Financial statements

Consolidated statement of financial position as at December 31, 2013

(Values in €/000) **ASSETS**	**Salini Impregilo Published**	**Reclassifications of harmonization between Salini and Impregilo statements**	**Salini Impregilo Reclassified**	**Salini Impregilo Reclassified following the introduction of the new standards**	**Change**
	(1)	(2)	(3) = (1)+(2)	(4)	(5) = (4) - (3)
Non-current assets					
Property, plant and equipment	519,021	-	519,021	450,760	(68,261)
Other intangible assets	165,234	(1)	165,233	165,027	(206)
Equity investments	61,261	1	61,262	131,071	69,809
Non-current financial assets (*)	48,928	-	48,928	48,928	-
Other non-current assets	31,621	(7,146)	24,475	23,776	(699)
Deferred tax assets	121,190	1	121,191	121,132	(59)
Total non-current assets	**947,255**	**(7,145)**	**940,110**	**940,694**	**584**
Current assets					
Inventories	244,016	-	244,016	215,321	(28,695)
Contract work in progress	1,282,410	-	1,282,410	1,105,176	(177,234)
Receivables	1,634,515	6,391	1,640,906	1,886,462	245,556
Derivatives and other current financial assets (*)	232,529	-	232,529	223,129	(9,400)
Tax receivables	222,166	-	222,166	193,672	(28,494)
Other current assets	381,814	754	382,568	287,889	(94,679)
Net financial position held by SPVs and unconsolidated project companies (*)			-	223,789	223,789
Cash and cash equivalents (*)	1,132,420	-	1,132,420	908,631	(223,789)
Total current assets	**5,129,870**	**7,145**	**5,137,015**	**5,044,069**	**(92,946)**
Non-current assets held for sale	653,604	-	653,604	653,604	-
TOTAL ASSETS	**6,730,729**	**-**	**6,730,729**	**6,638,367**	**(92,362)**

(*) Items included in net financial position (indebtedness).

(Values in €/000) EQUITY AND LIABILITIES	Salini Impregilo Published	Reclassifications of Harmonization between Salini and Impregilo statements	Salini Impregilo Reclassified	Salini Impregilo Reclassified following the introduction of the new standards	Change
	(1)	(2)	(3) = (1)+(2)	(4)	(5) = (4) - (3)
Shareholders' equity					
Share capital and reserves	532,214	898	533,112	532,846	(266)
Net profit (loss)	166,944	(296)	166,648	166,781	133
Total Group equity	**699,158**	**602**	**699,760**	**699,627**	**(133)**
Non-controlling interests	193,125	(603)	192,522	192,522	-
Total shareholders' equity	**892,283**	**(1)**	**892,282**	**892,149**	**(133)**
Non-current liabilities					
Non-current indebtedness (*)	1,303,740	-	1,303,740	1,303,740	-
Post-employment benefits and employee benefits	22,059	-	22,059	20,508	(1,551)
Non-current payables to unconsolidated Group companies	-	6,230	6,230	6,230	-
Deferred tax liabilities	74,001	-	74,001	73,959	(42)
Provisions for risks	103,629	(2,864)	100,765	102,207	1,442
Other non-current liabilities	7,354	(6,230)	1,124	1,044	(80)
Amounts due from clients	634,666	(634,666)	-	-	-
Total non-current liabilities	**2,145,449**	**(637,530)**	**1,507,919**	**1,507,688**	**(231)**
Current liabilities					
Current indebtedness (*)	441,846	(1)	441,845	432,445	(9,400)
Advances on contract work in progress	1,249,417	634,666	1,884,083	1,630,770	(253,313)
Payables to suppliers	1,177,283	2,349	1,179,632	1,382,725	203,093
Current tax liabilities	164,101	(1)	164,100	159,692	(4,408)
Other current liabilities	242,289	518	242,807	214,837	(27,970)
Total current liabilities	**3,274,936**	**637,531**	**3,912,467**	**3,820,469**	**(91,998)**
Liabilities directly associated with non-current assets held for sale	**418,061**	**-**	**418,061**	**418,061**	**-**
SHAREHOLDERS' EQUITY AND LIABILITIES	**6,730,729**	**-**	**6,730,729**	**6,638,367**	**(92,362)**

(*) Items included in net financial position (indebtedness).

(Values in €/000) **Income statement for the first half of 2013**	**Salini Impregilo Published**	**Reclassifications of Harmonization between Salini and Impregilo statements**	**Adjustment PPA effects**	**Reclas-sification IFRS 5**	**Salini Impregilo restated before application of the new standards**	**Salini Impregilo Reclassified following the introduction of the new standards**	**Change**
	(1)	(2)	(3)	(4)	(5)=Σ(1)÷(4)	(6)	(7)=(6)-(5)
Revenue							
Operating revenue	1,514,876	-	(41,796)	(172,703)	1,300,377	1,303,337	2,960
Other revenue	37,631	(2,726)	-	(12,063)	22,842	22,089	(753)
Total revenue	**1,552,507**	**(2,726)**	**(41,796)**	**(184,766)**	**1,323,219**	**1,325,426**	**2,207**
Costs							
Cost of sales	(292,176)	-	-	41,662	(250,514)	(210,902)	39,612
Service and subcontractor costs	(855,150)	(2,202)	-	110,532	(746,820)	(849,779)	(102,959)
Personnel costs	(203,955)	-	(181)	30,822	(173,314)	(141,403)	31,911
Amortization, depreciation and write-downs	(75,080)	1,567	(274)	7,854	(65,933)	(57,852)	8,081
Other operating costs	(21,043)	(3,582)	-	5,593	(19,032)	(14,631)	4,401
Total costs	**(1,447,404)**	**(4,217)**	**(455)**	**196,463**	**(1,255,613)**	**(1,274,567)**	**(18,954)**
Operating profit	**105,103**	**(6.943)**	**(42.251)**	**11.697**	**67.606**	**50.859**	**(16.747)**
Financing income (costs) and gains (losses) on investments							
Financial income	*115,385*	*(101,965)*	*-*	*(1,232)*	*12,188*	*12,925*	*737*
Financial expenses	*(167,978)*	*104,924*	*(2,596)*	*1,518*	*(64,132)*	*(50,910)*	*13,222*
Exchange rate gains (losses)	*-*	*3,568*	*-*	*152*	*3,720*	*3,966*	*246*
Financing costs	(52,593)	6,527	(2,596)	438	(48,224)	(34,019)	14,205
Gains on investments	122,051	417	80,034	431	202,933	203,947	1,014
Net financing costs and net gains on investments	**69,458**	**6,944**	**77,438**	**869**	**154,709**	**169,928**	**15,219**
Profit (loss) before tax	**174,561**	**1**	**35,187**	**12,566**	**222,315**	**220,787**	**(1,528)**
Income taxes	(34,226)	(3)	13,400	(4,365)	(25,194)	(23,651)	1,543
Profit (Loss) from continuing operation	**140,335**	**(2)**	**48,587**	**8,201**	**197,121**	**197,136**	**15**
Profit (Loss) from discontinued operations	23,738	2	(35,800)	(8,201)	(20,261)	(20,262)	(1)
Net profit (loss)	**164,073**	**-**	**12,787**	**-**	**176,860**	**176,874**	**14**
Net profit (loss) attributable to:							
Owners of the parent	155,452	-	21,046	-	176,498	176,519	21
Non-controlling interests	8,621	-	(8,259)	-	362	355	(7)

Libya

The subsidiary Impregilo Lidco Libya General Contracting Company (Impregilo Lidco), active in Libya since 2009, is a mixed company established by Impregilo with a 60% interest. A local partner owns the remaining 40%.

In the past, Impregilo Lidco won important contract for the construction of:

- Infrastructural projects in Tripoli and Misuratah;
- University campuses in Misuratah, Tarhunah and Zliten;
- Tripoli's new "Conference Hall".

With regard to the political upheaval in Libya from the end of February 2011 to the date of this Report, it is worth mentioning that the subsidiary was always able to operate in accordance with contractual terms and that the investments made up until the deterioration of the country's political situation were fully covered by contractually stipulated advances.

In addition, the projects subject of the contracts executed by the Libyan subsidiary represent projects of national interest with regard to which, at the moment, it would not seem reasonable to presume that they would be abandoned. It is also clear that the subsidiary will face significant challenges in developing the projects in accordance with the schedule planned before the crisis erupted. Accordingly, Impregilo excluded the possibility of a new phase of significant development for the activities of the Impregilo Lidco subsidiary over the near term.

Beginning in 2012, the Group resumed the procedures necessary to restart industrial activities, even though the local situation continues to be challenging and there still no assurance of fully secure working conditions. Nevertheless, commercial and contractual relations with customer local administrations have been re-established, with the aim of reopening the jobsites and restoring the financial conditions originally stipulated in the respective contracts. In this general framework, in 2012, the Group again obtained access to more accurate information about the financial and operating items that have an impact on its consolidated financial statements. Consequently, in the consolidated statement of financial position, income statement and statement of cash flows of the Impregilo Group at December 31, 2012 the asset, liability and income statement items attributable to the Libyan subsidiary were restated in accordance with Group principles, based on the evidence developed during the period and the support of assessments provided by the independent counsel that is assisting the subsidiary. Compared with the situation reported in Impregilo's 2011 consolidated financial statements, which reflected the latest available information at March 31, 2011, the value adjustments made to reflect the gradual impairment losses suffered by the subsidiary's net assets as a result of the events described above were estimated as constituting charges totaling € 42.9 million. These charges were included in contract work in progress, as the Group deems them recoverable, considering that relationships with the customers have been re-established. Net cash and cash equivalents held in Libya decreased by about € 14.4 million, due to expenses incurred locally from March 31, 2011, to June 30, 2014.

In addition, early in 2013, a physical inventory was taken of plant, machinery and supplies at the main jobsites, with a total carrying amount of € 29.9 million, but not all inventory sites could be accessed for security reasons. Taking also into account the fact that costs that may arise following completion of the inventory taking procedures would be covered by customers, consistent with force-majeure contract terms, as determined by the counsel that is assisting the subsidiary, no significant risks are deemed to exist in this context with regard to the recovery of the net assets attributable to the subsidiary, thanks in part to actions and claims filed with the customers contractually or otherwise.

Lastly, contractual relations with customer local administrations were reinstated during the last part of 2013. In this environment, albeit to date, also in view of the unrest which has been seen recently in various areas of the country, the social and political situation in the country remains extremely complex and characterized by significant critical conditions, an important agreement was reached with the customer of infrastructure-related contracts during the first months of 2014. Under this agreement, the parties expressed their mutual intention to resume industrial activities as soon as security measures could be implemented to make it possible, while at the same time fully maintaining the claims for damages filed by the subsidiary as a result of force majeure, provided for under contract and based on which the activities were suspended.

Lastly, Salini Impregilo continues to monitor the country's situation very closely and, whilst taking into account the limited but positive signs expressed by recent events referred to below, and it cannot be ruled out that, after the reporting date of this Consolidated half-year financial report, events may occur that are unforeseeable at present and liable of resulting in changes to the assessments made to date.

Business combinations

Purchase of shares of the company Collegamenti Integrati Veloci S.p.A. (C.I.V.)

On May 7, 2014 Salini Impregilo signed a private agreement with the company "Itinera S.p.A.", consortium company "Società Autostrada Torino-Alessandria-Piacenza" and "Società Iniziative Nazionali Autostradali – SINA". This private agreement was for the purchase of 85% of the shares that they held in the company Collegamenti Integrati Veloci S.p.A. (C.I.V.).

The purchase price was a total of € 18.0 million, paid in full upon signature of the agreement.

The table below show the values of C.I.V. assets and liabilities attributable to Salini Impregilo at the time of acquisition and the corresponding fair value determined on a final basis for the Purchase Price Allocation (PPA) process:

(Values in €/000)	Carrying amounts	Fair value
Cash and cash equivalents	12,576	12,576
Other current assets	344	344
Total assets	**12,920**	**12,920**
Other current liabilities	(861)	(861)
Total liabilities	**(861)**	**(861)**
Net assets acquired	**12,059**	**12,059**
Price paid for the acquisition of the stake		18,040
Net assets acquired (net liabilities assumed)		(10,250)
Difference between price and fair value acquired		**7,790**

The fair values shown above have been determined preliminarily using the information available. The group has opted to use the 12-month period allowed by IFRS 3 (revised) for establishing the Purchase Price Allocation (PPA) procedure.

As a consequence, the preliminary values shown will be definitively determined by the first half of 2015.

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

(Values in €/000)	
Cash and cash equivalents	12,576
Other activities	344
Other liabilities	(861)
Total	**12,059**
Net of cash acquired	(12,576)
Cash net of cash used for the acquisition	**(517)**

The effects on the income statement that would have occurred if the group had acquired control on January 1, 2014, are shown below:

(Values in €/000)	
Revenue	1,004
Operating costs	(1,707)
Financial income	78
Profit (loss) for the group and non-controlling interests	**(625)**
Profit (loss) attributable to the Group	**(625)**

Acquisition of the company Autostrada Broni-Mortara S.p.A. (S.A.BRO.M.)

On May 27, 2013, the Impregilo Group purchased 19.8% of the shares in the company Autostrada Broni-Mortara.

The table below show the values of S.A.BRO.M. assets and liabilities attributable to Salini Impregilo at the time of acquisition and the corresponding fair value determined on a final basis for the Purchase Price Allocation (PPA) process:

(Values in €/000)	**Carrying amounts**	**Fair value**
Non-current assets	39,827	39,827
of which:		
- Intangible assets	39,827	39,827
- Property, plant and equipment		
- Goodwill		
Cash and cash equivalents	116	116
Trade receivables		
Other current assets	5,503	5,503
Total assets	**45,446**	**45,446**
Bank loans and borrowings due after one year		
Other non-current liabilities		
Bank loans and borrowings due within one year	(20,000)	(20,000)
Trade payables	(1,245)	(1,245)
Other current liabilities	(4)	(4)
Total liabilities	**(21,249)**	**(21,249)**
Net assets acquired	**24,197**	**24,197**
Price paid for the acquisition of the 19.8% stake		4,950
Fair Value of the investment held previously (40%)		9,703
Value assigned to Non-controlling interests		9,727
Net assets acquired (net liabilities assumed)		(24,197)
Difference between price and fair value acquired		**183**

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

(Values in €/000)	
Cash and cash equivalents	116
Property, plant and equipment and intangible assets	40,010
Other activities	5,503
Payables to banks	(20,000)
Other liabilities	(1,249)
Total	**24,380**
Net of cash acquired	(116)
Net of non-controlling interests and fair value held previously	(19,431)
Cash net of cash used for the acquisition	**4,833**

The effects on the income statement that would have occurred if the group had acquired control on January 1, 2013 are shown below:

(Values in €/000)	
Operating costs	(261)
Financial income	4
Profit (loss) for the group and non-controlling interests	**(257)**
Non-controlling interests	61
Profit (loss) attributable to the Group	**(196)**