consolidated and separate financial statements and SIC Interpretation 12 – Special purpose vehicles.

IFRS 11 establishes the accounting standards for entities which are part of joint control agreements and replaces IAS 31 – Interests in joint ventures and SIC 13 – Jointly Controlled Entities – Non-Monetary Contributions by Venturers.
IFRS 12 combines, reinforces and replaces the disclosure obligations of subsidiaries, agreements for joint control, associate companies and non-consolidated structured entities.
Following these new IFRS, the IASB also issued an amended IAS 27, which will only involve the separate financial statements and an amended IAS 28 in order to incorporate the introductions of IFRS 11 on the subject of joint venture entities.
The new standards will be applied from the start date of the first financial year beginning after 1 January 2014.
In light of the pronouncements expected from the relative authorities and technical bodies, assessments of the possible economic and financial effects on the consolidated accounts of the new standards are being conducted, with special reference to IFRS 11.

IAS 32 Offsetting of Financial Assets and Liabilities – Amendments to IAS 32

The amendments clarify the meaning of "currently has a legally enforceable right to offset". The amendments also clarify the application of IAS 32's offsetting principle in the case of settlement systems (such as central clearing houses) which adopt non-simultaneous gross settlement mechanisms. These changes should not result in impacts on Group's financial position or results and will be effective for annual reporting periods beginning on or after 1 January 2014.

4. Seasonality of business

The Group's business is not subject to seasonality, and thus the supplemental financial disclosure required by IAS 34.21 is not provided for performance in the twelve months ending on the date that these condensed consolidated interim financial statements were presented.

5. Discretionary measurements and significant accounting estimates

The preparation of the consolidated financial statements and accompanying explanatory notes in accordance with IFRS requires the management to make estimates and assumptions based on subjective opinions, past experience and reasonable and realistic assumptions in view of the information known at the time of the estimate. These estimates have an impact on the values of the assets and liabilities and information relating to contingent assets and liabilities at the reporting date, as well as on the amount of revenues and costs for the period under review. The actual amounts could be significantly different, following possible changes in the factors used to determine such estimates. Estimates are periodically reviewed.

The estimates and assumptions used in the preparation of these consolidated financial statements are set out below:

Accounting area	Accounting estimates
Provision for impairment losses on receivables	The recoverability of receivables is measured by taking into account the risk of non-payment, ageing and bad debts recognised in the past for similar types of receivables.
Intangible assets and Equity investments	The recoverability of the amount recognised in the statement of financial position is evaluated through impairment tests to detect if there are any indicators of impairment. See Note 19 and 20 for details on the assumptions used.
Provisions, contingent liabilities and employee benefits	Provisions linked to legal disputes, arbitration and tax disputes are the result of a complex estimation process which is partly based on the probability of losing the case. Provisions linked to employee benefits, particularly termination benefits, are determined based on actuarial assumptions; changes in these assumptions could have a material impact on these provisions.
Revenues from work in progress	A significant part of the Group's activities is typically carried out on the basis of contracts that involve a payment determined when the contract is awarded. This means that the margins on contracts of this type could change compared with the original estimates, depending on the recoverability or otherwise of the additional expenses and/or costs that the Group could incur during the performance of the contracts.
Income tax	Income tax (current and deferred) is calculated in each country in which the Group operates based on a prudent interpretation of the prevailing tax legislation. This process at times involves complex estimates to determine taxable income and deductible and taxable temporary differences between carrying amounts and taxable amounts. In particular, prepaid tax assets are recognised insofar as it is probable that a future taxable income will be available against which they can be recovered. The measurement of the recoverability of prepaid tax assets, recognised in relation both to tax losses that can be used in subsequent periods and deductible temporary differences, takes into account the estimate of future taxable income and is based on conservative tax planning.
Derivatives and equity instruments	The fair value of derivatives and equity instruments is determined both on the basis of values recognised on regulated markets or quotations supplied by financial counterparties, and based on valuation models that also take into account subjective valuations such as estimated cash flows, expected price volatility, etc.
Goodwill	See Note 6 for details of the estimates used to measure the recoverability of goodwill and any evidence of impairment.

In the absence of a standard or interpretation specifically applicable to a certain transaction, the management defines, through subjective weighted assessments, the accounting policies to be adopted with a view to providing a set of financial statements that give a true and fair view of the financial position, results from operations and cash flows of the Group; reflect the economic substance of the transactions; and are neutral, prepared on a prudent basis and complete in all material respects.

6. Business combinations

Impregilo Group Consolidation

In 2011 a 15% stake was acquired in Impregilo S.p.A. by Salini Costruttori S.p.A. for €122,739, which was transferred during the period to Salini S.p.A.

In the period January-July 2012 the Company acquired a further 14.75% for €173,346, increasing the ownership stake to 29.75%. As shown in the Directors' report, on 17 July 2012 the Impregilo Shareholders' Meeting, at the proposal of the shareholder Salini S.p.A.,

approved the following measures by a majority vote with the attendance of shareholders holding over 80% of capital: the termination of the directors in office and the appointment of a new Board of Directors comprising 15 directors, 14 of whom will be taken from the list presented by Salini. On this date, the equity investment in Impregilo recorded under the “Other companies” item and valued according to IAS 39 was reclassified under equity investments in associate companies, having verified the prerequisites which identify the existence of significant influence on the investee company, included in IAS 28, paragraph 7, the first of these being representation on the board of directors, or on the equivalent body, of the investee company.
In October 2012, the Company acquired further equity investments, equal to approximately 0.1%, increasing its shareholding to 29.84% of the ordinary share capital.

The value of the equity investment at 31 December 2012, following the transactions described above, recorded under equity investments in associate companies, was €570,459.
Also note that, as reported in the Directors’ report, Salini S.p.A. through a dedicated announcement pursuant to Article 102, paragraph I, of Legislative Decree 58/98 (TUF) and Article 37 of Consob Regulation 11971/99 (“Issuers’ Regulation”), made its decision to promote a voluntary public tender offer known, pursuant to Article 106, paragraph 4 of the TUF, concerning all Impregilo S.p.A ordinary shares not held by Salini S.p.A., at a price of €4.00 per share.

As a result, the OfferDocument was published on 16 March 2013, accompanied by the supporting documentation, specifically the (Impregilo) Issuer Statement, prepared pursuant to Article 103 of the TUF and Article 39 of the Issuers’ Regulation.
Taking into account the shares tendered during the subscription period (from 18 March to 18 April 2013) and the subsequent reopening of terms period (from 18 to 24 April 2013), by 2 May 2013 Salini held a total of 370,575,589 ordinary shares, equal to approximately 92.08% of total Impregilo S.p.A. ordinary shares. The success of the operation was also due to the support of the banking sector and advisors.
In light of the outcome of the offer, as it was not aimed at the delisting of Impregilo shares, Salini S.p.A. announced that it would restore floating capital sufficient to ensure regular trading of said shares. The transactions were completed by 16 May 2013 with the Company holding an equity investment of less than 90% of the ordinary share capital (89.7%).
At 31 December 2013, Salini S.p.A. 88.83% of the share capital.
The acquisition was recognised according to the acquisition method.

In accordance with IFRS 3, the acquisition date was 18 April 2013 whereas the accounting date was identified as 1 April 2013 as there were no significant changes in the period.
Consolidated financial position figures of the Salini Group at 31 December 2013 include the full consolidation of the Issuer, while the consolidated income statement figures of the Salini Group at 31 December 2013 fully consolidate the issuer from 1 April 2013, and they only consolidate the Issuer using the equity method for the third quarter of 2013, prior to the acquisition of control through the voluntary public tender offer.

In compliance with the provisions of IFRS 3 for business combinations achieved in stages, at the date of acquisition of control, as a preliminary activity to the identification and valuation of assets acquired and liabilities assumed as part of the business combination, the Company adjusted the value of the equity interest held in Impregilo immediately before the acquisition date, amounting to €570,459 at Fair value at that date, corresponding to €4 per share (equal to the value of the voluntary public tender offer), for a total value of €480,304, recognising a loss in the income statement €90,155, under the item Effect of measuring equity investments according to the equity method.
The valuation of assets acquired and liabilities assumed as part of the business combination for purchase price allocation was completed within the one year period required by IFRS 3.

In particular, with respect to the disclosure provided in the Interim Financial Report of the Salini Group at 30 June 2013, in view of the additional information acquired as a result of in-depth, detailed verifications, additions and/or adjustments have been made to the values established, with reference to the items included in property, plant and equipment and intangible assets, equity investments, available-for-sale financial assets, other current and non-current assets/liabilities, in contract work in progress, advances from clients, and net financial indebtedness, with consequent adjustments of the related tax effects. All the final values been recorded as if the initial recognition of the business combination had been completed on the acquisition, as required by IFRS 3.49.

The table below provides details of the allocated final value, with reference to the acquisition date, of the identifiable assets acquired and the liabilities assumed, compared with the initial values stated in the provisional accounting for the business combination shown in the Interim Financial Report of the Salini Group at 30 June 2013.

(Values in €/000)	Initial provisional recognition at 01/04/2013	Final recognition at 31/12/2013	Difference between fin. rec. at 31/12/2013 e prov. rec. at 01/04/2013
Intangible Fixed Assets	76,550	112,001	35,452
Tangible Fixed Assets	281,320	281,320	0
Equity investments	88,790	103,336	14,546
Other fixed assets	33,688	39,590	5,902
Total non-current assets	**480,347**	**536,247**	**55,900**
Inventories	90,374	90,374	0
Amounts due from clients	898,657	929,997	31,340
Amounts due to clients	(870,038)	(855,739)	14,299
Trade receivables	1,037,326	1,032,799	(4,527)
Other assets	282,471	282,471	0
Tax assets (liabilities)	113,785	89,550	(24,235)
Subtotal	**1,552,576**	**1,569,453**	**16,877**
Trade payables	(786,113)	(786,113)	0
Other liabilities	(241,282)	(241,282)	0
Subtotal	**(1,027,395)**	**(1,027,395)**	**0**
Operating Working Capital	**525,181**	**542,058**	**16,877**
Non-current assets held for sale	**212,256**	**248,056**	**35,800**
Non-current liabilities held for sale (D)	**0**	**0**	**0**
Employee benefits	(18,340)	(18,159)	181
Provisions for risks and charges	(100,459)	(100,459)	0
Total provisions	**(118,799)**	**(118,618)**	**181**
Net invested capital	**1,098,985**	**1,207,743**	**108,758**
Cash and cash equivalents	1,399,538	1,399,538	0
Current financial assets	29,207	29,207	0
Non-current financial assets	42,758	29,730	(13,029)
Current financial liabilities	(387,453)	(384,658)	2,795
Non-current financial liabilities	(316,280)	(326,245)	(9,965)
Net financial payables/receivables	**767,770**	**747,571**	**(20,199)**
TOTAL NET IDENTIFIABLE ASSETS	**1,866,755**	**1,955,314**	**88,559**

(Values in €/000)		01/04/2013	31/12/2013	Difference
Net value of the identifiable assets and liabilities	*b*	1,632,844	1,632,844	0
		1,866,755	1,955,314	88,559
Value of goodwill (badwill) (c=a+b)	c	(233,911)	(322,470)	(88,559)
Value of badwill pro rata (90.78%)		**(212,345)**	**(292,739)**	**(80,394)**

Analysis of cash flows for the acquisition:	
Net cash acquired with the subsidiary (included in cash flows from investment activities))	1,321,498
Consideration paid for the acquisition	(1,299,139))
Net cash flow for the acquisition	**22,359**

The value of the badwill has been calculated solely for the portion attributable to the Salini Group on the basis of the net assets acquired after elimination of goodwill stated in the consolidation of Impregilo, taking into account the related tax effects. This amount, of €292,739 (of which €212,345 already recognised in the Interim Financial Report at 30 June 2013), was recognised in the income statement under financial income (loss).

The main changes in value compared to the amounts stated in the Interim Financial Report of the Salini Group at 30 June 2013 are shown below by item:

- The €35,452 increase in intangible assets is attributable to:
  - The elimination of goodwill relating to Shanghai Pucheng, amounting to €18,515, as it did not constitute an identifiable asset on the basis of IFRS 3.11;
  - The positive difference of €12,029 between the fair value of the "Parking Glasgow" concession and the book value of the operator IGL Parking Glasgow;
  - The valuation of portfolio of work in hand at 31 March 2013, calculated by discounting the expected margins (solely for the contracts with positive margin at the measurement date), adjusted according to the specific remaining project risk. The specific remaining risk has been assumed on the basis of the historical volatility of the project margin correlated against the remaining progress; this effect is a positive €41,938
- Equity investments increased by €14,546, due to the net effect of
  - the fair value adjustment, with a negative effect of €(2,386), of the OCHRE Solutions sub loan vs Impregilo International (OCHRE is measured according to the equity method)
  - the difference between the book value (equity) and the fair value of the concessions held by Ochre and IGL Wolverhampton with a positive effect totalling €16,932
- the amounts due to clients increased by €45,639 due to the valuation of the adjusting events occurring during the period after 1 April 2013
- other current assets, net of the reclassification of €4,527 to trade receivables, increased by €1,375 due to the overall measurement of the fair value of the receivable due from Puentes de Litoral with a negative adjustment of €(1,013), and the measurement of the fair value of the Sub Loan of Impregilo International vs OCHRE Solutions with a positive effect of €2,388
- non-current assets held for sale increased by €35,800, equal to the recognition at 1 April of the update of the value of the compensation claims relating to costs not depreciated at 15 December 2005 for the former RDF plants and for the component relating to legal interest
- post-employment benefits decreased by €181 due to the measurement of fair value
- net financial indebtedness deteriorated by €(20,199), due to the measurement at fair value on the outstanding financial payables and receivables
- net tax liabilities decreased by €(24,235) as a

result of the different values allocated to the other assets and liabilities identified, as listed above.

As reported above, some values have been recognised, such as amounts due from clients, amounts due to clients and non-current assets held for sale, to reflect new information obtained about facts and circumstances that existed at the acquisition date. These values have been included in the financial statements of the subsidiary Impregilo during 2013. Therefore, in these consolidated financial statements at 31 December 2013, appropriate adjustments have been made in order to correctly state the income statement and statement of financial position items.

The tables below show the impacts on profit or loss and equity of the changes in value resulting on the completion of the purchase price allocation (column "Profit from PPA") and reversal of the values included in the financial statements of the subsidiary Impregilo from 1 April to 31 December 2013, relating to those circumstances ("PPA deduction") column:

Reclassified Income Statement (Values in €/000)	Purchase Price Allocation		
	Profit from PPA	PPA deduction	Net effect PPA
Revenues		(45,639)	(45,639)
Other revenues		16,248	16,248
Total Revenues	**0**	**(29,391)**	**(29,391)**
Costs of production			0
Value added	**0**	**(29,391)**	**(29,391)**
Personnel costs		(181)	(181)
Other operating costs		2,267	2,267
EBITDA	**0**	**(27,305)**	**(27,305)**
Depreciation and amortisation		(547)	(547)
Provisions			0
Write-downs			0
(Capitalised costs)			0
EBIT	**0**	**(27,852)**	**(27,852)**
Total of Financial Area and of Equity investments	80,395	(2,932)	77,462
Pre-tax profit/(loss)	**80,395**	**(30,784)**	**49,611**
Taxes		14,520	14,520
Profit/(loss) from continuing operations	**80,395**	**(16,263)**	**64,131**
Profit (loss) from discontinued operations		(35,800)	(35,800)
Net Profit	**80,395**	**(52,063)**	**28,331**
Profit/(loss) attributable to minorities		(6,480)	(6,480)
Profit/(loss) attributable to the Group	**80,395**	**(45,583)**	**34,811**

Reclassified Statement of Financial Position (Values in €/000)	Purchase Price Allocation		
	Profit from PPA	PPA deduction	Net effect PPA
Intangible Fixed Assets	35,452	17,968	53,420
Tangible Fixed Assets			0
Equity investments	14,546	(717)	13,829
Other fixed assets	5,902		5,902
Total fixed assets (A)	**55,900**	**17,251**	**73,151**
Inventories			0
Amounts due from clients	31,340	(31,340)	0
Amounts due to clients	14,299	(14,299)	0
Trade receivables	(4,527)		(4,527)
Other assets			0
Net tax assets (liabilities)	(24,235)	14,520	(9,714)
Subtotal	**16,877**	**(31,119)**	**(14,241)**
Trade payables			0
Other liabilities			0
Subtotal	**0**	**0**	**0**
Operating Working Capital (B)	**16,877**	**(31,119)**	**(14,241)**
Non-current assets held for sale (C)	**35,800**	**(35,800)**	**0**
Non-current liabilities held for sale (D)			**0**
Employee benefits	181	(181)	0
Provisions for risks and charges			0
Total reserves (E)	**181**	**(181)**	**0**
Net Invested Capital (F=A+B+C+D+E)	**108,758**	**(49,848)**	**58,910**

(Values in €/000)	Profit from PPA	PPA deduction	Net effect PPA
Cash and cash equivalents			0
Current financial assets			0
Non-current financial assets	(13,029)		(13,029)
Current financial liabilities	2,795	(2,786)	9
Non-current financial liabilities	(9,965)	571	(9,395)
Net financial payables/receivables (G)	**(20,199)**	**(2,215)**	**(22,414)**
Shareholders' equity	80,395	(45,583)	34,811
Minority interests	8,165	(6,480)	1,684
Shareholders' equity (H)	**88,559**	**(52,063)**	**36,496**
Total Sources (I=G+H)	**108,758**	**(49,848)**	**58,910**

As shown in the table above, the purchase price allocation had a net positive effect on Group shareholders' equity of €34,811. As a result the total effect, which includes the recognition of the profit resulting from the provisional purchase price allocation, of €212,345, recognised at 30 June 2013, amounts to €247,156.
Since the acquisition date, Impregilo S.p.A. has contributed €1,808,626 to Group revenues (€1,779,235 after the effects described above) and €146,532 to the pre-tax profit (loss) from continuing operations (€115,748 after the effects described above). If the business combination had been effective from 1 January 2013, the revenues from continuing operations would have been €2,328,277 and the pre-tax profit (loss) from continuing operations would have amounted to €161,159.

Acquisition of control of Autostrada Broni-Mortara S.p.A.

On 27 May 2013, the subsidiary 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 show 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	7,886	7,886
of which:		
Intangible assets	7,886	7,886
Cash and cash equivalents	23	23
Other current assets	1,090	1,090
Total assets	**8,998**	**8,998**
Bank loans and borrowings due within one year	(3,960)	(3,960)
Trade payables	(1,245)	(1,245)
Other current liabilities	(1)	(1)
Total liabilities	**(5,206)**	**(5,206)**
Net assets acquired	**3,793**	**3,793**
Costs of the business combination		4,950
Goodwill		**(1,157)**

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

(Values in €/000)	
Cash and cash equivalents	23
Property, plant and equipment and intangible assets	7,886
Other assets	1,090
Payables to banks	(3,960)
Other liabilities	(1,246)
Total	**3,793**
Net of cash acquired	(23)
Cash net of cash used for the acquisition	**3,770**

7. Segment reporting

The operating segments subject to reporting have been determined based on the reporting used by senior management to take decisions on the allocation of resources and performance evaluation. Segment performance is measured based on profit or loss. This reporting is based specifically on the different geographical areas in which the Group operates and is determined using the same accounting standards used for preparing the consolidated financial statements.

The geographical areas identified are:

- Italy
- European Union (excluding Italy)
- European countries outside of the European Union
- Asia
- Africa
- America
- Oceania

Transfer prices between operating segments are defined under the same conditions as those applied to arm's length transactions.

The tables below contain economic segment information in relation to the disclosure obligations pursuant to IFRS 8.

Salini Group S.p.A. - IFRS 8

SEGMENT INFORMATION DECEMBER 2013

(Valori in Euro/000)	Italy	EU (excluding Italy)	Non-EU	Asia	Africa	America	Oceania	Total elimination of entries	Consolidated total
Revenues	627,339	574,691	156,844	390,987	850,382	866,063	3,063	(135,549)	3,333,820
Other revenues	33,876	6,771	333	7,197	10,886	18,381	4,579	9,818	91,841
Total Revenues	**661,215**	**581,462**	**157,178**	**398,184**	**861,268**	**884,444**	**7,642**	**(125,731)**	**3,425,661**
Costs of production	(522,833)	(529,774)	(129,214)	(325,814)	(548,462)	(608,317)	(9,233)	87,240	(2,586,409)
Value added	**138,382**	**51,688**	**27,964**	**72,370**	**312,806**	**276,126**	**(1,591)**	**(38,492)**	**839,253**
Personnel costs	(109,385)	(45,771)	(22,245)	(53,354)	(87,878)	(147,806)	(806)	7,803	(459,443)
Other operating costs	(35,252)	(3,222)	(584)	(2,308)	(6,119)	(18,073)	(22)	2,269	(63,313)
EBITDA	**(6,256)**	**2,694**	**5,134**	**16,709**	**218,809**	**110,247**	**(2,420)**	**(28,420)**	**316,497**
Depreciation and amortisation	(12,962)	(2,248)	(727)	(24,633)	(62,543)	(51,060)	(14)	1,674	(152,514)
Provisions									0
Write-downs	1,600	(1,574)	0	(6,383)	(236)	(9,737)	0	0	(16,330)
Costs capitalised for internal work	0	0	0	0	0	0	0	0	0
EBIT	**(17,619)**	**(1,128)**	**4,407**	**(14,308)**	**156,030**	**49,450**	**(2,434)**	**(26,746)**	**147,653**
Total of Financial Area and of Equity investments	476,983	16,478	(610)	(15,003)	(8,896)	(35,147)	(772)	(291,609)	141,422
Pre-tax profit/(loss)	**459,364**	**15,350**	**3,797**	**(29,311)**	**147,134**	**14,303**	**(3,206)**	**(318,355)**	**289,075**
Taxes	(37,342)	(4,574)	(1,611)	(2,381)	(10,299)	(2,036)	488	14,521	(43,234)
Profit/(loss) from continuing operations	**422,022**	**10,776**	**2,186**	**(31,692)**	**136,835**	**12,267**	**(2,719)**	**(303,834)**	**245,841**
Profit/(loss) from discontinued operations	(65,555)	0	0	0	0	0	0	(22,585)	(88,140)
Intercompany profit or loss elimination difference	0	0	0	0	0	0	0	0	0
Net Profit	**356,467**	**10,776**	**2,186**	**(31,692)**	**136,835**	**12,267**	**(2,719)**	**(326,419)**	**157,701**
Profit/(loss) attributable to minority interests	(5,403)	0	0	18	308	200	0	(4,366)	(9,244)
Profit/(loss) attributable to the Group	**361,871**	**10,776**	**2,186**	**(31,710)**	**136,527**	**12,067**	**(2,719)**	**(322,053)**	**166,944**

Reclassified statement of financial position

(Values in €/000)	SEGMENT INFORMATION DECEMBER 2013								
	Italy	EU (excluding Italy)	Non-EU	Asia	Africa	America	Oceania	Adjustments and eliminations	Total
Intangible assets	86,912	(84,046)	0	26	174	3,557	0	158,609	165,234
Property, plant and equipment and Investment property	47,331	12,439	4,425	67,295	234,575	160,437	36	(7,516)	519,021
Equity investments	1,527,260	(13,084)	0	0	0	21	0	(1,452,936)	61,261
Other non-current assets	19,487	955	1,285	140	3,469	5,382	0	902	31,621
Total fixed assets (A)	**1,680,990**	**(83,736)**	**5,710**	**67,461**	**238,219**	**169,397**	**36**	**(1,300,940)**	**777,137**
Inventories	19,346	444	0	12,244	152,528	59,454	0	0	244,016
Amounts due from clients	325,933	72,014	3,698	98,546	333,275	448,944	0	0	1,282,410
Amounts due to clients	(111,448)	(238,235)	(2,716)	(152,761)	(1,001,225)	(377,696)	0	0	(1,884,083)
Trade receivables	863,582	178,108	27,479	94,402	501,534	530,521	3,408	(564,518)	1,634,515
Other current assets	38,161	54,699	9,080	(75,329)	237,107	112,296	102	5,698	381,814
Net tax assets (liabilities)	108,477	(25,677)	(1,748)	1,812	(24,934)	48,396	741	(1,812)	105,254
Subtotal	**1,244,051**	**41,352**	**35,792**	**(21,087)**	**198,284**	**821,915**	**4,251**	**(560,632)**	**1,763,927**
Trade payables	(133,739)	(267,516)	(18,333)	(128,813)	(249,981)	(859,264)	(3,905)	484,268	(1,177,283)
Other liabilities	(199,640)	(3,764)	(2,838)	(9,090)	(15,592)	(74,860)	(140)	56,280	(249,644)
Subtotal	**(333,379)**	**(271,281)**	**(21,171)**	**(137,903)**	**(265,572)**	**(934,124)**	**(4,045)**	**540,548**	**(1,426,927)**
Operating Working Capital (B)	**910,672**	**(229,928)**	**14,622**	**(158,989)**	**(67,289)**	**(112,209)**	**206**	**(20,084)**	**337,000**
Non-current assets held for sale (C)	**655,288**	**0**	**0**	**0**	**0**	**0**	**0**	**(1,685)**	**653,604**
Non-current liabilities held for sale (D)	**(681,218)**	**0**	**0**	**0**	**0**	**0**	**0**	**263,157**	**(418,061)**
Employee benefits	(13,294)	(646)	0	(717)	(650)	(6,753)	0	0	(22,059)
Provisions for risks and charges	(276,638)	(2,048)	(554)	(1,393)	(5,899)	(5,687)	0	188,589	(103,629)
Total provisions (E)	**(289,932)**	**(2,693)**	**(554)**	**(2,111)**	**(6,548)**	**(12,439)**	**0**	**188,589**	**(125,688)**
Net Invested Capital (E=A+B+C+D+E)	**2,275,801**	**(316,358)**	**19,778**	**(93,639)**	**164,382**	**44,749**	**242**	**(870,963)**	**1,223,991**
(Values in €/000)									
Cash and cash equivalents	411,599	387,236	9,190	123,729	97,834	102,330	490	11	1,132,419
Current financial assets	457,255	131,939	0	1,465	69,665	2,022	0	(429,817)	232,529
Non-current financial assets	30,829	30,750	11	1,630	391	0	4	(14,687)	48,928
Current financial liabilities	(251,671)	(8,458)	(600)	(60,983)	(115,068)	(196,148)	(1,028)	192,109	(441,846)
Non-current financial liabilities	(1,017,937)	(167,875)	0	(1,867)	(69,983)	(43,341)	0	(2,737)	(1,303,740)
Net financial payables/receivables (F)	(369,924)	373,591	8,601	63,974	(17,161)	(135,136)	(534)	(255,120)	(331,708)
Shareholders' equity	**1,894,522**	**57,234**	**28,379**	**(29,665)**	**146,808**	**(93,586)**	**(291)**	**(1,304,243)**	**699,157**
Minority interests	11,353	0	0	0	413	3,199	0	178,160	193,124
Shareholders' equity (G)	1,905,875	57,234	28,379	(29,665)	147,221	(90,388)	(291)	(1,126,083)	892,282
Total Sources (H=F+G)	**2,275,799**	**(316,358)**	**19,778**	**(93,639)**	**164,382**	**44,749**	**242**	**(870,963)**	**1,223,990**
Totale Fonti (H=F+G)	**2.275.799**	**(316.358)**	**19.778**	**(93.639)**	**164.382**	**44.749**	**242**	**(870.963)**	**1.223.990**

8. Revenues

Revenues for the year came to a total of €3,425,661, up €2,210,781 over the previous year:

(Values in €/000)	31 December 2013	31 December 2012	Change
Revenues	3,333,820	1,174,185	2,159,635
Other revenues and earnings	91,841	40,695	51,146
Total Revenues	**3,425,661**	**1,214,880**	**2,210,781**

Operating revenues may be broken down as follows:

(Values in €/000)	31 December 2013	31 December 2012	Change
Works invoiced to clients	2,892,324	1,152,574	1,739,750
Sales revenues	340,768	21,611	319,157
Services	100,728	0	100,728
Total operating revenues	**3,333,820**	**1,174,185**	**2,159,635**

Work invoiced to clients includes contractual revenues 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 "amounts due from/to clients".

The change of €2,159,635 was mainly attributable to the contribution of the Impregilo Group of €1,808,626. The increase in the volume of revenues relates to the Construction segment relating to the progress on the motorway work in Italy particularly regarding the work for the Pedemontana Lombarda motorway and the Milan outer east by-pass and the work for the construction of the High-speed/capacity Milan-Genoa Railway. This increase for the Construction segment was offset in the reduction in the revenues in the domestic area due to the substantial completion of contracts underway.

For activities abroad there was an increase in production in South America (Panama, Colombia) and also in Ukraine and Belarus (the latter recorded new acquisitions that will only come into full operation during 2014) which offset the reduction in turnover on the Venezuela, South Africa, United Arab Emirates and Romania contracts.

Other revenues and earnings came to a total of €91,841, as shown in the table below:

(Values in €/000)	31 December 2013	% of Revenues
Property income	464	0,0%
Release of provision for legal dispute risks	4.034	0,1%
Insurance reimbursements	2.476	0,1%
Gains on the disposal of property, plant and equipment	1.598	0,0%
Gains on disposals	16.248	0,5%
Revenues from national tax consolidation	81	0,0%
Other extraordinary third-party income	525	0,0%
Third party personnel services	877	0,0%
Other	65.538	1,9%
Total other revenues and earnings	**91.841**	

The Company realised a gain for the year of €17,846, consisting of about €1,598 from disposal of assets and €16,248 from the impact of the business combination with the Impregilo Group described in Section 6 Business Combinations.
Under the item "Other Revenues" the Company entered the amount €4,551, representing the amount awarded to it by the Council of State, which, in a ruling issued on 10 December 2013, filed on 20 February 2014, upheld the grounds for the appeal brought by ATI Salini S.p.A. (former Salini Costruttori S.p.A.) – Todini S.p.A, regarding the failure to award the planning and execution of the "Itinerario E 78 Grosseto-Fano - Tratta Grosseto-Siena (SS 223 di Paganico), dal km. 30+040 al km. 41+600" contract, for a tender amount of €217,783. The entry of this income item, supported by an appraisal by an external legal counsel that has assisted in the dispute, complies with the provisions of IAS 10 – Events after the reporting period - §3 and IAS 37 – Provisions, contingent liabilities and contingent assets – §35, as the Company considered the asset – and the consequent income – resulting from the above

ruling to be certain. The contribution of the Impregilo Group at 31 December 2013 was €52,812 and there was an increase in the items recovery of costs and prior year income mainly relating to the Construction segment, linked to the increase in activities carried out.

9. Cost of sales

The cost of sales amounts to €615,068 and is composed of:

(Values in €/000)	Year 2013	Year 2012	Change
Costs for raw materials, ancillary materials, consumables and supplies	639,191	214,149	425,042
Change in inventories of raw materials, ancillary materials, consumables and supplies	(24,123)	(29,674)	5,552
Total Cost of Sales	**615,068**	**184,475**	**430,593**

The increase in the cost of sales for raw materials of €430,593 was mainly attributable to the contribution of the Impregilo Group, which at 31 December 2013 came to €276,968.

10. Service costs

Service costs were equal to €1,971,341 as illustrated in the table below:

(Values in €/000)	Year 2013	Year 2012	Change
Service costs	1,884,180	716,844	1,167,339
Lease and rental expenses	87,829	39,928	47,901
Increase of fixed assets for internal works	(668)	(2,088)	1,420
Total Cost of Services	**1,971,341**	**754,684**	**1,216,657**

Cost of services increased by €1,167,339 and the Impregilo Group contributed €922,363. The breakdown of the item cost of services at 31 December 2013 is provided below:

	2013	% of revenues
Reversal of consortia costs	77,327	2.3%
Subcontracts	1,034,471	30.2%
Technical, administrative and legal consulting	240,713	7.0%
Maintenance	19,316	0.6%
Transport and customs	120,666	3.5%
Employee travel expenses and refunds	12,461	0.4%
Insurance	54,141	1.6%
Directors', statutory auditors' and independent auditors' fees	8,928	0.3%
Charge backs	111,208	3.2%
Other	204,283	6.0%
Total cost of services	**1,884,180**	

Subcontracts represented 30.2% of revenues and mainly related to the contribution of the Group.

11. Personnel costs

Personnel costs were equal to €459,443 as illustrated in the table below:

(Values in €/000)	Year 2013	% of Revenues
Wages and salaries	346,088	10.1%
Payroll costs	58,684	1.7%
Termination benefits	13,897	0.4%
Pensions and similar expenses	3,091	0.1%
Other costs	37,684	1.1%
Total personnel costs	**459,443**	

The geographical breakdown of personnel costs is as follows:

(Values in €)	2013	%
Italy	109,385	24%
EU excluding Italy	45,771	10%
Non-EU	22,245	5%
Asia	53,354	12%
Africa	87,878	19%
America	147,806	32%
Oceania	806	0%
Total Eliminations	(7,803)	(0)
Salini SpA Group - Geographical Area	**459,443**	

12. Amortisation, depreciation and write-downs

The cost of depreciation, amortisation and write-downs totals €168,844 and is composed of:

(Values in €/000)	December 2013	December 2012	Change
Amortisation of intangible assets	4,514	241	4,273
Depreciation of tangible assets	148,000	62,549	85,451
Write-down of current receivables and cash equivalents	16,091	1,174	14,917
Other write-downs of non-current assets	239	0	239
Total depreciation, amortisation and write-downs	**168,844**	**63,964**	**104,880**

The write-down of receivables at 31 December 2013, of €16,091, mainly relates to the contribution from the Impregilo Group of €9,655 and from the Kazakhstan branch of €6,383, the latter relating to prudent provisions made for receivables for advances to subcontractors.

13. Other operating costs

Other operating costs total €63,313 and are composed of:

(Values in €/000	December 2013	December 2012	Change
Allocation to Provisions	5,760	5,280	481
Other operating costs	57,552	3,660	53,892
Total Other Operating Costs	**63,313**	**8,940**	**54,373**

The allocation to provisions increased by around €481 compared to 31 December 2012, including €5 million relating to entries of the Impregilo Group partially offset by the reduction in provisions made by other companies of the Salini Group.

Other operating costs, amounting to €57,552, increase by around €54 million compared to 31 December 2012, including around €51 million relating to the entries of the Impregilo Group. The majority of the balance of this item is made up of prior year expenses, capital losses and other operating expenses.

14. Financial income and expenses

Financial income and expenses decreased by €72,508 during 2013, as shown in the table below:

(Values in €/000)	December 2013	December 2012	Change
Financial income	42,268	22,463	19,805
Financial expenses	(128,942)	(23,333)	(105,609)
Exchange gains/losses	24,360	11,064	13,296
Total financial income (expense)	**(62,314)**	**10,194**	**(72,508)**

Financial income

(Values in €/000)	2013	% of Total Revenues
Contributions/interest on financing	705	0.0%
Bank interest receivable	10,529	0.3%
Leases	278	0.0%
Income from equity investments	8,030	0.2%
Other revenues and earnings	22,726	0.7%
Total financial income	**42,268**	**1.2%**

Financial expenses

(Values in €/000)	2013	% of Total Revenues
Bank overdrafts and finance	49,716	1.5%
Bank loans	29,843	0.9%
Charges on bonds	839	0.0%
Bank fees	1,602	0.0%
Leases	8,586	0.3%
Factoring	2,441	0.1%
Other financial expenses	35,913	1.0%
Total interest and other fin. expenses	**128,942**	**3.8%**

Exchange rate gains (losses)

(Values in €/000)	2013	% of Total Revenues
Realised exchange gains	210,292	6.1%
Unrealised exchange gains	19,362	0.6%
Realised exchange losses	(154,843)	-4.5%
Unrealised exchange losses	(50,451)	-1.5%
Total exchange rate gains (losses)	**24,360**	**0.7%**

Financial expenses increased by around €20 million compared to 31 December 2012, of which €23 million relating to entries of the Impregilo Group. In particular, we note the reduction in income from equity investments of around €10 million due to the Impregilo dividend for the year 2012; the increase in interest receivable, of around €4 million, on correspondent current accounts with group companies and the increase in penalty interest, of around €7 million.

Financial expenses increased by around €106 million compared to 31 December 2012, of which €54 million relating to entries of the Impregilo Group. The remainder was due to greater interest payable to banks of around €34 million; greater lease interest payable of around €3 million and other financial expenses.

Exchange gains and losses increased by €13 million compared to 31 December 2012. The Impregilo Group contributed €38 million. Exchange gains and losses from currency translation differences (unrealised) show the adjustment of foreign currency receivables and payables to year-end exchange rates.

15. Income/(expenses) from equity investments

(Values in €/000)	December 2013	% of Total Revenues
Revaluations of equity investments	294,025	8.6%
Write-downs of equity investments	(90,289)	-2.6%
Total Equity Investments	203,736	5.9%

For more information see the note on equity investments and the section on business combination.

16. Income tax

Income taxes are determined using the tax rate projected to be applicable to annual profits on the basis of an updated estimate on the reporting date. At 31 December 2013 deferred taxes totalled €121,190, while payables for deferred tax liabilities totalled €74,001 with a net balance of €47,189, of which the impact for the year 2013 amounted to €(16,654).
Details of the current, deferred and prepaid taxes are provided below:

(Values in €/000)	December 2013	December 2012	Change
Current regional income tax (IRAP) for the period	7,910	2,077	5,833
Current corporate income tax (IRES) for the period	48,554	6,792	41,752
Foreign current taxes	1,316	9,612	(8,296)
Prior period taxes	2,108	5,775	(3,667)
Current taxes	59,888	24,256	35,632
Deferred tax (income) expense	(16,654)	11,725	(28,379)
Total taxes	**43,234**	**35,981**	**7,253**

The following table contains a reconciliation of theoretical tax:

(Values in €/000)	31 December 2013		
Pre-tax profit (loss)	**289,075**		
Theoretical taxes		(79,496)	27.5%
Taxes on net permanent differences		30,942	
Effective corporate income tax (IRES) (A)		**(48,554)**	**16.8%**
Regional income tax (IRAP) and other taxes (B)		**(11,334)**	**3.9%**
Actual income tax for the period (A+B)	**(59,888)**		**20.7%**
Deferred tax balance	**16,654**		
Net profit/(loss)	**245,841**		

The following table contains a breakdown of deferred tax assets and liabilities:

A) Recalculation of taxes upon reversal of deductible temporary differences (positive temporary differences)

Items	31 December 2012	Income statement change	Balance sheet change	31 December 2013
Expenses for other years	*0*	*(881)*	*1,015*	*134*
FTA	973	6,201	1,309	8,482
Statutory depreciation/amortisation higher than the admissible tax rate	8,804	(3,814)	42,826	47,816
Provisions for risks and write-downs	1,231	0	(1,231)	0
Goodwill	6,813	4,009	(4,449)	6,373
Maintenance exceeding ceiling	2,007	720	(2,086)	640
Unrealised exchange losses	0	10,932	6,634	17,566
Consolidation adjustments	2,186	1,751	782	4,718
Other				
Totale A	**22,015**	**18,917**	**44,799**	**85,730**

B) Recalculation of taxes upon reversal of taxable temporary differences (negative temporary differences)

Items	31 December 2012	Income statement change	balance sheet change	31 December 2013
Revenues from other years				
FTA	0	(569)	10,451	9,882
Capital gains instalments	990	(153)	(377)	459
Uncollected late-payment interest	523	0	5,530	6,053
Financial leasing	5,537	0	(5,537)	0
Tax on deferred revenues from contracts	19,810	2,413	(272)	21,952
Other	662	574	(1,041)	195
Total b	**27,521**	**2,266**	**8,754**	**38,541**
Prepaid tax (a - b)	**(5,507)**	**16,651**	**36,045**	**47,189**

17. Notes on the statement of comprehensive income

As shown in the statement, comprehensive income for the period differs from net income for the period by €(1,585), of which €140 attributable to non-controlling interests; this is due to:

- translation differences of foreign assets totalling €(2,962) (these mainly relate to differences on translation into Euros of the financial statements of the subsidiaries of Impregilo and of the Parent, the functional currency of which is different from the Group's functional currency);
- actuarial gains/(losses) on employee benefits of €(1,080).
- recognition of a change in fair value of derivatives designated as cash flow hedges, limited to the effective portion of €2,458, held by Impregilo S.p.A. and the Parent.

18. Property, plant and equipment

These total €519,021, an increase compared with the amount at 31 December 2012 of €188,774. The breakdown and changes in this item are shown below.

(Values in €/000)	Land and buildings	Plant and machinery	Vehicles	Industrial and commercial equipment	Other assets	Leased assets	Work in progress	Total
Figures at 31 December 2012	**37,648**	**268,279**	**121,852**	**68,750**	**20,114**	**220,762**	**12,356**	**749,761**
Impregilo Acquisition 1 April 2013	**75,784**	**234,398**	**84,894**	**59,578**	**33,720**	**85,507**	**7,143**	**581,024**
Exchange rate adjustment	(4,694)	(22,508)	(5,660)	(2,187)	(408)	(4,741)	(448)	(40,644)
Investments	9,815	40,947	17,113	18,357	2,582	57,423	5,264	151,501
Disposals	(2,698)	(21,736)	(7,112)	(6,153)	(1,198)	(34)	(10,557)	(49,487)
Repurchase of leased assets	0	2,492	0	335	(1)	(2,951)	0	(125)
Reclassification under non-current assets held for sale	(2,843)	(26,404)	(11,871)	(9,088)	(4,656)	(95,704)	(467)	(151,033)
Other changes	(5,363)	(31,566)	(1,844)	824	(42)	(2,130)	(3,330)	(43,451)
Historical cost at 31 December 2013	**107,648**	**443,903**	**197,373**	**130,416**	**50,110**	**258,132**	**9,962**	**1,197,544**
Figures at 31 December 2012	**(11,368)**	**(172,045)**	**(82,789)**	**(50,875)**	**(13,125)**	**(89,311)**	**0**	**(419,514)**
Impregilo Acquisition 1 April 2013	**(39,930)**	**(124,250)**	**(47,743)**	**(29,175)**	**(26,732)**	**(31,875)**	**0**	**(299,704)**
Exchange rate adjustment	1,675	7,049	2,912	1,543	(13)	5,765	0	18,930
Depreciation and amortisation	(9,138)	(55,153)	(19,937)	(23,642)	(3,830)	(36,300)	0	(148,000)
Write-downs/Reversals	0	(189)	(50)	0	0	0	0	(239)
Disposals	803	16,755	5,391	4,391	1,121	15	0	28,476
Repurchase of leased assets	0	(1,623)	0	(249)	0	2,039	0	167
Reclassification under non-current assets held for sale	1,705	16,284	8,516	7,704	3,883	70,055	0	108,148
Other changes	3,217	26,873	555	1,304	232	(22)	0	32,159
Exchange rate adjustment	57	565	161	251	22	0	0	1,055
Accumulated depreciation at 31 December 2013	**(52,979)**	**(285,734)**	**(132,985)**	**(88,749)**	**(38,442)**	**(79,633)**	**0**	**(678,522)**
Net amount at 31 December 2012	**26,279**	**96,234**	**39,063**	**17,875**	**6,989**	**131,451**	**12,356**	**330,247**
Net amount at 31 December 2013	**54,669**	**158,169**	**64,388**	**41,668**	**11,668**	**178,498**	**9,962**	**519,021**

The most significant changes for the period can be summarised as follows:

- the increase in the item "Land and buildings" in the net amount of about €28,390 mainly to the consolidation of the subsidiary Impregilo Group, which contributed a net amount of €35,854.
- the net increase in the items "Plant and machinery" and "Vehicles" of about €87,260 mainly refer to the consolidation of the subsidiary Impregilo Group, which contributed a net amount of €147,299. The

overall decrease, net of Impregilo's contribution, was the combined result of capital expenditure for foreign contracts and in particular of the Impregilo Group in the Construction segment for hydroelectric plants in Colombia, for widening the Panama Canal and infrastructure work in the United States related to the construction of the Gerald Desmond Bridge, and depreciation provisions for the period;

- net increase in the item "Industrial and commercial equipment" totalling €23,793 of which €30,403 related to the consolidation of the Impregilo Group.

Total depreciation of the period came to 145,998. Disposals during the period mainly consisted of disposals of assets related to contracts being wound up; These same items include €178,498 in production assets under finance leases net of the related accumulated depreciation, classified under Property, Plant and Equipment in accordance with IAS 17.
The balance of fixed assets under construction is mainly due to new fixed assets and the inclusion of the production cycle of capital equipment designed for foreign work sites.

19. Intangible assets

The balance of this item is €165,234. The details of these assets are shown below:

(Values in €/000)	Start-up and expansion costs	Research, development and advertising costs	Intellectual property rights	Concessions, licences and trademarks	Rights to infrastructure under concession	Contract acquisition costs	Other	Assets in course of construction and payments on account	Goodwill	Total
Figures at 31 December 2012	**0**	**55**	**1,271**	**291**	**0**	**0**	**0**	**265**	**2,039**	**3,922**
Impregilo Acquisition 1° April 2013	**0**	**0**	**3,241**	**0**	**35,865**	**46,731**	**56,386**	**0**	**0**	**142,223**
Purchases and capitalised costs	0	0	325	6	2,259	15,004	548	0	0	18,142
Disposals	0	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	(197)	0	0	0	0	0	0	(197)
IFRS 5 reclassifications	0	0	0	0	0	0	0	(265)	(2,039)	(2,304)
Exchange rate gains (losses)	0	0	(111)	0	(1,483)	0	20	0	0	(1,574)
Change in consolidation scope	0	0	0	0	39,827	0	0	0	0	39,827
Other changes	0	(55)	0	0	0	0	0	0	0	(55)
Historical cost at 31 December 2013	**0**	**0**	**4,529**	**297**	**76,468**	**61,735**	**56,954**	**0**	**0**	**199,984**
Figures at 31 December 2012										
Impregilo Acquisition 1 April 2013	**0**	**0**	**(1,132)**	**(196)**	**0**	**0**	**0**	**0**	**0**	**(1,328)**
Depreciation and amortisation	0	0	(2,342)	0	(11,328)	(14,102)	(2,451)	0		(30,223)
Disposals	0	0	(369)	(20)	(1,400)	(2,685)	(40)	0	0	(4,514)
Reclassifications	0	0	0	0	0	0	0	0	0	0
Exchange rate gains (losses)	0	0	183	0	0	0	0	0	0	183
Change in consolidation scope	0	0	68	0	1,065	0	0	0	0	1,133
Other changes	0	0	0	0	0	0	0	0	0	0
Amortisation reserve at 31 December 2013	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	0	**0**	**(3,592)**	**(217)**	**(11,663)**	**(16,787)**	**(2,491)**	**0**	**0**	**(34,750)**
Net amount at 31 December 2012										
	0	**55**	**139**	**94**	**0**	**0**	**0**	**265**	**2,039**	**2,593**
Net amount at 31 December 2013	**0**	**0**	**937**	**80**	**64,805**	**44,948**	**54,463**	**0**	**0**	**165,234**

The net increase of €162,641 compared with the balance transferred at 31 December 2012 is due to the consolidation of Impregilo Group, (see Section 6 of this Document for more details).
Contract acquisition costs include considerations paid for the purchase the business units railway high speed/capacity by Impregilo in previous years, 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.
On 19 September 2013 an additional 10% stake was acquired 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.

20. Equity investments

The analysis of equity investments is as follows:

(Values in €/000)	31 December 2013	31 December 012	Change
Investments in associates, subsidiaries and joint ventures	54,940	580,307	(525,367)
Other equity investments	6,321	1,365	4,956
Total equity investments	**61,261**	**581,672**	**(520,411)**

The change in investments in associates, subsidiaries and joint ventures amounted to €(525,367) and mainly related to:

- a decrease of €570,459 due to the consolidation of the Impregilo Group (see Section 6 of this Document for more details);
- an increase of €38,811 contributed by the consolidation of the Impregilo Group at 1 April 2013;
- a decrease of €9,543 attributable to the change in the consolidation method for the concessionaire engaged in the design, construction and management of the Broni-Mortara Regional Motorway, which is owned by Impregilo S.p.A. At the end of May, control was obtained in this company following the acquisition of a further stake of 19.8%, thereby bringing Impregilo's total stake to 59.8%;
- an increase of €11.3 million related to the capital injections by Impregilo S.p.A. in relation to the SPE that will develop the connector between the Port of Ancona and the A14 and €25.6 million for the new capital injection in relation to the concession for the new Milan outer east by-pass;
- an increase of €1,129 related to the establishment of the joint stock company Gaziantep Hastane Saglik Hizmetleri Isletme Yatirim Anonim Sirketi. This company will be the concessionaire of the contract for the construction and subsequent management of a hospital in Turkey;
- a fair value adjustment of €14.5 million recognised in the PPA; see section 6 on business combinations for more details;
- other changes including changes in the translation reserve amounting to €1.9 million.

Other equity investments

The change of €4,956 was mainly due to:

- an increase of €49,979 contributed by the consolidation of the Impregilo Group at 1 April 2013;
- a decrease relating to the sale of the equity investments of Impregilo S.p.A. in the companies Tangenziali Esterne di Mila million and Tangenziale Esterna S.p.A. ("TE") equal to 17.77% of the share capital at a price of €39.1 million both to Itinera S.p.A. (Gavio Group);
- the sale of the equity investment of ASTM equal to €1,524 (with a book value of €1,126, and €398 posted to the income statement).

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.

A statement of changes in equity investments during the period is appended to these explanatory notes (attachment 1).

21. Financial assets

Non-current financial assets

Non-current financial assets total €48,928, as shown in the following table:

(Values in €/000)	31 December 2013	31 December 2012	Change
Non-current receivables from subsidiaries > 12	0	270	(270)
Non-current receivables from associates > 12	0	9,850	(9,850)
Non-current receivables from other group companies > 12	81	3,374	(3,292)
Non-current receivables from others > 12	37,980	15,032	22,948
Other non-current financial assets	10,867	0	10,867
Non-current financial assets	**48,928**	**28,525**	**20,403**

The changes during the period mainly relate to:

- increases of €33,431 for receivables from others and in particular resulting from the consolidation of Impregilo, mainly consisting of investments in guaranteed-return securities which mature after one year as well as the receivable (amounting to €17.4 million) resulting from the sale to third parties of the equity investment in Tangenziale Esterna S.p.A., which will be settled by 31 October 2016;
- a fair value adjustment of € 13 million recognised in the PPA; see section 6 on business combinations for more details.

Current financial assets

Current financial assets at 31 December 2013 amounted to €232,530 composed primarily of:

- €65 million in the form of a receivable for an interest-bearing loan to the parent company Salini Costruttori S.p.A.. This loan, which was granted in 2012 and funded with the third tranche of the tender offer loan called “Tranche A3” launched in 2013, is aimed at enabling the parent company to repay its medium- to long-term debt deriving in particular from a loan agreement signed on 5 August 2009 with Centrobanca S.p.A. and a loan agreement signed on 29 July 2010 with Intesa Sanpaolo S.p.A.; for comparison purposes, in the comparative figures for 2012 the receivable outstanding from Salini Costruttori (€65 million) has been restated under current financial assets rather than under trade receivables;
- €83 million related to current accounts with the parent company Salini Costruttori S.p.A. classified under current financial assets;

- €63.4 million relating to the receivable 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.; an equity investments, amounting to 50% of the equity of Shanghai Pucheng, engaged in the waste treatment industry.
- Derivative assets include the reporting-date fair value of currency hedges.

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:

Asset-based fair value With the recording of fair value through profit or loss

Company	Agreement date	Maturity date	Currency	Notional amount	Fair Value (€/000)
Impregilo S.p.A.	20/11/2013	20/02/2014	USD	8,772	131
Impregilo S.p.A.	29/11/2013	28/02/2014	USD	15,678	154
Impregilo S.p.A.	22/10/2013	22/01/2014	USD	2,810	13
Impregilo S.p.A.	29/11/2013	28/02/2014	USD	6,320	62
Impregilo S.p.A.	06/12/2013	06/06/2014	USD	2,520	26
Impregilo S.p.A.	11/12/2013	11/06/2014	USD	1,580	6
Fisia Babcock GmbH	03/07/2013	15/05/2014	USD	4,500	184
Fisia Babcock GmbH	03/07/2013	15/07/2014	USD	5,300	216
Fisia Babcock GmbH	03/07/2013	29/12/2014	USD	3,000	122
Fisia Babcock GmbH	03/07/2013	17/02/2014	USD	2,468	101
Total					**1,016**

22. Other assets

Other non-current assets

Other non-current assets at 31 December 2013 amounted to €31,621. The acquisition of the Impregilo Group resulted in a carrying amount four this item of €23,955.

This item includes receivables for various debtors due after one year and receivables from others for advances to third-party subcontractors and for miscellaneous security deposits.

Other current assets

Other current assets total €381,814 and are mainly composed of:

(Values in €/000)	Year 2013	Year 2012	Change
Advances to suppliers	**193,746**	**127,929**	**65,817**
Receivables from other companies	**19,735**	**22,069**	**(2,334)**
Accrued income and deferred insurance charges	36,724	4,959	31,765
Lease Payments on account	892	575	317
Other accrued income	2,675	0	2,675
Miscellaneous consulting prepayments	100	144	(44)
Subscription prepayments	4	23	(19)
Other prepayments	28,938	17,014	11,924
Prepayments and Accrued Income	**69,333**	**22,715**	**46,618**
Miscellaneous debtors	106,351	4,381	101,970
Provision for impairment losses on other receivables	(16,523)	(7,547)	(8,976)
Receivables from employees	1,331	436	895
Receivables from social security institutions	3,074	2,532	542
Receivables from others for security deposits	51	34	17
Other receivables from associate companies	0	131	(131)
Other receivables from associate companies	347	32	315
Other receivables from parent companies	4,369	9,178	(4,809)
Other	**99,000**	**9,176**	**89,824**
Other current assets	**381,814**	**181,889**	**199,925**

The Impregilo Group, which was fully consolidated on 1 April 2013, resulted in the absorption of other current assets totalling €247 million. This item mainly comprises FIBE's receivables, classified under miscellaneous debtors, of € 71.3 million from the public bodies involved in managing the waste emergency in Campania. See the section on "Non-current assets held for sale" in the Directors' report for more information about this complicated situation and the directors' related assessments.
Miscellaneous debtors also includes an amount of €.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, concluded with the agreement signed on 25 November 2013 and subject to certain conditions precedent.
Miscellaneous debtors also includes the claims for compensation due to Impregilo S.p.A. from 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. The latter lessor had challenged the existence of just cause which Impregilo cited as the reason for its early termination of the lease, originally due to expire in 2012. The lessor claimed its right to the entire lease payment, including default interest, from the date of termination to the original expiry date. On the other hand, the lessor of the building in which Impregilo currently has its registered office had signed an agreement with Impregilo whereby, should a dispute arise with the previous lessor and should this dispute give rise to a payable for Impregilo of more than € 8 million, it would cover the sum exceeding € 8 million. Given that, after the first stage of the dispute, Impregilo was found to owe the lessor of the Sesto San Giovanni building € 14.7 million, it has recognised € 6.7 million

(being the compensation obligation described above) as a receivable in its statement of financial position at 31 December 2012.
Receivables from other companies of € 19,735 million mainly included receivables from partners Acciona and Ghella S.p.A. in the temporary partnership established with Salini S.p.A. (former Salini Costruttori S.p.A.) to execute the TAV/San Ruffillo contract amounting to €18,625.
Advances to suppliers decreased by € 65.8 million compared to 31 December 2012, including a reduction for the Construction segment (€40.4 million) due to utilisation of advances paid in previous years for Impregilo's Panama, Colombia, Venezuela and Libya contracts. The additional decreases mainly related to Salini, in particular the Kazakhstan branch (for €11,053), the Ethiopia branch (for €5,503) and Italy (for €1,366), partially by offset by the increase for the Romania branch (for €2,176) and the Libya branch (for €1,202).
Prepayments and accrued income, amounted to a total of €69.3 million. The item mainly consisted of commissions on sureties and insurance which will be recognised in profit or loss in future periods based on the stage of completion of the related contracts. The change is recognised during the year was attributable to the absorption of the Impregilo Group at 1 April 2013.

23. Inventories

Inventories total €244,016, as shown in the following table:

(Values in €/000)	Year 2013	Year 2012	Change
Raw materials, ancillary materials and consumables	225,450	167,646	57,804
Finished products and goods for resale	4,478	441	4,037
Real estate projects	14,088	0	14,088
Assets under const. and Prepayment on account	0	0	0
Total inventories	**244,016**	**168,088**	**75,928**

The geographical breakdown of the item is as follows:

(Values in €/000)	31 December 2013	%
Italy	19,346	8%
EU excluding Italy	444	0%
Non-EU	0	0%
Asia	12,244	5%
Africa	152,528	63%
America	59,454	24%
Oceania	0	0%
Total Eliminations	0	0%
Salini SpA Group - Geographical Area	**244,016**	

The acquisition of the Impregilo Group on 1 April 2013 resulted in the full absorption of €83,500 for the inventories of raw materials, finished products and payments on account.
The largest items and changes occurring during the period for "Inventories" are broken down below:

- raw materials, ancillary materials and consumables rose by €57,804 and, more specifically, the acquisition of Impregilo contributed a net amount of €64,934. This item is mainly made up by materials and goods for resale to be used in the Impregilo Group's foreign projects in the construction segment in Venezuela, Colombia, Panama and the United States. We also note the decrease of €(30,154) due to the reclassification of the inventories at 31 December 2013 of the Todini Group in accordance with IFRS 5. The remaining change of €23,024 was mainly due to: the decrease in procurement in Uganda, by €1.5 million, due to the closing of contracts in Kazakhstan, by €4.9 million, due to the progressive approach towards the conclusion of the works; the increase in procurement in Ethiopia, by €26.5 million, due to the full operation of the existing contracts and the increase in procurement in Sierra Leone, by €1.6 million, due to the start-up during 2013 of the Matatoka-Sefadu contract and variation orders on the already existing contracts;
- real estate projects, originating exclusively from the acquisition of Impregilo, amounting to €14.1 million at 31 December 2013, mainly relate to the real estate project for a net value 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 an appraisal prepared in 2013 by an independent expert.

24. Amounts due from clients/amounts due to clients

The current assets of the statement of financial position include the item "Amounts due from clients" which at 31 December 2013 stood at €1,282,410, an increase on the balance of €657,705 at 31 December 2012.
The acquisition of the Impregilo Group on 1 April 2013 resulted in the full absorption of €876,186.
The table below shows the amount of work in progress measured according to the percentage of completion method, net of actual or estimated losses at the reporting date and progress billing:

(Values in €/000)	31 December 2013	31 December 2012	Change
Contract works in progress	16,025,072	6,519,077	9,505,994
Provisions for risks on works in progress	(149,318)	(1,679)	(147,638)
Prepayments from clients	(14,593,345)	(5,892,693)	(8,700,653)
Total amounts due from clients	**1,282,409**	**624,705**	**657,703**

The increase for the period was for work performed by the Impregilo Group in relation to railway projects in Venezuela, work for the widening of the Panama Canal, lots 5 and 6 of the A3 Salerno-Reggio Calabria motorway, work related to hydroelectric plants in Colombia, work related to the Orastie-Sibiu motorway in Romania and the Cultural Centre Project of the subsidiary Salini Nigeria Ltd.

Contract work in progress of the Construction segment mainly relates to railway work in Venezuela (€230.7 million, with production of €173.6 million), work on Lots 5 and 6 of the A3 Salerno-Reggio Calabria motorway (€73.1 million, with production of €106 million), work to widen the Panama Canal (€167.0 million, with production of €354.2 million), work on the hydroelectric plants in Colombia (€47.8 million, with production of €241.1 million), work on the Orastie-Sibiu motorway in Romania (€22.2 million, with production of €36 million) 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 ongoing railway projects in Venezuela, the company does not consider there to be a probable risk regarding the recovery of the assets being used, 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.
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 €103.6 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.

The following table contains an analysis of the geographical breakdown of the items:

(Values in €/000)	31 December 2013	31 December 2012	Change
Italy	325,933	89,568	236,365
EU (excluding Italy)	51,334	0	51,334
Non-EU	24,377	0	24,377
Asia	98,546	46,942	51,603
Africa	333,275	488,195	(154,920)
North America	0	0	0
South America	448,944	0	448,944
Oceania	0	0	0
Total amounts due from clients	**1,282,409**	**624,705**	**657,703**

The following table also shows the contribution by business segment:

(Values in €/000)	31 December 2013	31 December 2012	Change
Construction	1,257,997	624,706	633,291
Engineering & Plant Construction	24,412	0	24,412
Total amounts due from clients	**1,282,409**	**624,706**	**657,703**

Amounts due to clients within 12 months, shown in the statement of financial position under current liabilities, totals €1,249,416, up by €830,880 compared with the balance transferred at 31 December 2012.
This item breaks down as follows:

(Values in €/000)	31 December 2013	31 December 2012	Change
Contract works in progress	(6,851,187)	(1,222,069)	(5,629,118)
Provisions for risks on works in progress	(9,283)	261	(9,544)
Progress Payments from clients	7,182,909	1,372,829	5,810,080
Contractual advances within 12 months	926,977	267,515	659,462
Total amount due to clients within 12 months	**1,249,416**	**418,536**	**830,880**

Contract work in progress recognised under liabilities is the negative net balance, for each contract, of work performed to date and progress billings.
The Construction segment negative balance relates mainly to the contracts for Lake Mead (USA) (€44.5 million, with production of €47.7 million); the San Francisco central subway (USA) (€7.1 million, with production of €34.7 million); the Gerald Desmond Bridge in California (USA) (€16.6 million, with production of €15.7 million); and Lots 2 and 3 of the Abu Dhabi hydraulic tunnel (€11.0 million, with production of €74.7 million).
The contractual advances mainly relate to the Construction sector and specifically, to 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.
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 following table contains an analysis of the geographical breakdown of the items:

(Values in €/000)	31 December 2013	31 December 2012	Change
Italy	111,448	147	111,301
EU (excluding Italy)	79,279	0	79,279
Non-EU	86,953	81,577	5,375
Asia	136,738	21,452	115,286
Africa	457,302	315,360	141,942
North America	73,458	0	73,458
South America	304,239	0	304,239
Total current amounts due to clients	**1,249,416**	**418,536**	**830,880**

The following table also shows the contribution by business segment:

(Values in €/000)	31 December 2013	31 December 2012	Change
Construction	1,180,924	418,536	762,388
Engineering & Plant Construction	68,492	0	68,492
Total current amounts due to clients	**1,249,416**	**418,536**	**830,880**

Contractual advances

(Values in €/000)	31 December 2013	31 December 2012	Change
Contractual advances after 12 months	634,666	679,819	(45,153)
Total current amount due to clients after 12 months	**634,666**	**679,819**	**(45,153)**

The most significant amounts within contractual advances after 12 months include Etiopia GERDP (€392 million), CMT Cityringen (€75 million), Salini Nigeria (€143 million), and Salini Malaysia (€16 million).

The following table contains an analysis of the geographical breakdown of the items:

(Values in €/000)	31 December 2013	31 December 2012	Change
Non-EU	74,720	120,093	(45,373)
Asia	16,023	3,295	12,728
Africa	543,923	556,431	(12,508)
Total non-current amounts due to clients	**634,666**	**679,819**	**(45,153)**

The following table also shows the contribution by business segment:

(Values in €/000)	31 December 2013	31 December 2012	Change
Construction	634,666	679,819	(45,153)
Engineering & Plant Construction	0	0	0
Total non-current amounts due to clients	**634,666**	**679,819**	**(45,153)**

25. Trade receivables

Trade receivables totalled €1,634,515, as shown in the following table:

(Values in €/000)	Year 2013	Year 2012	Change
Receivables from clients	1,492,860	483,013	1,009,847
Receivables from parent companies	4,774	1,058	3,716
Receivables from subsidiaries	173	53	120
Receivables from associate companies	239,351	16,037	223,314
Provision for impairment losses on trade receivables	(42,526)	(9,464)	(33,062)
Provision for write-down of default interest	(60,117)	(12)	(60,105)
Trade receivables	**1,634,515**	**490,685**	**1,143,830**

The breakdown of trade receivables by business segment is provided below:

(Values in €/000)	31 December 2013	31 December 2012	Change
Construction	1,370,282	490,685	879,597
Engineering & Plant Construction	17,744	0	17,744
Concessions	19,688	0	19,688
FIBE	226,801	0	226,801
Trade receivables (after provisions)	**1,634,515**	**490,685**	**1,143,830**

The following table contains a geographical breakdown of the aforementioned receivables:

(Values in €/000)	31 December 2013	31 December 2012	Change
Italy	688,209	89,971	598,238
EU (excluding Italy)	13,536	1,411	12,125
Non-EU	15,692	22,847	(7,155)
Asia	99,964	89,784	10,180
Africa	439,485	286,220	153,265
North America	29,838	0	29,838
South America	345,784	19	345,765
Oceania	2,007	433	1,574
Trade receivables (after provisions)	**1,634,515**	**490,685**	**1,143,830**

The acquisition of the Impregilo Group on 1 April 2013 resulted in the full absorption of €1,168,118 of trade receivables after the provision for impairment losses on trade receivables.
The figure for receivables from clients relates to amounts due from clients for invoices issued and for work performed and approved by clients but still to be invoiced. As can be seen in the table above, the overall change of €1,143,830 in this item reflects the consolidation of the Impregilo Group. The change in this item, net of the acquisition, would have been a decrease of 24,288, mainly relating to the progress on the main contracts.
Receivables from subsidiaries and associates mostly arise on commercial and financial transactions with companies not consolidated by the Group. In particular, this 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. See the section on “Non-current assets held for sale” in the Directors’ report for more information about this complicated situation and the directors’ related assessments.

The provision for write-down of default interest amounting to €60,117 at 31 December 2013 reflects the acquisition of the Impregilo Group, which contributed an amount of €61,533 on 1 April 2013. The table below shows the changes in this provision:

(Values in €/000)	Balance at 31 December 2012	Balance at 1 April 2013	Provisions	Balance Sheet use of the provision	Balance at 31 December 2013
For receivables from clients	12	61,533	0	(1,428)	60,117
For receivables from other clients	0	0	0	0	0
Total Provision for Default interest	**12**	**61,533**	**0**	**(1,428)**	**60,117**

The provision for impairment losses had a balance at the end of the year of €42,526. This provision increased by €36,055 during the period as shown in the table below:

(Values in €/000)	Balance at 31 December 2012	Balance at 1 April 2013	IFRS 5 reclassifications	Allocation to provisions	Balance Sheet use of the provision	Release of provision to Income Statement	Change in consolidation scope	Reclassifications and exchange differences	Balance at 31 December 2013
For receivables from clients	5,936	33,145	(5)	13,752	(5,944)	(4,268)	0	(152)	42,464
For receivables from other clients	3,528	0	(2,988)	53	(501)	(30)	0	0	62
Total Provision for impairment losses on receivables	**9,464**	**33,145**	**(2,993)**	**13,805**	**(6,445)**	**(4,298)**	**0**	**(152)**	**42,526**

26. Tax receivables

These total €222,166, representing an increase of €126,553 compared with 2012:

(Values in €/000)	Year 2013	Year 2012	Change
Indirect taxes	**136,657**	**72,799**	**63,858**
VAT	107,560	72,166	35,394
Other indirect taxes	29,097	633	28,464
Direct taxes	**85,510**	**22,814**	**62,695**
Regional Income tax (IRAP)	1,877	1,698	179
Corporate income tax (IRES)	33,999	1,433	32,566
Other direct taxes	49,634	19,683	29,951
Total Tax receivables	**222,166**	**95,614**	**126,553**

The 31 December 2013 balance mainly consists of:

- direct tax assets for excess taxes paid in previous years, which the group has correctly claimed for reimbursement and which bear interest;
- foreign direct tax assets for excess taxes paid abroad by the foreign group companies which will be recovered as per the relevant legislation.

A breakdown of contract tax receivables by business segment is provided below:

(Values in €/000))	December 2013	December 2012	Change
Italy	164,973	9,612	155,362
EU excluding Italy	547	64	483
Non-EU	2,123	48,780	(46,657)
Asia	1,950	7,881	(5,931)
Africa	51,350	29,198	22,152
America	1,183	58	1,125
Oceania	40	21	19
Total tax receivables	**222,166**	**95,614**	**126,553**

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, and it asked that Iceland amend its position. Based on the above, and in particular with respect to recent developments for which, in any case, an update on assessments made to date will be appropriate, we do not believe there are objective reasons at present to change valuations made to date concerning this dispute.

27. Cash and cash equivalents

This item amounts to €1,132,419 at 31 December 2013 and is broken down as follows:

(Values in €/000)	Year 2013	Year 2012	Change
Non-restricted bank and postal deposits	1,018,048	317,496	700,552
Restricted bank and postal deposits	113,131	93,667	19,464
Cash in hand	1,240	537	703
Accrued bank interest income	0	2	(2)
Total cash and cash equivalents	**1,132,419**	**411,703**	**720,716**

The balance of cash and cash equivalents represents active bank account balances at the end of the year and the amounts of cash, cheques and securities existing at the registered office, the work sites and the foreign subsidiaries. Restricted deposits at 31 December 2013 consisted of letters of credit issued.
The acquisition of the Impregilo Group on 1 April 2013 resulted in the full absorption of €813,290 of cash and cash equivalents.
The statement of cash flows shows the reason for this increase and changes in current account facilities.
As at the reporting date of these consolidated financial statements, the Group had an escrow account with fiduciary mandate with a leading bank of € 8.9 million deposited in a restricted account as guarantee of a contractual agreement.
Imprepar's deposits include € 13.0 million collected by it on behalf of third parties.
The obtaining of funds by the members of consortia in which the consolidated company Impregilo S.p.A. is involved is subject to approval by all the consortium members who safeguard the financial requirements related to the performance of the contracts.
The following table shows the change in short-term bank overdrafts:

Analysis of cash and cash equivalents	2013-2012
Net cash and cash equivalents at beginning of the year	
Cash and cash equivalents at start of period	411,703
Bank overdrafts repayable on demand	(89,891)
	321,811
Net cash and cash equivalents at end of the year	
Cash and cash equivalents at end of period	1,132,420
Bank overdrafts repayable on demand	(132,590)
	999,829

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

Non-current assets held for sale, net of their associated liabilities, are shown in the following table:

(Values in €/000)	31 December 2013	31 December 2012	Change
Other claims for compensation - USW Campania	5,683	0	5,683
Todini Costruzioni Generali	229,860	0	229,860
Non-current assets held for sale	**235,543**	**0**	**235,543**

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	0	5,683
Todini Costruzioni Generali	647,921	0	647,921
Non-current assets held for sale	653,604	0	653,604
Todini Costruzioni Generali	(418,061)	0	(418,061)
Non-current liabilities held for sale	(418,061)	0	(418,061)
Net non-current assets held for sale	**235,543**	**0**	**235,543**

Non-current assets held for sale at 31 December 2013 amounted to €647,921 for Todini Costruzioni S.p.A. and €5,683 for USW Campania.
The subsidiary Impregilo Group contributed €5,683 million. In particular, on the acquisition date of 1 April 2013 the Impregilo Group contributed an amount of €248,060, inclusive of the effect of the purchase price allocation (see section 6 for more details) for claims for compensation related to USW Campania. During 2013 the figure decreased due to the recognition of the compensation claims pertaining to the subsidiary FIBE and relating to the former RDF plants following the Supreme Court ruling described in the Directors' report. The related tax effects were directly offset against the gain arising from reversal of impairment losses and recognised under tax liabilities. The remaining amount, of €5,683, mainly refers to the Santa Maria la Fossa site and other related items of property, plant and equipment.
The contribution to the income statement of these assets was €(14,639) million. This amount includes the negative effect of the purchase price allocation of €(35,800) (see section 6 for more details).
See the section "Non-current assets held for sale" in the Directors' report more information about the complicated situation surrounding the USW Campania projects.

As disclosed in the report on operations, as part of the Group's strategies, aimed at achieving the increasingly efficient allocation of resources, also through a continuous focus on possible rearrangements of its organisational structure, the Board of Directors of Salini S.p.A. decided to assess the valuation of the 100% equity investment held in Todini Costruzioni Generali with a view to disposal.
Accordingly, as required by IFRS 5, the Group has shown the assets and liabilities of the Todini Group, after intercompany items with the Parent and the other consolidated Group companies, under the items "Non-current assets held for sale" and "Non-current liabilities held for sale"; the net profit (loss) of the Todini Group, after intercompany items, is shown under the item "Profit (loss) from discontinued operations".
In accordance with IFRS 5, the Group has measured the net assets of the Todini Group at the lower of their carrying amount and their fair value, equal to the value in use based on the discounting of future cash flows as disclosed in the business plan approved by the Board of Directors of Todini. The resulting equity value was in line with the net value of the assets of the Todini Group contributed.

The main balance sheet amounts of the Todini Group, classified under non-current assets (liabilities) held for sale are shown below:

(Values in €/000)	
Total non-current assets	85,586
Operating Working Capital	203,409
Total reserves	(7,358)
Net invested capital	**281,637**
Net financial position	**(53,868)**
Net assets	**227,769**

The table below shows the net profit (loss) deriving from Todini for the years 2013 and 2012:

(Values in €/000)	31 December 2013	31 December 2012
Revenues	309,939	595,605
Other revenues	28,568	27,956
Total Revenues	**338,507**	**623,561**
Costs of production	(305,647)	(504,462)
Value added	**32,860**	**119,099**
Personnel costs	(44,178)	(57,756)
Other operating costs	(48,217)	(6,265)
EBITDA	**(59,535)**	**55,079**
Depreciation and amortisation	(17,486)	(19,009)
Allocation to provisions	0	0
Write-downs	(6,736)	(4,243)
(Capitalised costs)	0	281
EBIT	**(83,757)**	**32,107**
Financial income and expenses (net)	(13,112)	(11,826)
Pre-tax profit/(loss)	**(96,869)**	**20,281**
Taxes	23,369	(7,200)
Net Profit	**(73,500)**	**13,081**
Profit/(loss) attributable to minorities	(5,369)	
Profit/(loss) attributable to the Group	**(68,131)**	**13,081**

The table below shows the net profit (loss) deriving from USW Campania and the effects of the PPA for the year 2013:

(Values in €/000)	USW Campania	PPA	Net USW Campania
Total revenues	0		0
Costs			0
Other operating costs	(6,527)		(6,527)
Total costs	**(6,527)**	0	**(6,527)**
Operating revenues	**(6,527)**	0	**(6,527)**
Net financing costs and net gains on investments	**35,987**	**(35,800)**	**187**
Profit (loss) before tax	29,460	(35,800)	(6,340)
Taxes	(8,299)		(8,299)
Profit (loss) from discontinued operations	**21,161**	**(35,800)**	**(14,639)**
Profit (loss) from discontinued operations attributable to:			
Owners of the parent	21,161	(35,800)	(14,639)

29. Shareholders' equity

Shareholders' equity totalled €892,283, of which €699,158 was attributable to the Salini Group and €193,125 to minorities.
The share capital of the parent company Salini S.p.A. at 31 December 2013 is composed of 62,400,000 ordinary shares with a nominal value of €1 each, making a total of €62,400. No parent company shares are held by subsidiaries. There were no changes with respect to 31 December 2012.
Other reserves, inclusive of the First Time Adoption (FTA) reserve, totalled €155,294 and decreased by €2,619 compared with 1 January 2013 following adjustments reported in the statement of changes in equity. There is a non-material difference in the opening balance of Other reserves at 31 December 2013 compared to the amount shown in the consolidated financial statements at 31 December 2012 due to the precise determination of the tax effect on the FTA adjustments made in the separate financial statements of the Parent.
In June, the payment was made, to the parent Salini Costruttori, of the dividends approved by the Shareholders' Meeting on 12 June 2013 for a total of €12,979.
Reserves relating to components of comprehensive income at 31 December 2013 totalled €2,826, representing a decrease of €(1,698) compared with the previous period. See the statement of comprehensive income for details of the change.
Minority interests totalled €193,125. This amount increased during the period by €164,363 due to the following changes:

- changes in comprehensive income of €114;
- profit (loss) for the period of €(9,244);
- consolidation of Impregilo of €172,237;
- other changes of €1,256.

Reconciliation between shareholders’ equity and profit (loss) of Salini S.p.A. with consolidated shareholders’ equity and profit (loss)

The following table shows the reconciliation of shareholders’ equity and profit (loss) of the parent Salini S.p.A. with the corresponding consolidated items:

(Values in €/000)	Shareholders’ equity	Profit/(loss)
Shareholders' equity and separate profit (loss) of Salini S.p.A.	**672,006**	**419,125**
Elimination of consolidated investments	(1,225,043)	69,451
Elimination of the provision for risks on equity investments	35,344	
Shareholders' equity and profit or loss of consolidated companies	**1,223,960**	**23,395**
Other consolidation entries		
Elimination of dividends paid to Salini S.p.A.		(539,856)
Fair value adjustment of equity investment in Impregilo		(90,155)
Badwill from Purchase Price Allocation (after reversal to the 2013 income statement)		292,739
Elimination gains from disposals of Impregilo shares	(8,238)	(8,238)
Reclassification to other comprehensive income of foreign exchange differences on net investments in foreign currency		4,166
Other consolidation entries	1,128	(2,360)
Gain on intragroup disposals		(1,323)
Shareholders' equity and profit (loss) attributable to the Group	**699,159**	**166,945**
Shareholder's equity and profit (loss) attributable to non-controlling interests	193,125	(9,244)
Consolidated shareholders' equity and profit (loss) at 31 December 2013	**892,283**	**157,701**

30. Financial liabilities

Financial liabilities totalled €1,745,585, increasing by €1,146,083 compared with 2012, as detailed below:

(Values in €/000)	December 2013	December 2012	Change
Payables to banks ord. C/A debit balance	132,590	89,891	42,699
Banks S/T loan - Hot money (30 - 90 days)	20,294	29,048	(8,754)
M-L/T bank loans > 12	663,297	198,647	464,650
M-L/T bank loans < 12	152,102	128,623	23,479
Payables to banks	**968,284**	**446,210**	**522,074**
To shareholders for loans > 12	0	2,889	(2,889)
To shareholders for loans < 12	0	109	(109)
Financial payables to shareholders	**0**	**2,998**	**(2,998)**
Payables to other lenders > 12	135,807	99,696	36,110
Payables to other lenders < 12	119,453	41,984	77,469
Payables to other lenders for leases	**255,259**	**141,680**	**113,579**
Transaction costs for loans - current amount	3,413	0	3,413
Ordinary bonds > 12	559,261	0	559,261
Ordinary bonds < 12	952	0	952
Transaction costs for mortgage/loans	(52,257)	(1,107)	(51,150)
Transactions costs for bonds	(6,719)	0	(6,719)
Accrued expenses for bank and other interest payable < 12	12,264	339	11,925
Accrued expenses for Derivative products < 12	6	7	(1)
Loan and financing costs and accrued financial expenses	**516,920**	**(761)**	**517,680**
Other payables to subsidiaries (Financial) < 12	0	10	(10)
Other payables to associates (Financial) < 12	0	38	(38)
Correspondence C/A with parents	774	9,327	(8,553)
Financial payables to Subsidiaries, Associates and Parents	**774**	**9,375**	**(8,601)**
Derivative instruments (negative fair value) < 12	(2)	0	(2)
Derivative instruments (negative fair value) > 12	4,350	0	4,350
Total financial liabilities	**1,745,585**	**599,503**	**1,146,083**
of which non-current portion	1,303,740	300,125	1,003,615
of which current portion	441,846	299,377	142,468

The following table contains a breakdown of payables to banks, divided into current and non-current:

(Values in €/000)	December 2013	December 2012	Change	December 2013	December 2012	Change
	Current			Non-current		
Debit balances	132,590	89,891	42,699	-	-	-
Short-term loans (30-90 days)	20,294	29,048	(8,754)	-	-	-
Financing	152,102	128,623	23,479	663,297	198,647	464,650
Loans	-	-	-		-	-
Total Payables to Banks	**304,986**	**247,563**	**57,423**	**663,297**	**198,647**	**464,650**

Bank overdrafts amounted to around €132,590, of which €93,838 relating to the Impregilo Group, consisting of €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. The remainder mainly related to the subsidiary Salini Nigeria LTD €(21,158) and €14,397 relating to the Dubai branch.
Other loans totalled €815,399, of which €152,102 short term and €663,297 medium/long term (on which a fair value adjustment of €928 was made during the PPA - see section 6 on business combinations for more details). The amounts is partly related to the contribution of the Impregilo Group, €94,947 for the non-current portion and €95,475 for the current portion, with the remainder mainly attributable to.

- €354,992 from the subscription, on 10 December 2013, of an unsecured Term Loan Facility (for a total of €425,000 also considering the amount attributable to the former Impregilo S.p.A.) with a 3-year expiry, taken out to refinance debt assumed for the public tender offer as well as some existing credit facilities. Banca IMI/Intesa Sanpaolo SpA, BNP Paribas Italian Branch, Natixis SA Milan Branch, and UniCredit SpA are involved in the transaction as Mandated Lead Arrangers, while Banco Santander SA Milan Branch and Banco Bilbao Vizcaya Argentaria SA Milan Branch are acting as Co-Arrangers;
- €100,220 relating to the BNP Paribas Export SACE loan attributable to the Head Office, of which €19,626 representing the short-term portion, for the purchase of machinery;
- €52,490 relating to the Intesa Sanpaolo loan, of which €9,490 representing the short-term portion, connected to the execution of the Gibe 3 contract in Ethiopia;
- €35,000 relating to the Banca del Mezzogiorno loan, of which €4,683 representing the short-term portion;
- €30,234 relating to the Cariparma medium/long term loan;
- €30,000 relating to the Banca Popolare Emilia Romagna medium/long term loan;
- €15,000 relating to the Banca Popolare di Bergamo short-term loan;

For the unsecured Term Loan Facility (former public tender offer loan) and the BNP Paribas Export SACE loan transaction costs have also been recognised, after amortisation for the year, for a total of €52,257.

The following table gives a detailed breakdown of the item loans:

Lending bank	Type	2014 portion	2015 portion	2016 portion	2017 portion	2018 portion	portion > 5 years	Total
Banca Pop. Emilia Romagna	Loan	20,294	0	0	0	0	0	**20,294**
Intesa San Paolo	Loan	9,490	25,000	18,000	0	0	0	**52,490**
Banca Popolare di Bergamo	Loan	15,000	0	0	0	0	0	**15,000**
BNL Bnp Paribas	Loan	19,626	20,000	20,000	20,000	20,594	0	**100,220**
Banca del Mezzogiorno	Loan	4,683	9,674	10,099	10,543	0	0	**35,000**
CBD Dubai	Loan	1,974	0	0	0	0	0	**1,974**
BMCE Marocco	Loan	5,796	0	0	0	0	0	**5,796**
CAT	Loan	57	56	84	0	0	0	**198**
Banca IMI Refinancing	Loan	0	354,992	0	0	0	0	**354,992**
Cariparma	Loan	0	30,234	0	0	0	0	**30,234**
Banca Pop. Emilia Romagna	Loan	0	30,000	0	0	0	0	**30,000**
Royal Bank of Scotland	Loan	9,000	0	0	0	0	0	**9,000**
Banca IMI (pool of banks)	Loan	197	0	74,101	0	0	0	**74,298**
Banco de Bogotà	Loan	38,559	0	0	0	0	0	**38,559**
Banco de Bogotà	Loan	15,761	5,254	0	0	0	0	**21,016**
HSBC Bank e Banesco	Loan	11,138	0	0	0	0	0	**11,138**
Banco de Bogotà	Loan	611	119	0	0	0	0	**730**
Prestamos Bancarios Venezuela	Loan	0	4,455	0	0	0	0	**4,455**
Royal Bank of Scotland	Loan	210	263	320	373	431	6,998	**8,595**
UniCredit	Loan	20,000	0	0	0	0	0	**20,000**
Banco di Sicilia	Loan	0	883	0	0	0	0	**883**
Banco di Sicilia	Loan	0	797	0	0	0	0	**797**
Banco di Sicilia	Loan	0	27	0	0	0	0	**27**
Total Loans		**172,396**	**481,753**	**122,605**	**30,916**	**21,025**	**6,998**	**835,693**

Payables due to other lenders totalled €255,260 and were composed as follows:

(Values in €/000)	December 2013	December 2012	Change	December 2013	December 2012	Change
		Current			Non-current	
Receivables assigned with recourse	20,867	12,370	8,497	20,165	0	20,165
Indirect factoring transactions	37,038	2,736	34,302	0	0	0
Leases	61,548	26,878	34,670	115,642	99,696	15,946
Total payables to other lenders	**119,453**	**41,984**	**77,469**	**135,807**	**99,696**	**36,111**

This change was mainly due to: (i) the increase in leases of €50,616 essentially due to the greater use of leases for the purchase of industrial machinery and equipment (ii) the increase in indirect factoring transactions of €34,302 and (iii) the increase in sales of receivables factored with recourse of €28,662.
On 23 July 2013 the parent Salini S.p.A. completed a senior unsecured bond issue for a nominal amount of €400,000 with a 5-year maturity. The bonds, which have a minimum denomination of €100,000 and an annual gross coupon of 6.125%, were placed with primary international institutional investors at a price of 99.477. Banca IMI S.p.A., Natixis and UniCredit Bank acted as Joint Lead Managers and Joint Bookrunners for the placement of the bonds.
The securities, with issue date of 1 August 2013 and a maturity of 1 August 2018, will pay interest annually. The liability recognised at 31 December 2013, of €393,007, includes the transaction costs directly associated with the issue of the bond, which amounted to €6,719 after amortisation for the year.
At 31 December 2013, the Impregilo Group recorded bonds totalling €150,164 relating exclusively to the bond issued by the Dutch subsidiary Impregilo International Infrastructures N.V, consisting of a non-current amount of €149,212 and a current amount of €952. The bonds of the Dutch company Impregilo International Infrastructures NV, wholly owned by Impregilo S.p.A., were issued in November 2010 for a total nominal amount of € 300 million. 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 breakdown of the bond redemptions by time band is shown below:

(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
Salini S.p.A.	Salini S.p.A.	Italy	393,007	-	-	393,007
Impregilo International Infrastructures	Impregilo International Infr	Netherlands	149,212	149,212	-	-
Total			**542,219**	**149,212**	**-**	**393,007**

A fair value adjustment of €10,323 million was made to the Bonds during the PPA; see section 6 on business combinations for more details.

31. Provisions for risks and charges

Provisions for risks and charges totalled €103,630, up €94,108 compared with 31 December 2012 as shown in the table below:

(Values in €/000)	Work in progress expenses	Subsidiaries' losses hedge	Completed contracts risk	Legal disputes	Tax Provisions (No Deferred Tax	Other Provisions	Total
Balance at 31 December 2012	**469**	**2,091**	**20**	**2,318**	**5,571**	**3,777**	**14,246**
Balance at 1 April 2013	**0**	**10,845**	**0**	**0**	**0**	**89,613**	**100,459**
Allocation to provisions	0	(415)	0	107	502	4,950	5,144
Balance Sheet use of the provision	0	(3)	0	(200)	(836)	(4,446)	(5,485)
Release of provision to Income Statement	(336)	0	0	(323)	0	(2,590)	(3,249)
Reclassifications and other changes	(57)	(295)	0	(231)	0	(635)	(1,218)
IFRS 5 reclassifications		(995)		(1,036)	(460)	(3,777)	(6,268)
Balance at 31 December 2013	**76**	**11,228**	**20**	**636**	**4,777**	**86,892**	**103,630**

The acquisition of the Impregilo Group on 1 April 2013 resulted in the full absorption of €100,459 relating to the provisions for risks and charges, consisting of €10,845 relating to the coverage of losses of subsidiaries and €89,613 relating to other provisions.

The individual items were broken down as follows:

- the provisions to cover the losses of subsidiaries has been established for commitments to cover losses exceeding subsidiaries' equity, particularly for Salini Bulgaria, Salini Polska Sp. Zoo, Salini Rus OOO, Salini Singapore, Salini Australia PTY Ltd and the Impregilo Group. The provision of €1,962 consists of €1,425 for Salini Bulgaria AD, €121 for Tokwe Mukorsi Dam and €416 of impairment losses on associates of the Impregilo Group;
- provisions for risks on completed contracts, with a balance of €20, refer to the Poland contract;
- provisions for legal disputes, which reports a decrease for the year of €646 mainly due to the release of provisions linked to social security positions closed during the 2013 (totalling €187) and the use of provisions by the parent Salini S.p.A. (amounting to €78);
- the tax provisions consist of the allocations made for contingent liabilities for pending lawsuits and provisions for legal expenses and amount to € 4,777 mainly for the provision made by the Ethiopia branch in previous years;
- other provisions showed an amount of €86,892 mainly relating to the Impregilo Group. Specifically, the change for the year comprise provisions of €4,950 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, with the remainder relating to the Construction segment. Utilisations of €7,036 relate to the occurrence of expenses and losses for which they had been accrued.

32. Other liabilities

Other liabilities totalled €249,705, of which €7,354 was the non-current portion and €242,351 the current portion, as detailed below:

(Values in €)	December 2013	December 2012	Change
Social security payables	14,611	6,065	8,546
Other payables to parent companies	399	7,170	(6,771)
Other payables to subsidiaries	18	11	7
Other payables to associates	1,012	471	541
Other payables	233,604	35,955	197,649
Total other liabilities	**249,644**	**49,672**	**199,972**
of which non-current portion	7,354	14,850	(7,496)
of which current portion	242,291	34,822	207,469

Below is a breakdown by individual item

- Social security payables €14,611, of which €13,154 relating to the Impregilo Group;
- Payable to parent companies, of €399 relating to the subsidiary Co.Ge.Ma.;
- Payables to associates of €1,012 mainly relating to the parent Salini S.p.A. resulting from the share capital subscribed and not paid by the Turkish company Gaziantep Hastane Sağlik Hizmetleri İşletme Yatirim Anonim Şirketi (€846);
- Other payables of €233,604 mainly consist of €166,538 of the Impregilo Group relating to payables due to state bodies for the dealings with the commissioner, the provincial authorities and municipalities of Campania in connection with the USW Campania projects, €18,791 for accrued expenses and deferred income, and €36,433 arising from the short-term debt to personnel for remuneration earned but not yet paid.

33. Employee benefits

Employee benefits totalled €22,058 and comprised the following:

(Values in €/000)	December 2013	December 2012	Change
Employee termination benefits	21,407	3,618	17,789
Pensions and similar expenses	65	107	(42)
Other provisions for employees	586	781	(195)
Employee benefits	**22,058**	**4,506**	**17,553**

The loyalty bonus is governed by Article 66 of the national collective agreement of 5 July 1995 for the building industry. The agreement states that, from the 20th year of uninterrupted and effective service, the employer shall pay the employee, each year, or on each subsequent anniversary, a bonus equivalent to one month's salary. In addition, in the event that an employee who is already eligible for the bonus should be dismissed other than on disciplinary grounds, the agreement states that the bonus shall continue to accrue for as many months as there are whole months of service since the previous bonus vested. The loyalty bonus is thus similar to a deferred salary and falls into the category of "defined benefit plan".

The overall increase in employee benefits, of €17,553, is mainly due to the contribution of Impregilo Group, of €18,145, partially offset by changes relating to ordinary operations.
The method used to measure defined benefit plans is the Projected Unit Credit Method (PUCM).
The liability for post-employment benefits shown in the financial statements is the outstanding payable at the reform effective date, net of benefits paid up to the reporting date. 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 independent professionals, was based on the following rates:

	Salini Group	Impregilo Group
Turnover	20.0%	7.5%
Discount rate	3.0%	3.1%
Annual advance rate	3.0%	2.0%
Inflation rate	2.0%	2.0%

The retirement age has been calculated, based on the date on which each employee started work, by considering the first effective window according to the prevailing legislation on pensions at the measurement date.

34. Trade payables

Trade payables totalled €1,177,283, as shown in the following table:

(Values in €/000)	December 2013	December 2012	Change
Payables to suppliers	1,075,698	530,037	545,661
Payables to subsidiaries	410	141	269
Payables to associate companies	93,795	38,730	55,065
Payables to parent companies	7,380	934	6,446
Trade payables	**1,177,283**	**569,842**	**607,441**

The geographical breakdown of the item is as follows:

(Values in €/000)	December 2013	%
Italy	133,739	11%
EU excluding Italy	267,516	23%
Non-EU	18,333	2%
Asia	128,813	11%
Africa	249,981	21%
America	859,264	73%
Oceania	3,905	0%
Total Eliminations	(484,268)	-41%
	1,177,283	

The overall increase in trade payables, from €569,842 at 31 December 2012 to €1,177,283 at 31 December 2013 is mainly due to the contribution of the Impregilo Group of €748,829, of which €676,108 due to suppliers and €72,582 due to associates, €280,711 mainly attributable to the net effect of the greater debt position recognised by the Ethiopia branch and reduction in the payables recognised by the Zimbabwe, Uganda, Sierra Leone and Dubai branches, €57,691 relating to the subsidiary CMT IS and €61,578 relating to the subsidiary Salini Malaysia.

35. Tax payables

Tax payables amounted to €164,101 and were up €80,188 compared with 31 December 2012 as shown in the table below:

(Values in €/000)	December 2013	December 2012	Change
Indirect taxes	85,071	66,750	18,321
Direct taxes	79,029	17,233	61,796
Current Tax Payables	**164,101**	**83,983**	**80,118**

This item mainly consists of €72,798 relating to the Impregilo Group, of which €57,477 for current corporate income tax (IRES), regional income tax (IRAP) and foreign taxes, and €15,321 for VAT payables; the remainder primarily consist of € 47,449 relating to the Nigerian companies for VAT as a result of the increase in accounts receivable and €16,169 relating to the Tokwe Mukorsi Dam.

36. Related-party transactions

Transactions with related parties, as defined by IAS 24, were of an ordinary nature. 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 Salini 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 the Group, 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, are summarised below:

(Valori in €/000)	Assets	Liabilities	Revenues	Costs	Financial income	Interest and other fin. expenses	Provisions for risks and charges
Consorzio Costral in liquidation	65	50	11	8	–	–	–
Edilfi scarl in liquidation	332	301	11	42	–	–	236
Co.Ge.Fin s.r.l.	26,896	4,783	11	–	206	–	–
Todedil scarl	7	27	–	–	–	–	–
Subsidiaries	**27,299**	**5,160**	**34**	**50**	**206**	**–**	**236**

	Assets	Liabilities	Revenues	Costs	Financial income	Interest and other fin. expenses	Provisions for risks and charges
Aktor	582	–	–	–	–	–	–
Alburni S.c.a.r.l. in liquidation	102	225	–	–	–	–	–
Bata srl in liquidation	182	–	–	–	–	–	-
Cons. A.F.T. in liquidation	762	525	–	–	–	–	–
CEDIV SPA	3,882	–	77	0	–	–	–
Cons. Astaldi Federici Todini Kramis	5,533	757	–	–	–	–	757
Consorio.Kallidromo	598	–	–	–	–	–	–
Casada S.r.l.	68	–	6	236	1	–	–
Colle Todi S.c.a.r.l. in liquidation	532	247	11	8	–	–	–
Cons. Pizzarotti Todini Keff-Eddir	4,447	11,789	–	–	–	–	–
Forum S.c.a.r.l.	10	174	–	0	–	–	–
Galileo scarl	203	140	11	6	–	–	–
G.A.B.I.RE. Srl	18,206	–	38	–	–	–	–
Goupment italgisas (morocco) in liquidation	740	842	–	–	–	–	842
Group. d'entreprises Salini Strabag (Guinea)	295	489	–	203	–	–	–
Gaziantep Hastane Saglik	1,129	847	–	55	–	–	–
Ital.Sa.Gi. Sp.Z.O.O. (Poland)	44	222	–	–	–	–	222
Irina S.r.l. in liquidation	720	22	–	–	–	–	–
Consorzio Mina de Cobre	5	46	–	82	–	–	–
Risalto S.r.l. RM in liquidation	122	12	–	–	–	–	–
Sedi S.c.a.r.l.	98	32	–	–	–	–	–
Con.Sal. S.c.n.c. in liquidation	43	173	–	–	–	–	12
J.V.Salini Necso	1,741	3	1,139	987	–	–	–
Associates	**40,065**	**37,672**	**1,282**	**1,645**	**1**	**–**	**1,834**

	Assets	Liabilities	Revenues	Costs	Financial income	Interest and other fin. expenses	Provisions for risks and charges
Consorzio Iricav Due	315	7,602	-	140	-	-	-
Madonna dei Monti	50	154	12	270			
Gruppo ZEIS	2,269	131	364	903			
Salini Saudi Arabia	344			3			
Todini Finanziaria	-	6,553	-	-	-	-	-
Pantano S.c.r.l.(10.5%)	4	131	-	1	-	-	-
Other	**2,982**	**14,570**	**376**	**1,317**	**-**	**-**	**-**

	Assets	Liabilities	Revenues	Costs	Financial income	Interest and other fin. expenses	Provisions for risks and charges
Salini Costruttori	185,966	14,121	70	15,393	6,263	203	–
Direct Parent companies	**185,966**	**14,121**	**70**	**15,393**	**6,263**	**203**	**–**

	Assets	Liabilities	Revenues	Costs	Financial income	Interest and other fin. expenses	Provisions for risks and charges
SALINI SIMONPIETRO & C. S.A.P.A.	67	–	14	–	–	–	–
Indirect Parent companies	**67**	**–**	**14**	**–**	**–**	**–**	**–**

	Assets	Liabilities	Revenues	Costs	Financial income	Interest and other fin. expenses	Provisions for risks and charges
Trotter Alessandro		106		106			
Brogi Marina				74			
Cera Roberto				52			
Maglietta Nicola		91		96			
Directors/Key management personnel	**–**	**91**	**–**	**96**	**–**	**–**	**–**

37. Commitments and guarantees and contingent liabilities

Guarantees

The total value of guarantees given is €6,156,418 as detailed below:

(Values in €/000)	31 December 013
Bonds for bank facilities	739,654
Bonds for finance leasing transactions	146,809
Bonds for warranties on work	4,487,522
Bonds for participation in bidding	32,266
Other bonds	750,167
Total direct guarantees given	**6,156,418**

Third-party guarantees issued to the Group

Guarantees issued by credit institutions and insurance companies in the interest of Italian and foreign suppliers and subcontractors in relation to their contractual obligations towards the Group totalled €78,509.

38. Information on risk management and financial instruments required by IFRS 7

The principal market risks to which the Company is exposed are interest rate risk, exchange rate risk, liquidity risk and credit risk.

Interest rate risk

The Group uses external sources of funding in the form of short-term and medium-/long-term variable-rate debt.
Accordingly, an optimal balance must be found between fixed-rate and variable-rate debt in the financing structure, in order to reduce financial costs and volatility, selectively implementing hedging transactions through simple derivative instruments that convert variable-rate debt to fixed-rate debt (IRS).
At 31 December 2013, the Group had 10 derivative contracts outstanding: 2 instruments taken out by the Parent Salini S.p.A.; 6 instruments taken out by the associate Co.Ge.Fin., of which Todini Costruzioni Generali S.p.A., a subsidiary of the Parent, holds a share of 51%; and 2 instruments taken out by Impregilo S.p.A.

The following table summarises the key features of these transactions:

Company	Type	Contract date	Maturity date	Currency	Notional amount	Fair value at 31 December 2013
Co.Ge.Fin.	IRS	30-Sep-2009	31-Jul-2014	EUR	1,500	(16)
Co.Ge.Fin.	IRS	30-Sep-2009	31-Jul-2014	EUR	1,500	(16)
Co.Ge.Fin.	IRS	30-Sep-2009	31-Jul-2014	EUR	1,500	(16)
Co.Ge.Fin.	IRS	30-Sep-2009	31-Jul-2014	EUR	7,500	(82)
Co.Ge.Fin.	IRS	01-Oct-2009	31-Jul-2014	EUR	1,500	(16)
Co.Ge.Fin.	IRS	30-Sep-2009	31-Jul-2014	EUR	2,000	(16)
Salini S.p.a.	IRS	12-Feb-2010	01-Aug-2016	EUR	1,711	(55)
Salini S.p.a.	CAP	13-May-10	01-Dec-2016	EUR	5,095	0
Impregilo Parking Glasgow	IRS	27-Sep-2004	30-Jun-2029	GBP	7,969	(2,201)
Impregilo Parking Glasgow	IRS	01-Jun-2003	30-Jun-2029	GBP	703	(2,149)

The change in fair value of the financial instruments held by the Parent, recognised in the comprehensive income for the effective part, was €(7).
The fair value of the derivatives, amounting to €(55), was recognised under non-current financial liabilities.
The change in the fair value of the financial instruments held by Co.Ge.Fin. was recognised in the measurement at equity of the investment in Co.Ge.Fin., for a positive amount of €71.
The change in fair value of the instruments held by Impregilo from 1 April 2013 – the cut-off date of the consolidation – has been recognised under cash flow hedge reserve, for the effective part, amounting to €2,465 (of which €307 attributable to non-controlling interests). The fair value of the derivatives, amounting to €(4,150), has been recoded under non-current financial liabilities.
With regard to the exposure to interest-rate, if 2013 interest rates had been 75 basis points higher (or lower) on average, with all other variables constant and without considering cash and cash equivalents, the pre-tax profit (loss) would have had a negative (positive) change of €8,521 million, (€9,706 – negative/positive – for the income statement for the year 2012).

Exchange rate risk

In terms of exchange rate risk, Group policy is to preserve the monetary difference between trade receivables and payables in foreign currency by borrowing in local currency. At 31 December 2013, no cash flow hedges were in place for specific contracts.

Currency risk (sensitivity analysis) at 31 December 2013 mainly related to the following currencies:

- Naira (Nigeria)
- Dollar (United States)
- Dirham (United Arab Emirates)
- Zloty (Poland)
- Rand (South Africa)
- Swiss franc (Switzerland)

With regard to the Nigerian currency, if the Euro, at 31 December 2013, had appreciated (or depreciated) by 5% against that currency, assuming all other variables as constant, the consolidated earnings before tax for the year would have been lower (or higher in the case of depreciation) by €5.2 million, mainly due to unrealised exchange rate losses (gains) on net assets in NAIRA.

With regard to the US Dollar, if the Euro, at 31 December 2013, had appreciated (or depreciated) by 5% against that currency, assuming all other variables as constant, the consolidated earnings before tax for the year would have been lower (or higher in the case of depreciation) by €3.6 million, mainly due to unrealised exchange rate losses (gains) on net liabilities in US Dollars.

With regard to the United Arab Emirates currency, if the Euro, at 31 December 2013, had appreciated (or depreciated) by 5% against that currency, assuming all other variables as constant, the consolidated earnings before tax for the year would have been lower (or higher in the case of depreciation) by €3.4 million, mainly due to unrealised exchange rate losses (gains) on net assets in AED.

With regard to the Polish currency, if the Euro, at 31 December 2013, had appreciated (or depreciated) by 5% against that currency, assuming all other variables as constant, the consolidated earnings before tax for the year would have been lower (or higher in the case of depreciation) by €1.6 million, mainly due to unrealised exchange rate losses (gains) on net assets in ZLOTY.

With regard to the Swiss currency, if the Euro, at 31 December 2013, had appreciated (or depreciated) by 5% against that currency, assuming all other variables as constant, the consolidated earnings before tax for the year would have been lower (or higher in the case of depreciation) by €1.2 million, mainly due to unrealised exchange rate losses (gains) on net assets in CHF.

With regard to the South African currency, if the Euro, at 31 December 2013, had appreciated (or depreciated) by 5% against that currency, assuming all other variables as constant, the consolidated earnings before tax for the year would have been lower (or higher in the case of depreciation) by €0.9 million, mainly due to unrealised exchange rate losses (gains) on net liabilities in RAND.

Liquidity risk

The Group could be exposed to liquidity risk deriving, on the one hand, from a slowdown in payments from clients, and on the other from potential difficulties in locating external sources of funding to finance its industrial projects. Therefore, the Group dedicates special attention to managing the resources generated or absorbed by operating and/or investment activities and to the characteristics of the debt in terms of

maturity and renewal in order to ensure effective and efficient management of financial resources.
As a result, a number of policies and processes have been adopted to optimise the management of financial resources in order to manage and mitigate liquidity risk:

- tendency towards centralised management of collection and payment flows;
- monitoring the available liquidity level;
- optimising the lines of credit;
- monitoring the forecast liquidity.

The following tables illustrate the Group's exposure to liquidity risk and maturity analysis:

(Values in €/000) Balance at 31 December 2013

Maturity	Financial payables A	Trade payables B	Derivative instruments C	Total D = A + B + C
Within 1 year	441,846	1,177,283	4	1,619,133
Between 1 and 2 years	635,125	0	4,350	639,475
Between 2 and 3 years	119,129	0		119,129
Between 3 and 5 years	545,136	0		545,136
Between 5 and 7 years	0	0		0
After 7 years	0	0		0
Total	**1,741,235**	**1,177,283**	**4,354**	**2,922,872**

The maturities shown here have been analysed using non-discounted cash flows and the amounts have been entered taking into account the first date on which payment could be required.

To meet these liquidity requirements, the Group has cash reserves and generates cash flow from operations.

Credit risk

Credit risk is represented by exposure to potential losses arising from non-performance of obligations assumed by clients, nearly all of which are associated with sovereign states or government bodies. Credit risk is thus linked to country risk.
At 31 December 2013 trade receivables totalled €1,634,515. The Group aims to minimise credit risk through the overall management of operating working capital with respect to both receivables from clients and payables to sub-contractors and suppliers that are typical of the reference industry.

Classification of financial assets and liabilities

The following table illustrates the breakdown of the Group's assets and liabilities by measurement category.

The fair value of derivatives is detailed in the paragraph on interest rate risk.

31 December 2012 (Values in €/000)	Loans and receivables	Assets held to maturity	Available-for-sale assets	Assets and liabilities at fair value through P&L	Liabilities at amortised cost	Total carrying amount	Fair value
Non-current assets							
Loans to associate companies, subsidiaries and other Group companies	28,525					**28,525**	**28,525**
Financial assets deriving from concessions						**-**	**-**
Current assets							
Trade receivables	490,685					**490,685**	**490,685**
Other current assets*	181,889					**181,889**	**181,889**
Current financial assets	64,220						
Cash and cash equivalents	411,703					**411,703**	**411,703**
Non-current liabilities							
Non-current financial liabilities					299,377	**299,377**	**299,377**
Current liabilities							
Trade payables					569,842	**569,842**	**569,842**
Current financial liabilities					299,377	**299,377**	**299,377**
Other current liabilities*					34,822	**34,822**	**34,822**

(*) Share of assets/liabilities within the scope of IFRS 7.

31 December 2013 (Values in €/000)	Loans and receivables	Assets held to maturity	Available-for-sale assets	Assets and liabilities at fair value through P&L	Liabilities at amortised cost	Total carrying amount	Fair value
Non-current assets							
Loans to associate companies, subsidiaries and other Group companies	48,928					**48,928**	**48,928**
Financial assets deriving from concessions						-	-
Current assets							-
Trade receivables	1,634,515					**1,634,515**	**1,634,515**
Other current assets*	381,814					**381,814**	**381,814**
Current financial assets	232,529						-
Cash and cash equivalents	1,132,420					**1,132,420**	**1,132,420**
Non-current liabilities							-
Non-current financial liabilities					1,303,740	**1,303,740**	**1,303,740**
Current liabilities							-
Trade payables					1,177,283	**1,177,283**	**1,177,283**
Current financial liabilities					441,846	**441,846**	**441,846**
Other current liabilities*					242,291	**242,291**	**242,291**

(*) Share of assets/liabilities within the scope of IFRS 7.

39. Subsequent events

For significant events occurring after the end of the 2013 reporting period, see the Directors' report.

The Board of Directors

Annex 1 - Changes in equity investments

The equity investments of the Impregilo Group only are shown below:

(Values in €/000)

Name	Value at 31 December 2012	Acquisitions (Disinvestments and liquidations)	Share/ quota capital transactions	Share of profit or loss of equity-account investees	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	Reclassifica tions	Value at 31 December 2013
Adduttore Ponte Barca S.c.r.l. (in liq.)	7	-7	0	0	0	0	0	0	0	0	0
Aguas del Gran Buenos Aires S.A. (in liq.)	0	0	0	0	-18	0	0	0	0	18	0
Anagnina 2000 S.c.r.l.	5	0	0	-3	0	0	0	0	0	0	2
Ancipa S.c.r.l. (in liq.)	5	0	0	0	0	0	0	0	0	0	5
B.O.B.A.C. S.c.a.r.l. (in liq.)	5	0	0	0	0	0	0	0	0	0	5
Calpark S.c.p.A.	6	0	0	0	0	0	0	0	0	0	6
CE.S.I.F. S.c.p.a. (in liq.)	63	0	0	0	0	0	0	0	0	0	63
Collegamento Ferroviario Genova-Milano S.p.A.	0.578	-0.578	0	0	0	0	0	0	0	0	0
Consorcio Federici/Impresit/Ice Cochabamba	16	0	0	0	0	0	0	0	0	0	16
Consorzio Casale Nei	0.775	0	0	0	0	0	0	0	0	0	0.775
Consorzio Cogefar/Italstrade/Recchi/CMC - CIRC (in liq.)	13	-13	0	0	0	0	0	0	0	0	0
Consorzio CMM4	62	0	0	0	0	0	0	0	0	0	62
Consorzio CON.SI	0.516	0	0	0	0	0	0	0	0	0	0.516
Consorzio Consavia S.c.n.c. (in liq.)	2	0	0	0	0	0	0	0	0	0	2
Consorzio Costruttori TEEM	3	-3	0	0	0	0	0	0	0	0	0
Consorzio CPS Pedemontana Veneta Costruttori Progettisti e Servizi	35	0	0	0	0	0	0	0	0	0	35
Consorzio del Sinni	12	0	0	0	0	0	0	0	0	0	12
Consorzio Ferrofir (in liq.)	178	0	0	0	0	0	0	0	0	0	178
Consorzio Ferroviario Milanese	28	0	0	0	0	0	0	0	0	0	28
Consorzio Imprese Lavori FF.SS. di Saline - FEIC	5	0	0	0	0	0	0	0	0	0	5
Consorzio infrastruttura area metropolitana - Metro Cagliari (in liq.)	8	0	0	0	0	0	0	0	0	0	8
Consorzio Iniziative Ferroviarie - INFER	14	0	0	0	0	0	0	0	0	0	14
Consorzio Iricav Due	70	0	0	0	0	0	0	0	0	0	70
Consorzio Italian Engineering & Contractors for Al Faw - IECAF	3	-3	0	0	0	0	0	0	0	0	0
Consorzio MARC - Monitoraggio Ambientale Regione Campania (in liq.)	3	0	0	0	0	0	0	0	0	0	3
Consorzio Metrofer (in liq.)	4	0	0	0	0	0	0	0	0	0	4
Consorzio Metropolitane	13	-13	0	0	0	0	0	0	0	0	0
Consorzio MITECO	4	0	0	0	0	0	0	0	0	0	4

(Values in €/000)

Name	Value at 31 December 2012	Acquisitions (Disinvestments and liquidations)	Share/ quota capital transactions	Share of profit or loss of equity-account investees	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	Reclassifica tions	Value at 31 December 2013
Consorzio Nazionale Imballaggi - CO.NA.I.	0.005	0	0	0	0	0	0	0	0	0	0.005
Consorzio NOG.MA	84	0	0	0	0	0	0	0	0	0	84
Consorzio Pedelombarda 2	4	0	0	0	0	0	0	0	0	0	4
Consorzio Sarda Costruzioni Generali - SACOGEN	3	0	0	0	0	0	0	0	0	0	3
Consorzio Sardo d'Imprese	1	0	0	0	0	0	0	0	0	0	1
Consorzio TRA.DE.CI.V.	13	0	0	0	0	0	0	0	0	0	13
Consorzio Trevi - S.G.F. INC per Napoli	5	0	0	0	0	0	0	0	0	0	5
Construtora Impregilo y Associados S.A.-CIGLA S.A.	0.001	0	0	0	0	0	0	0	0	0	0.001
Constuctora Embalse Casa de Piedra S.A. (in liq.)	0.001	0	0	0	0	0	0	0	0	0	0.001
Depurazione Palermo S.c.r.l. (in liq.)	4	0	0	0	0	0	0	0	0	0	4
Empresa Constructora Lo Saldes L.t.d.a.	5	0	0	0	0	0	0	0	0	0	5
Empresa Constructora Metro 6 L.t.d.a.	0	0	0	169	0	0	0	-15	0	0	153
Emittenti Titoli S.p.A.	11	0	0	0	0	0	0	0	0	0	11
Eurolink S.c.p.a.	0.002	0	0	0	0	0	0	0	0	0	0.002
FE.LO.VI. S.c.n.c. (in liq.)	8	0	0	0	0	0	0	0	0	0	8
G.T.B. S.c.r.l.	0.005	0	0	0	0	0	0	0	0	0	0.005
GE.A.C. S.r.l.	76	0	0	0	0	0	0	0	0	0	76
Grassetto S.p.A. (in liq.)	8	0	0	0	0	0	0	0	0	0	8
Healy-Yonkers-Atlas-Gest J.V.	12	0	0	0	0	0	0	-0.528	0	0	12
I_Faber S.p.A.	583	0	0	0	0	0	0	0	0	0	583
Immobiliare Golf Club Castel D'Aviano S.r.l.	63	0	0	0	0	0	0	0	0	0	63
Impregilo Arabia Ltd	3,371	0	0	-111	0	0	0	-142	0	0	3,117
Imprese Riunite Genova Irg S.c.r.l. (in liq.)	7	0	0	0	0	0	0	0	0	0	7
Istituto per lo Sviluppo Edilizio ed Urbanistico - ISVEUR S.p.A.	23	0	0	0	0	0	0	0	0	0	23
Istituto Promozionale per l'Edilizia S.p.A. - Ispredil S.p.A.	0.33	0	0	0	0	0	0	0	0	0	0.33
Italsagi Sp.zo.o.	0.001	0	0	0	0	0	0	0	0	0	0.001
LEC Libyan Expressway Contractors Consorzio	0	4	0	0	0	0	0	0	0	0	4
M.N. 6 S.c.r.l.	0.51	0	0	0	0	0	0	0	0	0	0.51
Markland S.r.l. (in liq.)	1	0	0	0	0	0	0	0	0	0	1
Metrogenova S.c.r.l.	8	0	0	0	0	0	0	0	0	0	8
Metropolitana di Napoli S.p.A.	314	0	0	0	0	0	0	0	0	0	314
Milano Sviluppo S.r.l. (in liq.)	-0.001	0	0	0	0	0	0	0	0	0	-0.001
Monte Vesuvio S.c.r.l. (in liq.)	23	0	0	0	0	0	0	0	0	0	23
Olbia 90 S.c.r.l. (in liq.)	3	0	0	0	0	0	0	0	0	0	3
Parco Scientifico e Tecnologico della Sicilia S.c.p.A.	5	0	0	0	0	0	0	0	0	0	5
Passante Dorico S.p.A.	0	11,280	0	0	0	0	0	0	0	0	11,280

(Values in €/000)

Name	Value at 31 December 2012	Acquisitions (Disinvestments and liquidations)	Share/ quota capital transactions	Share of profit or loss of equity-account investees	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	Reclassifica tions	Value at 31 December 2013
Platano S.c.n.c. (in liq.)	0.165	-0.165	0	0	0	0	0	0	0	0	0
Quattro Venti S.c.r.l. (in liq.)	21	0	0	0	0	0	0	0	0	0	21
RCCF Nodo di Torino S.c.p.a. (in liq.)	27	0	0	0	0	0	0	0	0	0	27
Rimini Fiera S.p.A.	3,194	0	0	0	0	0	0	0	0	0	3,194
Riviera S.c.r.l.	5	0	0	0	0	0	0	0	0	0	5
S. Anna Palermo S.c.r.l. (in liq.)	19	0	0	0	0	0	0	0	0	0	19
S.P.P.C.A.C. S.c.r.l. (in liq.)	1	-1	0	0	0	0	0	0	0	0	0
San Benedetto S.c.r.l. (in liq.)	10	0	0	0	0	0	0	0	0	0	10
Sarmento S.c.r.l.	0.001	0	0	0	0	0	0	0	0	0	0.001
Sep Eole	0.762	0	0	0	0	0	0	0	0	0	0.762
Seveso S.c.a.r.l. (in liq.)	0.4	0	0	0	0	0	0	0	0	0	0.4
Sirjo S.c.p.A.	12,000	0	0	0	0	0	0	0	0	0	12,000
Skiarea Valchiavenna S.p.A.	100	0	0	0	0	0	0	0	0	0	100
Società di progetto consortile per azioni M4	0	35	69	0	0	0	0	0	0	0	104
Strade e Depuratori Palermo S.c.r.l.	2	0	0	0	0	0	0	0	0	0	2
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A.-Iglys S.A. UTE	4	0	0	0	0	0	0	0	0	0	4
Torino Parcheggi S.r.l. (in liq.)	3	0	0	0	0	0	0	0	0	0	3
VE.CO. S.c.r.l.	3	0	0	0	0	0	0	0	0	0	3
TOTAL CONSTRUCTION	**20,592**	**11,278**	**69**	**54**	**-18**	**0**	**0**	**-158**	**0**	**18**	**31,836**
Consorzio Agrital Ricerche (in liq.)	-5	0	0	0	0	0	0	0	0	5	0
Consorzio Aree Industriali Potentine (in liq.)	-0.666	0	0	0	0	0	0	0	0	0.666	0
Consorzio Ramsar Molentargius	3	-3	0	0	0	0	0	0	0	0	0
Nautilus S.c.p.a. (in liq.)	62	-62	0	0	0	0	0	0	0	0	0
Villagest S.c.r.l. (in liq.)	6	0	0	0	0	0	0	0	0	0	6
TOTAL ENGINEERING & PLANT CONSTRUCTION	**65**	**-65**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**6**	**6**
Acqua Campania S.p.A.	10	0	0	0	0	0	0	0	0	0	10
Aguas del Gran Buenos Aires S.A. (in liq.)	0	0	0	0	-26	0	0	0	0	26	0
Consorcio Agua Azul S.A.	6,743	0	0	512	0	-315	0	-853	0	0	6,087
Pedemontana Veneta S.p.A.	1,214	0	0	0	0	0	0	0	0	0	1,214
Sistranyac S.A.	150	0	0	0	0	0	0	0	0	0	150
Società Autostrada Broni - Mortara S.p.A.	9,583	0	0	-40	0	0	0	0	-9,543	0	0
Tangenziale Esterna S.p.A.	15,500	-39,100	23,600	0	0	0	0	0	0	0	0
Tangenziale Esterna di Milano S.p.A.	2,693	-4,669	1,976	0	0	0	0	0	0	0	0
Yacylec S.A.	559	0	0	22	0	-109	0	-130	0	0	341
Yuma Concessionaria S.A.	5,528	0	0	1,625	0	0	0	-802	0	0	6,352
TOTAL CONCESSIONS	**41,980**	**-43,769**	**25,576**	**2,119**	**-26**	**-424**	**0**	**-1,785**	**-9,543**	**26**	**14,153**
	0	0	0	0	0	0	0	0	0	0	0
TOTAL EQUITY INVESTMENTS WITH POSITIVE CARRYING AMOUNTS	**62,638**	**-32,556**	**25,646**	**2,173**	**-44**	**-424**	**0**	**-1,943**	**-9,543**	**49**	**45,995**

Annex 2 - Changes in equity investments

The equity investments of the Salini Group at 31 December 2013 are shown below:

(Values in €/000)	31 December 2012	Change during the year 2013				31 December 2013		
	Balance	Reclassifications/ acquisitions/ disposals	Write-backs/ write-downs	Other changes	Total	Original Cost	Write-backs	Balance
a) Equity investments in subsidiaries								
Risalto S.r.l. RM in liquidation	0	80	0	0	80	80	0	80
Variante di Valico Scarl in liquidation	0	38	0	0	38	38	0	38
Consorzio Mina de Cobre	0	5	0	0	5	5	0	5
Third parties	2	0	0	0	0	2	0	10
Total	**2**	**122**	**0**	**0**	**122**	**124**	**0**	**132**
a) Equity investments in associates								
Forum S.c.a.r.l.	10	0	0	0	0	10	0	10
Groupment Italgisas (Morocco) in liquidation	0	0	0	0	0	186	0	0
Group. d'entreprises Salini Strabag (Guinea)	5	0	0	0	0	5	0	5
Ital.Sa.Gi. Sp.Z.O.O. (Poland)	0	0	0	0	0	325	0	0
Impregilo S.p.A.	297,141	(297,141)	0	0	(297,141)	0	0	0
Risalto srl	30	(30)	0	0	(30)	0	0	0
Joint Venture Salini-Acciona (Ethiopia)	9	0	0	0	0	9	0	9
Con.Sal. S.c.n.c. in liquidation	0	0	0	0	0	5	0	0
S. Ruffillo S.c.a.r.l.	21	0	0	0	0	21	0	21
Variante di valico s.c.a.r.l. (in liquidation)	30	(30)	0	0	(30)	0	0	0
Gaziantep Hastane Saglik	0	1,129	0	0	1,129	1,129	0	1,129
PPA effect on Associates	0	0	0	0	0	0	13,829	13,829
Total	**297,247**	**(296,072)**	**0**	**0**	**(296,072)**	**1,691**	**13,829**	**15,004**
c) Other equity investments								
Autostrade To-Milano S.p.A.	1,126	(1,126)	0	0	(1,126)	0	0	0
Consorzio Iricav Due	70	0	0	0	0	70	0	90
C.R.R. GG.OO. SPA 0.5%	26	(26)	0	0	(26)	0	0	0
I.S.V.E.U.R.-SPA (1%)	34	0	0	0	0	34	0	34
Pantano s.c.r.l.(10.5%)	4	0	0	0	0	4	0	5
Total	**1,261**	**(1,152)**	**0**	**0**	**(1,152)**	**109**	**0**	**129**
Total impregilo group + salini group								**61,260**

Annex 3 – Details of Group companies

The companies of the Salini Group and the Impregilo Group at 31 December 2013 are shown below:

Salini S.p.A. Group

(Values in €/000)	Country	Share capital €x1,000	% stake	% direct	% indirect	Indirectly invested companies
Parent company						
Salini S.p.A.	Italy	62,400				
Fully consolidated subsidiaries						
Todini Costruzioni Generali S.p.A.	Italy	56,907	77.7141%	77.7141%		
Salini Hydro Ltd	Ireland	5	100.00%	100.00%		
Co.Ge.Ma. S.p.A.	Italy	1,032	100.00%	100.00%		
Metro B S.r.l.	Italy	20,000	52.52%	52.52%		
Metro B1 S.c.a.r.l.	Italy	100	80.70%	80.70%		
RI.MA.T.I. S.c.a.r.l.	Italy	100	83.42%	83.42%		
Salini Nigeria Ltd	Nigeria	Naira 10,000	100.00%	99.00%	1.00%	Co.ge.ma. S.p.A.
Joint Venture Salini Impregilo	Zimbabwe	8	99.90%	99.90%		
Salini Bulgaria AD	Bulgaria	Lev 50	100.00%	100.00%		
TB Metro S.r.l.	Italy	100	51.00%	51.00%		
Hemus Motorway AD	Bulgaria	Lev 1,300	51.00%	51.00%		
Sa.Co.Lav. S.c.a.r.l. in liquidation	Italy	10	100.00%	100.00%		
Salini Malaysia SDN. BHN	Malaysia	Myr 1,100	90.00%		10.00%	Co.Ge.Ma. S.p.A.
Salini Polska sp.zoo	Poland	Pln 393	100.00%	100.00%		
CMT I/S	Denmark	0	99.99%	99.99%		
Salini India Private Ltd	India	Rupees 17,500	95.00%		5.00%	Co.Ge.Ma. S.p.A.
Salini Kolin CGF Joint Venture	Turkey	4	38.00%	38.00%		
Sa.Ma. S.c.a.r.l. in liquidation	Italy	41	99.00%	99.00%		
Salini Australia Pty Ltd	Australia	Aud 4,350	100.00%	100.00%		
Salini Rus OOO	Russia	74	99.00%	99.00%		
Salini Singapore Pte Ltd	Singapore	0	100.00%	100.00%		
Salini İnşaat Taahhüt Sanayi ve Ticaret Anonim Şirketi	Turkey	TL 50	100.00%	100.00%		
Salini USA Inc	USA	USD 20	100.00%	100.00%		
Salini Namibia Pty Ltd	Namibia		100.00%	100.00%		
Impregilo S.p.A.	Italy	718,364	88.83%	88.83%		
Impregilo Salini (Panama) S.A.	Panama	USD 10	50.00%	50.00%		
SALINI - IMPREGILO Joint Venture	Bulgaria	0	50.00%	50.00%		
Emprese Constructora Metro 6 Ltd	Chile	CLP 25,000	51.00%	51.00%		
JV Todini Akkord Salini	Rivne	100	25.00%		40.00%	Todini Costruzioni Generali S.p.A.
JV Todini Takenaka LLCC	Baku	0	60.00%		60.00%	Todini Costruzioni Generali S.p.A.
Corso del Popolo S.p.A.	Italy	1,200	55.00%		55.00%	Todini Costruzioni Generali S.p.A.
Corso del Popolo Engineering S.c.a.r.l.	Italy	10	55.00%		55.00%	Todini Costruzioni Generali S.p.A.
Consorzio FAT	Italy	46	100.00%		99.00%	Todini Costruzioni Generali S.p.A.

(Values in €/000)	Country	Share capital €x1,000	% stake	% direct	% indirect	Indirectly invested companies
					1.00%	Co.Ge.MA. S.p.A.
EURL Todini Algeriè	Algeria	63	100.00%		100.00%	Todini Costruzioni Generali S.p.A.
GMTI S.c.a.r.l.	Algeria	11	100.00%		100.00%	Todini Costruzioni Generali S.p.A.
JV Todini Aktor Metro	Greece	0	55.00%		55.00%	Todini Costruzioni Generali S.p.A.
Maver S.c.a.r.l. in liquidation	Italy	10	100.00%		100.00%	Todini Costruzioni Generali S.p.A.
Perugia 219 S.c.a.r.l.	Italy	10	55.00%		55.00%	Todini Costruzioni Generali S.p.A.
Piscine S.c.a.r.l.	Italy	10	70.00%		70.00%	Todini Costruzioni Generali S.p.A.
Piscine dello Stadio S.r.l.	Italy	870	70.00%		70.00%	Todini Costruzioni Generali S.p.A.
Todini Central Asia	Kazakhstan	1,438	100.00%		100.00%	Todini Costruzioni Generali S.p.A.
Groupement Todini Enaler	Algeria	0	84.00%		84.00%	Todini Costruzioni Generali S.p.A.
Groupement Todini Hamila	Tunisia	0	100.00%		100.00%	Todini Costruzioni Generali S.p.A.
Subsidiaries consolidated according to the equity method						
Salini Canada INC	Canada	CAD 10	100.00%	100.00%		
Consorzio Mina de Cobre	Italy	10	50.00%	50.00%		
Consorzio Libyan Expressway Contractors	Italy	10	15.50%	15.50%		
Risalto s.r.l. in liquidation	Italy	89	100.00%		66.66%	Salini S.p.A.
					33.33%	Todini Costruzioni Generali S.p.A.
Variante di Valico Scarl in liquidation	Italy	90	100.00%		66.66%	Salini S.p.A.
					33.33%	Todini Costruzioni Generali S.p.A.
Consorzio Costral in liquidation	Italy	20	70.00%		70.00%	Todini Costruzioni Generali S.p.A.
Edilfi S.c.a.r.l. in liquidation	Italy	10	100.00%		100.00%	Todini Costruzioni Generali S.p.A.
Todedil S.c.a.r.l. in liquidation	Italy	10	85.00%		85.00%	Todini Costruzioni Generali S.p.A.
Associate companies consolidated according to the equity method						
Con.Sal. S.c.n.c. in liquidation	Italy	15	30.00%	30.00%		
Forum S.c.a.r.l.	Italy	51	20.00%	20.00%		
Group. d'entre. Salini Strabag	Guinea	10	50.00%	50.00%		
Groupement Italgisas in liquidation	Kenitra	620	30.00%	30.00%		
Ital.Sa.Gi. Sp.Z.O.O.	Poland	Zl. 40	33.00%	33.00%		
Joint Venture Salini-Necso (Acciona)	Addis Abeba	20	50.00%	50.00%		
Gaziantep Hastane Sağlik Hizmetleri İşletme Yatirim Anonim Şirketi	Turkey	TL 10,000	28.00%	28.00%		
S. Ruffillo S.c.a.r.l.	Italy	60	35.00%	35.00%		
Bata S.r.l. in liquidation	Italy	102	27.55%		27.55%	Todini Costruzioni Generali S.p.A.
C.P.R. 2	Italy	2	34.92%		34.92%	Todini Costruzioni Generali S.p.A.
C.P.R. 3	Italy	2	35.97%		35.97%	Todini Costruzioni Generali S.p.A.
Colle Todi S.c.a.r.l. in liquidation	Italy	10	66.67%		66.67%	Todini Costruzioni Generali S.p.A.
Cons. Pizzarotti Todini Keff-Eddir	Italy	100	50.00%		50.00%	Todini Costruzioni Generali S.p.A.
Cons. Aft in liquidation	Italy	46	33.33%		33.33%	Todini Costruzioni Generali S.p.A.
Cons.Astaldi-Federici-Todini Kramis	Italy	100	49.95%		49.95%	Todini Costruzioni Generali S.p.A.
Consorzio Kallidromo	Greece	29	20.70%		20.70%	Todini Costruzioni Generali S.p.A.
CUS (Consorzio Umbria Sanità) in liquidation	Italy	10	31.00%		31.00%	Todini Costruzioni Generali S.p.A.
Galileo S.c.a.r.l. (in liquidation)	Italy	10	40.00%		40.00%	Todini Costruzioni Generali S.p.A.
Irina S.r.l. in liquidation	Italy	103	36.00%		36.00%	Todini Costruzioni Generali S.p.A.
Scat 5 S.c.a.r.l. in liquidation	Italy	26	24.99%		24.99%.	Todini Costruzioni Generali S.p.A.

(Values in €/000)	Country	Share capital €x1,000	% stake	% direct	% indirect	Indirectly invested companies
Sedi S.c.a.r.l.	Italy	10	34.00%		34.00%	Todini Costruzioni Generali S.p.A.
Trasimeno S.c.a.r.l. in liquidation	Italy	10	30.00%		30.00%	Todini Costruzioni Generali S.p.A.
Co.Ge.Fin. S.r.l.	Italy	10	51.00%		51.00%	Todini Costruzioni Generali S.p.A.
Other Companies						
Generalny Wykonawca Salini Polska – Impregilo – Kobylarnia S.A.	Poland	0	33.34%		33.34%	Salini Polska Sp.Z.o.o.
IS Joint Venture	Australia	0	50.00%		50.00%	Salini Australia Pty Ltd
Manifesto S.p.A.	**Italy**	**0**	**quote**		**quote**	**Co.Ge.Ma. S.p.A.**
Consorzio IRICAV Due	Italy	510	12.00%	12.00%		
I.S.V.E.U.R. S.p.A.	Italy	2,500	1.00%	1.00%		
Pantano Scarl	Italy	41	10.50%	10.50%		
A. Construction J.V. Kallidromo	Greece		19.54%		19.54%	Todini Costruzioni Generali S.p.A.
JV Todini Diekat	Greece		10.00%		10.00%	Todini Costruzioni Generali S.p.A.
Nomisma S.p.A.	Italy		0.34%		0.34%	Todini Costruzioni Generali S.p.A.
CAAF Interregionale	Italy		0.04%		0.04%	Todini Costruzioni Generali S.p.A.

Impregilo S.p.A. Group

(Values in €/000)	Country	Share capital €x1,000	% stake	% direct	% indirect	Indirectly invested companies
Parent company						
Impregilo S.p.A.	Italy	718,364				
Fully consolidated subsidiaries						
Alia S.c.r.l. (in liq.)	Italy	10	100.00%		100.00%	Imprepar S.p.A.
BATA S.r.l. (in liq.)	Italy	102	50.69%		50.69%	Imprepar S.p.A.
Bocoge S.p.A. - Costruzioni Generali	Italy	1,703	100.00%		100.00%	Imprepar S.p.A.
Campione S.c.r.l. (in liq.)	Italy	11	99.90%	99.90%		
CIS Divisione Prefabbricati Vibrocesa Scac - C.V.S. S.r.l. (in liq.)	Italy	10	100.00%		100.00%	INCAVE S.r.l.
Congressi 91 S.c.r.l. (in liq.)	Italy	25	100.00%		80.00%	Impresa Castelli S.r.l.
					20,00%	Bocoge S.p.A.
Consorzio CCTE (in liq.)	Italy	41	100.00%	60.00%	40.00%	ILIM S.r.l.
Consorzio Cogefar-Impresit Cariboni per la Frana di Spriana S.c.r.l. (in liq.)	Italy	46	100.00%	100.00%		
Consorzio Pielle (in liq.)	Italy	15	100.00%		33.33%	Imprepar S.p.A.
					66.67%	Incave S.r.l.
Consorzio tra le Società Impregilo/Bordin/Coppetti/Icep - CORAV	Italy	51	96.97%	96.97%		
Construtora Impregilo y Associados S.A.-CIGLA S.A.	Brazil	BRL 7,641	100.00%	100.00%		
Costruzioni Ferroviarie Torinesi Duemila S.c.r.l. (in liq.)	Italy	10	100.00%		100.00%	INCAVE S.r.l.
CSC Impresa Costruzioni S.A.	Switzerland	CHF 2,000	100.00%	100.00%		
Effepi - Finanza e Progetti S.r.l. (in liq.)	Italy	78	100.00%		100.00%	SGF INC S.p.A.
Engeco France S.a.r.l.	France	15	100.00%		99.67%	Imprepar S.p.A.
					0.33%	Incave S.r.l.
Eurotechno S.r.l. (in liq.)	Italy	26	100.00%		100.00%	Imprepar S.p.A.
Grupo ICT II SAS	Colombia	Cop 1.000.000	100.00%	100,00%		

(Values in €/000)	Country	Share capital €x1,000	% stake	% direct	% indirect	Indirectly invested companies
I.L.IM. - Iniziative Lombarde Immobiliari S.r.l. (in liq.)	Italy	10	100.00%	100,00%		
Imprefeal S.r.l.	Italy	20	100.00%		100.00%	Imprepar S.p.A.
Impregilo Colombia SAS	Colombia	Cop 850,000	100.00%	100,00%		
Impregilo Lidco Libya Co	Libya	Ld 5,000	60.00%	60,00%		
Imprepar-Impregilo Partecipazioni S.p.A.	Italy	3,100	100.00%	100,00%		
Impresa Castelli S.r.l. (in liq.)	Italy	10	100.00%		100.00%	Imprepar S.p.A.
Impresit del Pacifico S.A.	Peru	Pen 35	100.00%		100.00%	Imprepar S.p.A.
INC - Algerie S.a.r.l.	Algeria	Dzd 151,172	99.97%		99.97%	SGF INC S.p.A.
INCAVE S.r.l. (in liq.)	Italy	90	100.00%		100.00%	Imprepar S.p.A.
Joint Venture Impregilo S.p.A. - S.G.F. INC S.p.A.	Greece	-	100.00%		100.00%	SGF INC S.p.A.
Lavori Lingotto S.c.r.l. (in liq.)	Italy	25	100.00%	100,00%		
Nuovo Dolonne S.c.r.l. (in liq.)	Italy	50	100.00%	100,00%		
PGH Ltd	Nigeria	Ngn 52,000	100.00%	100,00%		
Rivigo J.V. (Nigeria) Ltd	Nigeria	Ngn 25,000	70.00%		70.00%	PGH Ltd
S. Leonardo S.c.r.l. (in liq.)	Italy	26	99.99%		99.99%	Imprepar S.p.A.
S.A. Healy Company	USA	Usd 11,321	100.00%	100,00%		
S.G.F. - I.N.C. S.p.A.	Italy	3,860	100.00%	100,00%		
San Martino Prefabbricati S.p.A. (in liq.)	Italy	10	100.00%		100.00%	Impresa Castelli S.r.l.
Savico S.c.r.l. (in liq.)	Italy	10	100.00%		81.00%	Imprepar S.p.A.
					19.00%	Sapin S.r.l.
Società Industriale Prefabbricazione Edilizia del Mediterraneo - S.I.P.E.M. S.p.A. (in liq.)	Italy	10	100.00%	100.00%		
Suramericana de Obras Publicas C.A.- Suropca C.A.	Venezuela	Veb 2,874,118	100.00%		1.00%	CSC S.A.
Sviluppo Applicazioni Industriali - SAPIN S.r.l. (in liq.)	Italy	51	100.00%	100,00%	100.00%	Imprepar S.p.A.
Vegas Tunnel Constructors	USA		100.00%	40,00%	60.00%	Healy S.A.
Fisia Italimpianti S.p.A.	Italy	10,000	100.00%			
Fisia Babcock Environment Gmbh	Germany	15,000	100.00%		100.00%	Impregilo Intern. Infrastruc. N.V.
Fisia Babcock Engineering CO. Ltd	China	140	100.00%		100.00%	Fisia Babcock GmbH
Gestione Napoli S.r.l. (in liq.)	Italy	10	99.00%	24,00%	75.00%	Fisia Italimpianti S.p.A.
Steinmuller International GmbH	Germany	25	100.00%		100.00%	Fisia Babcock GmbH
Fibe S.p.A.	Italy	3,500	100.00%		99.99%	Impregilo Intern. Infrastruc. N.V.
					0.01	Fisia Italimpianti S.p.A.
Impregilo International Infrastructures N.V.	Netherlands	50,000	100.00%	100,00%		
IGLYS S.A.	Argentina	Ars 17,000	100.00%		98.00%	Impregilo Intern. Infrastruc. N.V.
					2.00%	INCAVE S.r.l.
Impregilo New Cross Ltd	UK	Gbp 0.002	100.00%		100,00%	Impregilo Intern. Infrastruc. N.V.
Impregilo Parking Glasgow Ltd	UK	Gbp 0.001	100.00%		100.00%	Impregilo Intern. Infrastruc. N.V.
Mercovia S.A.	Argentina	Ars 10,000	6000.00%		60.00%	Impregilo Intern. Infrastruc. N.V.
Società Autostrada Broni - Mortara S.p.A.	Italy	25,00	61.08%	61.08%		Impregilo Intern. Infrastruc. N.V.
Companies consolidated according to the equity method					50.00%	Imprepar S.p.A.
Aegek-Impregilo-Aslom J.V.	Greece		45.80%	45,80%		
Anagnina 2000 S.c.r.l. (in liq.)	Italy	10	50.00%			
ANBAFER S.c.r.l. (in liq.)	Italy	26	50.00%		50.00%	Imprepar S.p.A.
Ancipa S.c.r.l. (in liq.)	Italy	10	50.00%	–	50.00%	Imprepar S.p.A.
Arbeitsgemeinschaft Tunnel Umfahrung Saas (ATUS)	Switzerland		32.00%		32.00%	CSC S.A.

(Values in €/000)	Country	Share capital €x1,000	% stake	% direct	% indirect	Indirectly invested companies
Arge Haupttunnel Eyholz	Switzerland		36.00%		36.00%	CSC S.A.
Arge Sisto N8	Switzerland		50.00%		50.00%	CSC S.A.
Arriyad New Mobility Consortium	Saudi Arabia		33.48%	33.48%		
B.O.B.A.C. S.c.a.r.l. (in liq.)	Italy	10	50.00%		50.00%	SGF INC S.p.A.
Cagliari 89 S.c.r.l. (in liq.)	Italy		49.00%		49.00%	Sapin S.r.l.
CE.S.I.F. S.c.p.a. (in liq.)	Italy		24.18%	24.18%		
CGR Consorzio Galliera Roveredo	Switzerland		37.50%		37.50%	CSC S.A.
Churchill Construction Consortium	UK		30.00%		30.00%	Impregilo New Cross Ltd
Churchill Hospital J.V.	UK				50.00%	Impregilo New Cross Ltd
Civil Works Joint Ventures	Saudi Arabia		14.50%	14.50%		
CMC - Consorzio Monte Ceneri lotto 851	Switzerland		40.00%		40.00%	CSC S.A.
CMC - Mavundla - Impregilo J.V.	South Africa		39.20%	39.20%		
Cogefar/C.I.S.A./Icla/Fondedile - Sorrentina S.c.r.l. (in liq.)	Italy	46	25.00%		25.00%	Imprepar S.p.A.
Consorcio Cigla-Sade	Brazil		50.00%		50.00%	CIGLA S.A.
Consorcio Contuy Medio	Venezuela		29.04%	29.04%		
Consorcio Federici/Impresit/Ice Cochabamba	Bolivia	Usd 100	25.00%		25.00%	Imprepar S.p.A.
Consorcio Grupo Contuy-Proyectos y Obras de Ferrocarriles	Venezuela		33.33%	33.33%		
Consorcio Imigrantes	Brazil		50.00%		50.00%	CIGLA S.A.
Consorcio OIV-TOCOMA	Venezuela		20.00%	20.00%		
Consorcio Serra do Mar	Brazil		50.00%	25.00%	25.00%	CIGLA S.A.
Consorcio V.I.T. - Tocoma	Venezuela		35.00%	35.00%		
Consorcio V.I.T. Caroni - Tocoma	Venezuela		35.00%	35.00%		
Consorcio V.S.T.	Venezuela		35.00%		35.00%	Suropca C.A.
Consorcio V.S.T. Tocoma	Venezuela		30.00%	30.00%		
Consorzio Biaschina	Switzerland		33.34%		33.34%	CSC S.A.
Consorzio CEMS	Switzerland		33.34%		33.34%	CSC S.A.
Consorzio CGMR	Switzerland		40.00%		40.00%	CSC S.A.
Consorzio Cogefar/Italstrade/Recchi/CMC - CIRC (in liq.)	Italy	51	25.00%		25.00%	Imprepar S.p.A.
Consorzio Consavia S.c.n.c. (in liq.)	Italy	21	50.00%		50.00%	Imprepar S.p.A.
Consorzio Costruttori TEEM	Italy	10	1.00%	1.00%		
Consorzio CPS Pedemontana Veneta Costruttori Progettisti e Servizi	Italy	100	35.00%	35.00%		
Consorzio del Sinni	Italy	52	43.16%		43.16%	Imprepar S.p.A.
Consorzio Felce	Switzerland		25.00%		25.00%	CSC S.A.
Consorzio Felce lotto 101	Switzerland		25.00%		25.00%	CSC S.A.
Consorzio Ferrofir (in liq.)	Italy	31	33.33%		33.33%	Imprepar S.p.A.
Consorzio Imprese Lavori FF.SS. di Saline - FEIC	Italy	15	33.33%		33.33%	Imprepar S.p.A.
Consorzio Iniziative Ferroviarie - INFER	Italy	41	35.00%		35.00%	Imprepar S.p.A.
Consorzio Lavori Interventi Straordinari Palermo - Colispa S.c.r.l. (in liq.)	Italy	21	29.76%	–	29.76%	Imprepar S.p.A.
Consorzio Libyan Expressway Contractor	Italy	10	42.50%	42.50%		
Consorzio Mina de Cobre	Italy	10	50.00%	50.00%		
Consorzio MITECO	Italy		44.16%	44.16%		
Consorzio MM4	Italy	10	31.05%	31.05%		
Consorzio MPC	Switzerland		33.00%		33.00%	CSC S.A.
Consorzio Pedelombarda 2	Italy		40.00%	40.00%		

(Values in €/000)	Country	Share capital €x1,000	% stake	% direct	% indirect	Indirectly invested companies
Consorzio Piottino	Switzerland		25.00%		25.00%	CSC S.A.
Consorzio Portale Vezia (CVP Lotto 854)	Switzerland		60.00%		60.00%	CSC S.A.
Consorzio Sarda Costruzioni Generali - SACOGEN	Italy	Lit 20,000	25.00%	–	25.00%	Sapin S.r.l.
Consorzio Sardo d'Imprese (in liq.)	Italy	103	34.38%	–	34.38%	Sapin S.r.l..
Consorzio SI.VI.CI.CA.	Switzerland		25.00%		25.00%	CSC S.A.
Consorzio SIVICICA 3	Switzerland		25.00%		25.00%	CSC S.A.
Consorzio SIVICICA 4	Switzerland		25.00%		25.00%	CSC S.A.
Consorzio Stazione Mendrisio	Switzerland		25.00%		25.00%	CSC S.A.
Consorzio TAT-Tunnel Alp Transit Ticino, Arge	Switzerland		25.00%	17.50%	7.50%	CSC S.A.
Consorzio Trevi - S.G.F. INC per Napoli	Italy	10	45.00%		45.00%	SGF INC S.p.A.
Constuctora Embalse Casa de Piedra S.A. (in liq.)	Argentina	ARS 1	72.93%		72.93%	Imprepar S.p.A.
Corso Malta S.c.r.l. (in liq.)	Italy	41	42.50%		4250.00%	Imprepar S.p.A.
CSLN Consorzio	Switzerland		28.00%		28.00%	CSC S.A.
Depurazione Palermo S.c.r.l. (in liq.)	Italy	10	50.00%		50.00%	Imprepar S.p.A.
Diga Ancipa S.c.r.l. (in liq.)	Italy	10	50.00%		50.00%	Imprepar S.p.A.
E.R. Impregilo/Dumez y Asociados para Yaciretê - ERIDAY	Argentina	USD 539	20.75%	18.75%	2.00%	IGLYS S.A.
Edil.Gi. S.c.r.l. (in liq.)	Italy	Lit 20,000	50.00%		50.00%	Imprepar S.p.A.
Empresa Constructora Lo Saldes L..t.d.a.	Chile	CLP 10,000	35.00%	35.00%		
Empresa Constructora Metro 6 L..t.d.a.	Chile	CLP 25,000	49.10%	49.00%	0.10%	CIGLA S.A.
Executive J.V. Impregilo S.p.A. Terna S.A. - Alte S.A. (in liq.)	Greece		33.33%	33.33%		
FE.LO.VI. S.c.n.c. (in liq.)	Italy	26	32.50%		32.50%	Imprepar S.p.A.
Generalny Wykonawca Salini Polska - Impregilo - Kobylarnia S.A.	Poland		33.34%	33.34%		
Grandi Uffizi S.c.r.l. (in liq.)	Italy	10	31.46%		31.46%	Imprepar S.p.A.
Groupement Hydrocastoro	Algeria	DZD 2,000	49.98%		49.98%	INC Algerie Sarl
Grupo Empresas Italianas - GEI	Venezuela	VEB 10,000	33.33%	33.33%		
Healy-Yonkers-Atlas-Gest J.V.	USA		45.00%		45.00%	Healy S.A.
Impregilo - Rizzani de Eccher J.V.	Switzerland		67.00%	67.00%		
Impregilo Arabia Ltd	Saudi Arabia	SAD 40,000	50.00%	50.00%		
Impregilo Cogefar New Esna Barrage J.V. (in liq.)	Egypt	PAR 52	100.00%		99.00%	Imprepar S.p.A.
					1.00%	Incave S.r.l.
Impregilo S.p.A. - S.A. Healy Company UTE	Argentina	10	100.00%	98		
Impregilo Salini (Panama) S.A.	Panama	USD 10	50.00%	50.00%	200.00%	Healy S.A.
Imprese Riunite Genova Irg S.c.r.l. (in liq.)	Italy	26	26.30%		26.30%	Imprepar S.p.A.
Imprese Riunite Genova Seconda S.c.r.l. (in liq.)	Italy	25	26.30%		26.30%	Imprepar S.p.A.
IS Joint Ventures	Australia		50.00%	50.00%		
Isibari S.c.r.l.	Italy	15	55.00%		55.00%	Bocoge S.p.A.
Italsagi SP. ZO.O	Poland	PLN 10	33.00%		33.00%	Imprepar S.p.A.
Joint Venture Aegek-Impregilo-Ansaldo-Seli-Ansaldobreda	Greece		26.71%	26.71%		
Joint Venture Aktor Ate - Impregilo S.p.A. (Constantinos)	Greece		40.00%	40.00%		
Joint Venture Impregilo S.p.A. - Empedos S.A. - Aktor A.T.E.	Greece		66.00%	66.00%	–	
Joint Venture Terna - Impregilo	Greece		45.00%	45.00%	–	
Lambro S.c.r.l.	Italy	200	1.00%	1.00%		
Line 3 Metro Stations	Greece		50.00%	50.00%		
Lodigiani-Pgel J.V. (in liq.)	Pakistan		100.00%		100.00%	Imprepar S.p.A.

(Values in €/000)	Country	Share capital €x1,000	% stake	% direct	% indirect	Indirectly invested companies
Matsoku Civil Contractor (MMC) J.V.	Lesotho		30.00%		30.00%	Imprepar S.p.A.
Metrogenova S.c.r.l.	Italy	26	35.63%	35.63%		
Mohale Dam Contractors (MDC) J.V.	Lesotho		50.00%	50.00%		
Mohale Tunnel Contractors (MTC) J.V.	Lesotho		35.00%	35.00%	–	
Monte Vesuvio S.c.r.l. (in liq.)	Italy	46	50.00%		50.00%	Imprepar S.p.A.
Olbia 90 S.c.r.l. (in liq.)	Italy	10	24.50%		24.50%	Sapin S.r.l.
Pietrarossa S.c.r.l. (in liq.)	Italy	10	50.00%	–	50.00%	Imprepar S.p.A.
Quattro Venti S.c.r.l. (in liq.)	Italy	51	40.00%	40.00%		
RCCF Nodo di Torino S.c.p.a. (in liq.)	Italy	102	26.00%		26.00%	INCAVE S.r.l.
S. Anna Palermo S.c.r.l. (in liq.)	Italy	41	71.60%	71.60%		
Saces S.r.l. (in liq.)	Italy	26	37.00%		37.00%	Imprepar S.p.A.
San Benedetto S.c.r.l. (in liq.)	Italy	26	57.00%		57.00%	Imprepar S.p.A.
San Giorgio Caltagirone S.c.r.l. (in liq.)	Italy	26	33.00%		33.00%	Imprepar S.p.A.
Sclafani S.c.r.l. (in liq.)	Italy	10	41.00%		41.00%	Imprepar S.p.A.
Sep Eole	France	FF 10	50.00%		50.00%	Imprepar S.p.A.
SI.VI.CI.CA. 2	Switzerland		25.00%		25.00%	CSC S.A.
Sirjo S.c.p.A.	Italy	30,000	40.00%	40.00%		
Società di Progetto Consortile per Azioni M4	Italy	360	29.00%	29.00%		
Soingit S.c.r.l. (in liq.)	Italy	Lit 80,000	29.49%		29.49%	Imprepar S.p.A.
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A.-Iglys S.A. UTE	Argentina		35.00%	26.25%	8.75%	IGLYS S.A.
Thessaloniki Metro CW J.V.	Greece		42.50%	42.50%		
Todini-Impregilo Almaty Khorgos J.V.	Kazakhstan		49.995%	49.995%		
Unicatanzaro S.c.r.l. (in liq.)	Italy	15	56.00%		56.00%	Bocoge S.p.A.
VE.CO. S.c.r.l.	Italy	10	25.00%	25.00%		
Wohnanlage Hohenstaufenstrasse Wiesbaden	Germany		62.70%		62.70%	Imprepar S.p.A.
Yellow River Contractors J.V.	China		36.50%	36.50%		
Consorzio Agrital Ricerche (in liq.)	Italy	138	20.00%		20.00%	Fisia Italimpianti S.p.A.
Nautilus S.c.p.a. (in liq.)	Italy	480	34.41%		34.41%	Fisia Italimpianti S.p.A.
Villagest S.c.r.l. (in liq.)	Italy	14	50.00%	–	50.00%	Fisia Italimpianti S.p.A.
Aguas del Gran Buenos Aires S.A. (in liq.)	Argentina	ARS 45,000	42.58%	16.50%	23.72%	Impregilo Intern. Infrastruc. N.V.
					2.63	IGLYS. S.A.
Aguas del Oeste S.A.	Argentina	ARS 170	33.33%		33.33%	IGLYS S.A.
Coincar S.A.	Argentina	ARS 40,465	35.00%	26.25%	8.75%	IGLYS S.A.
Consorcio Agua Azul S.A.	Peru	PEN 69,001	25.50%		25.50%	Impregilo Intern. Infrastruc. N.V.
Enecor S.A.	Argentina	ARS 8,000	30.00%		30.00%	Impregilo Intern. Infrastruc. N.V.
Impregilo Wolverhampton Ltd	UK	GBP 1	20.00%		20.00%	Impregilo Intern. Infrastruc. N.V.
Ochre Solutions Holdings Ltd	UK	GBP 20	40.00%		40.00%	Impregilo Intern. Infrastruc. N.V.
Passante Dorico S.p.A.	Italy	24,000	47.00%	47.00%		
Pedemontana Veneta S.p.A. (in liq.)	Italy	6,000	20.23%	20.23%		
Puentes del Litoral S.A.	Argentina	ARS 43,650	26.00%	22.00%	4.00%	IGLYS S.A.
Sistranyac S.A.	Argentina	ARS 3,000	20.10%		20.10%	Impregilo Intern. Infrastruc. N.V.
Yacylec S.A.	Argentina	ARS 20,000	18.67%		18.67%	Impregilo Intern. Infrastruc. N.V.
Yuma Concessionaria S.A.	Colombia	COP 26,000,100	40.00%	40.00%		
Other Companies						
Aquilgest S.c.r.l. (in liq.)	Italy	10	51.00%		51.00%	Imprepar S.p.A.

(Values in €/000)	Country	Share capital €x1,000	% stake	% direct	% indirect	Indirectly invested companies
Aquilpark S.c.r.l. (in liq.)	Italy	10	51.00%		51.00%	Imprepar S.p.A.
Barnard Impregilo Healy J.V.	**USA**		**45.00%**	**25.00%**	**20.00%**	**Healy S.A.**
CO. MAR. S.c.r.l. (in liq.)	Italy	10	84.99%		84.99%	Imprepar S.p.A.
Consorcio Acueducto Oriental	Dom. Republic		67.00%	67.00%		
Consorcio Contuy Medio Grupo A C.I. S.p.A. Ghella Sogene C.A., Otaola C.A.	Venezuela		36.40%	36.40%		
Consorcio Impregilo - OHL	Colombia		70.00%		70.00%	Impregilo Colombia SAS
Consorcio Impregilo Yarull	Dom. Republic		70.00%	70.00%		
Consorzio Alta Velocità Torino/Milano - C.A.V.TO.MI.	Italy	5,000	74.69%	74.69%		
Consorzio C.A.V.E.T. - Consorzio Alta Velocità Emilia/ Toscana	Italy	5,423	75.98%	75.98%		
Consorzio Camaiore Impianti (in liq.)	Italy	26	55.00%	55.00%		
Consorzio Caserma Donati	Italy	300	84.20%	84.20%		
Consorzio Cociv	Italy	516	64.00%	64.00%		
Consorzio Scilla (in liq.)	Italy	1	51.00%	51.00%		
Consorzio Torre	Italy	5,000	94.60%	94.60%		
Consorzio/Vianini lavori/Impresit/Dal Canton/Icis/ Siderbeton - VIDIS (in liq.)	Italy	26	60.00%		60.00%	Imprepar S.p.A.
Constructora Ariguani SAS	Colombia	COP 100,000	51.00%	51.00%		
Constructora Mazar Impregilo-Herdoiza Crespo	Ecuador		70.00%	70.00%		
Empresa Constructora Angostura Ltda	Chile	CLP 50,000	65.00%	65.00%		
Eurolink S.c.p.a.	Italy	150,000	45.00%	45.00%		
Ghazi-Barotha Contractors J.V.	Switzerland		57.80%	57.80%		
Grupo Unidos Por El Canal S.A.	Panama	USD 1,000	48.00%	48.00%		
Impregilo-Healy-Parsons J.V.	USA		65.00%	45.00%	20.00%	Healy S.A.
Impregilo-SK E&C-Galfar al Misnad J.V.	Qatar		41.25%	41.25%		
Impregilo-Terna SNFCC J.V.	Greece	100	51.00%	51.00%		
Interstate Healy Equipment J.V.	USA		45.00%		45.00%	Healy S.A.
La Quado S.c.a.r.l.	Italy	10	35.00%	35.00%		
Librino S.c.r.l. (in liq.)	Italy	46	66.00%		66.00%	Imprepar S.p.A.
Melito S.c.r.l. (in liq.)	Italy	77	66.67%		66.67%	Imprepar S.p.A.
Metro Blu S.c.r.l.	Italy	10	50.00%	50.00%		
Montenero S.c.r.l. (in liq.)	Italy	10	61.11%		61.11%	Imprepar S.p.A.
Nathpa Jhakri J.V.	India	USD 1,000	60.00%	60.00%		
OS.A.V.E. S.c.r.l. (in liq.)	Italy	10	66.15%		66.15%	Imprepar S.p.A.
Passante di Mestre S.c.p.A.	Italy	10,000	42.00%	42.00%		
Pedelombarda S.c.p.a.	Italy	80,000	47.00%	47.00%		
Reggio Calabria - Scilla S.c.p.a.	Italy	35,000	51.00%	51.00%		
S. Leonardo Due S.c.r.l. (in liq.)	Italy	41	60.00%		60.00%	Imprepar S.p.A.
Salerno-Reggio Calabria S.c.p.a.	Italy	50,000	51.00%	51.00%		
SFI Leasing Company	USA		30.00%	30.00%		
Shimmick CO. INC. - FCC CO S.A. - Impregilo S.p.A -J.V.	USA		30.00%	30.00%		
Trincerone Ferroviario S.c.r.l. (in liq.)	Italy	46	60.00%		60.00%	Imprepar S.p.A.
Vittoria S.c.r.l. (in liq.)	Italy	20	58.00%		58.00%	Imprepar S.p.A.

Financial statements Salini S.p.A.

at 31 December 2013

Income statement

(Values in €)	December 2013	December 2012*
Revenues	757,428,790	686,054,468
Other revenues and earnings	11,574,192	59,714,789
Total revenues	**769,002,982**	**745,769,257**
Cost of sales	(188,180,407)	(94,031,798)
Service costs	(420,029,959)	(484,152,435)
Personnel costs	(97,913,714)	(82,157,245)
Amortisation, depreciation and write-downs	(66,758,339)	(49,171,774)
Other operating costs	(7,848,345)	(8,020,783)
Total costs	**(780,730,764)**	**(717,534,035)**
Costs capitalised for internal work	0	0
Operating profit (loss)	**(11,727,782)**	**28,235,222**
Total financial income	671,067,739	59,655,253
Total interest and other fin. expenses	(174,237,167)	(38,094,286)
Income/(expenses) from equity-accounted investments	(69,466,223)	1,328,721
Profit (loss) before tax	**415,636,567**	**51,124,910**
Income tax for the year	3,487,945	(16,790,791)
Profit (loss) from continuing operations	**419,124,512**	**34,334,119**
Profit (loss) from discontinued operations	0	0
Profit (loss) for the year	**419,124,512**	**34,334,119**

Statement of comprehensive income

(Values in €/000)	31 December 2013	31 December 2012*
Net profit	419,125	34,334
Items that may be reclassified to the income statement in subsequent periods:		
Cumulative translation adjustment	1,061	13
Valuation of equity investments	0	0
Cash flow hedge	(7)	0
Total items that may be reclassified to the income statement in subsequent periods before tax	**1,054**	**13**
Taxes	2	0
Total items that may be reclassified to the income statement in subsequent periods after tax	**1,056**	**13**
Items that cannot be reclassified to the income statement in subsequent periods:		
Actuarial gains/(losses) on employee benefits	(57)	(195)
Total items that cannot be reclassified to the income statement in subsequent periods before tax	**(57)**	**(195)**
Taxes	16	54
Total items that cannot be reclassified to the income statement in subsequent periods after tax	**(41)**	**(141)**
Total statement of comprehensive income profit/(loss) before tax	**997**	**(182)**
Taxes	18	54
Total statement of comprehensive income profit/(loss) after tax	**1,015**	**(128)**
Total profit/(loss) after tax	**420,139**	**34,206**

Statement of financial position

(Values in €)	December 2013	December 2012
Assets		
Property, plant and equipment	224,635,602	208,487,727
Investment property	0	0
Intangible assets	161,469	254,677
Investments in associates, subsidiaries and joint ventures	1,295,800,274	355,853,361
Other equity investments	108,869	1,260,823
Non-current financial assets	4,350,331	4,358,301
Other non-current assets	4,426,957	4,402,276
Deferred tax assets	9,026,706	3,901,627
Total non-current assets	**1,538,510,208**	**578,518,792**
Inventories	132,132,993	111,446,057
Amounts due from clients	251,391,065	227,617,138
Trade receivables	306,527,436	193,945,408
Current financial assets	447,929,425	241,847,711
Tax receivables	33,297,736	12,628,072
Other current assets	71,510,407	80,875,045
Cash and cash equivalents	49,903,713	71,632,373
Total current assets	1,292,692,775	939,991,804
Non-current assets held for sale	**0**	**0**
Total assets	**2,831,202,983**	**1,518,510,596**

(Values in €)	December 2013	December 2012
Shareholders' equity		
Total Share capital	62,400,000	62,400,000
(Treasury shares)	0	0
Legal reserve	2,252,215	0
Retained earnings (losses)	20,526,840	0
Other reserves	160,922,896	158,703,464
Other components of comprehensive income	6,779,109	5,765,079
Total capital and reserves	**252,881,060**	**226,868,543**
Profit (loss) for the year	419,124,512	34,334,116
Total shareholders' equity	**672,005,572**	**261,202,659**
Liabilities		
Non-current financial liabilities	1,005,374,174	272,034,266
Provisions for risks and charges	41,511,703	8,852,258
Other non-current liabilities	6,249,444	6,853,094
Employee benefits	1,856,134	1,860,689
Deferred tax liabilities	270,175	5,837,951
Amounts due to clients after 12 months	400,432,757	416,500,290
Total non-current liabilities	**1,455,694,387**	**711,938,548**
Amounts due to clients within 12 months	157,165,464	132,736,154
Trade payables	280,711,771	264,423,090
Current financial liabilities	222,835,266	101,884,537
Tax payables	16,102,266	10,833,069
Other current liabilities	26,688,253	35,492,539
Total current liabilities	**703,503,020**	**545,369,389**
Non-current liabilities held for sale	0	0
Total liabilities	**2,159,197,407**	**1,257,307,937**
Total shareholders' equity and liabilities	**2,831,202,979**	**1,518,510,596**

Statement of changes in equity

(Values in €/000)	Share capital	Legal reserve	IFRS conversion reserve	Other reserves	Translation reserve	Cash flow hedge reserve	Provisions for actuarial gains/losses on employee benefits	Retained earnings (losses)	Profit/(loss) for the year	Total equity
Balance at 1 January 2012 transferred	**62,400**	**0**	**17,220**	**141,484**	**5,959**	**0**	**(204)**	**0**	**0**	**226,859**
Translation differences on foreign assets	0	0	0	0	205	0	0	0	0	205
Cash flow hedge	0	0	0	0	0		0	0	0	0
Actuarial gains/(losses) on employee benefits	0	0	0	0	0	0	(195)	0	0	(195)
Total gains/(losses) recognised in equity	**0**	**0**	**0**	**0**	**205**	**0**	**(195)**	**0**	**0**	**(10)**
Profit	0	0	0	0	0	0	0	0	34,334	34,334
Dividends	0	0	0	0	0	0	0	0		0
Allocation of Profit	0		0		0	0	0			0
Difference IAS - ITA result	0	0	0	0	0	0	0			0
Other changes	0	0		0	0	0	0	0	0	0
Balance at 31 December 2012	**62,400**	**0**	**17,220**	**141,484**	**6,164**	**0**	**(399)**	**0**	**34,334**	**261,203**

(Values in €/000)	Share capital	Legal reserve	IFRS conversion reserve	Other reserves	Translation reserve	Cash flow hedge reserve	Provisions for actuarial gains/losses on employee benefits	Retained earnings (losses)	Profit/(loss) for the year	Total equity
Balance at 1 January 2013	**62,400**	**0**	**17,220**	**141,484**	**6,164**	**0**	**(399)**	**0**	**34,334**	**261,203**
Translation differences on foreign assets	0	0	0	0	1,061	0	0	0	0	1,061
Cash flow hedge	0	0	0	0	0	(5)	0	0	0	(5)
Actuarial gains/(losses) on employee benefits	0	0	0	0	0	0	(42)	0	0	(42)
Total gains/(losses) recognised in equity	**0**	**0**	**0**	**0**	**1,061**	**(5)**	**(42)**	**0**	**0**	**1,014**
Profit	0	0	0	0	0	0	0	0	419,125	419,125
Dividends	0	0	0	0	0	0	0	0	(12,979)	(12,979)
Allocation of Profit	0	2,252	0	19,614	0	0	0	10,199	(21,355)	10,710
Difference IAS - ITA result	0	0	0	0	0	0	0	(8,292)		(8,292)
Release of Reserve ex art. 2426.4 Civil Code	0	0	0	(18,620)				18,620		0
Other changes	0	0	1,225	0	0	0	0	0	0	1,225
Balance at 31 December 2013	**62,400**	**2,252**	**18,445**	**142,478**	**7,225**	**(5)**	**(441)**	**20,527**	**419,125**	**672,006**

Statement of cash flows

(Values in €/000)	December 2013	December 2012
Net profit for the period	**419,125**	**34,334**
Depreciation and amortisation	60,323	47,998
Impairment losses on receivables	0	1,174
Provision for risks and charges	33,753	5,233
Effects of valuation of investee companies	35,653	0
Change in deferred taxes	(10,693)	3,986
Change in inventories	(20,687)	(21,235)
Change in amounts due from/to clients	(15,413)	(140,097)
Change in trade receivables	(112,582)	(118,134)
Change in trade payables	16,289	137,183
Change in employee benefits	(5)	86
Change in tax receivables	(20,670)	(11,332)
Change in tax payables	5,269	(3,680)
Other current and non-current assets/liabilities	(533)	32,334
Non-current assets held for sale	0	0
Net cash flow from operating activity	**389,829**	**(32,150)**
Net investment in tangible assets	(76,235)	(108,776)
Net investment in intangible assets	(143)	(133)
Equity investments	(975,600)	(186,235)
Loans to associate companies and other Group companies	8	(729)
Disposal of fixed assets	1,152	0
Impairment loss on tangible fixed assets	0	0
Receivables arising from concessions	0	0
Other changes	(627)	(5,107)
Net cash flow generated/(absorbed) by investing activity	**(1,051,445)**	**(300,980)**
Net dividends paid	(12,979)	0
Change in financial payables (leasing + factoring)	1,183	1,183
Change in payables to banks	659,089	171,378
Other changes	4,658	(1,532)
Net cash flow generated/(absorbed) by financing activity	**651,951**	**171,029**
TOTAL CASH FLOW	**(9,666)**	**(162,101)**
Net cash and cash equivalents at the beginning of the year	**41,977**	**204,078**
Net cash and cash equivalents at the end of the year	**32,311**	**41,978**

(*) Net of the consolidation change.

Notes to the financial statements

1.Introduction

As part of the project commenced in 2008 for the transition to the IAS/IFRS for the presentation of the separate and consolidated financial statements of the most significant Group companies, the Company, in order to bring itself into line with the prevailing standards being used by companies in the construction industry and ensure access to international tender contracts, exercised the right established in Articles 2 and 3 of Legislative Decree 38 of 28 February 2005. Accordingly, the separate financial statements and the consolidated financial statements at 31 December 2013 have been prepared in accordance with the above-mentioned international financial reporting standards.
The last company financial statements of Salini S.p.A. prepared in accordance with the Italian accounting standards related to the year ended 31 December 2012.
The comparative figures for the year 2012 have been restated applying the IFRS.
The date of transition to the IFRS is 1 January 2012.
In section 39 a document is provided summarising the effects of the transition to IAS/IFRS. This document shows, in particular, the effects on the Statement of Financial Position at 1 January 2012 and 31 December 2012, as well as the effects on the Income Statement for the year 2012. A statement is also provided showing the reconciliation between the shareholders' equity and the related profit prepared, at the dates indicated above, in accordance with the Italian accounting standards and the corresponding amounts according to the international financial reporting standards.

2. Compliance with the IAS/IFRS

These financial statements for the period ended 31 December 2013 have been prepared in accordance with the International Financial Reporting Standards published by the International Accounting Standards Board ("IASB") and adopted by the European Union at the reporting date of these financial statements and in accordance with the regulations issued in implementation of Article 9 of Legislative Decree 38/2005. IFRS means all revised international accounting standards ("IAS") and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), including those previously issued by the Standing Interpretations Committee ("SIC").

3. Newly issued and approved accounting standards and interpretations

Standards and interpretations with effect from 1 January 2013

IAS 1 Presentation of Financial Statements – Presentation of items in other components of comprehensive income in the financial statements

The amendment to IAS 1 introduces the grouping of items presented in other components of comprehensive income. The items, which in the future could be reclassified (or "recycled") in the income statement (e.g., net profit on hedging net investments, translation differences on foreign financial statements, net profit on cash flow hedges and the net profit/loss from available-for-sale financial assets) must now be presented separately from items that will never be reclassified (e.g., actuarial gains/losses on defined benefit plans and the revaluation of land and buildings). The amendment only concerned the method of presentation and had no impact on the Company's financial position or results.

IAS 1 Presentation of Financial Statements – Clarification of requirements for comparative information

This amendment to IAS 1 clarifies that when an entity presents comparative information in addition to the minimum comparative statements required by IFRS, the entity must present the related comparative information in the notes to financial statements in accordance with IFRS. The presentation of this voluntary comparative information does not involve a complete disclosure of financial statements including all tables.

IAS 32 – Tax effect of distributions to equity holders

The amendment to IAS 32 Financial Instruments: Presentation in Financial Statements, clarifies that taxes tied to distributions to equity holders must be recorded in accordance with IAS 12 Income Taxes. The amendment removes requirements from IAS 32 concerning taxes, and asks the entity to apply IAS 12 to any tax tied to distributions to equity holders. The amendment had no impact on the Company's separate financial statements since there was no tax impact tied to monetary and non-monetary distributions.

IAS 19 (2011) Employee Benefits (IAS 19R)

IAS 19R includes numerous changes in the recording of defined benefit plans, including: actuarial gains and losses that are now recorded among other components of comprehensive income and permanently excluded from the income statement; the returns expected from plan assets that are no longer recorded in the income statement, while it is necessary to record in the income statement the interest on the plan's net liability (asset) balance, and such interest must be calculated using the same interest rate used to discount the obligation; and costs related to past work performed that are now recognised in the income statement on the first to occur between i) a change or reduction of the plan, or ii) the recognition of related restructuring or employment termination costs. Other changes include new information, such as information on qualitative sensitivity.

IFRS 1 First-Time Adoption of International Financial Reporting Standards

The amendments made to IFRS 1 mainly concern the information that the Company has to provide if it stops applying the IAS/IFRS or if starts applying them again; these circumstances do not apply to the Company, as these are the first financial statements prepared in accordance with the IAS/IFRS.

IAS 12 – Deferred taxes: recovery of underlying assets

This amendment provides clarification regarding the measurement of deferred taxes on investment property measured at fair value. This amendment introduces the refutable assumption that the carrying amount of an investment property, measured using the fair value model specified by IAS 40, will be recovered through its sale, and that, as a result, the related deferred tax should be measured on a sale basis. This assumption is refuted if the investment property can be depreciated and is held with the intent of using over time substantially all the benefits deriving from the investment property instead of realising these benefits from its sale. The amendment had no impact on the financial position, results or disclosure.

IFRS 7 Supplemental Information – Offsetting of Financial Assets and Liabilities – Amendments to IFRS 7

These amendments require the entity to provide information on offsetting rights and related agreements (e.g. guarantees). The information will provide useful information to the reader of financial statements to assess the effect of offsetting agreements on the entity's financial position. The new information is required for all financial instruments recorded that are being offset according to IAS 32. The information is also required for financial instruments covered by framework offsetting agreements (or similar agreements), regardless of whether such instruments are offset according to IAS 32. Since the Group does not offset financial instruments in accordance with IAS 32 and has not signed significant offsetting agreements, these amendments have no impact on its financial position or results.

IFRS 13 Fair Value Measurement

IFRS 13 introduces an unambiguous guide line for all fair value measurements under IFRS. IFRS 13 does not modify the cases when it is required to use fair value, but it provides a guide on how to measure fair value under IFRS when the application of fair value is required or permitted by international accounting standards. The application of IFRS 13 had no material impact on the Company's fair value measurements. IFRS 13 also requests specific information on fair value, a part of which replaces disclosure requirements currently specified by other standards, including IFRS 7 Financial Instruments: Supplemental Information.

IFRIC 20 – Stripping costs in the production phase of a surface mine

This interpretation applies to stripping costs in mining activities during the production phase of a surface mine. The interpretation addresses accounting of the benefits arising from the stripping activity. The new interpretation has had no effect on the Group.

The adoption of the amendments listed above has had no impact on the Company's financial position or results.

Standards and interpretations approved and not adopted in advance by the Company

Regulation (EU) No 1254/2012 of the Commission of 11 December 2012, published in Official Journal L 360 of 29 December 2012 concerning the adoption of International Accounting Standards IFRS 10 – Consolidated financial statements, IFRS 11 – Joint arrangements, IFRS 12 – Disclosure of interests in other entities, amendments to IAS 27 – Separate financial statements and IAS 28 – Investments in associates and joint ventures

IFRS 10 aims to provide a single guiding standard to follow for the preparation of consolidated financial statements, stipulating control as the basis for the consolidation of all types of entities. In effect, IFRS 10 replaces IAS 27 – Consolidated and separate financial statements and SIC Interpretation 12 – Special purpose vehicles.

IFRS 11 establishes the accounting standards for entities which are part of joint control agreements and replaces IAS 31 – Interests in joint ventures and SIC 13 – Jointly Controlled Entities – Non-Monetary Contributions by Venturers.

IFRS 12 combines, reinforces and replaces the disclosure obligations of subsidiaries, agreements for joint control, associate companies and non-consolidated structured entities.
Following these new IFRS, the IASB also issued an amended IAS 27, which will only involve the separate financial statements and an amended IAS 28 in order to incorporate the introductions of IFRS 11 on the subject of joint venture entities.

The new standards will be applied not later than the start date of the first financial year beginning after 1 January 2014.
In light of the pronouncements expected from the relative authorities and technical bodies, assessments of the possible economic and financial effects on the consolidated accounts of the new standards are being conducted, with reference to IFRS 11.

IAS 32 Offsetting of Financial Assets and Liabilities – Amendments to IAS 32

The amendments clarify the meaning of "currently has a legally enforceable right to offset". The amendments also clarify the application of IAS 32's offsetting principle in the case of settlement systems (such as central clearing houses) which adopt non-simultaneous gross settlement mechanisms. These changes should not result in impacts on Company's financial position or results and will be effective for annual reporting periods beginning on or after 1 January 2014.

4. Form and content of the separate financial statements

The separate financial statements at 31 December 2013 comprise the following statements:

- a separate statement of income, which contains a classification of costs according to their nature, in addition to EBIT;
- a statement of comprehensive income;
- a statement of financial position, which is prepared by classifying assets and liabilities according to the "current/non-current" criterion;
- a statement of cash flows, which is prepared by reporting financial flows generated by operating, investing and financing activities according to the "indirect method", as permitted by IAS 7 (Statement of Cash Flows).

The separate financial statements were prepared based on the historical cost principle, except for items which in accordance with IFRS are measured at fair value as indicated in the measurement criteria below.
To improve the presentation of the financial statements and for a better reflection of the contractual nature of some contractual advances received from clients, the Group has decided to report these amounts under liabilities in "Amounts due to clients", distinguishing between the non-current and current portion.
The statement of financial position, income statement and the statement of comprehensive income are presented in Euros, whereas the amounts included in the statement of cash flows, the statement of changes in shareholders' equity and the explanatory notes are presented in thousands of Euros, unless otherwise specified.

5. Accounting standards adopted

Property, plant and equipment

Property, plant and equipment are measured at historical cost, including any directly related ancillary expenses, in addition to financial expenses incurred during the period of construction of the assets. Assets acquired through business combinations prior to 1 January 2007 have been recognised at their carrying amount, determined based on the previous accounting standards used for these combinations, as a substitute for the cost. The cost, as determined above, of assets used only during a certain period, is systematically depreciated on a straight-line basis each financial year based on their estimated technical and economic life, using depreciation rates intended to represent the estimated useful life of the assets. If material components of these assets have a different useful life, these components are recognised separately. The useful life estimated by the Group for the various asset classes is as follows:

	Years
Buildings	15-33
Plant and machinery	5-7
Equipment	3-9

Land, whether undeveloped or developed for civil or commercial buildings, is not depreciated since it has an indefinite useful life. As previously mentioned, capital assets acquired under finance leases are recognised as tangible fixed assets and offset by the corresponding payable. The lease payment is broken down into its components of interest expense, recognised in the statement of income, and capital repayment, deducted from financial debt.
When the asset is sold or when there are no longer any expected future economic benefits from its use, it is derecognised from the statement of financial position and any profit or loss (calculated as the difference between the disposal value and carrying amount) is recognised in the statement of income in the year in which it is derecognised.

Investment property

Investment property includes immovable property held for the purpose of obtaining economic benefits from lease payments or for capital appreciation purposes.
Investment property is initially measured at historical cost, including negotiation costs. The carrying amount includes the cost relating to the replacement of an investment property when that cost is incurred, on condition that the recognition criteria are satisfied, and excludes routine maintenance costs. Following the initial recognition, the Group chose to maintain the historical cost as the evaluation criterion for investment property.
Investment property is derecognised when it is sold or when the investment is permanently unusable and future economic benefits are not expected from its sale. Any profits or losses arising from the withdrawal or disposal of an investment property are recognised in the statement of income during the period in which the withdrawal or disposal took place.
Reclassification from or to investment property takes place when, and only when, there is a change in use. For reclassifications from an investment property to property used directly, the reference value of the property for subsequent recognition is the fair value at the date of change in use. If a directly used property becomes an investment property, the Group recognises these assets in accordance with the criteria indicated in the section on “Property, plant and equipment” until the date of change in use.
No fixed asset held on the basis of an operating lease has been classified as investment property.
The useful life of buildings classified under this item is between 20 and 33 years.

Intangible assets

Intangible assets acquired separately are initially recognised in assets at historical cost, determined according to the same procedures as those indicated for tangible assets. Intangible assets acquired through business combinations are recognised at fair value at the acquisition date, if this value can be determined reliably.
Intangible assets produced internally, excluding development costs, are not capitalised and are recorded in the statement of income for the period in which they are incurred.
Intangible fixed assets may have a finite or indefinite useful life. Within the Group, the following types of intangible assets are currently present:

	Years
Intellectual property rights	3
Concessions and licences	9
Other	9

The Group has no assets with an indefinite useful life other than goodwill.

Following initial recognition, intangible assets with a finite useful life are recognised at cost, net of depreciation and any accumulated impairment losses. The period and method of depreciation are reviewed at the end of each financial year, or more frequently if necessary.
Intangible assets with a finite useful life are amortised, from the point at which the asset is available for use, on the basis of their residual possibility of use, in relation to the useful life of the asset. The period and method of depreciation applied is reviewed at the end of each financial year, or more frequently if necessary.
Gains and losses arising from the disposal of an intangible asset are determined as the difference between the disposal value and the carrying amount of the asset and are recognised in the statement of income on disposal.

Equity investments

Equity investments in subsidiaries, associates and 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 losses on non-financial assets”. When an impairment loss is required, it 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.

Financial expenses

Financial expenses relating directly to the acquisition, construction or production of an asset that requires a fairly long period of time before being available for use are capitalised as part of the cost of the asset itself. All other financial expenses are recognised as a cost for the period in which they are incurred.

Assets held under finance or operating leases

Finance leases, which substantially transfer to the Company all risks and rewards incidental to ownership of the leased asset, are capitalised under tangible fixed assets on inception of the lease at the fair value of the leased asset, or at the present value of the lease payments, whichever is lower. This will be offset by a payable for an equal amount, which is gradually reduced based on the lease repayment plan.
Lease payments are divided between the principal and interest, so as to obtain the application of a constant interest rate on the residual balance (principal amount). Interest is charged to the statement of income. Assets are depreciated by applying the criterion and rates indicated in the previous paragraph on tangible fixed assets.
Contracts in which the lessor substantially retains all risks and rewards incidental to ownership are classified as operating leases. Operating lease payments are charged to the statement of income over the term of the lease.
Any sale and leaseback transactions to repurchase – under a lease – an asset previously held are recognised as a financing transaction. The assets involved in the transaction remain classified in the Group's statement of financial position assets with consistent accounting treatment, and a liability is recognised to offset the financial flows arising from the sale. Any capital gain that should arise from the disposal is recognised in the statement of income on an accrual basis. This entails an entry under accrued liabilities and the gradual allocation to income in the statement of income, based on the term of the lease.

Impairment losses on non-financial assets

At the end of each reporting period, the Group assesses whether there is any evidence that the value of assets may have been subjected to impairment. If so, or if an annual impairment test is required, the Group estimates the value. The recoverable value is the fair value of the asset or cash-generating unit, less costs to sell, or, if higher, its value in use. Recoverable value is determined for each individual asset, unless its cash flows are not broadly independent of those generated by other assets or groups of assets. Impairment is recognised if the carrying amount of an asset exceeds its recoverable value and, accordingly, this amount is written down to its recoverable value. When establishing value in use, the Group discounts estimated future cash flows to present value using a pre-tax discounting rate that reflects market assessments of the time value of money and the specific risks associated with the asset.
When establishing fair value less costs to sell, a suitable valuation model is used. These calculations have been made using suitable valuation multipliers, prices of listed equity securities for equity investments in which securities are traded publicly and other fair value indicators available.
Impairment losses on operating assets are recognised in the statement of income in the cost category that best reflects the purpose of the asset affected by the impairment loss. This does not apply to assets that have previously been revalued, where the revaluation has been recognised in shareholders' equity. In this case the impairment loss is recognised in shareholders' equity for an amount equal to the previous revaluation.
At each reporting date, the Group assesses whether there is any evidence that the impairment loss previously recognised has ceased to apply (or has been reduced) and, if so, estimates the recoverable value. The value of an asset previously written down may be reversed only where there have been changes in the estimates on which the calculation of the recoverable value determined

after the recognition of the last impairment loss was based. The reversal may not exceed the carrying amount that would have been recorded, net of depreciation and amortisation, had an impairment loss not been recognised in prior periods. This reversal is recognised in the statement of income unless the asset is not recognised at the revalued amount, in which case the reversal is treated as a revaluation increase.

Contract works in progress

Construction agreements in the course of completion are measured based on the contractual payments accrued with reasonable certainty in relation to the progress of the works, according to the percentage of completion method, so as to allocate the revenues and net profit from the contract to the relevant period, in proportion to the progress of the works. Contract works in progress are reported net of any provisions for impairment losses and amounts invoiced at specific stages of the work (prepayments). The corresponding comparison is carried out for each contract and, if the differential is positive due to works in progress exceeding the amount of the payments on account, the difference is classified under assets in the "Amounts due from clients" item. If, on the other hand, this differential is negative, the difference is classified under statement of financial position liabilities in the "Amounts due to clients" item.
Conversely, invoicing for advances constitutes a financial transaction and does not count towards revenues recognition. Therefore, since they represent a financial transaction, advances are always recognised as a liability since they are not received in respect of works carried out. These advances are however gradually reduced, usually based on contractual agreements, to offset the invoices raised under the contract.
Contractual revenues, in addition to contractual payments, include variants, price revisions and any claims insofar as it is likely that these represent revenues that can be estimated reliably.
In the event that a loss is expected from the performance of a contract, the full amount of the loss is recognised at the point at which it occurs, irrespective of the stage of completion of the contract.

Inventories

Inventories are carried at the lower of cost or net estimated realisable value. Cost is determined by applying the weighted average cost method. The item in question also includes buildings and assets under construction and held for sale.

Cash and cash equivalents

Cash and cash equivalents are recognised at nominal value and include cash instruments, i.e. are available on demand or in the very short term, have cleared and are free of redemption charges. For the purposes of the consolidated statement of cash flows, cash and cash equivalents are represented by cash funds as defined above net of bank overdrafts repayable on demand.

Non-current assets held for sale

Non-current assets, and groups of assets awaiting disposal, are classified as held for sale when it is expected that their carrying amount will be recovered through disposal rather than through continued use. These assets are recognised at their previous carrying amount and fair value net of costs attributable to the sale, whichever is lower. Income from discontinued operations, or in the course of disposal, is reported separately in the statement of income. In accordance with paragraph 34 of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the comparative statement of income is restated based on the same assumptions.

Financial assets

IAS 39 makes provision for the following types of financial instruments: financial assets at fair value in the statement of income, loans and receivables, investments held to maturity and available-for-sale assets. All financial assets are initially recognised at fair value, plus, in the case of assets other than those at fair value in the statement of income, ancillary expenses.
The Group determines the classification of its financial assets after initial recognition and, where appropriate and permitted, reviews this classification at the end of each financial year.
All regular-way purchases and sales of financial assets are recognised on the trade date, or on the date on which the Group enters into a commitment to purchase the asset. Regular-way purchases and sales mean all transactions in financial assets involving the delivery of assets during the period envisaged by the regulations and by standard practice in the market in which the trade takes place.

Financial assets at fair value through Profit and Loss

This category includes assets held for trading and assets designated on initial recognition as financial assets at fair value in the statement of income. Assets held for trading are all assets purchased with a view to their immediate sale. Derivatives, including separate derivatives, are classified as financial instruments held for trading unless they are designated as effective hedging instruments. Gains or losses on assets held for trading are recognised in the statement of income.
Where a contract contains one or more embedded derivatives, the Group assesses whether the derivative could be separated from the host contract when it becomes a party to the contract. The revaluation is carried out only if there are changes in the contractual terms that significantly alter the cash flows that would be otherwise required.

Investments held to maturity

Financial assets that are not derivatives and that are characterised by fixed or determinable payments at maturity are classified as "investments held to maturity" when the Group plans and is able to hold them until maturity.
Following initial recognition, financial investments held to maturity are measured on the basis of amortised cost, using the effective interest rate method. Gains and losses are recognised in the statement of income once the investment is derecognised or following an impairment loss, as well as through amortisation.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. Following initial recognition, these assets are measured on an amortised cost basis using the effective discount rate method net of any provisions for impairment losses. Gains and losses are recognised in the statement of income when the loans and receivables are derecognised or following an impairment loss, as well as through amortisation.

Available-for-sale financial assets

Available-for-sale financial assets are financial assets, other than derivative financial instruments, which are designated as such or are not classified in any of the three previous categories. Following initial recognition, financial assets held for sale are measured at fair value and unrealised gains and losses are recognised as part of comprehensive income in the available-for-sale assets reserve until elimination of the investment, when the accumulated gains or losses are reclassified in the statement of income.

Fair value

For securities widely traded on regulated markets, fair value is determined with reference to the stock market price at the close of trading on the reporting date. For investments without an active market, fair value is determined using measurement techniques based on: recent transaction prices between independent parties; the present market value of a substantially similar instrument; the analysis of discounted financial flows or option pricing models.

Amortised cost

Financial assets held to maturity and loans and receivables are measured at amortised cost. Amortised cost is calculated using the effective interest rate method net of any provisions for impairment losses. The calculation takes into account any premium or discount on the purchase and includes the transaction costs and commission that are an integral part of the effective interest rate.

Impairment loss on financial assets

The Group verifies at each reporting date whether a financial asset or a group of financial assets has been subjected to an impairment loss.

Assets measured according to the amortised cost method

If there is objective evidence that a loan or receivable recognised at amortised cost has been impaired, the amount of the impairment loss is measured as the difference between the carrying amount and the present value of the estimated future cash flows (excluding future losses not yet incurred) discounted at the original effective interest rate of the financial asset (i.e. the effective interest rate calculated at the initial recognition date). The carrying amount of the asset will be reduced through the use of a provision. The amount of the loss will be recognised in the statement of income. If the amount of the impairment loss is subsequently reduced and this reduction can objectively be traced to an event occurring after the impairment was recognised, this value may be reinstated. Any subsequent reversals are recognised in the statement of income, provided that the carrying amount of the asset does not exceed the amortised cost at the reversal date. For trade receivables, provisions for impairment losses are established when there is objective evidence (such as the probability of the debtor becoming insolvent or having serious financial difficulties) that the Group will be unable to recover the entire amount due according to the original terms of the invoice. The carrying amount of the receivable is reduced through recourse to a special reserve. Receivables subjected to impairment are cancelled once these are confirmed as irrecoverable.

Available-for-sale financial assets

At each reporting date, the Group assesses whether there are any impairment losses on available-for-sale financial assets. In the case of equity instruments, this consists of a material and prolonged reduction in the fair value of the instrument to less than its cost. In the event of impairment of an available-for-sale financial asset, a value equal to the difference between its cost (net of the repayment of principal and amortisation) and its present fair value, net of any previous impairment losses recognised in the statement of income, will be reversed from other components of comprehensive income to the statement of income. Reversals relating to equity instruments classified as available for sale are not recognised in the statement of income. Reversals relating to debt instruments are recognised in other components of comprehensive income. If the increase in the fair value of the instrument can be objectively attributed to an event occurring after the loss had been recognised in the statement of income.

Financial liabilities

Loans and interest-bearing finance

Financial liabilities, other than derivative financial instruments, are initially recognised at the fair value of the payment received, net of the transaction costs that are directly attributable to the issuance of the financial liability itself; these are subsequently measured at amortised cost, in other words at the initial value, net of the capital repayments already made, adjusted (up or down) by the amortisation (using the effective interest rate method) of any differences between initial value and value at maturity.

Financial liabilities at fair value through Profit and Loss

Financial liabilities at fair value in the statement of income include liabilities held for trading and financial liabilities designated at fair value with changes carried in the statement of income at the time of initial recognition.
Liabilities held for trading are all those acquired with a view to their immediate sale. Derivatives, including separate derivatives, are classified as financial instruments held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of income.

Financial guarantees given

Financial guarantees given by the Company are contracts that require an outflow to reimburse the holder for a loss incurred following a default by a debtor on a payment due at maturity based on the contractual terms of the debt instrument. Financial guarantee contracts are initially recognised as liabilities at fair value, plus transaction costs that are directly attributable to the issuance of the guarantee. Liabilities are subsequently measured at the best estimate of the outflow required to meet the effective obligation at the reporting date, or, if higher, the amount initially recognised.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

Initial recognition and subsequent measurement. These derivative financial instruments are initially recognised at fair value on the date on which the contract is signed and are subsequently measured at fair value. They are recognised as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives are recognised directly in the statement of income, except for the effective part of cash flow hedges, which is recognised in shareholders' equity.
For the purposes of hedge accounting, hedges are classified as:

- fair value hedges, if they hedge the risk of a change in fair value of the underlying asset or liability or an irrevocable commitment not recognised (except for foreign exchange risk);
- cash flow hedges, if they hedge exposure to changes in cash flows attributable to a specific risk associated with an asset or liability recognised or a transaction that is extremely likely to take place, or a foreign exchange risk linked to an irrevocable commitment that has not been recognised;
- hedges of a net investment in a foreign operation.

On establishing a hedge, the Company designates and formally documents the hedge to which it intends to apply hedge accounting, its risk management objectives and the strategy pursued. The documentation includes identifying the hedging instrument, the item or transaction to be hedged, the nature of the risk and the procedures whereby the company intends to measure the effectiveness of the hedge in offsetting exposure to changes in fair value of the hedged item or cash flows linked to the hedged risk. These hedges are expected to be highly effective in offsetting exposure of the hedged item to changes in fair value or financial flows attributable to the hedged risk; the assessment of whether these hedges are in fact highly effective is carried out on a continuous basis during the periods for which they were designated.
Transactions that satisfy the hedge accounting criteria are recognised as follows:

- **Fair value hedges**
  The change in fair value of interest rate hedges is recognised in the statement of income under financial expenses. The change in fair value of hedging instruments attributable to the hedged item is recognised as part of the carrying amount of the hedged item and is also recognised in the statement of income under financial expenses.
  With regard to fair value hedges for items

recognised according to the amortised cost method, the adjustment of the carrying amount is amortised in the statement of income over the remaining period to maturity. The amortisation may begin as soon as an adjustment is made, but no later than the date on which the hedged item ceases to be adjusted by the changes in its fair value attributable to the hedged risk.
If the hedged item is cancelled, the unamortised fair value is recognised immediately in the statement of income.
The Company has no fair value hedges.

- **Cash flow hedges**
The portion of profit or loss on the hedged instrument relating to the effective hedge is recognised under other comprehensive income in the "cash flow hedge" reserve, while the ineffective portion is recognised directly in the statement of income under financial expenses.
Amounts recognised as other comprehensive income are transferred to the statement of income during the period in which the hedged transaction influences the statement of income, for example when the financial income or expense is recognised or when a planned sale takes place. When the hedged item is the cost of a non-financial asset or liability, the amounts recognised under other comprehensive income are transferred at the initial carrying amount of the asset or liability.
If the proposed transaction or irrevocable commitment is no longer expected to take place, the accumulated gains or losses recognised in the cash flow hedge reserve are transferred to the statement of income. If the hedging instrument reaches maturity or is sold, cancelled or exercised without being replaced, or if its designation as a hedge is revoked, amounts previously recognised in the cash flow hedge reserve remain there until the proposed transaction or irrevocable commitment have an impact on the statement of income.
At the reporting date the Company had two cash flow hedges in place.

- **Hedging a net investment in a foreign operation**
The hedging of a net investment in a foreign operation, including the hedging of a monetary item recognised as part of a net investment, are recognised in the same way as cash flow hedges. Gains or losses on the hedging instrument are recognised under other comprehensive income for the effective part of the hedge, while the remainder (ineffective) are recognised in the statement of income. On the disposal of the foreign asset, the accumulated value of such comprehensive gains or losses is transferred to the statement of income.
The Company does not have any hedges of net investments in foreign operations.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive financial flows from the asset are extinguished;
- the Company retains the right to receive financial flows from the asset, but has assumed a contractual obligation to pay them immediately and in full to a third party;
- the Company has transferred the right to receive financial flows from the asset and (a) has substantially transferred all risks and rewards incidental to ownership of the financial asset, or (b) has neither transferred nor substantially retained all risks and rewards incidental to ownership, but has transferred control of the asset.

In cases where the Company has transferred the right to receive financial flows from an asset and has neither transferred nor substantially retained all risks and rewards and has not lost control over the asset, the asset is recognised by the Company to the extent of its residual interest therein.
The residual interest, which takes the form of a guarantee on the transferred asset, is measured at the lower of the initial carrying amount of the asset and the maximum value of the consideration that the Company could be required to pay.
In cases where the residual interest takes the form of an option issued and/or acquired on

the transferred asset (including options settled in cash or similar), the measurement of the Company's interest corresponds to the amount of the transferred asset that the Company could repurchase; however, in the case of a put option issued on an asset measured at fair value (including options settled in cash or using similar instruments), the measurement of the Company's residual interest is limited to the fair value of the asset transferred or the exercise price of the option, whichever is lower.

Financial liabilities

A financial liability is derecognised when the underlying obligation is extinguished, cancelled or fulfilled.
In cases where an existing financial liability is replaced by another from the same provider, under substantially different conditions, or the conditions of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with any differences between the carrying amounts recognised in the statement of income.

Employee benefits

The liability relating to short-term benefits guaranteed to employees, paid during the period of employment, is recognised based on the amount accrued at the end of the reporting period.
Liabilities relating to employment benefits paid during or after the period of employment under defined benefit plans, represented by the employee termination benefits plan and the loyalty bonus scheme provided by Article 66 of the national collective agreement of 5 July 1995 for the building industry, are recognised during the vesting period, net of any assets used to service the plan and advances paid, and are determined based on actuarial assumptions and recognised on an accrual basis in line with the period of service necessary to qualify for benefits; the liabilities are measured by independent actuaries.
The method used to measure defined benefit plans is the Projected Unit Credit Method (PUCM).
With regard to termination benefits, this method consists of calculating the average present value of obligations under the plan, accrued based on the employee's length of service prior to the measurement date, taking into account the employee's future contributions. The calculation method, applied on an individual basis for the population measured, can be divided into the following stages: 1) projection of the fund already set aside and future contributions, which will accrue whenever payment takes place; 2) calculation of the probable payments that will have to be made if the employee leaves the company due to dismissal, resignation, disability, death or retirement, or in the event of taxes or an advance payment request; 3) discounting, at the measurement date, of each probable payment; and 4) recalculation of the probable benefits discounted based on the length of service at the measurement date, compared with the total length of service whenever settlement takes place. The same method is used to measure the loyalty bonus, the calculation of which does not include future contributions from the employee, nor the possibility of advances.
Note that from the 2007 financial year, the Company absorbed the effects of changes introduced by the 2007 Finance Act and subsequent decrees and regulations relating to the allocation of termination benefits accrued from 1 January 2007, applicable for companies with an average of more than 50 employees in 2006. As a result:

- the termination benefits accrued at 31 December 2006 remain a defined benefit plan;
- the termination benefits allocated to a supplementary pension from the date of this option (or at the end of the six-month statutory period, unless otherwise indicated) represent a defined contribution plan;
- the termination benefits allocated after 1 January 2007 to the treasury fund represent a defined contribution plan.

For termination benefits accrued at 31 December 2006, while maintaining the status of a defined benefit plan, the calculation method has changed due to the absence of future contributions; in fact, the liability linked to accrued termination benefits is measured for actuarial purposes at 1 January 2007 (or the date on which the decision

was made to allocate these to a supplementary pension) without using the Projected Unit Credit Method (PUCM), since the employee benefits accrued prior to 31 December 2006 (or the date on which the decision was made to allocate these to a supplementary pension) could be considered almost entirely vested (with the sole exception of the revaluation) in accordance with paragraph 67(b) of IAS 19.
Conversely, the accounting treatment of amounts accrued from 1 January 2007 is similar to that for other contribution payments, both in the case of the supplementary pension option, and in the event of allocation to the INPS treasury fund.
In addition, in accordance with IAS 19, these changes entail the recalculation of the termination benefits accrued at 31 December 2006; this recalculation ("curtailment", as defined in paragraph 109 of IAS 19) is essentially based on the exclusion of future payments and the related assumed increases from the actuarial calculation.
Gains and losses arising from the actuarial calculation for both defined benefit plans are recognised in comprehensive income during the period in which they occur. These actuarial gains and losses are classified immediately under retained earnings and are not reclassified in the statement of income in subsequent periods.

Provisions for risks and charges

Provisions for risks and charges are recognised when there is a present (legal or constructive) obligation towards third parties arising from a prior event, if an outflow of resources is probable to satisfy the obligation and the amount of the obligation can be reliably estimated.
Provisions are recognised at the value representing the best estimate of the amount that the company would pay to extinguish the obligation or to transfer it to third parties at the reporting date. If the impact of discounting the value of money is significant, the provisions are determined by discounting expected future financial flows at a discount rate that reflects the current market valuation of the time value of money. When the discounting is carried out, the increase in the provision due to the passage of time is recorded as a financial expense.

Revenues

Revenues other than from work in progress under contract are recognised insofar as it is possible to determine their fair value reliably and it is probable that the related economic benefits will materialise. Depending on the type of transaction, revenues are recognised on the basis of the following specific criteria:

- revenues from sales of goods are recognised when the material risks and rewards of ownership of the assets are transferred to the buyer;
- revenues from the provision of services are recognised with reference to the stage of completion of the assets based on the same criteria as for work in progress under contract. If it is not possible to determine the amount of revenues reliably, this is recognised based on the costs incurred which are expected to be recovered;
- revenues from lease payments and royalties are recognised during the accrual period, based on the contractual agreements signed.

Interest revenues (and interest expenses) are recognised based on interest accrued on the value of the corresponding financial assets and liabilities, using the effective interest rate method.
Dividends received from companies other than subsidiaries, associate companies or joint ventures are recognised on the vesting of the shareholders' right to receive them, following a resolution by shareholders of investee companies to distribute dividends.

Income tax

This is recognised based on a realistic estimate of the tax expenses due, in accordance with the prevailing regulations, taking into account any applicable exemptions. The tax rates and legislation used to calculate the amount are those issued or substantially in force at the reporting date in countries where the Company operates and generates its taxable income.
The liability for regional income tax (IRAP) and corporate income tax (IRES) to be paid directly to the tax administration is reported in the statement of financial position under current liabilities in the "Current tax liabilities" item, net of payments on account made. Any positive difference is recognised under current

assets in the "Current tax assets" item.
Deferred and prepaid taxes are calculated using the liability method on temporary differences between assets recognised in the financial statements and the corresponding values recognised for tax purposes.
Prepaid tax assets are also recognised on tax losses carried forward by the company.
Deferred tax liabilities are recognised against all taxable temporary differences, except for:

a) when deferred tax liabilities arise from the initial recognition of goodwill or of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction itself, has no impact either on net profit calculated for the purposes of the financial statements, or on profit or loss calculated for tax purposes;
b) with reference to taxable temporary differences associated with equity investments in subsidiaries, associate companies and joint ventures, in the event that the reversal of temporary differences can be verified and it is likely that this will not occur in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and for tax assets and liabilities carried forward, insofar as it is probable that there will be adequate future taxable income to justify the use of deductible temporary differences and of tax assets and liabilities carried forward, except for cases where:

- the deferred tax asset associated with the deductible temporary differences derives from the initial recognition of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction, has no influence either on net profit calculated for the purposes of the financial statements, or on profit or loss calculated for tax purposes;
- with reference to taxable temporary differences associated with equity investments in subsidiaries, associate companies and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the deductible temporary differences will be reversed in future and there is adequate taxable income against which the temporary differences could be used.

Prepaid tax assets are recognised when their recovery is deemed probable, based on the estimated future availability of sufficient taxable income for the realisation of the prepaid taxes themselves. The recoverable nature of the prepaid tax assets is reviewed at each reporting date.
Deferred tax assets and liabilities are measured based on the tax rates expected to apply to the financial year in which such assets are realised or liabilities extinguished, considering the prevailing rates and those already published or substantially published at the reporting date.
Current taxes relating to items recognised outside profit and loss are recognised in shareholders' equity or in the statement of comprehensive income in line with the recognition of the item to which they relate. Deferred tax assets and liabilities are offset, when there is a legal right to offset current tax assets against current tax liabilities and the deferred taxes relate to the same fiscal entity and the same tax authority.

Conversion of items and translation of financial statements in foreign currency

The separate financial statements are presented in Euros, which is the functional and presentation currency of the Company.
Balances included in the financial statements of each branch are entered in the currency of the primary economic environment in which the entity operates (functional currency). Items expressed in a different currency from the functional currency, whether monetary (cash, assets and liabilities to be collected or paid with fixed or determinable amounts, etc.) or non-monetary (inventories, work in progress, advances to suppliers of goods and/or services, goodwill, intangible assets, etc.) are initially recognised at the exchange rate in force on the date on which the transaction takes place. Thereafter the monetary elements are converted into the functional currency based on the prevailing exchange rate at the reporting date and differences arising from the conversion are recognised in the statement of income. Non-monetary items are maintained at the conversion rate on the transaction date, except in the event of a persistent unfavourable trend in the reference exchange rate. Exchange rate differences relating to non-monetary items receive the accounting treatment (statement of income or shareholders' equity) provided for changes in value of such items.

The rules for the translation of financial statements of foreign operations whose functional currency is different from the presentation currency of these financial statements (Euros) are as follows:

- assets and liabilities included in the financial statements, even if only for comparison purposes, are translated at the exchange rate in force on the reporting date;
- costs and revenues and income and expenses included in the financial statements, even if only for comparison purposes, are translated at the average exchange rate for the reporting period, or at the exchange rate on the date of the transaction, if this differs significantly from the average rate;
- components of shareholders' equity, excluding net profit, are converted at historical exchange rates;
- the "translation reserve" contains both exchange rate differences generated by the conversion of amounts at a different rate from the closing rate, and those generated from the translation of shareholders' equity at a different exchange rate from the rate used at year-end;
- exchange rate differences arising from conversion are recognised in the statement of comprehensive income.

The exchange rates in use at 31 December 2013 were as follows (source: Bank of Italy):

Value	Period end rate	Average rate
Aed - United Arab Emirates Dirham	5.07	4.88
All - Albanian Lek	140.53	140.30
Ars - Argentine Peso	8.99	7.28
Azn - Azerbaijani Manat	1.08	1.04
Bgn - New Bulgarian Lev	1.96	1.96
Dzd - Algerian Dinar	107.79	105.61
Etb - Ethiopian Birr	26.40	24.86
Gel - Georgian Lari	2.39	2.21
Gnf - Guinean Franc	9,695.07	9,175.70
Jos - Jordanian Dinar	0.98	0.94
Kzt - Kazakhstani Tenge	212.44	202.14
Lyd - Libyan Dinar	1.70	1.68
Mad - Moroccan Dirham	11.25	11.17
Mdl - Moldovan Leu	18.01	16.72
Myr - Malaysian Ringgit	4.52	4.19
Ngn - Nigerian Naira	220.89	211.55
Ron - New Romanian Leu	4.47	4.42
Sll - Sierra Leone Leone	5,944.51	5,744.48
Tnd - Tunisian Dinar	2.27	2.16
Try - New Turkish Lira	2.96	2.53
Uah - Ukrainian Hryvnia	11.33	10.79
Ugx - Ugandan Shilling	3,484.63	3,434.87
Pln - Polish Zloty	4.15	4.20
Usd - Us Dollar	1.38	1.33
Pes - Chilean Peso	724.77	658.32
Inr - Indian Rupee	85.37	77.93
Sar - Saudi Riyal	5.17	4.98
Sgd - Singapore Dollar	1.74	1.66
Rub - Russian Ruble	45.32	42.34
Aud - Australian Dollar	1.54	1.38
Pab - Panamanian Balboa	1.38	1.33
Iqd - Iraqi Dinar	1,606.65	1,547.26
Nam - Namibian Dollar	14.57	12.83

6. Discretionary measurements and significant accounting estimates

The preparation of the consolidated financial statements and accompanying explanatory notes in accordance with IFRS requires the management to make estimates and assumptions based on subjective opinions, past experience and reasonable and realistic assumptions in view of the information known at the time of the estimate. These estimates have an impact on the values of the assets and liabilities and information relating to contingent assets and liabilities at the reporting date, as well as on the amount of revenues and costs for the period under review. The actual amounts could be significantly different, following possible changes in the factors used to determine such estimates. Estimates are periodically reviewed.
Below are the most significant accounting estimates made on the basis of assumptions and subjective opinions.

Accounting area	Accounting estimates
Provision for impairment losses on receivables	The recoverability of receivables is measured by taking into account the risk of non-payment, ageing and bad debts recognised in the past for similar types of receivables.
Intangible assets and Equity investments	The recoverability of the amount recognised in the statement of financial position is evaluated through impairment tests to detect if there are any indicators of impairment. See Note 57 and 58 for details on the assumptions used.
Provisions, contingent liabilities and employee benefits	Provisions linked to legal disputes, arbitration and tax disputes are the result of a complex estimation process which is partly based on the probability of losing the case. Provisions linked to employee benefits, particularly termination benefits, are determined based on actuarial assumptions; changes in these assumptions could have a material impact on these provisions.
Revenues from work in progress	A significant part of the Company's activities is typically carried out on the basis of contracts that involve a payment determined when the contract is awarded. This means that the margins on contracts of this type could change compared with the original estimates, depending on the recoverability or otherwise of the additional expenses and/or costs that the Company could incur during the performance of the contracts.
Income tax	Income tax (current and deferred) is calculated in each country in which the Company operates based on a prudent interpretation of the prevailing tax legislation. This process at times involves complex estimates to determine taxable income and deductible and taxable temporary differences between carrying amounts and taxable amounts. In particular, prepaid tax assets are recognised insofar as it is probable that a future taxable income will be available against which they can be recovered. The measurement of the recoverability of prepaid tax assets, recognised in relation both to tax losses that can be used in subsequent periods and deductible temporary differences, takes into account the estimate of future taxable income and is based on conservative tax planning.
Derivatives and equity instruments	The fair value of derivatives and equity instruments is determined both on the basis of values recognised on regulated markets or quotations supplied by financial counterparties, and based on valuation models that also take into account subjective valuations such as estimated cash flows, expected price volatility, etc.

In the absence of a standard or interpretation specifically applicable to a certain transaction, the management defines, through subjective weighted assessments, the accounting policies to be adopted with a view to providing a set of financial statements that give a true and fair view of the financial position, results from operations and cash flows of the Company; reflect the economic substance of the transactions; and are neutral, prepared on a prudent basis and complete in all material respects.

7. Revenues

Revenues for the year came to a total of €769,003, up 3% over the previous year:

(Values in €/000)	Year 2013	Year 2012	Change	% Chg
Revenues	757,429	686,054	71,374	10.4%
Other revenues and earnings	**11,574**	**59,715**	**(48,141)**	**-80.6%**
Total Revenues	**769,003**	**745,769**	**23,234**	**3%**

Operating revenues may be broken down as follows:

(Values in €/000)	Year 2013	Year 2012	Change	% Chg
Works invoiced to clients	676,596	679,562	(2,965)	-0.4%
Sales revenues	5,495	6,493	(998)	-15.4%
Services	75,338	0	75,338	–
Total operating revenues	**757,429**	**686,054**	**71,374**	**10%**

Work invoiced to clients includes contractual revenues 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 “amounts due from/to clients”.

The table below shows the breakdown of operating revenues by geographic area:

(Values in €/000)	2013	%	2012	%	Change	% Chg
Italy	54,989	7%	95,402	14%	(40,413)	-42%
Dubai	19,586	3%	46,041	7%	(26,454)	-57%
Ethiopia	563,523	74%	404,709	59%	158,814	39%
Kazakhstan	72,735	10%	112,900	16%	(40,166)	-36%
Libya	5,899	1%	0	0%	5,899	–
Romania	648	0%	0	0%	648	–
Sierra leone	15,391	2%	15,821	2%	(430)	-3%
Turkey	448	0%	0	0%	448	–
Uganda	595	0%	5,916	1%	(5,321)	-90%
Zimbabwe	22,930	3%	5,265	1%	17,665	336%
Chile	636	0%	0	0%	636	–
Singapore	49	0%	0	0%	49	–
Salini S.p.A.	**757,429**		**686,054**		**71,374**	**10%**

Other revenues and earnings came to a total of €11,574, as shown in the table below:

(Values in €/000)	Year 2013	Year 2012	Change	% Chg
Release of provision for legal dispute risks	109	0	109	–
Insurance reimbursements	2,337	0	2,337	–
Gains on the disposal of property, plant and equipment	870	0	870	–
Prior year income/Contingent liabilities	1,308	0	1,308	–
Other revenues and earnings	6,951	59,715	(52,764)	-88%
Total other revenues and earnings	**11,574**	**59,715**	**(48,141)**	**-81%**

During the year the Company realised capital gains on asset disposals for approximately €870; in addition, mainly in Italy, the Company recognised prior year income of €1,308.

Under the item “Other Revenues” the Company entered the amount €4,551, representing the amount awarded to it by the Council of State, which, in a ruling issued on 10 December 2013, filed on 20 February 2014, upheld the grounds for the appeal brought by ATI Salini S.p.A. (former Salini Costruttori S.p.A.) – Todini S.p.A, regarding the failure to award the planning and execution of the “Itinerario E 78 Grosseto-Fano - Tratta Grosseto-Siena (SS 223 di Paganico), dal km. 30+040 al km. 41+600” contract, for a tender amount of €217,783. The entry of this income item, supported by an appraisal by an external legal counsel that has assisted in the dispute, complies with the provisions of IAS 10 – Events after the reporting period - §3 and IAS 37 – Provisions, contingent liabilities and contingent assets – §35, as the Company considered the asset – and the consequent income – resulting from the above ruling to be certain.

8. Cost of sales

The cost of sales amounts to €188,180, an increase of €94,149 compared to the previous year and is composed of:

(Values in €/000)	Year 2013	Year 2012	Change	% Chg
Costs for raw materials, ancillary materials, consumables and supplies	210,631	114,909	95,722	83%
Change in inventories of raw materials, ancillary materials, consumables and supplies	(22,450)	(20,877)	(1,573)	8%
Total cost of sales	**188,180**	**94,032**	**94,149**	**100%**

The geographical breakdown of cost of sales is as follows:

(Values in €/000)	Year 2013	%	Year 2012	%	Change	% Chg
Italy	864	0%	602	1%	262	44%
Panama	0	0%	0	0%	0	–
Dubai	11,647	6%	13,444	14%	(1,796)	-13%
Ethiopia	151,793	81%	32,466	35%	119,327	368%
Kazakhstan	18,294	10%	35,204	37%	(16,910)	-48%
Libya	52	0%	1	0%	51	Ns
Romania	3	0%	0	0%	3	–
Sierra Leone	4,781	3%	5,455	6%	(674)	-12%
Uganda	747	0%	6,861	7%	(6,114)	-89%
Singapore	0	0%	0	0%	0	–
Total	**188,180**		**94,032**		**94,149**	**100%**

9. Service costs

Service costs were equal to €420,030 as illustrated in the table below:

(Values in €/000)	Year 2013	Year 2012	Change	% Chg
Service Costs	396,990	455,086	(58,096)	-13%
Lease And Rental Expenses	23,040	29,067	(6,027)	-21%
Total	**420,030**	**484,152**	**(64,122)**	**-13%**

Services costs includes the following items:

(Values in €/000)	2013	2012
Reversal of consortia costs	29,863	69,865
Subcontracts	137,631	208,420
Technical, administrative and legal consulting	58,112	33,365
Maintenance	4,434	3,790
Transport and customs	79,284	82,931
Employee travel expenses and refunds	9,149	8,851
Insurance	12,154	13,702
Other	66,362	34,162
Total Cost of Services	**396,990**	**455,086**

The overall geographical breakdown of service costs is as follows:

(Values in €/000)	Year 2013	%	Year 2012	%	Change
Italy	114,167	27%	111,276	23%	2,890
Panama	41	0%	29	0%	12
Dubai	21,054	5%	20,573	4%	481
Ethiopia	209,999	50%	254,665	53%	(44,666)
Jordan	41	0%	32	0%	9
Guinea	203	0%	231	0%	(27)
Kazakhstan	61,052	15%	75,280	16%	(14,228)
Libya	4,649	1%	572	0%	4,077
Morocco	318	0%	189	0%	129
Romania	252	0%	0	0%	252
Sierra Leone	4,422	1%	5,272	1%	(849)
Turkey	1,066	0%	976	0%	90
Kurdistan	7	0%	1	0%	6
Uganda	2,042	0%	14,666	3%	(12,624)
Zimbabwe	30	0%	0	0%	29
Chile	472	0%	391	0%	81
Singapore	215	0%	0	0%	215
Total	**420,030**		**484,152**		**(64,122)**

The decrease compared to the previous year is attributable to normal business operations.
Fees to the independent auditors, Reconta Ernst & Young S.p.A., and other companies of its network for 2013 are detailed as follows:

(Valori in Euro/000)	
Type of service	**Fees**
Audit	852
Other services	316
Total fees 31.12.13	**1,168**

10. Personnel costs

Personnel costs were equal to €97,914, an increase of €15,756 as illustrated in the table below:

(Values in €/000)	Year 2013	Year 2012	Change	% Chg
Wages and salaries	85,100	70,498	14,602	21%
Payroll costs	10,288	9,817	470	5%
Termination benefits	5	17	(12)	-71%
Pensions and similar expenses	2,479	1,825	654	36%
Other costs	42	0	42	–
Total personnel costs	**97,914**	**82,157**	**15,756**	**19%**

The number of employees at 31 December 2013 was 15,261, up on the figure at 31 December 2012 (12,362 employees), due to the full operation of the foreign work sites.

11. Amortisation, depreciation and write-downs

The cost of depreciation, amortisation and write-downs totals €66,758 (€49,172 at 31 December 2012) and is composed of:

(Values in €)	Year 2013	Year 2012	Change	% Chg
Amortisation of intangible assets	125	160	(35)	-22%
Depreciation of property, plant and equipment	60,198	47,839	12,359	26%
Write-down of current receivables and cash equivalents	6,436	1,174	5,262	ns
Other write-downs of non-current assets	0	0	0	–
Total depreciation, amortisation and write-downs	**66,758**	**49,172**	**17,587**	**36%**

The write-down of receivables at 31 December 2013, of €6,436, mainly relates to the Kazakhstan branch (€6,383), for prudent provisions made for receivables for advances to subcontractors. The remainder of the write-down related to the write-down of receivables relating to the head office.

12. Other operating costs

Other operating costs total €7,848 (€8,021 at 31 December 2012) and are composed of:

(Values in €)	Year 2013	Year 2012	Change	% Chg
Provisions	774	5,233	(4,459)	-85%
Other Operating Costs	7,074	2,788	4,286	154%
Total other operating costs	**7,848**	**8,021**	**(173)**	**-2%**

Other operating costs, equal to €7,575, represent almost all of this item and are attributable, in the main, to negative contingencies, capital losses and other operating expenses.

13. Financial income and expenses

Financial income

(Values in €/000)	Year 2013	Year 2012	Change
Contributions/interest on financing	705	277	428
Bank interest receivable	633	4,351	(3,717)
Leases	278	155	123
Income from equity investments	539,856	1,800	538,056
Interest income subsidiaries	16,685	11,559	5,126
Interest income parents	6,263	1,035	5,229
Other income and earnings	10,080	12,531	(2,450)
Total financial income	**574,501**	**31,707**	**542,794**

Financial expenses

(Values in €/1000)	2013	2012	Change
Bank overdrafts and finance	26,717	11,502	15,214
Bank loans	21,918	38	21,880
Charges on bonds	104	10	94
Bank fees	0	360	(360)
Leases	5,683	2,764	2,920
Factoring	4	0	4
Interest payable to subsidiaries	889	150	739
Other financial expenses	10,777	195	10,583
Total interest and other fin. expenses	**66,092**	**15,018**	**51,074**

Exchange rate gains (losses), split between realised and unrealised, are shown separately in the table below:

Exchange rate gains (losses)

(Values in €/1000)	2013	2012	Change
Realised exchange gains	90,627	19,587	71,040
Unrealised exchange gains	5,939	8,361	(2,422)
Realised exchange losses	(99,590)	(7,712)	(91,878)
Unrealised exchange losses	(8,556)	(15,364)	6,809
total exchange rate gains (losses)	**(11,579)**	**4,872**	**(16,451)**

The figure for net financial income, of €497 million, is higher than the previous year (by €22 million), due to the positive impact of income from equity investments, amounting to €540 million, mainly relating to the dividends paid by subsidiaries (of which €534 million from Impregilo S.p.A., €5 million from Salini Hydro Ltd. and €0.4 million from Co.Ge.Ma. S.p.A.) and interest income on correspondent current accounts with subsidiaries (€16,3 million) and the parent Salini Costruttori S.p.A. (€4,5 million).

14. Income/(expenses) from equity investments

(Values in €/000)	Year 2013	Year 2012	Change
Total revaluations	0	1,329	(1,329)
Total write-downs	69,466	0	69,466
Income/(expenses) from equity investments	**(69,466)**	**1,329**	**(68,137)**

For more information on the write-down see the note on equity investments.

15. Income tax

(Values in €/000)	Year 2013	Year 2012	Change	% Chg
Current regional income tax (IRAP) for the period	1,065	2,021	(956)	-47%
Current corporate income tax (IRES) for the period	7,884	2,014	5,870	291%
Foreign current taxes	0	9,612	(9,612)	-100%
Prior period taxes	0	1,278	(1,278)	-100%
Current taxes	**8,950**	**14,925**	**(5,976)**	**-40%**
Deferred tax (income) expense	**(12,438)**	**1,866**	**(14,303)**	**-767%**
Total taxes	**(3,488)**	**16,791**	**(20,279)**	**-121%**

The following table contains a reconciliation of theoretical tax:

(Values in €/000)	31 December 2013		
Pre-tax profit (loss)	**415,637**		
Theoretical taxes		(114,300)	27.5%
Taxes on net permanent differences		106,416	
Effective corporate income tax (IRES) (A)		**(7,884)**	**1.9%**
Regional income tax (IRAP) and other taxes (B)		**(1,065)**	**0.3%**
Actual income tax for the period (A+B)	**(8,949)**		**2.2%**
Deferred tax balance	**12,437**		
Net profit (loss)	**419,125**		

The following table contains a breakdown of deferred tax assets and liabilities passed to the income statement:

ITEMS	2013 Residual	Corporate income tax (IRES)	Prepaid corporate income tax (IRES)	Regional tax (IRAP)	Prepaid regional tax (IRAP)	Total Prepaid
	A	B	X = A * B	C	Y = A * C	X + Y
A) Recalculation of taxes upon reversal of deductible temporary differences (positive temporary differences)						
Expenses for other years						
IAS 38 deferred charges**	22,769	27.5%	6,261	4.82%	0	6,261
FTA IAS 11 - CTC	(2,726)	27.5%	(750)	4.82%	(131)	(881)
maintenance**	14,578	27.5%	4,009	4.82%	0	4,009
statutory depreciation/amortisation higher than the admissible tax rate**	(227)	27.5%	(62)	4.82%	2	(61)
unrealised exchange losses*	2,616	27.5%	720	4.82%	0	720
property write-downs	(46)	127.5%	(13)	4.82%	4	(8)
other deferred expenditure	0	27.5%	0	4.82%	0	0
capital gains on sales of assets to subsidiaries	(24)	27.5%	(7)	4.82%	(1)	(8)
contractual risks on works in progress**	615	27.5%	169	4.82%	0	169
risks on completed work	(336)	27.5%	(92)	4.82%	(14)	(107)
work in progress expenses	0	27.5%	0	4.82%	0	0
other legal dispute risks***	7	27.5%	2	4.82%	(10)	(8)
country and receivables risks*	5,905	27.5%	1,624	4.82%	0	1,624
*Unpaid directors' compensation**	*20*	*27.5%*	*6*	*4.82%*	*0*	*6*
Total A	43,152	27.5%	11,867	4.82%	(151)	11,716
B) Recalculation of taxes upon reversal of taxable temporary differences (negative temporary differences)						
Deferred revenues						
Capital gains instalments**	(557)	27.5%	(153)	4.82%	0	(153)
FTA IAS 17 - finance leases	(1,759)	27.5%	(484)	4.82%	(85)	(569)
Total b	**(2,316)**	**27.5%**	**(637)**	**4.82%**	**(85)**	**(722)**
Net deferred/prepaid income taxes (a-b)	**45,468**	**27.5%**	**12,504**	**4.82%**	**(66)**	**12,438**

(*) Amounts not subject to IRAP.
(**) Amounts not subject to IRAP from 2008 onwards.
(***) Amounts not subject to IRAP for the part relating to labour disputes.

The amounts receivable for deferred tax assets at 31 December 2013 totalled €9,027, while amounts payable for deferred tax liabilities totalled €270.

The following table contains a breakdown of deferred tax assets and liabilities:

ITEMS	2012 Residual	2012 Corporate income tax (IRES)	2012 Prepaid corporate corporate (IRES)	2012 Regional income tax (IRAP)	2012 Prepaid regional income tax (IRAP)	2012 Total Prepaid tax	2013 Residual	2013 Corporate income tax (IRES)	2013 Prepaid corporate corporate (IRES)	2013 Regional income tax (IRAP)	2013 Prepaid regional income tax (IRAP)	2013 Total Prepaid tax
	A	B	X = A * B	C	Y = A * C	X + Y	A	B	X = A * B	C	Y = A * C	X + Y
A) Recalculation of taxes upon reversal of deductible temporary differences (positive temporary differences)												
Expenses for other years												
IAS 38 deferred charges**	0	27.5%	–	4.40%	–	–	22,769	27.5%	6,261	4.82%	–	6,261
FTA IAS 38 - intangible assets	97	27.5%	27	4.40%	4	31	97	27.5%	27	4.82%	5	32
FTA IAS 11 - CTC	2,726	27.5%	750	4.40%	120	870	0	27.5%	–	4.82%	–	–
FTA IAS 19 - Post-employment benefits**	372	27.5%	102	4,40%	–	102	372	27.5%	102	4.82%	–	102
FTA IAS 27 - Elimination intragroup sales adjusments	(533)	27.5%	(147)	4,40%	(23)	(170)	0				–	
Maintenance**	8,597	27.5%	2,364	4.40%	–	2,364	23,175	27.5%	6,373	4.82%	–	6,373
Statutory depreciation/amortisation higher than the admissible tax rate**	3,187	27.5%	876	4.36%	2227.088	3,103	2,960	27.5%	814	4.82%	18	832
Unrealised exchange losses*	(289)	27.5%	(79)	4.36%	0	-79	2,327	27.5%	640	4.82%	–	640
Property write-downs	1,448	27.5%	398	4.36%	55.551	454	1,402	27.5%	385	4.82%	68	453
Other deferred expenditure	0	27.5%	0	4.36%	0	–	0	27.5%	–	4.82%	–	–
Capital gains on sales of assets to subsidiaries	6,558	27.5%	1,804	4.36%	1901.989	3,706	0	27.5%	–	4.82%	–	–
Taxed reserves	0		0		0		0				–	–
Contractual risks on works in progress**	0	27.5%	0	4.36%	0	–	615	27.5%	169	4.82%	–	169
Risks on completed work	381	27.5%	105	4.36%	1304.984	1,410	45	27.5%	12	4.82%	2	15
Work in progress expenses	0	27.5%	0	4.36%	0	–	0	27.5%	–	4.82%	–	–
Other legal dispute risks***	783	27.5%	215	4.36%	533.333	749	790	27.5%	217	4.82%	15	233
Country and receivables risks*	11,012	27.5%	3,028	4.36%	0	3,028	16,917	27.5%	4,652	4.82%	–	4,652
Provision for taxes*	–	27.5%	0	4.36%	0	–	0	27.5%	–	4.82%	–	–
*Unpaid directors' compensation**	–	27.5%	–	4.36%	–	–	20	27.5%	6	4.82%	–	6
Total A	34,340	27.5%	9,443	4.36%	446	9,910	71,490	27.5%	19,660	4.82%	108	19,768

ITEMS	2012						2013					
	Residual	Corporate income tax (IRES)	Deferred corporate income tax (IRES)	Regional income tax (IRAP)	Deferred regional income tax (IRAP)	Total Def tax.	Residual	Corporate income tax (IRES)	Deferred corporate income tax (IRES)	Regional income tax (IRAP)	Deferred regional income tax (IRAP)	Total Def. tax.
	A	B	X = A * B	C	Y = A * C	X + Y	A	B	X = A * B	C	Y = A * C	X + Y
B) Recalculation of taxes upon reversal of taxable temporary differences (negative temporary differences)												
Deferred revenues												
Capital gains instalments**	2,227	27.5%	612,449	4.36%	–	612.449	1.670	27,5%	459	4,82%	–	459
FTA IAS 17 - finance leases	10,756	27.5%	2,958	4.40%	473	3.431	8.338	27,5%	2.293	4,82%	376	2.669
FTA IAS 39 - amortised cost	35	27.5%	10	4.40%	2	11	35	27,5%	10	4,82%	2	11
FTA IAS 21 - Translation reserve	26,187	27.5%	7,201	4.40%	–	7.201	26.187	27,5%	7.201	4,82%	–	7.201
FTA IAS 27 - Revaluations of equity investments	(1,305)	27.5%	(359)	4.40%	–	(359)	0					
Capital losses on sales of assets to subsidiaries	56	27.5%	15,277	4.36%	2,422	17.699	0	27,5%	–	4,82%	–	–
Gain on disposal of Salini Nigeria Ltd receivables*	0	27.5%	–	4.36%	–	0	0	27,5%	–	4,82%	–	–
Uncollected late-payment interest*	1,902	27.5%	523.05	4.36%	–	523	1.902	27,5%	523	4,82%	–	523
Unrealised exchange gains*	0	27.5%	–	4.36%	–	0	0	27,5%	–	4,82%	–	–
Deferred dividends	0					0	0				–	–
Equity method revaluations*	1,305	27.5%	359	4.36%	–	359	0	27,5%	–	4,82%	–	–
*Additional tax depreciation**	533	27.5%	147	4.36%	–	147	533	27,5%	147	4,82%	–	147
Total B	**41,696**	**27.5%**	**638,564**	**4.36%**	**2.897**	**641.461**	**38.666**	**27,5%**	**10.633**	**4,82%**	**378**	**11.011**
Net deferred/prepaid income taxes (a-b)	**(7,357)**	**27.5%**	**(629,121)**	**4.36%**	**(2,431)**	**(631,522)**	**32.824**	**27,5%**	**9.027**	**4,82%**	**(270)**	**8.756**

(*) Amounts not subject to IRAP.
(**) Amounts not subject to IRAP from 2008 onwards.
(***) Amounts where the portion for labour disputes is not subject to IRAP.

16. Statement of comprehensive income (OCI)

As shown in the statement of comprehensive income it differs from the net profit (loss) by €1,014; this is due to:

- translation differences on foreign assets of €1,061;
- actuarial gains/(losses) on employee benefits of €(57). For more information, see the note on employee benefits;
- cash flow hedges for the for the period of €(7);
- tax impact of €18, due to employee benefits and cash flow hedges.

17. Property, plant and equipment

These total €224,636, an increase compared with the amount at 31 December 2012 of €16,148. The breakdown and changes in this item are shown below.

(Values in €/000)	Land and buildings	Plant and machinery	Vehicles	Industrial and commercial equipment	Other assets	Leased assets	Work in progress	Total
Balances at 31 December 2012	**23,410**	**148,026**	**75,670**	**48,150**	**10,982**	**128,754**	**5,628**	**440,619**
Exchange rate adjustment	(673)	(595)	(158)	(88)	(28)	0	0	(1,541)
Investments	1,310	7,792	10,216	9,292	1,306	54,040	83	84,039
Disposals	0	(10,684)	(2,507)	(1,104)	(238)	0	(3,767)	(18,300)
Repurchase of leased assets	0	2,492	0	335	(1)	(2,951)	0	(125)
Reclassification under non-current assets held for sale	0	0	0	0	0	0	0	0
Other changes	(657)	(3,797)	3,692	(497)	105	(3,499)	0	(4,653)
Historical cost at 31 December 2013	**23,389**	**143,235**	**86,913**	**56,088**	**12,127**	**176,343**	**1,944**	**500,039**
Balances at 31 December 2012	**(5,718)**	**(111,128)**	**(47,435)**	**(35,693)**	**(7,098)**	**(25,059)**	**0**	**(232,131)**
Exchange rate adjustment	(123)	(544)	(150)	(85)	(21)	0	0	(923)
Depreciation and amortisation	(1,302)	(13,363)	(8,928)	(10,785)	(1,470)	(24,348)	0	(60,197)
Write-downs/Reversals	0	0	0	0	0	0	0	0
Disposals	0	9,601	2,481	1,040	199	0	0	13,320
Repurchase of leased assets	0	(1,623)	0	(249)	0	2,039	0	167
Reclassification under non-current assets held for sale	0	0	0	0	0	0	0	0
Other changes	901	5,630	(3,296)	1,192	(63)	0	0	4,364
Exchange rate adjustment	22	(39)	9	1	2	0	0	(5)
Accumulated depreciation at 31 December 2013	**(6,220)**	**(111,467)**	**(57,319)**	**(44,579)**	**(8,451)**	**(47,368)**	**0**	**(275,405)**
Net amount at 31 December 2012	**17,692**	**36,897**	**28,235**	**12,457**	**3,884**	**103,695**	**5,628**	**208,488**
Net amount at 31 December 2013	**17,169**	**31,768**	**29,593**	**11,509**	**3,675**	**128,976**	**1,944**	**224,636**

The increases and decreases in the items relating to plant and machinery, vehicles, equipment and other assets were due to the acquisitions and/or increased expenses and to disposals in the period caused by investments for new work sites and for the replacement of assets used in the production process.
Compared to the previous year there was a substantial increase in leased assets, classified under Property, plant and equipment in accordance with IAS 17. Specifically, additional acquisitions were recognised

during the year for excavators, drill rigs and truck cranes for the GERDP contract in Ethiopia and for tractors and drilling machines lease purchased by the Head Office to then be hired out to the companies Salini Malaysia SDN BHD and JA Todini Akkord Salini.

The balance of fixed assets under construction is mainly due to new fixed assets and the inclusion of the production cycle of capital equipment designed for foreign work sites.

18. Intangible assets

The balance of this item is €162. The details of these assets are shown below:

(Values in €/000)	Start-up and expansion costs	Research, development and advertising costs	Intellectual property rights	Concessions, licences and trademarks	Rights to infrastructure under concession	Contract acquisition costs	Other	Assets in course of construction and payments on account	Total
Balances at 31 December 2012	**0**	**55**	**466**	**90**	**0**	**0**	**0**	**0**	**611**
Purchases and capitalised costs	0	0	87	0	0	0	0	0	87
Disposals	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	(183)	0	0	0	0	0	(183)
Exchange rate gains (losses)	0	0	0	0	0	0	0	0	0
Change in consolidation scope	0	0	0	0	0	0	0	0	0
Other changes	0	(55)	0	0	0	0	0	0	(55)
Historical cost at 31 December 2013	**0**	**0**	**370**	**90**	**0**	**0**	**0**	**0**	**460**
Balances at 31 December 2012	**0**	**0**	**(340)**	**(16)**	**0**	**0**	**0**	**0**	**(357)**
Depreciation and amortisation	0	0	(123)	(1)	0	0	0	0	(124)
Disposals	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	183	0	0	0	0	0	183
Exchange rate gains (losses)	0	0	0	0	0	0	0	0	0
Change in consolidation scope	0	0	0	0	0	0	0	0	0
Other changes	0	0	0	0	0	0	0	0	0
Accumulated amortisation reserve at 31 December 2013	**0**	**0**	**(280)**	**(18)**	**0**	**0**	**0**	**0**	**(298)**
Net amount at 31 December 2012	**0**	**55**	**125**	**74**	**0**	**0**	**0**	**0**	**255**
Net amount at 31 December 2013	**0**	**0**	**89**	**73**	**0**	**0**	**0**	**0**	**162**

The net decrease of €93 compared to the figure at 31 December 2012 is attributable to the net effect of the amortisation for the period partially offset by the capitalisations.

The balance of the item is therefore composed as follows:

- €89 for "Intellectual property rights", which include software amortised on a straight-line basis over three financial years;
- €73 for "Trademarks, licences and concessions": this amount relates to the license on the land for the work site of the Uganda branch.

19. Equity investments

The analysis of equity investments is as follows:

(Values in €/000)	31 December 2013	31 December 2012	Change
Investments in associates, subsidiaries and joint ventures	1,295,800	355,853	939,947
Other equity investments	109	1,261	(1,152)
Total Equity Investments	**1,295,909**	**357,114**	**938,795**

Changes during the year are summarised below:

(Values in €/000)	Investments in associates, subsidiaries and joint ventures	Other equity investments
Balance at 31.12.2012	**355,853**	**1,261**
Change in consolidation method	0	0
Acquisitions, capital injections and disinvestments	975,570	(1,152)
Share of profit (loss) of equity-accounted investees	0	0
Dividends from equity-accounted investees and other investees	0	0
Other changes including changes in the translation reserve	30	0
Impairment losses	(35,653)	0
Total	**939,947**	**(1,152)**
Balance at 31 December 2013	**1,295,800**	**109**

Investments in associates, subsidiaries and joint ventures increased by €975,600 mainly due to:

- the increase in the value of the equity investment in the subsidiary Impregilo S.p.A., which, net of disposals during 2013, amounts to €956 million;
- the increase of €15 million in the value of the equity investment in the subsidiary CMT I/S, as a result of the conclusion of the agreement, finalised on 10 October 2013, for the sale of 39.995% of the interests attributable to CMT I/S held by Tecnimont Civil Construction S.p.A.;
- the increase of €2.8 million in the value of the equity investment in the wholly-owned subsidiary Salini Australia Pty Ltd;
- the increase of €1.1 million in the value of the equity investment in the Turkish associate Gaziantep Hastane Sag.Hizm.Isl.Yat.Anonim Sirketi.

The other equity investments decreased during the period by €(1,152). The change was due to the disposal of the equity investment in the company Autostrade Torino-Milano S.p.A. (€1,126) and the closure of the equity investment in the company Costruttori Romani Riuniti Grandi Opere (€26).
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 "Equity investments" can be analysed as follows:

Interests in special purpose entities (SPEs)	33,915	17,384	16,531
Other Equity investments in companies with indefinite lives	1,261,994	339,730	922,264
Equity investments	1,295,909	357,114	938,795

Special purpose entities (SPEs) are legal entities set up specifically and solely to carry out construction contracts which Salini will not carry out directly and in which Salini 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.
Other equity investments in companies with indefinite lives relate to non-consortium companies whose business object covers more than just one contract.
In compliance with the provisions of the current IAS 36 and as recommended by the Bank of Italy – CONSOB – ISVAP joint document no. 4 of 3 March 2010, the Company has conducted impairment tests to identify any impairment losses and reversals of previous impairment losses recognised, by analysing the individual investee companies considering the specific objectives pursued by each of them during the performance of their operating activities. This measurement was carried out based on the discounting of future cash flows forecast in the companies' business plans.

As a result of these measurements, impairment losses totalling €(69,452) were recognised for the year 2013, relating to:
- Todini S.p.A. – €69,000;
- Salini India Private Limited – €240;
- SALINI RUS OOO – €74;
- TB Metro S.r.l. – €138.

Specifically, for the measurement of the value in use of Todini S.p.A., in accordance with the procedures established by the applicable accounting standards, the following Cash Generating Units have been identified, according to geographic area, as announced in the Business Plan approved by the Board of Directors of the Company in 2013 as part of the merger plan:
- Italy
- European Union (excluding Italy)
- European countries outside of the European Union
- Asia
- Africa
- America

In line with previous years, certain prudent adjustments were made to the assumptions underlying the Plan and in particular:
a) a lower growth rate for revenues;
b) EBITDA and EBIT around 3% lower.
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 was calculated by developing an assumption of sustainable earnings that enabled the estimation of stable net operating cash flow over the long term on a going concern basis. The assumptions underlying the estimate of the sustainable net operating cash flow are:
  - EBITDA equal to the average for the years 2016/2018;
  - EBIT equal to around 5.5% of revenues (vs 8.5% in the Salini 2013-2016 Business plan);
  - depreciation and amortisation aligned to investments for maintenance of the level of fixed capital (i.e. 4% of revenues);
  - balance of working capital of 0.
- The operating cash flows used are net of theoretical tax expense calculated based on Italian taxation (IRES corporate income tax 27.5%, IRAP regional business tax 4.82%). This is a prudential approach because the company operates in countries operates in countries with lower tax rates than in Italy.
- Risk Free
  - Mature countries: calculated by taking the corresponding ten-year government bond (six-month average) as the reference for the risk-free return;
  - Emerging countries: calculated by taking the ten-year German government bond (AAA rating, six-month average) as the reference for the risk-free return;
- Beta: calculated based on the average volatility of Salini Impregilo and the main comparable listed companies in the last 2 years, taking into account the differential effects related to the level of debt and the tax rate (source: Bloomberg).
- Equity market risk premium: equal to 5%, commensurate with the yield differential (historic and long-term) between equities and bonds on international financial markets.
- Country Risk Premium:
  - Sovereign risk: calculated according to the rating associated with the country of reference on the basis of default risk (source: Damodaran/Moody's).
  - Long-term inflation differential between Germany (Mature country) and the country of reference: reflecting the expected depreciation of the local currency against the Euro. This approach is conservative because it assumes that the future cash flows are fully exposed to currency risk, whereas in practice also a significant part of the cash flows is governed by contracts in "hard" currency (i.e. Euro).
- The cost of debt has been estimated, based on the risk-free market rate (including the Country Risk Premium) and an average corporate spread of 300 basis points, expressed net of the tax shield.
- Structure of objective sources of funding (D/D+E): equal to 30%, in line with the average debt, at market values, of the Salini Impregilo Group and the main comparable listed companies.
- The overall weighted average cost (WACC) of Todini has been calculated by considering the underlying risk specific to the countries in which Todini operates ("blended discount rate"); the weighting factor has been set on the basis of the average exposure of the business reflected in the business plan for the different countries.
- he rate of growth in operating cash flows after the explicit period and in perpetuity, which is used to calculate the residual value (rate 'g'), has been estimated at 2%. The rate has been estimated taking into account the macroeconomic parameters of reference (relative GDP growth) of the countries in which Todini operates; this value of approximately 4% was prudently estimated at 2% (value aligned to the growth rate of Salini used for the purposes of the exchange).

Based on the above assumptions applied to analyse the Plan's cash flows, the resulting value in use for Todini S.p.A. is €196 million. This value, when compared to the overall investment held by the Company in Todini S.p.A., of €265 million, consisting of the carrying amount of the equity investment held by the Company of €35.2 million and financial receivables due to the Company from Todini S.p.A. of €230 million, showed an impairment loss of €69,000.
Accordingly the Company fully wrote-down the carrying amount of the equity investment in Todini S.p.A. by €35,201 and recognised an amount of €33,799 under the risk provision to cover losses on equity investments.

20. Financial assets

Non-current financial assets

Non-current financial assets total €4,350, as shown in the following table:

(Values in €/000)	31 December 2013	31 December 2012	Change on statement of financial position
Non-current receivables from subsidiaries > 12	1,658	1,658	0
Non-current receivables from associates > 12	0	28	(28)
Non-current receivables from other group companies > 12	81	46	36
Non-current receivables from others > 12	2,611	2,626	(15)
Non-current financial assets	**4,350**	**4,358**	**(8)**

Non-current financial assets consist of: i) €1,658 relating to receivables due for interest-bearing loans granted to associates and subsidiaries; ii) €2,611 for non-current receivables due from other companies, mainly consisting of security deposits to third parties, of which €802 relating to Italy, €1,485 to Dubai, €185 to Uganda, and €83 to Ethiopia.

Current financial assets

Current financial assets at 31 December 2013 amounted to €447,929 composed primarily of:

- €65,000 in the form of a receivable for an interest-bearing loan to the parent company Salini Costruttori S.p.A.. This loan, funded with the third tranche of the tender offer loan called "Tranche A3" launched in 2013, is aimed at enabling the parent company to repay its medium- to long-term debt deriving in particular from a loan agreement signed on 5 August 2009 with Centrobanca S.p.A. and a loan agreement signed on 29 July 2010 with Intesa Sanpaolo S.p.A.;
- €82,610 relating to the credit balance on the correspondent current accounts with the parent company Salini Costruttori S.p.A. classified under current financial assets;
- €289,607 relating to credit balances on correspondent current accounts with subsidiaries, including in particular around €235 million with Todini Costruzioni Generali S.p.A., around €40 million with Salini Malaysia SDN and around €4 million with Salini Nigeria Ltd;
- €7,881 relating to interest bearing loans to subsidiaries, including in particular around €5.6 million to Salini Polska Zoo.

21. Other assets

Other non-current assets

Other current financial assets at 31 December 2013 amounted to €4,427 composed primarily of:

- €2,145 relating to advances to suppliers and subcontractors, including in particular €1,900 for the Uganda branch, €140 for the Ethiopia branch and €105 for the Dubai branch;
- €398 relating to prepayments for guarantees;
- €1,871 relating to miscellaneous prepayments.

Other current assets

Other current assets total €71,510 and are mainly composed of:

	31 December 2013	31 December 2012	Change
Advances to suppliers	39,149	49,432	(10,283)
Provision for impairment losses on other receivables	(10,941)	(7,341)	3,600
Advances to suppliers	**28,208**	**42,091**	**(13,883)**
Receivables from other companies	**19,735**	**19,376**	**359**
Accrued income and deferred insurance charges	**1,028**	**1,186**	**(158)**
Lease Payments on account	**645**	**392**	**253**
Other accrued income	24	0	24
Miscellaneous consulting prepayments	100	144	(44)
Subscription prepayments	4	23	(19)
Other prepayments	14,684	14,763	(79)
Receivables branch current accounts	(0)	(0)	0
Miscellaneous debtors	1,764	1,121	643
Receivables from employees	253	123	130
Receivables from social security institutions	58	362	(304)
Receivables from others for security deposits	25	34	(9)
Other receivables from associate companies	286	0	286
Other receivables from associate companies	347	32	315
Other receivables from parent companies	4,348	1,228	3,121
Other	**21,895**	**17,831**	**4,064**
Other current assets	**71,510**	**80,875**	**(9,365)**

Net receivables for advances to suppliers relate mainly to Kazakhstan (€13,889), Ethiopia €6,636), Uganda (€2,063), Romania (€2,175), Libya (€1,209) and the head office of Salini S.p.A. (€1,565). The decrease in advances to suppliers of €13,883 is due to increases and decreases prompted mainly by: the decrease for the Kazakhstan branch (of €10,055), Ethiopia branch (of €5,503) and Italy (of €1,366), partially offset by the increase for the Romania branch (of €2,176) and the Libya branch (of €1,202).
Receivables from other companies of €19,735 million mainly included receivables from partners Acciona and Ghella S.p.A. in the temporary partnership established with Salini S.p.A. (former Salini Costruttori S.p.A.) to execute the TAV/San

Ruffillo contract amounting to €18,630.
Receivables from parent companies relate to the receivables from Salini Costruttori S.p.A., of which €3,120 relating to the national tax consolidation system and the remainder, €1,228, relating to the reinvoicing of an insurance settlement awarded to the parent Salini Costruttori S.p.A. but due to Salini S.p.A.

22. Inventories

Inventories total €132,133, as shown in the following table:

(Values in €/000)	31 December 2013	31 December 2012	Change	% Chg
Raw materials, ancillary materials and consumables	132,133	111,446	20,687	19%
Total inventories	**132,133**	**111,446**	**20,687**	**19%**

The geographical breakdown of the item is as follows:

(Values in €/000)	31 December 2013	%	31 December 2012	%	Change	% Chg
Italy	4	0%	253	0%	(250)	-99%
Dubai	2,741	1%	3,489	3%	(749)	-21%
Ethiopia	123,519	93%	97,099	87%	26,420	27%
Kazakhstan	1,242	1%	6,119	5%	(4,877)	-80%
Sierra leone	4,628	4%	3,002	3%	1,626	54%
Uganda	0	0%	1,484	1%	(1,484)	-100%
Total inventories	**132,133**		**111,446**		**20,687**	**19%**

The table below shows the changes in raw materials, ancillary materials and consumables:

(Values in €/000)	31 December 2013
Balance at 1 January 2013	111,446
Exchange rate effect	(1,763)
Income Statement changes	22,450
Balance at 31 December 2013	**132,133**

Inventories of raw materials, ancillary materials and consumables are essentially made up of construction materials and spare parts for operating machinery.
The increase in this category, of €20,687, coincides with the net increase in inventories and is mainly due to: the decrease in procurement in Uganda, by €1.5 million, due to the closing of contracts in Kazakhstan, by €4.9 million, due to the progressive approach towards the conclusion of the works; the increase in procurement in Ethiopia, by €26.5 million, due to the full operation of the existing contracts and the increase in procurement in Sierra Leone, by €1.6 million, due to the start-up during 2013 of the Matatoka-Sefadu contract and variation orders on the already existing contracts.
These amounts are due to the extensive procurement of materials and spare parts necessary for complex works.

23. Amounts due from clients/amounts due to clients

The current assets of the statement of financial position include the item “Amounts due from clients” which at 31 December 2013 stood at €251,391, an increase on the balance of €23,773 at 31 December 2012.

The table below shows the amount of work in progress measured according to the percentage of completion method, net of actual or estimated losses at the reporting date and progress billing:

(Values in €/000)	31 December 2013	31 December 2012	Change
Contract works in progress	2,580,296	2,859,713	2,352,366
Provisions for risks on works in progress	(906)	(52)	(593)
Prepayments from clients	(2,328,000)	(2,632,044)	(2,328,000)
Total amounts due from clients	**251,391**	**227,617**	**23,773**

(Values in €/000)	31 December 2013	31 December 2012	Change
Italy	69,754	89,568	(19,814)
EU (excluding Italy)	648	0	648
Non-EU	0	0	0
Asia	36,770	59,800	(23,030)
Africa	144,219	78,249	65,970
Total amounts due from clients	**251,391**	**227,617**	**23,773**

The changes posted during the year, amounting to €23,773, are due for the increase to the contracts in Ethiopia and the contract in Libya, and for the decrease to the contract in Kazakhstan, Dubai contract and the Metro B1 contract in Italy.
Amounts due to clients within 12 months, shown in the statement of financial position under current liabilities, totals €157,165, up by €24,429 compared with the balance transferred at 31 December 2012.

This item breaks down as follows:

(Values in €/000)	31 December 2013	31 December 2012	Change
Contract works in progress	266,303	752,967	(486,664)
Provisions for risks on works in progress	0	(261)	261
Prepayments from clients	(240,863)	(874,819)	633,956
Contractual advances within 12 months	131,725	254,849	(123,124)
Total amount due to clients within 12 months	**157,165**	**132,736**	**24,429**

(Values in €/000)	31 December 2013	31 December 2012	Change
Italy	667	147	520
EU (excluding Italy)	19,028	0	19,028
Non-EU	0	0	0
Asia	3,392	18,344	(14,952)
Africa	134,078	114,245	19,834
Total current amounts due to clients	**157,165**	**132,735**	**24,429**

The changes posted during the year, amounting to €24,429, are due for the increase to the contracts in Ethiopia and the contract in Romania, and for the decrease to the contract in Kazakhstan.
The item "Amounts due to clients after 12 months", presented in the statement of financial position under non-current liabilities, totals €400,433, a reduction of €16,068 compared with the balance transferred at 31 December 2012. This item, which includes the amount of the advance to be refunded, as contractually agreed, to the client after 12 months, is composed as follows:

(Values in €/000)	31 December 2013	31 December 2012	Change
Contractual advances after 12 months	400,433	416,500	(16,068)
Total amount due to clients after 12 months	**400,433**	**416,500**	**(16,068)**

(Values in €/000)	31 December 2013	31 December 2012	Change
Italy	0	0	0
EU (excluding Italy)	0	0	0
Asia	0	0	0
Africa	400,433	416,500	(16,068)
North America	0	0	0
South America	0	0	0
Oceania	0	0	0
Total non-current amounts due to clients	**400,433**	**416,500**	**(16,068)**

The contractual advances are almost entirely attributable to the Ethiopia branch.
Contract work in progress posted to liabilities represents the negative net value resulting, for each individual contract, from the algebraic sum of works in progress, provisions for contractual risks and partial billing.

24. Trade receivables

Trade receivables totalled €306,527, as indicated in the following table:

(Values in €)	31 December 2013	31 December 2012	Change
Receivables from clients	214,415	131,011	83,404
Receivables from subsidiaries	91,031	62,067	28,965
Receivables from parents	4,769	1,055	3,714
Receivables from associates	2,305	6,295	(3,990)
Provision for impairment losses on trade receivables	(5,993)	(6,471)	478
Provision for impairment losses on receivables for penalty interest	0	(12)	12
Trade receivables	**306,527**	**193,945**	**112,583**

The following table contains a geographical breakdown of the aforementioned receivables:

(Values in €/000)	December 2013	%	December 2012	%	Change
Italy	78,751	26%	38,842	20%	39,909
Panama	1	0%	–	0%	1
Dubai	27,429	9%	26,472	14%	957
Ethiopia	113,745	37%	58,330	30%	55,417
Guinea	290	0%	290	0%	(0)
Kazakhstan	13,135	4%	12,331	6%	804
Libya	270	0%	–	0%	270
Morocco	18,615	6%	18,749	10%	(134)
Sierra leone	13,618	4%	12,693	7%	925
Turkey	-	0%	3	0%	(3)
Uganda	1,023	0%	9,704	5%	(8,681)
Zimbabwe	39,461	13%	16,532	9%	22,929
Chile	141	0%	–	0%	141
Singapore	49	0%	–	0%	49
Total trade receivables	**306,527**		**193,945**		**112,582**

During the period, a net increase in receivables accrued totalling €112,582. The net effect was due to the following main changes that occurred during the period:

- in Italy the change, of €39,909, was mainly due to: (i) issue of certificates on operational contracts (€21,521); (ii) the allocation of €4,551 to invoices to be issued following the Council of State ruling (see section 7 of these explanatory notes); (iii) the increase in interest income on the correspondent current account held with the subsidiary Todini Costruzioni Generali S.p.A. of around €4,663 those held with the parent Salini Costruttori S.p.A. of around €3,520;

- in Ethiopia the change, of €55,417, was attributable for around €41 million the classification under liabilities of a contractual advance connected to a contract, and for the remainder, of around €16 million, to ordinary operations and therefore to an increase in receivables from clients;
- in Zimbabwe the change, of €22,929, was mainly due to the reallocation of the 2013 earnings of the subsidiary JV Mukorsi:
- lastly in Uganda the change, of €8,681, was attributable to receipts on certificates issued, following the completion of the works. The figure still outstanding at 31 December 2013 was due to the sale of a machine that was no longer used because the production activities had ended;
- the remaining changes were attributable to the normal operational management of the contracts.

The provision for impairment losses had a balance at the end of the year of €5,993, having decreased by €478 during the year as shown in the table below:

(Values in €/000)	Balance at 31 December 2012	Allocation to provisions	Balance Sheet use of the provision	Release of provision to Income Statement	Balance at 31 December 2013
For receivables from clients	5,931	0	0	0	5,931
For receivables from other clients	540	53	(531)	0	62
Total Provision for impairment losses on receivables	**6,471**	**53**	**(531)**	**0**	**5,993**

The provision made for Clients, of €5,931, is entirely attributable to the Sierra Leone branch.
The part relating to "Other Clients", amounting to €62, decreased during the year by €478 almost entirely due to the balance sheet use of the provision following the proceeds received on the items written down in previous years.

25. Tax receivables

These total €33,297, representing an increase of €20,670 compared with 2012:

The balance at 31 December 2013 is mainly composed of VAT receivables and indirect taxes.

(Values in €/000)	31 December 2013	31 December 2012	Change
Italy	5,502	11	5,492
Ethiopia	26,809	12,499	14,309
Kazakhstan	260	0	260
Morocco	62	63	(1)
Romania	547	0	547
Sierra leone	0	0	0
Turkey	95	51	44
Uganda	17	0	17
Chile	6	4	2
Total tax receivables	**33,297**	**12,628**	**20,670**

26. Cash and cash equivalents

This item, amounting to €49,903, has increased compared to the previous period by €(21,729) and is composed as follows:

(Values in €/000)	31 December 2013	31 December 2012	Change
Non-restricted bank and postal deposits	28,506	71,305	(42,799)
Restricted bank and postal deposits	20,905	0	20,905
Cash in hand	492	327	165
Accrued bank interest income	0	0	0
Accrued bank interest income	0	0	0
Total cash and cash equivalents	**49,903**	**71,632**	**(21,729)**

The balance of cash and cash equivalents represents active bank account balances at the end of the year and the amounts of cash, cheques and securities existing at the registered office, the work sites and the foreign subsidiaries.
The restricted deposits at 31 December 2013 relate almost entirely to a revolving deposit account opened by the Romania branch, amounting to €20,905, for contractual advances received.

The following table shows the change in short-term bank overdrafts:

Analysis of cash and cash equivalents	note	31 December 2013	31 December 2012
Cash and cash equivalents at the beginning of the year			
Cash and cash equivalents	(26)	71,632	0
Payables to banks ord. c/a debit balance	(28)	(29,655)	(0)
		41,977	**0**
Cash and cash equivalents at the end of the year			
Cash and cash equivalents	(26)	49,903	71,632
Payables to banks ord. c/a debit balance	(28)	(17,593)	(29,655)
		32,310	**41,977**

27. Shareholders' equity

Shareholders' equity at 31 December 2013 amounted to €672,006 inclusive of net profit of €419,125.
Changes for the year in the different shareholders' equity items are summarised in the table attached to the separate financial statements.
Disclosures about the individual items are set out below.

Share capital

The Share Capital of €62,400 is unchanged with respect to 31 December 2012 and consists of 62,400,000 shares with a nominal value of €1. The shares the Company are entirely held by Salini Costruttori S.p.A.

Details on the possible use of shareholders' equity items and uses in prior years are summarised below:

Nature/description	Amount	Possible use	Available portion	Summary of use in the previous three years	
				To cover losses	Other
Share capital	**62,400,000**				
Equity-related reserves:					
Reserve for treasury shares*		–			
Profit reserves:					
Legal reserve	2,252,215	B			
FTA reserve	18,445,357	B			
Capital contribution reserve	141,483,568	A,B,C	141,483,568		
Reserve ex art. 2426.8 bis Civil Code	993,971	A,B	993,971		
Non-distributable reserve ex art. 2426.4 Civil Code	0	A,B	0		
Other Reserves	**160,922,896**				
Translation loss reserve	6,177,880	–			
Actuarial (gains) losses reserve	(440,548)	–			
Cash flow hedge reserve	(5,231)	–	0		
OCI reserves	**5,732,100**				
Retained earnings	20,526,840	A,B,C	20,526,840		
Total			**163,004,379**		
Non-distributable portion			993,971		
Distributable portion			162,010,809		

A: share capital increase B: to cover losses C: dividends

On 12 June 2013 the Shareholders' Meeting, during the approval of the financial statements at 31 December 2012, resolved on the allocation of the net profit for the year of €45,044 (on the basis of the financial statements prepared in accordance with the Italian accounting standards) and the dividend distribution.
The distribution was approved of a dividend of €0.208 per share, for a total of €12,979.

Legal reserve

The legal reserve, amounting to €2,252 (0 at 31 December 2012), changed during the period due to the allocation of the profit for the year 2012.

IFRS conversion reserve

The IFRS conversion reserve amounted to €18,445. See section 39 for more details regarding the breakdown of the balance of this reserve.

Other reserves

Other reserves totalled €142,478 and related to:

- Capital contribution reserve of €141,484, unchanged from the previous year;
- Reserve ex art. 2426.8bis Civil Code, amounting to €994, entirely constituted during the year upon allocation of the profit for the year 2012.

OCI reserves

Reserves relating to components of comprehensive income at 31 December 2013 totalled €5,732,100, representing an increase of €33 compared with the previous period. See the statement of comprehensive income for details of the change.

28. Financial liabilities

Financial liabilities totalled €1,228,209, increasing by €854,291 compared with 2012, as detailed below:

(Values in €/000)	31 December 2013	31 December 2012	Change
Payables to banks ord. C/A debit balance	17,593	29,655	(12,062)
Banks S/T loan - Hot money (30 - 90 days)	20,294	20,290	4
M-L/T bank loans > 12	569,138	189,349	379,789
Transaction costs for mortgage/loans	(52,257)	(1,107)	(51,150)
M-L/T bank loans < 12	59,981	28,981	31,001
Accrued expenses for bank and other interest payable < 12	12,264	102	12,162
Accrued expenses for Derivative products < 12	6	7	(1)
Payables to banks	**627,019**	**267,277**	**359,743**
Payables to other lenders > 12	95,486	83,793	11,693
Payables to other lenders < 12	32,752	19,702	13,050
Payables to other lenders for leases	**128,238**	**103,495**	**24,743**
Ordinary bonds > 12	399,726	0	399,726
Transactions costs for bonds	(6,719)	0	(6,719)
Payables for bond issues	**393,007**	**0**	**393,007**
Other payables to subsidiaries (Financial) < 12	15,828	1,197	14,631
Correspondent C/As with subsidiaries	64,110	1,950	62,160
Financial payables to Subsidiaries, Associates and Parents	**79,938**	**3,147**	**76,791**
Derivative instruments (negative fair value)	7	0	7
Payables for financial instruments	**7**	**0**	**7**
Total financial liabilities	**1,228,209**	**373,919**	**854,291**
of which non-current portion	1,005,374	272,034	733,340
of which current portion	222,835	101,885	120,951

The following table contains a breakdown of payables to banks, divided into current and non-current:

(Values in €/000)	December 2013	December 2012	Change	December 2013	December 2012	Change
	Current			Non-Current		
Debit balances	17,593	29,655	(12,062)	–	–	–
Hot money (30-90 days)	20,294	20,290	4	–	–	–
Financing	53,279	29,090	24,189	535,853	188,241	347,612
Loans	–	–	–	–	–	–
Total payables to banks	**91,166**	**79,036**	**12,131**	**535,853**	**188,241**	**347,612**

Bank overdrafts amounted to €17,593 and mainly consisted of €3,094 for the Head Office and €14,397 for the Dubai branch.
Short-term loans in the form of "hot money" remained essentially unchanged compared to the previous year, while other loans, totalling €589,132 at 31 December 2013, mainly related to:

- €354,992 from the subscription, on 10 December 2013, of an unsecured Term Loan Facility (for a total of €425,000 also considering the amount attributable to the former Impregilo S.p.A.) with a 3-year expiry, taken out to refinance debt assumed for the public tender offer as well as some existing credit facilities. Banca IMI/Intesa Sanpaolo SpA, BNP Paribas Italian Branch, Natixis SA Milan Branch, and UniCredit SpA are involved in the transaction as Mandated Lead Arrangers, while Banco Santander SA Milan Branch and Banco Bilbao Vizcaya Argentaria SA Milan Branch are acting as Co-Arrangers;
- €100,220 relating to the BNP Paribas Export SACE loan attributable to the Head Office, of which €19,626 representing the short-term portion, for the purchase of machinery;
- €52,490 relating to the Intesa Sanpaolo loan, of which €9,490 representing the short-term portion, connected to the execution of the Gibe 3 contract in Ethiopia;
- €35,000 relating to the Banca del Mezzogiorno loan, of which €4,683 representing the short-term portion;
- €30,234 relating to the Cariparma medium/long term loan;
- €30,000 relating to the Banca Popolare Emilia Romagna medium/long term loan;
- €15,000 relating to the Banca Popolare di Bergamo short-term loan.

For the unsecured Term Loan Facility (former public tender offer loan) and the BNP Paribas Export SACE loan transaction costs have also been recognised, after amortisation for the year, for a total of €52,257.

The following table gives a detailed breakdown of loans and finance, solely for the principal amount, net of transaction costs:

Lending bank	Type	2014 portion	2015 portion	2016 portion	2017 portion	2018 portion	Portion > 5 years	Total
Banca Pop. Emilia Romagna	Loan	20,294						20,294
Intesa San Paolo	Loan	9,490	25,000	18,000				52,490
Banca Popolare di Bergamo	Loan	15,000						15,000
BNL Bnp Paribas – SACE	Loan	19,626	20,000	20,000	20,000	20,594		100,220
Banca del Mezzogiorno	Loan	4,683	9,674	10,099	10,543			35,000
CBD Dubai	Loan	1,974						1,974
BMCE Marocco	Loan	5,796						5,796
Banca IMI Refinancing	Loan	3,413	354,992					358,405
Cariparma	Loan		30,234					30,234
Banca Pop. Emilia Romagna	Loan		30,000					30,000
Total loans		**80,275**	**469,901**	**48,099**	**30,543**	**20,594**	**0**	**649,413**

Payables due to other lenders totalled €128,238 and were composed as follows:

	December 2013	December 2012	Change	December 2013	December 2012	Change
	Current			Non-current		
Indirect factoring transactions	1,183	–	1,183	–	–	–
Leases	31,569	19,702	11,867	95,486	83,793	11,693
Total payables to other lenders	**32,752**	**19,702**	**13,050**	**95,486**	**83,793**	**11,693**

For the year 2013 there was an overall increase of €24,743 in Payables to Other Lenders essentially due to the greater use of leases for the purchase of industrial machinery and equipment especially for the Ethiopia branch.

On 23 July 2013 a senior unsecured bond issue was completed for a nominal amount of €400,000 with a 5-year maturity. The bonds, which have a minimum denomination of €100,000 and an annual gross coupon of 6.125%, were placed with primary international institutional investors at a price of 99.477. Banca IMI S.p.A., Natixis and UniCredit Bank acted as Joint Lead Managers and Joint Bookrunners for the placement of the bonds. The securities, with issue date of 1 August 2013 and a maturity of 1 August 2018, will pay interest annually. The liability recognised at 31 December 2013, of €393,007, includes the transaction costs directly associated with the issue of the bond, which amounted to €6,719 after amortisation for the year.

Lastly, the Financial payables to Subsidiaries, Associates and Parents, which increased from €3,147 at 31 December 2012 to €79,938 at 31 December 2013, showed a marked increase mainly as a result of the:

- debit balance on the correspondent current account opened on 7 October 2013 with the subsidiary CMT I/S, amounting to €59,295;
- loan disbursed to the subsidiary Salini Namibia Pty Ltd. of 18 October 2013 for €12,358.

29. Provisions for risks and charges

Provisions for risks and charges totalled €41,512, and increased by €32,660 compared with 31 December 2012 as shown in the table below:

(Values in €/000)	Work in progress expenses	Subsidiaries' losses hedge	Completed contracts risk	Legal disputes	Tax Provisions	Total
Balance at 31.12.2012	**374**	**2,640**	**20**	**727**	**5,091**	**8,852**
Allocation to provisions	0	33,799	0	71	502	34,372
Balance Sheet use of the provision	0	0	0	(116)	(836)	(952)
Release of provision to Income Statement	(336)	0	0	(157)	0	(493)
Reclassifications and other changes	0	0	0	(268)	0	(268)
Balance at 31 December 2013	**38**	**36,439**	**20**	**258**	**4,757**	**41,512**

The individual items were broken down as follows:

- The provisions to cover the losses of subsidiaries are made in relation to the commitments to cover losses exceeding subsidiaries' equity. At 31 December 2013 these provisions amounted to €36,439 in relation to the coverage of losses accrued as detailed below:

Company	(Values in €/000)
Groupment Italgisas in liquidation	842
Ital.Sa.Gi. Sp.Z.O.O.	222
Risalto	2
Salini Bulgaria AD	1,425
Tokwe Mukorsi Dam	121
Con.Sal. S.c.n.c. in liquidation	12
Variante di Valico Scarl in liquidation	5
Todini Costruzioni Generali	33,799
Other	10
Total	**36,439**

The accrual for the year 2013, totalling €33,799, incorporates the results of the impairment tests carried out on the investee Todini Costruzioni Generali S.p.A.. The tests, identified the need for a write-down of the carrying amount of the equity investment of €35.2 million, as well as a provision to cover losses as reported above:

- provisions for risks on completed contracts, with a balance of €20, refer to the Poland contract;
- the provision for risks on work in progress decreased during the period by €336 due to the release of the legal expenses provision made in previous years;
- provisions for legal disputes, which shows a decrease for the year of €469 mainly due to the release of provisions linked to social security positions closed during the 2013 (totalling €187) and the use of provisions by the Head Office (amounting to €78) and the Uganda branch;
- the tax provisions consist of the allocations made for contingent liabilities for pending lawsuits and provisions for legal expenses and amount to €4,757 mainly for the provision made by the Ethiopia branch.

30. Other liabilities

Other liabilities totalled €32,938, of which €6,249 was the non-current portion and €26,688 the current portion, as detailed below:

	December 2013	December 2012	Change
Social security payables	3,942	3,235	707
Other payables to parents		7,097	(7,097)
Other payables to subsidiaries	8,356	8,136	220
Other payables to associates	1,012	165	847
Other payables	19,628	23,712	(4,084)
Total other liabilities	**32,938**	**42,346**	**(9,408)**
of which non-current portion	6,249	6,853	(604)
of which current portion	26,688	35,493	(8,804)

Social security payables of €3,942 are in line with the prior period.

Other payables stand at €28,996 and include;

- Payables to subsidiaries for share capital subscribed and not paid for the companies Metro B S.r.l. (€7,878), Salini Australia Pty Ltd. (€118) and the Turkish company Salini İnşaat Taahhüt Sanayi ve Ticaret Anonim Şirketi (€321);
- Payables to associates mainly resulting from the share capital subscribed and not paid to the Turkish company Gaziantep Hastane Sağlik Hizmetleri İşletme Yatirim Anonim Şirketi (€846);
- Other payable, mainly resulting from the short-term payable to personnel of the Head Office, the Dubai branch and the Ethiopia branch, totalling €10,801 and the medium/long term payable to the Consorzio IRICAV Due of €5,733.

31. Employee benefits

Employee benefits totalled €1,856 and comprised the following:

(Values in €/000)	December 2103	December 2102	Change
Employee termination benefits	1,401	1,420	(19)
Other provisions for employees	455	441	14
Employee benefits	**1,856**	**1,861**	**(5)**

The loyalty bonus is governed by Article 66 of the national collective agreement of 5 July 1995 for the building industry. The agreement states that, from the 20th year of uninterrupted and effective service, the employer shall pay the employee, each year, or on each subsequent anniversary, a bonus equivalent to one month's salary. In addition, in the event that an employee who is already eligible for the bonus should be dismissed other than on disciplinary grounds, the agreement states that the bonus shall continue to accrue for as many months as there are whole months of service since the previous bonus vested. The loyalty bonus is thus similar to a deferred salary and falls into the category of "defined benefit plan".
The method used to measure defined benefit plans is the Projected Unit Credit Method (PUCM).

To calculate the termination benefits accrued according to the PUCM, as described in the accounting policies, the valuation is based on the following actuarial assumptions:

- Demographic assumptions about employees who are entitled to receive the benefit, such as:

	Salini S.p.A.
Death	RG48 Tables
Disability	INPS Tables
Turnover	20%
Annual advance rate	3%

The retirement age has been calculated, based on the date on which each employee started work, by considering the first effective window according to the prevailing legislation on pensions at the measurement date.

- Financial/economic assumptions concerning the potential scenarios for benefits calculations:

	December 2013
Annual discount rate	2.50%
Annual rate of pay increase	3.00%
Annual inflation rate	2.00%

The following table illustrates the changes in the provision in question, highlighting the effects on the statement of income, particularly the "service cost" classified under "personnel costs" and the interest cost classified under "financial expenses", the offsetting entry of actuarial (gains)/losses is shareholders' equity.

(Values in €/000)	Termination benefits	Loyalty bonus
Balance at 1 January 2013	**1,420**	**441**
Disbursements	(50)	(61)
Service cost	*0*	*14*
Interest cost	38	12
Impact on statement of income	*38*	*26*
Actuarial (gains)/losses	**(7)**	**49**
Impact on shareholders' equity	**(7)**	**49**
Balance at 31 December 2013	**1,401**	**455**

32. Trade payables

Trade payables totalled €280,712, as indicated in the following table:

(Values in €/000)	December 2013	December 2012	Change
Payables to suppliers	184,693	154,769	29,925
Payables to subsidiaries	67,458	88,503	(21,045)
Payables to associates	21,230	21,151	79
Payables to parents	7,331	0	7,331
Trade payables	**280,712**	**264,423**	**16,289**

The geographical breakdown of the item is as follows:

(Values in €/000)	December 2013	%	December 2012	%	Change
Italy	88,507	32%	90,544	34%	(2,037)
Abu Dhabi	4	0%	4	0%	0
Panama	3	0%	0	0%	3
Dubai	14,283	5%	16,664	6%	(2,381)
Ethiopia	130,451	46%	100,132	38%	30,319
Jordan	8	0%	8	0%	0
Guinea	0	0%	2	0%	(2)
Kazakhstan	24,285	9%	24,445	9%	(160)
LIbya	1,179	0%	48	0%	1,131
Morocco	609	0%	609	0%	0
Romania	396	0%	0	0%	396
Sierra leone	5,346	2%	11,290	4%	(5,944)
Turkey	0	0%	5	0%	(5)
Uganda	543	0%	2,698	1%	(2,155)
Zimbabwe	15,013	5%	17,969	7%	(2,956)
Chile	15	0%	5	0%	10
Singapore	71	0%	0	0%	71
Total	**280,712**		**264,423**		**16,290**

The overall increase in trade payables, from €264,423 at 31 December 2012 to €280,712 at 31 December 2013 is mainly attributable to the net effect of the greater debt position recognised by the Ethiopia branch and the reduction in the payables recognised by the Zimbabwe, Uganda, Sierra Leone and Dubai branches.
The Italy payables amount to €88,507.

33. Tax payables

Current tax payables amount to €16,102 and are broken down as follows:

(Values in €/000)	December 2013	December 2012	Change
Indirect taxes	8,581	3,801	4,780
Direct taxes	7,522	7,032	490
Current Tax Payables	**16,102**	**10,833**	**5,270**

The figure has increased by €5,270 compared to 31 December 2012. The item Indirect Taxes mainly consists of the VAT payable recognised for the Ethiopia branch (amounting to €3,138) and the Romania branch (amounting to €4,531), whereas the item Direct Taxes is essentially made up of the IRPEF payable for employees attributable to the Head Office (€2,047) and Other Direct Taxes relating to income tax local personnel and withholding tax on services both relating to the Ethiopia branch (totalling €4,739).

34. Related-party transactions

There are no material transactions with related parties, including intercompany transactions, of a non-recurring or unusual and/or atypical nature.

The following tables contain information on material transactions of a capital, financial and economic nature at 31 December 2013:

	Financial assets	Receivables	Payables	Total Revenues	Total Costs	Total financing income (costs)	Provisions for risks and charges
Consorzio Fat	0	46	0	11	0	0	0
Corso del Popolo Eng	0	571	0	125	0	0	0
Corso del Popolo Spa	0	25	0	11	0	0	0
Maver	0	46	0	11	0	0	0
Perugia 219	0	46	0	11	0	0	0
Piscine dello Stadio	0	54	0	11	0	0	0
Piscine Scarl	0	35	0	30	0	0	0
Salini Malaysia	0	47,309	40	3,132	0	2,537	0
SALINI AUSTRALIA PTY LTD	0	1,174	184	158	0	136	0
SALINI IMPREGILO JV MUKORSI	0	40,484	15,527	51	0	(79)	120
Todini Costruzioni Generali	0	254,760	163	10,858	2,000	8,995	33,799
Todini SpA-Akkord Industry-Salini SpA	0	6,603	0	0	89	11	0
J.V. TODINI-TAKENAKA LLC	0	592	0	0	0	0	0
Salini Rus OOO	600	9	0	9	0	0	0
Salini Nigeria	0	10,596	1,928	1,716	0	3,337	0
Salini India Private Limited	300	250	0	215	0	13	0
Salini Bulgaria EAD	815	1,190	0	69	10	33	1,425
CMT I/S	0	896	59,644	2,874	0	(348)	0
Salini Namibia	0	973	12,468	380	0	157	0
Salini Hydro Ltd	0	1,235	1,157	0	0	4,874	0
Salini Usa Inc.	566	18	0	0	0	3	0
Metro B1	0	9,147	43,754	845	26,568	0	0
Rimati	0	1,632	4,966	1	3,071	0	0
Metro B	0	282	7,878	268	0	0	0
Cogema	0	0	5,473	451	2,569	240	0
SACOLAV in liq.	0	0	36	0	0	(2)	0
Sama in liq.	0	0	68	0	0	(4)	0
TB Metro	1,658	105	0	5	0	29	0
Salini Polska ZOO	5,600	1,079	198	446	0	467	0
Empresa Costructora Metro 6 Ltda.	0	993	21	636	0	494	0

	Financial assets	Receivables	Payables	Total Revenues	Total Costs	Total financing income (costs)	Provisions for risks and charges
Salini Kolin GCF	0	0	0	415	0	0	0
Impregilo Salini Panama SA	0	0	0	1,176	0	151	0
Impregilo S.p.A	0	468	587	678	0	534,456	0
Salini Canada Inc.	0	0	7	0	4	0	0
Consorzio Mina de Cobre	0	0	5	0	3	0	0
Subsidiaries	**9,539**	**380,619**	**154,103**	**24,593**	**34,314**	**555,500**	**35,344**
CEDIV SPA	0	621	0	77	0	0	0
Co.Ge.Fin s.r.l.	0	46	0	11	0	0	0
Colle Todi S.c.a.r.l. in liquidation	0	46	0	11	0	0	0
Forum S.c.a.r.l.	0	0	174	0	0	0	0
Galileo scarl	0	27	0	11	0	0	0
G.A.B.I.RE. Srl	0	206	0	38	0	0	0
Groupment Italgisas (Morocco) in liquidation	740	0	0	0	0	0	842
Group d'entreprises Salini Strabag (Guinea)	0	0	5	0	0	0	0
Gaziantep Hastane Saglik	0		902	0	55	0	0
Ital.Sa.Gi. Sp.Z.O.O. (Poland)	0	44	0	0	0	0	222
Risalto srl	0	0	0	0	0	0	2
Risalto S.r.l. RM in liquidation	0	0	0	0	0	0	0
Con.Sal. S.c.n.c. in liquidation	43	0	160	0	0	0	12
Variante di Valico S.c.a.r.l. in liquidation	0	0	0	0	0	0	5
Zeis Group	21	2,248	131	319	903	45	0
Salini Saudi Arabia	0	344	3	0	0	0	0
Madonna dei Monti	0	0	0	10	270	2	0
Group d'entr Salini Strabag-Guinea	0	289	497	0	0	0	0
Impregilo S.p.A. – Morocco branch	0	0	0	0	0	0	0
J.V. Salini Acciona - Etiopia	0	1,054	0	0	0	0	0
Associates and affiliates	**804**	**4,926**	**1,872**	**478**	**1,296**	**47**	**1,084**
Consorzio Iricav Due	0	244	6,740	0	140	0	0
Pantano S.c.r.l.(10.5%)	0	0	65	0	1	0	0
Other Companies	**0**	**244**	**6,805**	**0**	**141**	**0**	**0**
Salini Costruttori	65,000	91,680	4,884	70	14,696	6,263	0
Salini Simonpietro & C. S.a.p.a.	**0**	**47**		**14**	**0**	**0**	**0**
Parent companies	**65,000**	**91,727**	**4,884**	**84**	**14,696**	**6,263**	**0**

35. Commitments and guarantees and contingent liabilities

Guarantees

The total value of guarantees given is €344,619 as detailed below:

(Values in €/000)	December 2013
Bonds for bank facilities	49,891
Bonds for finance leasing transactions	0
Bonds for warranties on work	657,422
Bonds for participation in bidding	32,266
Other bonds	25,567
Total direct guarantees given	**765,146**

Third-party guarantees issued to the Group

Guarantees issued by credit institutions and insurance companies in the interest of Italian and foreign suppliers and subcontractors in relation to their contractual obligations towards the Group totalled €82,386.

36. Information on risk management and financial instruments required by IFRS 7

The principal market risks to which the Company is exposed are interest rate risk, exchange rate risk, liquidity risk and credit risk.

Interest rate risk

The Company uses external sources of funding in the form of short-term and medium-/long-term variable-rate debt.
Accordingly, an optimal balance must be found between fixed-rate and variable-rate debt in the financing structure, in order to reduce financial costs and volatility, selectively implementing hedging transactions through simple derivative instruments that convert variable-rate debt to fixed-rate debt (IRS).
At 31 December 2013, the Company had two derivative contracts outstanding.

The following table summarises the key features of these transactions:

Type	Contract date	Maturity date	Currency	Notional amount	Fair value at 31 December 2013
IRS	12-Feb-2010	01-Aug-2016	EUR	1,711	(55)
CAP	13-May-10	01-Dec-2016	EUR	5,095	0

The change in fair value, recognised in the comprehensive income for the effective part, was €(7).
The fair value of the derivatives, amounting to €(55), was recognised under non-current financial liabilities.
With regard to the exposure to interest-rate, if 2013 interest rates had been 75 basis points higher (or lower) on average, with all other variables constant and without considering cash and cash equivalents, the pre-tax profit (loss) would have had a negative (positive) change of €4,121 million, (€906 – negative/positive – for the income statement for the year 2012).

Exchange rate risk

In terms of exchange rate risk, Company policy is to preserve the monetary difference between trade receivables and payables in foreign currency by borrowing in local currency. At 31 December 2013, no cash flow hedges were in place for specific contracts.

The following table illustrates the main assets and liabilities in foreign currency at 31 December 2013, together with the results of the sensitivity analysis:

	Foreign currency exposure 2013			Sensitivity 2013		
Statement of financial position exposure	Assets (currency/000)	Liabilities (currency/000)	Net (currency/000)	D statement of income exchange rate eur/currency +5% (eur/000)	D statement of income exchange rate eur/currency -5% (eur/000)	Exchange rates at 31 December 2013
Trade receivables						
Amounts in United Arab Emirates Dirham (Dubai)	97,755		97,755	(965)	965	5.07
Amounts in Tenge (Kazakhstan)	2,605,270		2,605,270	(613)	613	212.44
Amounts in Ethiopian Birr (Ethiopia)	113,130		113,130	(214)	214	26.40
Amounts in Moroccan Dirham (Morocco)	58,075		58,075	(258)	258	11.25
Amounts in Libyan Dinar (Libya)	270		270	(8)	8	1.70
Amounts in Zloty (Poland)	(0)		(0)	0	(0)	4.15
Amounts in Leone (Sierra Leone)	3,868,199		3,868,199	(33)	33	5,944.51
Amounts in Ugandan Schillings (Uganda)	0		0	0	0	3,484.63
Trade payables						
Amounts in united arab emirates dirham (Dubai)		**(66,308)**	**(66,308)**	**655**	**(655)**	**5.07**
Amounts in Tenge (Kazakhstan)		(2,632,646)	(2,632,646)	620	(620)	212.44
Amounts in Ethiopian Birr (Ethiopia)		(130,451)	(130,451)	247	(247)	26.40
Amounts in Moroccan Dirham (Morocco)		(15,622)	(15,622)	69	(69)	11.25
Amounts in Libyan Dinar (Libya)		(1,179)	(1,179)	35	(35)	1.70
Amounts in Zloty (Poland)		(131,405)	(131,405)	1,582	(1,582)	4.15
Amounts in Leone (Sierra Leone)		(6,161,348)	(6,161,348)	52	(52)	5,944.51
Amounts in Ugandan Schillings (Uganda)		(1,918,846)	(1,918,846)	28	(28)	3,484.63
Total gross statement of financial position exposure	**6,742,699**	**(11,057,805)**	**(4,315,106)**	**1,195**	**(1,195)**	
Derivative instruments	**0**	**0**	**0**	**0**	**0**	
Total net statement of financial position exposure	**6,742,699**	**(11,057,805)**	**(4,315,106)**	**1,195**	**(1,195)**	

Liquidity risk

The Company may be exposed to liquidity risk deriving, on the one hand, from a slowdown in payments from clients, and on the other from potential difficulties in locating external sources of funding to finance its industrial projects. Therefore, the Group dedicates special attention to managing the resources generated or absorbed by operating and/or investment activities and to the characteristics of the debt in terms of maturity and renewal in order to ensure effective and efficient management of financial resources.

As a result, a number of policies and processes have been adopted to optimise the management of financial resources in order to manage and mitigate liquidity risk:

- tendency towards centralised management of collection and payment flows;
- monitoring the available liquidity level;
- optimising the lines of credit;
- monitoring the forecast liquidity.

The following tables illustrate the Company's exposure to liquidity risk and maturity analysis:

	Balance at 31 December 2013			
Maturity (Values in €/000)	**Financial payables A**	**Trade payables B**	**Derivative Instruments C**	**Total D = A + B + C**
Within 1 year	222,822	280,712	13	503,547
Between 1 and 2 years	431,066	0		451,504
Between 2 and 3 years	30,651	0		30,651
Between 3 and 5 years	543,657	0		543,657
Between 5 and 7 years	0	0		0
After 7 years	0	0		0
Total	**1,228,195**	**280,712**	**13**	**1,508,920**

The maturities shown here have been analysed using non-discounted cash flows and the amounts have been entered taking into account the first date on which payment could be required.
To meet these liquidity requirements, the Company has cash reserves and generates cash flow from operations.

Credit risk

Credit risk is represented by exposure to potential losses arising from non-performance of obligations assumed by clients, nearly all of which are associated with sovereign states or government bodies. Credit risk is thus linked to country risk.
At 31 December 2013 trade receivables totalled €306,527. The Company aims to minimise credit risk through the overall management of operating working capital with respect to both receivables from clients and payables to sub-contractors and suppliers that are typical of the reference industry.

Classification of financial assets and liabilities

The following table illustrates the breakdown of the Company's assets and liabilities by measurement category.

31 December 2012 (Values in €/000)	Loans and receivables	Assets held to maturity	Available- for-sale assets	Assets and liabilities at fair value through P&L	Liabilities at amortised cost	Total carrying amount	Fair value
Non-current assets							
Loans to associate companies, subsidiaries and other Group companies	4,358					**4,358**	**4,358**
Financial assets deriving from concessions						**–**	**–**
Current assets							
Trade receivables	193,945					**193,945**	**193,945**
Other current assets	80,875					**80,875**	**80,875**
Current financial assets	241,848						
Cash and cash equivalents	71,632					**71,632**	**71,632**
Non-current liabilities							
Non-current financial liabilities					272,034	272,034	272,034
Current liabilities							
Trade payables					264,423	**264,423**	**264,423**
Current financial liabilities					241,848	**241,848**	**241,848**
Other current liabilities					80,875	**80,875**	**80,875**
31 December 2013 (Values in €/000)							
Non-current assets							
Loans to associate companies, subsidiaries and other Group companies	4,350					**4,350**	**4,350**
Financial assets deriving from concessions						**–**	**–**
Current assets							
Trade receivables	306,527					**306,527**	**306,527**
Other current assets	71,510					**71,510**	**71,510**
Current financial assets	447,929					**447,929**	**447,929**
Cash and cash equivalents	49,904					**49,904**	**49,904**
Non-current liabilities							
Non-current financial liabilities					1,005,374	**1,005,374**	**1,005,374**
Current liabilities							
Trade payables					280,712	**280,712**	**280,712**
Current financial liabilities					222,835	**222,835**	**222,835**
Other current liabilities					26,688	**26,688**	**26,688**

37. Transition to the IAS/IFRS

Introduction

As stated in Note 1, as part of the project commenced in 2008 for the transition to the IAS/IFRS for the presentation of the separate and consolidated financial statements of the most significant Group companies, the Company, in order to bring itself into line with the prevailing being used by companies in the construction industry and ensure access to international tender contracts, exercised the right established in Articles 2 and 3 of Legislative Decree 38 of 28 February 2005. Accordingly, the separate financial statements and the consolidated financial statements at 31 December 2013 have been prepared in accordance with the above-mentioned international financial reporting standards.
To that end, for the preparation of the above-mentioned document and the presentation of the financial data and necessary comparison information, the date of transition to the IAS/IFRS was designated as 1 January 2012.
In accordance with IFRS 1 – First Time Adoption, the quantitative and qualitative information on the effects of the transition to IFRS is provided below. In particular, this information relates to the impact that the transition to the International Financial Reporting Standards (IFRS) has had, with reference to the year 2012, on the financial position, earnings and cash flows.

The that end, the following have been prepared:

- notes concerning the rules for first time adoption of IFRS (IFRS 1), and the other standards selected, including the assumptions of the directors on the standard and the IFRS interpretations in force and the accounting policies adopted in the preparation of these complete separate financial statements prepared in accordance with the IFRS at 31 December 2013.
- The reconciliation between the shareholders' equity in accordance with previous accounting standards and the shareholders' equity under IFRS at the following dates:
  - date of transition to the IFRS (1 January 2012);
  - date of closure of the last financial year for which financial statements were prepared in accordance with the previous accounting standards (31 December 2012).
- The reconciliation of the profit or loss reported in the last financial statements prepared in accordance with the previous accounting standards (year 2012) with the profit or loss from the application of the IFRS for the same year.
- The comments to the reconciliations.
- The IFRS statements of financial position at 1 January 2012 and at 31 December 2012 and the IFRS consolidated income statement for the year ended 31 December 2012.

The statements of financial position at 1 January and at 31 December 2012 and the income statement and the statement of comprehensive income for the year ended 31 December 2012 have been prepared by making the appropriate adjustments and reclassifications to the final figures, prepared in accordance with the Italian laws and accounting standards, to reflect the amendments to the basis of presentation, recognition and measurement required by the IFRS. The financial statements and reconciliations have been prepared solely for the purpose of preparing the first complete financial statements in accordance with the IFRS as adopted by the European Union and do not contain the comparative data and the explanatory notes that would be required to give a true and fair view of the consolidated statement of financial position and results of operations of the Company in accordance with the IFRS.
It should be noted, moreover, that they have been prepared in accordance with International Financial Reporting Standards (IFRS) currently in force, including the IFRS recently adopted by the International Accounting Standards Board (IASB), the International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), including those previously issued by the Standing interpretations Committee (SIC). These standards are those in force at 31 December 2013.

First-time adoption rules applied in the transition to the IFRS

For the adoption of the international financial reporting standards the Company, on the basis of the instructions given and the choices made by the Salini Group (now Salini Impregilo) has applied IFRS 1. The main choices made, including the exemptions allowed by IFRS 1, with details of those used in the preparation of the opening statement of financial position at 1 January 2012 and the financial statements at 31 December 2012, are listed below:

- business combinations: IFRS 3 has not been applied retrospectively to business combinations that occurred before the date of transition to the IFRS. Accordingly, business combinations that occurred before 1 January 2012 are accounted for on the basis of Previous Accounting Standards;
- measurement of property, plant and equipment and intangible assets at fair value or, alternatively, at revalued cost as deemed cost: "fair value" at the date of transition calculated based on values obtained from an appraisal prepared by an independent third party as been used for the category of assets classified as Investment property, whereas cost has been used for the other asset categories. Also, in consideration of the information provided above regarding business combinations, the cost calculated according to the Previous Accounting Standard has been as the deemed cost for assets acquired through such combinations;
- cumulative translation differences: as permitted by IFRS 1, cumulative net exchange differences arising from the translation of previous financial statements of foreign operations have not been recognised at the transition date (1 January 2012); instead only those arising after that date have been recognised;
- employee benefits: all cumulative actuarial gains and losses at 1 January 2012 have been recognised in full at the date of transition to the IFRS, as well as the actuarial gains and losses arising subsequently.

Statement of reconciliation between the shareholders' equity at 1 January 2012 and at 31 December 2012 and the 2012 profit or loss

The differences arising from the application of the IFRS compared to the Italian accounting standards, as well as the choices made by the Company in the accounting options provided by the IFRS, have resulted in a restatement of the accounting figures prepared in accordance with the previous Italian regulations on financial statements with effects on shareholders' equity that may be summarised as follows:

Shareholders' equity al 1 January 2012

(€/000)	Italian accounting standards	Adjustments	IAS/IFRS
Shareholders' equity	230,018	(3,160)	226,858

Shareholders' equity at 31 December 2012

(Euro/000)	Principi contabili italiani	Rettifiche	Principi IAS/IFRS
Shareholders' equity	276,930	(15,728)	261,203

The reconciliation between the shareholders' equity at 1 January 2012 and 31 December 2012, as well as the profit or loss at 31 December 2012, prepared on the basis of Italian accounting standards and in accordance with the IFRS is provided below. The individual adjust items are shown in the table after tax; the "Tax effect on the reconciling items" is shown in a separate adjustment item.

(Values in €/000)	Note	Shareholders' equity at 1 January 2012	Shareholders' equity at 31 December2012	Net profit for the year 2012
Amounts according to the Italian accounting standards		**230,018**	**276,930**	**45,044**
IAS/IFRS adjustments				
Finance Leases (IAS 17)	A	14,965	10,097	(4,868)
IAS 21 - Foreign exchange effect	B	2,906	1,030	181
Valuation of equity investments at cost	C	1,708	(9,368)	(10,544)
Intangible assets	D	(369)	(12)	357
Works in progress under contract	E	(8,716)	(5,546)	4,231
Employee benefits	F	(190)	(379)	6
Tax effect on the reconciling items		(13,465)	(11,550)	(74)
Total net IAS/IFRS adjustments		(3,160)	(15,727)	(10,710)
Amounts according to the IFRS		**226,858**	**261,203**	**34,334**

Comments on the statement of reconciliation between the shareholders' equity at 1 January 2012 and at 31 December 2012 and the 2012 profit or loss

The comments on the main IFRS adjustments are provided below:

A. Finance Leases (IAS 17). Finance leases, which substantially transfer to the Company all risks and rewards incidental to ownership of the leased asset, are capitalised under tangible fixed assets on inception of the lease at the fair value of the leased asset, or at the present value of the lease payments, whichever is lower. This will be offset by a payable for an equal amount, which is gradually reduced based on the lease repayment plan. Lease payments are divided between the principal and interest, so as to obtain the application of a constant interest rate on the residual balance (principal amount). Interest is charged to the statement of income. The assets are depreciated over their estimated useful life. The application of this standard has resulted in:
   a) at 1 January 2012 an increase in shareholders' equity of €14,965, before the related tax effect of €(4,699).
   b) At 31 December 2012 an increase in shareholders' equity of €10,097, before the related tax effect of €(3,181), with an effect on the 2012 income statement of €(4,868), before the related tax effect of €1,518.

B. The adoption of IAS 21 required the preparation of financial statements of foreign branches using a single functional currency that, with the exception of branches in Dubai and Abu Dhabi, was the Euro. The application of this standard has resulted in:
   a) at 1 January 2012 an increase in shareholders' equity of €2,914, before the related tax effect of €(6,743).
   b) At 31 December 2012 an increase in shareholders' equity of €765, before the related tax effect of €(7,117), with an effect of €1,434 on the 2012 income statement, before the related tax effect of €(374).

C. Investments accounted for using the cost method and elimination of deferrals on intercompany sales. The adoption of IAS 27 has resulted in the measurement of investments in subsidiaries, associates and joint ventures at cost. In the financial statements prepared in accordance with Italian accounting standards, equity investments in subsidiaries were measured at equity and, in accordance with this approach, asset sales with those companies, which generated gains/losses, were recognized according to the duration of the depreciation of the assets sold. The application of these standards has resulted in:

a) at 1 January 2012 an increase in shareholders' equity of €1,708, before the related tax effect of €(1,528).
b) At 31 December 2012 a decrease in shareholders' equity of €(9,485), before the related tax effect of €(1,715), with an effect of €(11,194) on the 2012 income statement, before the related tax effect of €321.

D. Intangible assets. Some types of deferred costs are not capitalised in accordance with IAS 38. This approach has resulted:
   c) at 1 January 2012, in a decrease in shareholders' equity of €369, before the related tax effect of €(331).
   d) at 31 December 2012, in a decrease in shareholders' equity of €(12), before the related tax effect of €49, with an effect of €357 on the 2012 income statement, before the related tax effect of €380.

E. Works in progress under contract. The adoption of the international accounting standards has resulted in adjustments on the work in progress measured according to the "cost-to- cost" method, in order to incorporate the following effects: (i) inclusion in the final contract costs of building site start-up costs, previously classified under intangible assets according to the Italian accounting standards; (ii) restatement of the work in progress in order to take account of IAS 17 for leased assets (accordingly, the depreciation of the assets, rather than the lease payments, is considered in the final costs), and subsequent valuation of the work in progress in foreign currency at stratified billing exchange rates. This approach has resulted:
   a) at 1 January 2012, in a decrease in shareholders' equity of €8,716, before the related tax effect of €(1,297).
   b) at 31 December 2012, in an increase in shareholders' equity of €(5,527), before the related tax effect of €785, with an effect of €3,189 on the 2012 income statement, before the related tax effect of €(511).

F. Employee benefits. The negative adjustments to shareholders' equity of €(435) at 1 January 2012 and €(471) at 31 December 2012 (before the tax effect of €118) referred to the application of actuarial methods to the post-employment benefits and the recognition of the loyalty bonus not posted for the under the Italian accounting standards.

Breakdown of the IFRS statement of financial position at 1 January 2012 and at 31 December 2012 and the ifrs income statement for the year ended at 31 December 2012

In addition to the reconciliations of the shareholders' equity at 1 January 2012 and at 31 December 2012 and the profit for the year 2012, a breakdown is provided below of the statements of financial position at 1 January 2012 and at 31 December 2012 and the income statement for the year 2012 showing the following in separate columns for each item: (a) the amounts according to the Italian accounting standards;(b) the amounts according to the Italian accounting standards reclassified according to the IFRS;(c) the adjustments for the transition to the IFRS that had an effect on shareholders' equity; (d) the total of the effects; (e) the amounts according to the IFRS.

1 January 2012

(Values in €/000)	ITA GAAP Reclassified	Adj IAS/IFRS	IAS/IFRS
ASSETS	**Reclassified**		
Property, plant and equipment	74,780	72,771	147,551
Investment property	0	0	0
Intangible assets	1,074	(793)	281
Investments in associates, subsidiaries and joint ventures	51,095	(3,089)	48,006
Other equity investments	122,873	0	122,873
Non-current financial assets	3,598	32	3,629
Other non-current assets	1,717	0	1,717
Deferred tax assets	9,103	(5,924)	3,179
Total non-current assets	**264,239**	**62,997**	**327,236**
Inventories	90,342	(130)	90,211
Amounts due from clients	185,028	(8,438)	176,590
Trade receivables	318,833	0	318,833
Current financial assets	0	0	0
Tax receivables	1,296	0	1,296
Other current assets	93,717	(7,809)	85,909
Cash and cash equivalents	211,375	0	211,375
Total current assets	**900,592**	**(16,377)**	**884,215**
Non-current assets held for sale	0	0	0
Total assets	**1,164,831**	**46,620**	**1,211,451**

(Values in €/000)	ITA GAAP Reclassified	Adj IAS/IFRS	IAS/IFRS
Shareholders' equity			
Total Share capital	62,400	0	62,400
(Treasury shares)	0	0	0
Legal reserve	0	0	0
Retained earnings (losses)	0	0	0
Other reserves	167,618	(3,160)	164,458
Other components of comprehensive income	0	0	0
Total capital and reserves	**230,018**	**(3,160)**	**226,858**
Net profit/(loss)	0	0	0
Total shareholders' equity	**230,018**	**(3,160)**	**226,858**

(Values in €/000)	ITA GAAP Reclassified	Adj IAS/IFRS	IAS/IFRS
Liabilities			
Non-current financial liabilities	4,218	38,697	42,915
Provisions for risks and charges	6,953	0	6,953
Other non-current liabilities	5,943	0	5,943
Employee benefits	1,535	240	1,775
Deferred tax liabilities	0	2,672	2,672
Amounts due to clients after 12 months	475,220	0	475,220
Total non-current liabilities	**493,868**	**41,609**	**535,476**
Amounts due to clients within 12 months	163,857	(770)	163,088
Trade payables	127,240	0	127,240
Current financial liabilities	127,143	8,941	136,084
Tax payables	14,513	0	14,513
Other current liabilities	8,191	0	8,191
Total current liabilities	**440,945**	**8,171**	**449,117**
Non-current liabilities held for sale			0
Total liabilities	**934,813**	**49,780**	**984,593**
Shareholders' equity and liabilities	**1,164,831**	**46,620**	**1,211,451**

31 December 2012

(Values in €/000)	ITA GAAP Reclassified	Adj IAS/IFRS Reclassifications	IAS/IFRS	Note
Assets				
Property, plant and equipment	96,045	112,443	208,488	[1]
Investment property	0	0	0	
Intangible assets	1,294	(1,039)	255	[2]
Investments in associates, subsidiaries and joint ventures	372,728	(16,875)	355,853	[3]
Other equity investments	1,261	0	1,261	
Non-current financial assets	3,070	1,289	4,358	
Other non-current assets	2,670	1,732	4,402	
Deferred tax assets	7,460	(3,558)	3,902	[4]
Total non-current assets	**484,527**	**93,992**	**578,519**	
Inventories	111,148	298	111,446	
Amounts due from clients	227,668	(51)	227,617	[5]
Trade receivables	434,778	(240,833)	193,945	
Current financial assets	0	241,848	241,848	
Tax receivables	12,628	(0)	12,628	
Other current assets	86,005	(5,129)	80,875	[6]
Cash and cash equivalents	71,632	(0)	71,632	
Total current assets	**943,860**	**(3,868)**	**939,992**	
Non-current assets held for sale	0	0	0	
Total assets	**1,428,387**	**90,124**	**1,518,511**	

(Values in €/000)	ITA GAAP Reclassified	Adjustments IAS/IFRS Reclassifications	IAS/IFRS	Note
Shareholders' equity				
Total Share capital	62,400	0	62,400	
(Treasury shares)	0	0	0	
Legal reserve	0	0	0	
Retained earnings (losses)	0	(0)	(0)	
Other reserves	169,486	(10,783)	158,703	
Other components of comprehensive income	0	5,765	5,765	
Total capital and reserves	**231,886**	**(5,017)**	**226,869**	
Profit/(loss) for the year	45,044	(10,710)	34,334	
Total shareholders' equity	**276,930**	**(15,728)**	**261,203**	

(Values in €/000)	ITA GAAP Reclassified	Adjustments IAS/IFRS Reclassifications	IAS/IFRS	Note
Liabilities				
Non-current financial liabilities	194,314	77,720	272,034	[7]
Provisions for risks and charges	9,467	(614)	8,852	
Other non-current liabilities	5,957	896	6,853	
Employee benefits	1,432	429	1,861	[8]
Deferred tax liabilities	0	5,838	5,838	[9]
Amounts due to clients after 12 months	416,500	0	416,500	
Total non-current liabilities	**627,670**	**84,268**	**711,939**	
Amounts due to clients within 12 months	130,061	2,675	132,736	[10]
Trade payables	282,110	(17,687)	264,423	
Current financial liabilities	79,444	22,440	101,885	[7]
Tax payables	10,833	(0)	10,833	
Other current liabilities	21,338	14,155	35,493	
Total current liabilities	**523,786**	**21,583**	**545,369**	
Non-current liabilities held for sale			0	
Total liabilities	**1,151,457**	**105,851**	**1,257,308**	
Shareholders' equity and liabilities	**1,428,387**	**90,124**	**1,518,511**	

31 December 2012

Income statement (Values in €/000)	ITA GAAP Reclassified	Adj IAS/IFRS Reclassifications	IAS/IFRS	Note
Revenues	685,022	1,033	686,054	[11]
Other Revenues and Earnings	58,542	1,173	59,715	
Total Revenues	**743,564**	**2,206**	**745,769**	
Cost of Sales	93,056	976	94,032	
Service costs	502,723	(18,571)	484,152	[12]
Personnel costs	82,386	(228)	82,157	
Amortisation, Depreciation and Write-downs	25,405	23,767	49,172	[13]
Other operating costs	7,672	348	8,021	
Total Costs	**711,242**	**6,292**	**717,534**	
Costs capitalised for internal work	0	0	0	
Operating Profit (Loss) (EBIT)	**32,322**	**(4,087)**	**28,235**	
Total financial income	45,656	13,999	59,655	[14]
Total Interest and Other Fin. Expenses	32,369	5,726	38,094	[15]
Income/(expenses) from equity-accounted investments	16,002	(14,674)	1,329	[16]
Profit (loss) before tax	**61,612**	**(10,487)**	**51,125**	
Income tax for the year	16,568	223	16,791	
Profit (loss) from Continuing Operations	**45,044**	**(10,710)**	**34,334**	
Profit (loss) from Discontinued Operations	0	0	0	
Net profit	**45,044**	**(10,710)**	**34,334**	

Comments on the main changes in the statement of financial position and the income statement

Brief comments are provided below on the main changes in the items of the statement of financial position shown in the column “Adj IAS/IFRS”.

Note 1 – Property, plant and equipment – Non-current financial assets

The increase of €38,010 in this item at 1 January 2012 and €25,603 at 31 December 2012 it is attributable to the net effect of the following changes: (i) application of IAS 17 - Leased assets, which led to the inclusion in the financial statements of the assets on financial lease; (ii) effect of the translation of the financial statements of foreign subsidiaries prepared in multi-currency accounting, to a single functional currency, as required by IAS 21.

Note 2 – Intangible assets

The decrease in this item at 1 January 2012 and at 31 December 2012 of €793 and €1,039 respectively, is mainly attributable to the elimination of intangible assets (tender expenses and advertising expenses) not capitalised in accordance with IAS 38, part of which have been included in the measurement of the contract work in progress (building site start-up and contract acquisition costs).

Note 3 – Equity investments

The decrease in this item at 1 January 2012 and at 31 December 2012 is €3,089 and €16,875 respectively; the Company, in accordance with IFRS 1.31, has used the carrying amount at 31 December 2011 (determined in accordance with ITA GAAP) as the deemed cost for the equity investments in subsidiaries; accordingly for the year 2012 effects from measurement using the equity method have been eliminated.

Note 4 – Deferred tax assets

The decrease in the item at 1 January 2012 and at 31 December 2012 of €5,924 and €3,558 respectively, is attributable to the calculation of the deferred taxes on the adjustments recognised, upon conversion to IFRS of the individual items concerns, net of the reabsorption arising from the change in the tax rates at 31 December 2012 compared to those in force at 1 January 2012.

Note 5 – Amounts due from clients

The increase in the item is mainly due to the following effects: (i) inclusion in the final contract costs of building site start-up costs, previously classified under intangible assets according to the Italian accounting standards; (ii) restatement of the work in progress in order to take account of IAS 17 for leased assets (accordingly, the depreciation of the assets, rather than the lease payments, is considered in the final costs); (iii) valuation of the work in progress in foreign currency at stratified billing exchange rates.

Note 6 – Other current assets

The change in the items is due to reclassifications of lease prepayments under current/non-current financial liabilities.

Note 7 – Non-current/current financial liabilities

The change in the items is attributable to the inclusion of the payables to other lenders in relation to finance leases.

Note 8 – Employee benefits

The positive adjustments of €240 at 1 January 2012 and €429 at 31 December 2012 referred to the application of actuarial methods to the post-employment benefits and the recognition of the loyalty bonus not posted for the under the Italian accounting standards.

Note 9 – Deferred tax liabilities

The adjustments (€2,672 at 1 January 2012 and €5,838 at 31 December 2012) are attributable to the calculation of the deferred taxes on IFRS adjustments recognised, net of the reabsorption arising from the change in the tax rates at 31 December 2012 compared to those in force at 1 January 2012.

Note 10 – Amounts due to clients

The increase in the item at 1 January 2012 and at 31 December 2012 is attributable to the following changes: restatement of the work in progress in order to take account of IAS 17 for leased assets (accordingly, the depreciation of the assets, rather than the lease payments, is considered in the final costs), and subsequent valuation of the work in progress in foreign currency at stratified billing exchange rates; enlargement of the consolidation scope.

Note 11 – Revenues

The increase in revenues of €1,033 is mainly due to the net effect of the following changes: (ii) restatement of the work in progress in order to take account of IAS 17 for leased assets (accordingly, the depreciation of the assets, rather than the lease payments, is considered in the final costs); (i) inclusion in the measurement of the contract work in progress of building site start-up and contract acquisition costs, posted under intangible assets according to the previous Italian accounting standards.

Note 12 – Service costs

The decrease of €18,571 in service costs is due to the elimination of the costs for lease fees, in accordance with IAS 17.

Note 13 – Amortisation, depreciation, provisions and impairment losses

The adjustment of €23,767 in the item it is due entirely to the effect arising from the reversal of the amortisation of intangible assets that can no longer be capitalised.

Note 14 – Financial Income/Expense

The adjustments to financial income and expense are attributable to the effects of the application of amortised cost, as well as the application of IAS 21, which have resulted in the recognition in the income statement of exchange differences arising during the year and recognized in a reserve for the translation of financial statements of foreign branches with multi-currency accounting.

Note 15 – Income/(expenses) from equity-accounted investments

The decrease of €14,674 in this item is attributable to the effect of the application of IFRS 1.31, as reported in Note 3 above..

38. Subsequent events

For significant events occurring after the end of the 2013 reporting period, see the Directors' report.

The Board of Directors

Annex 1 - Changes in equity investments

The equity investments of Salini S.p.A. are shown below:

	31 December 2012					
(Values in €/000)	Original Cost	Revaluations	Write-downs	Balance	Reclass./Acq./ Disp.	Dividends
a) Equity investments in subsidiaries						
JV Todini - Akkord - Salini	2,055	0	0	**2,055**	0	0
Salini Australia PTY LTD	8	0	0	**8**	2,813	0
CO.GE.MA. SPA	2,059	0	0	**2,059**	0	0
CMT I/S	1,922	0	0	**1,922**	15,000	0
Impregilo SpA	0	0	0	**0**	1,253.318	0
Hemus Motorway AD	338	0	0	**338**	0	0
Salini India Private Limited	240	0	0	**240**	(240)	0
Metro B1 Scarl	1,953	0	0	**1,953**	0	0
Metro B s.r.l.	10,504	0	0	**10,504**	0	0
Risalto S.r.l. RM in liquidation	0	0	0	**0**	80	0
RIMATI SCARL	699	0	0	**699**	0	0
SAMA Scarl in liq.	41	0	0	**41**	0	0
Salini Hydro Ltd	2,692	0	0	**2,692**	0	0
Salini Kolin Cgf Joint Venture	0	0	0	**0**	0	0
Sa.Co.Lav. S.c.a r.l.	10	0	0	**10**	0	0
Salini Malaysia SDN	610	0	0	**610**	0	0
Salini Polska Sp. Z.o.o.	55	0	0	**55**	0	0
Salini RUS OOO	74	0	0	**74**	(74)	0
Todini Costruzioni Generali SpA	34,964	237	0	**35,201**	(35,201)	0
TB METRO SRL	173	0	0	**173**	(138)	0
Variante di Valico Scarl in liq.	0	0	0	**0**	38	0
Empresa Constructora Metro 6 Ltd	0	0	0	**0**	21	0
Impregilo Salini (Panama), S.A.	0	0	0	**0**	4	0
Salini USA, INC	0	0	0	**0**	15	0
Consorzio Mina de Cobre	0	0	0	**0**	5	0
Salini Canada Inc.	0	0	0	**0**	7	0
Salini Ins.taah.san.ve Tik. Anonim Sirketi	0	0	0	**0**	18	0
Third parties	2	0	0	**2**	0	0
Total	**58,401**	**237**	**0**	**58,638**	**1,235.666**	**0**

Change during the year 2013						31 December 2013		
Revaluations/ writedowns.	Provision Reclassification	Provision Accrual	Release/Use Provisions	Other changes	Total	Original Cost	Write-downs	Balance
0	0	0	0	0	0	2,055	0	2,055
0	0	0	0	0	2,813	2,820	0	2,820
0	0	0	0	0	0	2,059	0	2,059
0	0	0	0	0	15,000	16,922	0	16,922
0	0	0	0	0	1,253,318	1,253,318	0	1,253,318
0	0	0	0	0	0	338	0	338
0	0	0	0	0	(240)	0	0	0
0	0	0	0	0	0	1,953	0	1,953
0	0	0	0	0	0	10,504	0	10,504
0	0	0	0	0	80	80	0	80
0	0	0	0	0	0	699	0	699
0	0	0	0	0	0	41	0	41
0	0	0	0	0	0	2,692	0	2,692
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	10	0	10
0	0	0	0	0	0	610	0	610
0	0	0	0	0	0	55	0	55
0	0	0	0	0	(74)	0	0	0
0	0	0	0	0	(35,201)	0	0	0
0	0	0	0	0	(138)	36	0	36
0	0	0	0	0	38	38	0	38
0	0	0	0	0	21	21	0	21
0	0	0	0	0	4	4	0	4
0	0	0	0	0	15	15	0	15
0	0	0	0	0	5	5	0	5
0	0	0	0	0	7	7	0	7
0	0	0	0	321	339	339	0	339
0	0	0	0	0	0	2	0	2
0	0	0	0	321	1,235,987	1,294,624	0	1,294,625

	31 December 2012					
(Values in €/000)	Original Cost	Revaluations	Write-downs	Balance	Reclass./Acq./ Disp.	Dividends
b) Equity investments in associates						
Forum S.c.a r.l.	10	0	0	**10**	0	0
Groupment Italgisas (Morocco) In liq.	186	0	186	**0**	0	0
Group d'entreprises Salini Strabag (Guinea)	5	0	0	**5**	0	0
Ital.Sa.Gi. Sp.Z.O.O. (Poland)	325	0	325	**0**	0	0
Impregilo SpA	297,141	0	0	**297,141**	(297,141)	0
Risalto Srl	30	0	0	**30**	(30)	0
Joint Venture Salini-Acciona (Ethiopia)	9	0	0	**9**	0	0
Con.Sal. S.c.n.c. in liq.	5	0	5	**0**	0	0
S.Ruffillo S.c.a.r.l.	21	0	0	**21**	0	0
Variante di Valico Scarl (In liq.)	30	0	0	**30**	(30)	0
Gaziantep Hastane Saglik	0	0	0	**0**	1,129	0
Total	**297,763**	**0**	**516**	**297,247**	**(296,072)**	**0**
c) Other equity investments						
Autostrade Torino- Milano S.p.A.	1,126	0	0	**1,126**	(1,126)	0
Consorzio Iricav Due	70	0	0	**70**	0	0
C.R.R. GG.OO. SPA 0.5%	26	0	0	**26**	(26)	0
I.S.V.E.U.R.-SPA (1%)	34	0	0	**34**	0	0
Pantano S.C.R.L.(10.5%)	4	0	0	**4**	0	0
Total	**1,261**	**0**	**0**	**1,261**	**(1,152)**	**0**
Provisions for risks on equity investments						
Groupment Italgisas (Morocco) in liq.	0	0	0	**842**	0	0
Ital.Sa.Gi. Sp.Z.O.O. (Poland)	0	0	0	**222**	0	0
Risalto srl	0	0	0	**2**	0	0
Salini Bulgaria AD	0	0	0	**1,425**	0	0
Tokwe Mukorsi Dam	0	0	0	**121**	0	0
Con.Sal. S.c.n.c. in liquidation	0	0	0	**12**	0	0
Sede	0	0	0	**0**	0	0
Variante di Valico Scarl in liquidation	0	0	0	**5**	0	0
Third parties	0	0	0	**10**	0	0
Total	**0**	**0**	**0**	**2,640**	**0**	**0**

Change during the year 2013						31 December 2013		
Revaluations/ writedowns.	Provision Reclassification	Provision Accrual	Release/Use Provisions	Other changes	Total	Original Cost	Write-downs	Balance
0	0	0	0	0	0	10	0	10
0	0	0	0	0	0	186	186	0
0	0	0	0	0	0	5	0	5
0	0	0	0	0	0	325	325	0
0	0	0	0	0	(297,141)	0	0	0
0	0	0	0	0	(30)	0	0	0
0	0	0	0	0	0	9	0	9
0	0	0	0	0	0	5	5	0
0	0	0	0	0	0	21	0	21
0	0	0	0	0	(30)	0	0	0
0	0	0	0	0	1,129	1,129	0	1,129
0	0	0	0	0	(296,072)	1,691	516	1,175
0	0	0	0	0	(1,126)	0	0	0
0	0	0	0	0	0	70	0	70
0	0	0	0	0	(26)	0	0	0
0	0	0	0	0	0	34	0	34
0	0	0	0	0	0	4	0	4
0	0	0	0	0	(1,152)	109	0	109
0	0	0	0	0	0	0	0	842
0	0	0	0	0	0	0	0	222
0	0	0	0	0	0	0	0	2
0	0	0	0	0	0	0	0	1,425
0	0	0	0	0	0	0	0	121
0	0	0	0	0	0	0	0	12
0	0	33,799	0	0	33,799	0	0	33,799
0	0	0	0	0	0	0	0	5
0	0	0	0	0	0	0	0	10
0	0	33,799	0	0	33,799	0	0	36,439

The list of equity investments held at 31.12.2013 and related information required by Articles 2427 and 2429 (last paragraph) of the Italian Civil Code is as follows:

(Values in €/000)	Date of Establishment	Registered Office	Assets	Liabilities
Subsidiaries:				
CO.GE.MA. S.p.A.	07/04/1982	Rome (Italy)	12,091	9,896
Hemus Motorway AD (in liquidation)	05/08/2004	Sofia (Bulgaria)	660	2
J. V. Salini Impregilo Mukorsi (*)	20/09/1996	Mukorsi (Zimbabwe)	86,753	86,746
Metro b1 S.c.a r.l.	27/10/2004	Rome (Italy)	69,407	66,988
RI.MA.T.I. S.c.ar.l.	27/10/2004	Rome (Italy)	6,064	5,227
Sa.Co.Lav. S.c.ar.l.. (in liq.)	08/05/2000	Rome (Italy)	51	40
Sa.Ma S.c. a r.l. (in liq.)	12/01/1999	Rome (Italy)	73	21
Salini Hydro Limited	11/08/1993	Dublin (Ireland)	3,867	1,701
Salini Bulgaria EAD	06/08/2008	Sofia (Bulgaria)	91	2,039
Salini Nigeria Ltd.	03/01/2001	Abuja (Nigeria)	412,562	401,248
TB Metro S.r.l.	13/03/2008	Rome (Italy)	1,842	1,770
Salini Malaysia SDN	13/01/2009	Kuala Lumpur (Malaysia)	127,370	124,300
CMT Danimarca	28/02/2011	Copenhagen (Denmark)	256,796	225,152
Salini Polska Zoo	31/03/2011	Warsaw (Poland)	52,565	52,006
Metro B Srl	07/02/2012	Rome (Italy)	4,870	1,369
Salini Rus OOO	03/09/2012	Mosca (Russia)	198	612
Todini Akkord Salini JV Activity - Ucraina	29/09/2011	Rivne (Ukraine)	64,691	53,901
Salini Australia Pty Ltd.	13/06/2012	Brisbane	2,911	1,680
Salini India Private	24/11/2011	Haryana	204	574
Salini Singapore	06/12/2012	Singapore	6	27
Salini Kolin CFG JV - Turkey	14/10/2011	Kocaeli (Turkey)	20,062	13,611
Salini Inçaat taahhùt Sanayi ve Ticaret Anonim Sirketi	18/11/2013	Istanbul (Turkey)	10	0
Salini USA Inc.	04/10/2012	New Jersey (USA)	662	721
Salini Namibia Pty Ltd.	20/02/2013	Windhoek (Namibia)	26,761	26,570
Empresa Constructora Metro 6 Ltda	04/03/2013	Santiago del Chile (Chile)	32,025	31,713
Consorzio Mina de Cobre	30/01/2013	Milan (Italy)	13,476	3,476
Impregilo Salini (Panama) S.A.	21/01/2013	Panama	1,017	257
Consorzio Libyan Expressway Contractors	26/09/2013	Milan (Italy)	310	300
Risalto S.r.l. in liquidazione (**)	10/06/2002	Rome (Italy)	105	34
Variante di Valico S.c.ar.l. (in liq.) (**)	13/10/2004	Rome (Italy)	80	1
Subsidiaries total			**1,197,580**	**1,111,982**

(*) Costs and revenues divided pro-rata among the partners.
(**) Unconsolidated companies.

Shareholders' equity	Costs	Revenues	Profit (Loss)	% Holding	Profit/(loss) for the year, pro-rata	Shareholders' equity, pro rata	Salini carrying amount	Salini Financial Statements Risk Provision
2,195	7,518	8,679	1,161	100.00%	1,161	2,195	2,059	0
658	3	0	(3)	51.00%	(2)	336	338	0
7	66,322	66,322	0	99.90%	0	7	0	121
2,419	37,604	37,604	0	80.70%	0	1,952	1,953	0
837	3,799	3,799	0	83.42%	0	698	699	0
12	1	2	1	100.00%	1	12	10	0
52	2	4	2	99.00%	2	51	41	0
2,166	1,314	1,446	132	100.00%	132	2,166	2,692	0
(1,948)	349	50	(299)	100.00%	(299)	(1,948)	0	1,425
11,314	105,734	112,597	6,863	99.00%	6,794	11,201	0	0
72	34	8	(26)	51.00%	(13)	37	36	0
3,070	182,179	182,175	(4)	90.00%	(4)	2,764	610	0
31,644	306,997	324,127	17,130	99.99%	17,128	31,640	16,922	0
559	137,170	137,863	693	100.00%	693	559	55	0
3,501	2,897	1,990	(907)	52.52%	(476)	1,839	10,504	0
(414)	1,004	587	(417)	99.00%	(413)	(410)	0	0
10,790	27,418	18,331	(9,087)	40.00%	(3,635)	4,316	2,065	0
1,231	6,504	5,308	(1,196)	100.00%	(1,196)	1,231	2,820	0
(370)	588	96	(492)	95.00%	(467)	(352)	0	0
(21)	19	1	(18)	100.00%	(18)	(21)	0	0
6,451	62,910	67,877	4,967	38.00%	1,887	2,451	0	0
10	8	0	(8)	100.00%	(8)	10	339	0
(59)	73	0	(73)	100.00%	(73)	(59)	15	0
191	3,184	3,401	217	100.00%	217	191	1	0
312	23,629	23,972	343	51.00%	175	159	21	0
10,000	3,476	3,476	0	50.00%	0	5,000	5	0
760	3,704	4,493	789	50.00%	395	380	4	0
10	40	40	0	15.50%	0	2	1	0
71	1	0	(1)	66.66%	(1)	47	80	2
79	1	0	(1)	66.66%	(1)	53	38	5
85,599	**984,482**	**1,004,247**	**19,766**		**21,980**	**66,507**	**41,308**	**1,553**

(Values in €/000)	Date of Establishment	Registered Office	Assets	Liabilities
Associates:				
Con.Sal. S.c.n.c. in liq. (****)	10/05/1983	Rome (Italy)	555	608
Forum S.c.ar.l.	20/02/1996	Rome (Italy)	1,267	1,215
Group. d'entreprises Salini Strabag (**)	22/12/1995	Guinea	1,195	1,184
Groupement Italgisas (in liq.) (*)	03/06/1992	Kenitra (Morocco)	144	2,951
Ital.Sa.Gi. Sp.Zoo (***)	20/07/1994	Katowice (Poland)	0	0
J. V. Salini Acciona (**)	27/10/1998	Addis Abeba (Ethiopia)	178,225	172,413
S. Ruffillo - S.c.ar.l.	08/02/2000	Rome (Italy)	41,824	41,764
Associates total			**223,210**	**220,136**

(*) Final position at 31.12.2005.
(**) Costs and revenues divided pro-rata among the partners; final position at 31.12.2012.
(***) Final position at 31.12.2002.
(****) Final position at 31.12.2012.

Shareholders' equity	Costs	Revenues	Profit Costs (Loss)	% Holding	Profit/(loss) for the year, pro-rata	Shareholders' equity, pro rata	Salini carrying amount	Salini Financial Statements Risk Provision
(53)	22	10	(12)	30.00%	(4)	(16)	0	12
52	2	2	0	33.33%	0	17	10	0
10	382	486	103	50.00%	52	5	5	0
(2,807)	3	0	(3)	30.00%	(1)	(842)	0	842
0	0	0	0	33.00%	0	(221)	0	222
5,812	2,952	2,952	0	50.00%	0	2,906	9	0
60	208	208	0	0.00%	0	0	21	0
3,074	**3,569**	**3,658**	**88**		**47**	**1,849**	**45**	**1,076**

Statements on the consolidated and on the 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. Pietro Salini, as CEO, and Massimo Ferrari, as manager in charge of financial reporting, of Salini 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;
   - 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 1601/2002 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 2012 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

Statement on the 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 Salini 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 company's characteristics;
   - that they were actually applied

   during 2013 to prepare the financial statements.

2. No significant issues arose.

3. Moreover, they state that:

   3.1 the financial statements:

   a) have been prepared in accordance with the applicable International Financial Reporting Standards endorsed by the European Community 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, together with information about the main 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


salini

Reconta Ernst & Young S.p.A.
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Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39 dated 27 January 2010
(Translation from the original Italian text)

To the Shareholders
of Salini Impregilo S.p.A. (which has incorporated Salini S.p.A.)

1. We have audited the consolidated financial statements of Salini S.p.A. and its subsidiaries, (the "Salini Group") as of December 31, 2013 and for the year then ended, comprising the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated financial statements. Effective January 1, 2014, the Company was merged by incorporation into its subsidiary Impregilo S.p.A.. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Salini Impregilo S.p.A.'s Directors, the Company resulting from the above mentioned merger by incorporation. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by Directors. We believe that our audit provides a reasonable basis for our opinion.

   The consolidated financial statements of the prior year are presented for comparative purposes. As described in the notes to the consolidated financial statements, Directors have restated certain comparative data related to the prior year with respect to the data previously presented, on which we issued our auditor's report dated 11 June 2013. We have examined the method used to restate the comparative financial data and the information presented in the notes to the consolidated financial statements in this respect, for the purpose of expressing our opinion on the consolidated financial statements as of 31 December 2013 and for the year then ended.

3. In our opinion, the consolidated financial statements of the Salini Group at 31 December 2013 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the Salini Group for the year then ended.

4. We draw the attention to the following matters:

- the voluntary public tender offer launched by Salini S.p.A. for the acquisition of all Impregilo S.p.A. ordinary shares, was completed in the first half of 2013, resulting in the acquisition of control. On 26 November 2013, the deed of merger of Salini S.p.A. in Impregilo S.p.A. was signed. Starting from the effective date of the merger on 1 January 2014, the Company resulting from the merger was renamed into "Salini Impregilo S.p.A.". The relevant effects for civil, accounting and fiscal purposes have started as of the said date. Additional details are disclosed in the Directors' Report;

- in December 2013, the Board of Directors of Salini S.p.A. resolved to dispose of its interest in Todini Costruzioni Generali S.p.A.. As a consequence, as of December 31, 2013, the Salini Group accounted for assets, liabilities and the net result of the Todini Group, in accordance with IFRS 5. Additional details are disclosed in note 19 to the consolidated financial statements and in the Chapter "Non-current assets held for sale" of the Directors' Report;

- the Directors have disclosed the significant developments of the issues connected to the activities related to the realization and management of the Urban Solid Waste disposal plants in Campania operated by Fibe S.p.A. and Fibe Campania S.p.A. (merged in Fibe S.p.A.). Additional details are disclosed in note 28 of the consolidated financial statements and in the Chapter "Non-current assets held for sale" of the Directors' Report;

- the Directors have disclosed the situation of the Salini Group's activities in Libya. Detail are reported in paragraph "Risk areas of the industry" of the Chapter "Construction sector" of the Directors' Report.

5. The Directors of Salini Impregilo S.p.A., the Company resulting from the above mentioned merger, are responsible for the preparation of the Directors' report in accordance with the applicable laws. Our responsibility is to express an opinion on the consistency of the Directors' report with the financial statements as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Directors' report is consistent with the consolidated financial statements of the Salini Group at 31 December 2013.

Rome, April 14, 2014

Reconta Ernst & Young S.p.A.
Signed by: Mauro Ottaviani, partner

This report has been translated into the English language solely for the convenience of international readers.

Building a better working world

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Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39 dated 27 January 2010
(Translation from the original Italian text)

To the Shareholders
of Salini Impregilo S.p.A. (which has incorporated Salini S.p.A.)

1. We have audited the financial statements of Salini S.p.A. as of December 31, 2013 and for the year then ended, comprising the statement of income, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements. Effective January 1, 2014, the Company was merged by incorporation into its subsidiary Impregilo S.p.A.. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Salini Impregilo S.p.A.'s Directors, the Company resulting from the above mentioned merger by incorporation. Our responsibility is to express an opinion on these financial statements based on our audit. The aforementioned financial statements have been prepared for the first time in accordance with the International Financial Reporting Standards as adopted by the European Union.

2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by Directors. We believe that our audit provides a reasonable basis for our opinion.

   The financial statements of the prior year prepared in compliance with International Financial Reporting Standards as adopted by the European Union, are presented for comparative purposes. Furthermore, the note n. 37 to the financial statements describes the effects of the transition to the International Financial Reporting Standards as adopted by the European Union. We have examined the information presented in the aforementioned note for the purpose of expressing our opinion on the financial statements as of 31 December 2013 and for the year then ended.

3. In our opinion, the financial statements of Salini S.p.A. at 31 December 2013 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of Salini S.p.A. for the year then ended.

Reconta Ernst & Young S.p.A.
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4. We draw the attention to the following matters:

- the voluntary public tender offer launched by Salini S.p.A. for the acquisition of all the Impregilo S.p.A. ordinary shares, was completed in the first half of 2013, resulting in the acquisition of control. On 26 November 2013, the deed of merger of Salini S.p.A. in Impregilo S.p.A. was signed. Starting from the effective date of the merger on 1 January 2014, the Company resulting from the merger was renamed into "Salini Impregilo S.p.A.". The relevant effects for civil, accounting and fiscal purposes have started as of the said date. Additional details are disclosed in the Directors' Report;

- in December 2013, the Board of Directors of Salini S.p.A. resolved to dispose of its interest in Todini Costruzioni Generali S.p.A.. As a consequence, as of December 31, 2013, the Salini Group accounted for its investment in Todini S.p.A. in accordance with IFRS 5. Additional details are disclosed in note 19 to the financial statements and in the Chapter "Non-current assets held for sale" of the Directors' Report;

- the Directors have disclosed the significant developments of the issues connected to the activities related to the realization and management of the Urban Solid Waste disposal plants in Campania operated by Fibe S.p.A. and Fibe Campania S.p.A. (merged into Fibe S.p.A.), owned through the subsidiary Impregilo S.p.A.. Additional details are disclosed in the Chapter "Non-current assets held for sale" of the Directors' Report.

5. The Directors of Salini Impregilo S.p.A., the Company resulting from the above mentioned merger, are responsible for the preparation of the Directors' report in accordance with the applicable laws. Our responsibility is to express an opinion on the consistency of the Directors' report with the financial statements as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Directors' report is consistent with the financial statements of Salini S.p.A. at 31 December 2013.

Rome, April 14, 2014

Reconta Ernst & Young S.p.A.
Signed by: Mauro Ottaviani, partner

This report has been translated into the English language solely for the convenience of international readers.

2

Report of the Board of statutory auditors to the shareholders of Salini Impregilo S.p.A. on the financial statements of Salini S.p.A. at 31 December 2013, pursuant to article 2429, para. 2, of the Italian Civil Code

Dear Shareholders,

This report on the financial statements at 31 December 2013 of Salini S.p.A. has been prepared by the board of statutory auditors of Salini Impregilo S.p.A., as this company has merged into Impregilo S.p.A. (henceforth renamed Salini Impregilo S.p.A.), with effect from 1 January 2014, as described below.
As a result of this merger, the corporate bodies of Salini S.p.A., including its Board of Statutory Auditors, no longer exist.
To prepare this report we received the necessary information from the Standing Statutory Auditors of Salini S.p.A. during 2013 (the “Salini Auditors”). We also met with the representatives of Reconta Ernst & Young, the independent auditors appointed by Salini S.p.A.

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We would first like to note that a number of 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. (the “Merger”) 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;
- in August 2013, Salini S.p.A. successfully concluded a €400 million bond issue, the

securities of which are listed on the Irish Stock Exchange (Dublin) and carry a fixed coupon rate of 6.125%;
- the merger was approved on 12 September 2013, by the extraordinary shareholders' meeting of Salini S.p.A.;
- 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.
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That said, the Board of Statutory Auditors of Salini Impregilo S.p.A. met with the Salini auditors to examine the activities they carried out in 2013. With respect to the audits performed, taking account of the information provided by the Salini Statutory Auditors, we would like to report the following information:
- During the year, the Board of Statutory Auditors of Salini S.p.A. performed their assigned duties, as defined in Article 2403 of the Italian Civil Code;
- the statutory audit of the accounts, pursuant to Article 2409 bis of the Italian Civil Code is carried out by the independent auditors Reconta Ernst & Young spa, who express their opinion on the financial statements for the period in a special report. The independent auditors' report on the 2013 financial statements provides information on the conformity of the financial statements with the provisions governing their preparation and the accuracy of the Directors' Report on the financial statements. The independent auditors issued a clean opinion;
- during the year, Salini S.p.A.'s Board of Statutory Auditors performed supervisory and control activities based on the standards of conduct recommended by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti and Esperti contabili);
- the Board of Statutory Auditors of Salini S.p.A. did not report any findings as a result of the supervisory activities concerning compliance with the law and bylaws, observance of the principles of correct administration and, in particular, the organisational, administrative and accounting structure of the Company and its actual performance;

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Financial statements

1) The Board of Statutory Auditors:
- reviewed the financial statements at 31 December 2013, comprising the statement of financial position, the income statement and the notes to the financial statements. The financial statements are accompanied by the Directors' report;
- monitored the general approach adopted and general compliance with the law as far as its composition and structure are concerned;
- verified compliance with laws and regulations concerning the preparation of the Directors' Report;
- verified the correspondence between the financial statements and the data and information it has learned about.

In this respect, the Board has no particular observations to report.
There is no evidence that the directors departed from any legal provisions, pursuant to Article 2423.4, of the Italian Civil Code.
In view of the above, the Board of Statutory Auditors believes that there are no reasons not to approve the financial statements for the year ended 31 December 2013.

Milan, 14 April 2014

The Board of Statutory Auditors
Alessandro Trotter – Chairperson
Nicola Miglietta – Statutory Auditor
Pierumberto Spanò – Statutory Auditor

This document is available at:
www.salini-impregilo.com

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