salini impregilo

Interim report on operations as at 30 September 2014

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Company officers

Board of directors (i)

Chairman	Claudio Costamagna
Chief Executive Officer	Pietro Salini
Directors	Marina Brogi
	Giuseppina Capaldo
	Mario Giuseppe Cattaneo
	Roberto Cera
	Laura Cioli
	Alberto Giovannini
	Nicola Greco (*)
	Pietro Guindani
	Geert Linnebank
	Giacomo Marazzi (*)
	Franco Passacantando (*)
	Laudomia Pucci

Executive Committee

Pietro Salini
Claudio Costamagna
Alberto Giovannini
Giacomo Marazzi (*)

Control and Risk Committee

Mario Giuseppe Cattaneo
Giuseppina Capaldo
Pietro Guindani
Franco Passacantando (*)

Compensation and Nominating Committee

Marina Brogi
Nicola Greco (*)
Geert Linnebank
Laudomia Pucci

Committee for Related-Party Transactions

Alberto Giovannini
Marina Brogi
Giuseppina Capaldo
Geert Linnebank

Board of statutory auditors (ii)

Chairman	Alessandro Trotter
Statutory Auditors	Teresa Cristiana Naddeo
	Gabriele Villa
Alternate Auditors	Roberta Battistin
	Marco Tabellini

Independent Auditors PricewaterhouseCoopers S.p.A.

(i) Appointed by the ordinary Shareholders' Meeting of July 17, 2012, and in office up to the shareholders' meeting for the approval of the financial statements at December 31, 2014.
(ii) Appointed by the Shareholders' Meeting of April 30, 2014, and in office up to the approval of the financial statements at December 31, 2016.
(*) Appointed by the Shareholders' Meeting of September 12, 2013, and in office up to the approval of the financial statements at December 31, 2014.

Financial highlights of the Group

Introductory Remarks

The consolidated income statement, statement of financial position and statement of cash flows of the Salini Impregilo Group at September 30, 2014, are presented in continuity with those of the Salini Group for the year ended December 31, 2013, in consideration of the fact that the acquisition of control by the former controlling company (now the acquired company) Salini S.p.A. over the former subsidiary (the acquirer) Impregilo S.p.A. occurred after the end of the first quarter of 2013, as well as the fact that the merger of Salini and Impregilo was completed after the acquisition of control by the former over the latter and thus qualified as a business combination of entities under common control in accordance with the IAS/IFRS standards. Accordingly, for comparative purposes, this Interim financial report contains (i) the consolidated income statement of the Salini Group for the first nine months of 2013 and (ii) the consolidated statement of financial position of the Salini Impregilo Group at December 31, 2013. That being said, and in view of the significant contribution that the assets held by the former Impregilo provided in the period under review in this Interim financial report, and the fact that these assets were recognized in the Salini consolidated financial statements for the same period last year only as from April 1, 2013 – the date used as reference for the acquisition of control by Salini – for the sake of facilitating comprehension and comparability of the results for the first nine months of 2014 with those for the same period last year, it was deemed appropriate to restate the comparative economic results on a homogeneous basis to that of September 30, 2014. This presentation, provided exclusively for information purposes, is shown and commented later in this Interim financial report, in the section entitled "Performance of Salini Impregilo Group operations for the first nine months of 2014".

On June 20, 2014, as part of a transaction aimed at Italian and international institutional investors, the Board of Directors of the parent company Salini Impregilo S.p.A. exercised the powers granted to it by the Extraordinary Shareholders' Meeting held on September 12, 2013, and approved the share capital increase limited to 10% of the existing capital, with the waiver of option rights. The transaction was successfully completed with the issuance of 44,740,000 new ordinary shares without par value and the increase in share capital by an amount of € 44,740,000. The subscription price of the shares was set at € 3.70 per share, while the consideration received, net of directly related transaction costs, was € 161.6 million. Under this offer, which was restricted to Italian and international institutional investors only, the controlling company Salini Costruttori S.p.A. sold 94,000,000 Salini Impregilo S.p.A. ordinary shares. Finally, taking into account that the greenshoe option was exercised on July 18, 2014 by the Joint Global Coordinator for the transaction, for an additional number of 4,050,000 ordinary shares, to date the free float of Salini Impregilo S.p.A. is around 38.11% of the ordinary share capital.

The Salini Impregilo Group closed the first nine months of 2014 with a total revenue of € 3,088.3 million (€ 2,341.9 million in the first nine months of 2013), consolidated operating profit (EBIT) of € 181.6 million (€ 84.2 million in the first nine months of 2013), and a net profit attributable to the owners of the parent of € 105.7 million (€ 165.4 million in the first nine months of 2013).

Owing in part to the steady implementation of the plan to monetize and divest non-core activities, the relevant competitive scenario of the Salini Impregilo Group is currently represented by the global market for activities and investments in the construction sector, with specific focus on the market for complex large-scale infrastructures.

The recently published OECD assessment reports moderate growth for the more developed economies and an increasingly lower degree of business cycle synchronization, with particular signs for concern in the Euro area countries.

In this environment, the Salini Impregilo Group, in pursuing the strategic objectives underlying its business plans as set out in the 2014-2017 Business Plan approved on March 19, has successfully pursued, in the first nine months of this year, new and important opportunities in its target markets, including, for example, the new orders for projects involving the Lima subway system (in Peru), the construction of the Brenner base tunnels (in Austria), as well as the new motorway work taking place in Slovakia and Poland.

Furthermore, consistent with the implementation of the plan to monetize Group's non-core assets, the sale to third parties was finalized in the first nine months of 2014 of the entire interest – equal to 100% – held by the Group through its subsidiary Impregilo International Infrastructures N.V., in the German company Fisia Babcock Environment G.m.b.H.. Taking into account the fact that this interest, at March 31, 2014, was classified in accordance with IFRS 5 under "Non-current assets held for sale and discontinued operations", the net profit of the aforementioned sale, amounting to roughly € 89.2 million, was accordingly reflected under profit from assets held for sale and discontinued operations.

Lastly, you are reminded that, from the end of the first half of 2014, the estimates referring to the set of industrial activities that the Group has in the Bolivarian Republic of Venezuela have needed to be updated. In line with the previous financial reports, made available to the public as required by the current legal provisions, the deterioration of the economic conditions of the country, which have been going downhill since the early months of the year, were such that it became necessary to make a detailed assessment of the time and financial parameters according to which the Group's net assets can be generated in reference to this area.

The Group's relations with the local economic system as well as with the client local administrations are still excellent and geared towards maximum cooperation in pursuit of the respective goals, as demonstrated by the additional work awarded at the end of June 2014 in relation to existing railway contracts. However, in light of the current general framework of the local currency/ financial market situation in the area, stemming from the conditions of the above-mentioned local economic system, and consistent with recent changes to the currency regulations of the country, it was considered reasonable, among other things, to adopt, with effect from June 30, 2014, a new reference exchange rate for the translation of both the current values of working capital denominated in Venezuelan currency and the perspective values both to be paid/realized in the entire life estimates of the ongoing railway projects under direct management.

The new official exchange rate used, called SICAD 2, whose first fixing took place during the last few days of the first quarter of 2014, is currently believed to be the most representative of the relationship under which future cash flows, expressed in local currency, may be adjusted in the event that they were verified at the valuation date also considering the possibility to access the Venezuelan currency market and the Group's specific needs to obtain currency other than the functional currency.

This new exchange rate expresses a substantial depreciation (by about 9 times) of the local currency against the US Dollar, compared with the official exchange rate previously used, i.e. CENCOEX (formerly CADIVI), for the purposes of preparing the consolidated financial statements of the Salini Group at December 31, 2013, as well as the Interim financial report at March 31, 2014.

The update of the estimates resulted in some effects at September 30, 2014. The most significant effects included (i) the overall impairment of net financial assets denominated in local currency, by a total of approximately € 55 million and (ii) the reduction of the order backlog relating to the same

1. The consolidated income statement data for the first nine months of 2013, restated on a like-for-like basis with respect to the first nine months of 2014, are shown in the next section of this Interim financial report.

projects, for the part denominated in local currency including the variants recently acquired and uniformly assessed, by a total of approximately € 100 million.

Group total revenue for the first nine months of 2014 totaled € 3,088.3 million (€ 2,341.9 million in the first nine months of 2013 and € 2,887.3 million on a like-for-like basis)[1].

The consolidated operating profit (EBIT) amounted to € 181.6 million (€ 84.2 million in the first nine months of 2013 and € 151.8 million on a like-for-like basis) with a return on sales (ROS) of 5.9%.

The consolidated financing income (costs) and gains (losses) on investments generated net financing costs of € 107.2 million (net gain of € 145.1 million for the first nine months of 2013 and net financing costs of € 63.4 million on a like-for-like basis).

The profit from assets held for sale and discontinued operations amounted to € 55.2 million (loss of € 40.9 million in the first nine months of 2013 and profit of € 54.0 million on a like-for-like basis), and reflects the results of the Todini Group (loss of € 29.1 million), of Fisia Babcock Environment (profit of € 85.1 million) and the USW Campania Projects (loss of € 0.8 million). With regard to the latter, further details are provided below in the chapter entitled “Non-current assets held for sale and discontinued operations” of this Interim financial report.

The consolidated net profit attributable to the group for the period under review amounted to € 105.7 million (€ 165.4 million for the first nine months of 2013 and € 101.0 million on a like-for-like basis).

The consolidated net indebtedness of continuing operations totaled € 410.8 million at September 30, 2014, compared with € 331.7 million at December 31, 2013, while the gross financial debt decreased, in comparison with December 31, 2013, totaling € 201.6 million.

The Group’s order backlog at September 30, 2014, totaled € 28.7 billion, including € 7.3 billion in the portfolio of full-life concession projects.

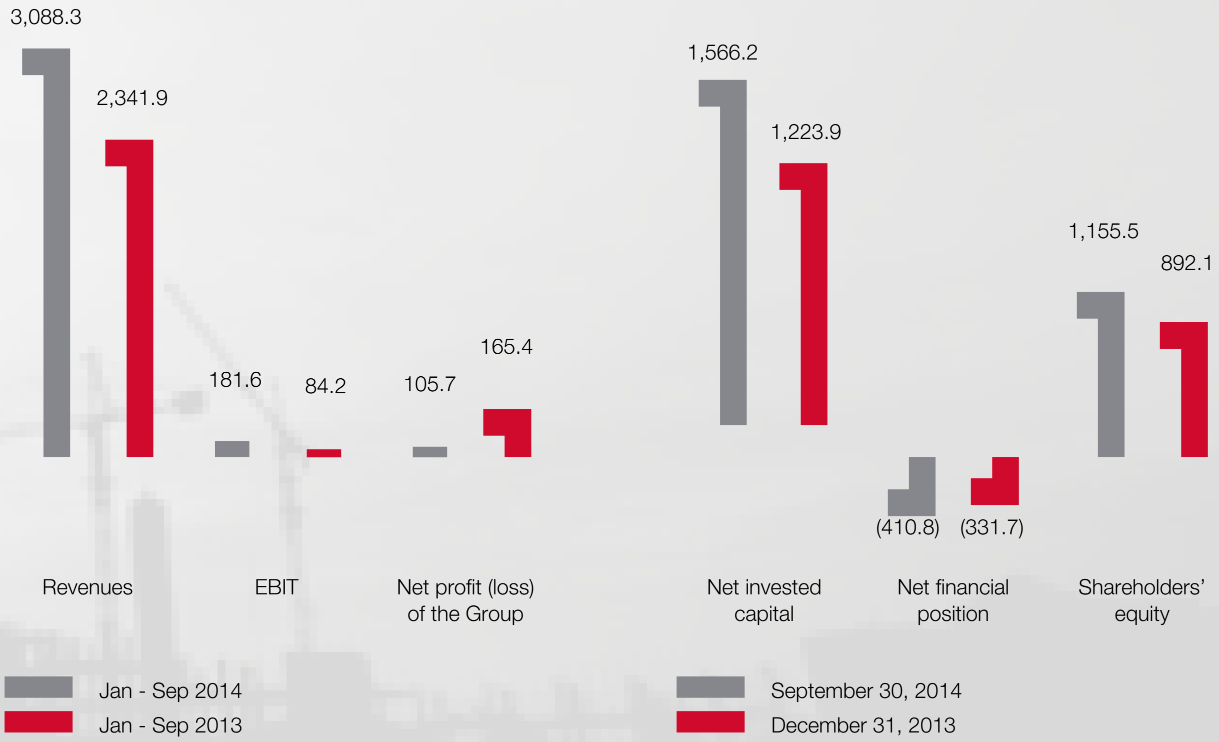
New contracts for the first nine months of 2014 totaled € 3,480.4 million.

Financial highlights

(in millions of euros)

Salini Impregilo Group

The paragraph "Alternative performance indicators" in the "Other information" section gives a definition of the financial statements indicators used to present the group's highlights.
The income statement data for the first nine months of 2013 have been reclassified due to the adoption of the new standards IFRS 10 and IFRS 11 and in accordance with the provisions of IFRS 5 and IFRS 3, also including the line-by-line consolidation of Impregilo only from the start of the second quarter.
The statement of financial position data at December 31, 2013 have been reclassified due to the adoption of the new standards IFRS 10 and IFRS 11.



Financial highlights of the Group

Consolidated Income Statement

(in millions of euros)	Jan-Sep 2014	Jan-Sep 2013 (§)
Revenue	3,088.3	2,341.9
Operating costs	(2,788.6)	(2,167.9)
Gross operating profit (EBITDA)	299.8	174.0
EBITDA %	*9.7%*	*7.4%*
Operating profit (EBIT)	181.6	84.2
R.o.S.	*5.9%*	*3.6%*
Financing income (costs)	(111.7)	(60.2)
Gains (losses) on investments	4.5	205.3
Earnings before taxes (EBT)	74.4	229.2
Income taxes	(27.5)	(26.1)
Profit (Loss) from continuing operations	46.9	203.1
Profit (loss) from discontinued operations	55.2	(40.9)
Profit (loss) for the period attributable to the owners of the parent	105.7	165.4

(§) The income statement data for the first nine months of 2013 have been reclassified following the adoption of the new standards IFRS 10 and IFRS 11 and in accordance with the provisions of IFRS 5 and IFRS 3. Furthermore, Impregilo has been consolidated using the line-by-line method only from the start of the second quarter.

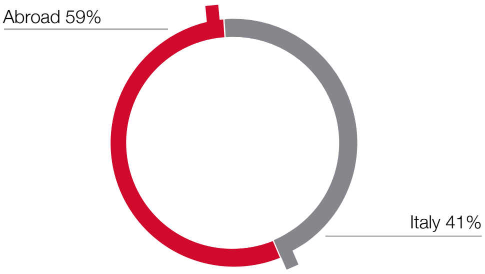
Consolidated Statement of Financial Position

(in millions of euros)	September 30, 2014	December 31, 2013 (*)
Non-current assets	802.9	746.9
Non-current assets (liabilities) held for sale	191.1	235.5
Provisions for risks, post-employment benefits and employee benefits	(124.7)	(122.7)
Other non-current assets (liabilities)	16.9	16.5
Tax assets (liabilities)	91.3	81.2
Working capital	588.7	266.5
Net invested capital	**1,566.2**	**1,223.9**
Shareholders' equity	**1,155.5**	**892.2**
Net financial position	**410.8**	**331.7**

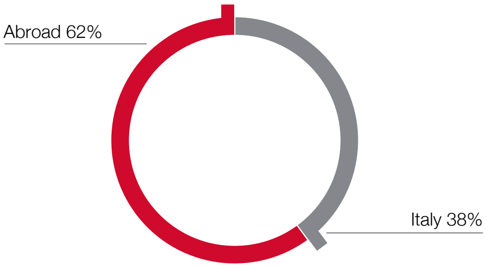
(*) The statement of financial position data at December 31, 2013 have been reclassified due to the adoption of the new standards IFRS 10 and IFRS 11.

Order backlog by geographic region

September 2014
(total € 28,720 mil.)

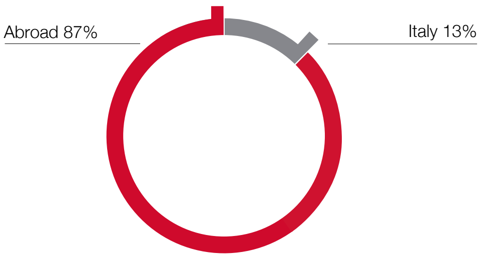


December 2013
(total € 28,831 mil.)

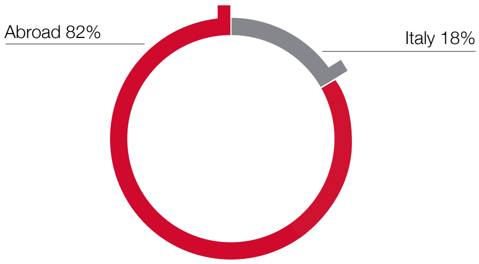


Revenue by geographic region

Jan - Sep 2014
(tot. Italy € 392.6 mil. - total abroad € 2,695.7 mil.)



Jan - Sep 2013
(total Italy € 422.7 mil. - total abroad € 1,919.2 mil.)



Directors' report
Part I

Performance of the Group’s operations for the first nine months of 2014

Macroeconomic Scenario

The Salini Impregilo Group, established following the merger of two major Italian Groups, is a global player in the field of large-scale infrastructures. Therefore, the Group's baseline scenario is the intercontinental market of large heterogeneous and composite infrastructure.

The lengthy macroeconomic recession experienced in the past 4-5 years, has affected almost all industrial/economic sectors. However, thanks to the limited volatility that characterizes the sector, the demand for large-scale infrastructures has not suffered a slowdown. As a matter of fact, complex infrastructures continue to represent a strategic priority for the growth of the national economies of most countries, both industrialized and emerging.

According to international studies, the aggregate demand in the construction sector at the global level is expected to be worth roughly € 35,200 billion over the period 2014-2017. Of the total market, about 65% will be represented by the development/construction of residential and commercial buildings (€ 22,900 billion), while the remaining 35% (€ 12,300 billion) by the development of infrastructures.

It is also estimated that roughly 70% of the investments in infrastructure (€ 8,500 billion) will be made in business sectors – hydraulic projects, roads and railways and large civil projects – in which Salini Impregilo currently operates, while it is reasonable to assume that, over the 2014-2017 period, a significant part of these projects, estimated at about € 550 billion, will be completed in the countries where the Group currently operates, or where it intends to extend its operations.

Analysis of the income statement and statement of financial position of the Salini Impregilo Group

This chapter presents the Group's reclassified consolidated income statement for the first nine months of 2014, its reclassified consolidated statement of financial position and the structure of the Group's financial position at September 30, 2014. It also provides an overview of the main changes, at the consolidated level, in the income statement, compared with the corresponding period the previous year, and in the statement of financial position compared with the data presented at the end of the previous year.

Unless otherwise stated, amounts are in millions of euros and those shown in parentheses refer to the previous year.

The "Alternative performance indicators" paragraph in the "Other information" section provides a definition of the indicators in the statement of financial position and income statement used to analyze the Group's operating performance and financial position.

Introductory remarks concerning the comparability of the income statement and statement of financial position data for the first nine months of 2014 with those for the previous year – new accounting standards in effect as of January 1, 2014

As a general remark, it is worth mentioning that, starting with the current year, some new international financial reporting standards went into effect, among which the following are specifically relevant for the purposes of the Interim financial report of the Salini Impregilo Group:

- *IFRS 10 - Consolidated Financial Statements*

  This standard replaces SIC 12 Consolidation – Special purpose entities and certain parts of IAS 27 – Consolidated and separate financial statements. The new standard identifies a single control model and defines, on a more structured basis, the requirements for determining whether or not control exists.
  This provision is particularly relevant with regard to situations that qualify as entailing "de facto control", even if the essential conditions for determining the existence of control are basically the same as those contained in the standards previously in effect.

- *IFRS 11 - Joint Arrangements*

  This standard replaces IAS 31 – Interests in joint ventures and SIC 13 – Jointly controlled entities – Non-monetary contributions by venturers. It defines the criteria for the identification of joint arrangements and how they should be accounted for based on the rights and obligations arising from the contract, regardless of its legal form.
  The new standard provides for different recognition methods, depending on whether the transaction is a joint operation or a joint venture, and eliminates the possibility to apply different accounting treatments to the same types of arrangements and, conversely, defines a single model based on the contractual rights and obligations.

- *IAS 28 – Investments in Associates and Joint Ventures*

  This standard defines the accounting treatment of investments in associates and joint venture and is a rewording of the old IAS 28 in light of the new provisions introduced with IFRS 10 and IFRS 11.

The adoption of these standards, implemented retrospectively to allow a presentation of results homogeneous with the comparative information for previous periods, did not produce differences in the statement of financial position or the income statement insofar as the new IAS 28 and IFRS 10 are concerned. With regard to latter, the entities that qualified as "subsidiaries" in accordance with the requirements of the previous standards continued to qualify as such as of January 1, 2014.

On the other hand, differences did arise from the adoption of IFRS 11 with regard to the numerous Italian and foreign Special Purpose Vehicles ("SPVs") in which the Group participates jointly with other partner companies and which are established for the sole purpose of carrying specific construction projects.

More specifically, these difference occurred with the SPVs that, in the 2013 consolidated financial statements, were recognized using the *proportional consolidation* option provided in the previously applicable IAS 31 and which - in accordance with IFRS 11 and based on currently developed best practices for the interpretation of international standards, could not be found to unequivocally qualify as joint operations. These entities, which in 2013 belonged exclusively to the former Impregilo Group, are essentially identified as SPVs which, in accordance with the laws in effect in the countries where they operate (i.e. the countries where the respective projects are being carried out), have their own autonomous, albeit limited in some instances, legal entity status and do not allow the immediate identification of a right (obligation) of an individual "participant" with respect to the assets (liabilities) held by the SPV. In accordance with established industry practice and pursuant to the requirements of the contracts executed by its partners during the initial phase of the call for tenders, these SPVs operate for the client administrations in their own name but on behalf of the partners and serve the sole purpose of carrying out individual projects. In the preparation of this Interim financial report at September 30, 2014, they were treated on a preliminary basis as joint ventures, in accordance with IFRS 11 and, consequently, consolidated by the equity method. Moreover, considering that:

- these SPVs cannot engage in any type of activity different from the one strictly dictated by their owners and in their owners exclusive interest;

- their activity is aimed exclusively at fulfilling the obligations arising from the contract with the client, contract usually deriving from the submission of the winning bid in response to a call for tenders by the partners in their capacity as partners possessing the necessary "technical qualification";

- the partners are the only parties who are jointly and unlimitedly liable towards the client for the performance of the contract by the SPV;

- the partners are the only parties who are unlimitedly, but not necessarily jointly, liable for the obligations undertaken by the SPV towards third parties within the framework of the activities carried out to perform the contract (e.g. suppliers, employees, local government, etc.); and

- at the end of the contract, the client delivers to the partners the contractually stipulated technical reference, as an attestation that the project was completed,

the title to the revenue generated by the performance of the work is considered directly attributable to the partners, pro-rated based on the interests that the partners declared to hold within the framework of the call for tender procedure and were acknowledged by the client in the award process.With regard to the corresponding recognition of the relevant expenses directly attributable thereto (i.e.: the total costs of production necessary for the fulfilment of the contractual obligations towards the client, to the extent attributable to the partners), however, depending on the different legal structures provided for in individual foreign countries where it operates, it is reasonable to believe that different levels of responsibility of the partners may be introduced in respect of the obligations towards third parties undertaken by the SPVs in which it holds interest. However, by virtue of the provisions consistently laid down in the partner agreements entered into between the companies participating jointly in the tender - provisions which currently reflect market standards, regardless of the nationality of the participating companies - it is reasonable to assume that in considering their ownership of the contractual rights arising from relationships with clients, there is a similar material obligation to bear, albeit in a non-direct form, the related overall expenses, regardless of the contractual 'form' with which these expenses will be formally transferred by the SPV to its partners. For those entities that are no longer subject to proportional consolidation, and consistent with the assumption that the revenues generated from the client are recognized directly to the members/companies participating in the tender according to their equity investment, the Group, according to the respective equity investment, also has the direct obligation to sustain the relative overall costs which, from a different standpoint, are substantially equivalent - excluding the ownership of the contractual revenue recognized to the SPV- to the negative change of the shareholders' equity of the SPV between one period and another and according to the portion attributable to the Group.

In view of these circumstances, consistently considered also within the framework of the previously applicable standards, the adoption of IFRS 11 for the treatment of the SPVs in which Salini Impregilo held an interest together with its strategic partners did not produce material differences in terms of the total revenue realized through the SPVs and of the Group's shareholders' equity. However, some limited difference did arise with regard to individual assets (liabilities) that in the proportional consolidation previously applied to them were recognized on a pro rata basis and taking into account the nature of each asset (liability) and, under IFRS 11, are instead recognized in accordance with the equity method. However, it is worth pointing out that, with regard to the above, an interpretative commentary has yet to be developed for the new standards, particularly with regard to the specific sector in which the Group operates.

The Company believes that the information provided represents the best operational interpretation of the substance of the Group's operations, but the possibility cannot be excluded that in the future, possibly even the immediate future, different interpretations may be developed by other parties, including regulatory entities, which could have an impact on several alternative performance indicators adopted by the Group – such as capital expenditures or EBITDA. Finally, because of the very nature of these standards, these potential impacts are not expected to affect the Group's share of net profit and the shareholders' equity.

Introductory remarks concerning the comparability of the income statement and statement of financial position data for the first nine months of 2014 with those for the previous year – continuity with the consolidated financial statements of the Salini Group for 2013

The merger by incorporation of Salini S.p.A. (formerly the controlling company at December 31, 2013) into Impregilo S.p.A. (formerly the controlled company at December 31, 2013) became fully effective as of January 1, 2014. The company changed its name to Salini Impregilo S.p.A. as a result of this merger.

In accordance with the requirements of the international financial reporting standards adopted by the Group in continuity with previous years, the above-mentioned merger does not constitute a transaction likely to modify the amounts recognized in the Group's financial statements, due to the fact that it qualifies as a "business combination of entities under common control", control of which Salini S.p.A. acquired over Impregilo S.p.A. with effect from April 1, 2013. With the exception of the information provided above regarding new international financial reporting standards, the mandatory adoption of which is statutorily required as of January 1, 2014, the statement of financial position, income statements and statement of cash flows of the Salini Impregilo Group at September 30, 2014 reflect continuity of values with respect to the consolidated financial statements of the Salini Group for the year ended December 31, 2013. These financial statements also reflect the restatement of the assets and liabilities of the Impregilo Group based on their respective fair value on the date control was acquired and the subsequent allocation of the difference between the above-mentioned fair value and the total consideration paid in 2013 by the then controlling company Salini S.p.A. to acquire said control, as part of a process commonly referred to as purchase price allocation (PPA). Lastly, please note that the differential was positive and, consequently, was recognized in the 2013 consolidated income statement as badwill. For more information about these issues, please see the detailed disclosure provided in the notes to the consolidated financial statements of the Salini Group for the year ended December 31, 2013.

Taking into account the developments described above, the data of the consolidated income statement for the first nine months of 2013 - provided below for comparative purposes - are those of the Salini Group and presented in the Interim financial report of the Salini Group at September 30, 2013 to reflect:

- the classification of the Todini Costruzioni Generali Group and the company Fisia Babcock Environment G.m.b.H. in accordance with IFRS 5;
- the retrospective recognition of the effects of the adoption of the new international financial reporting

standards referred to in the previous paragraph of this section and

- the recognition at April 1, 2013, of the effects of the purchase price allocation described above which, although temporarily assigned to the same date, were fully recognized only in the annual consolidated financial statements of the Salini Group at December 31, 2013, in accordance with the provisions of IFRS 3.

These values, however, are not fully comparable with those presented by the Group resulting from the merger for the period under review in this Interim financial report due to the fact that the contribution made by the Impregilo Group in the previous period was recognized, according to the line-by-line consolidation method, only as from April 1, 2013 (see Tab. 1).

Consequently, in order to allow a more homogeneous analysis of the operating performance of the Salini Impregilo Group for the first nine months of 2014 in comparison with the corresponding period a year earlier, it was decided to proceed with a reclassification of the consolidated income statement of the Salini Group for the first nine months of 2013 in a format, presented later in this chapter, that shows[2]:

a) the consolidated income statement of the Salini Group for the first nine months of 2013, as shown in the Interim financial report of the Salini Group at September 30, published on November 27, 2013, and reclassified according to the logic described above;

b) the consolidated income statement of the Impregilo Group for the first quarter of 2013 as shown in the Interim financial report at March 31, 2013, published on May 14, 2013, and reclassified according to the logic described above, and

c) the elimination of the effects resulting from the measurement of the PPA and badwill.

Lastly, please note that, in the first quarter of 2014, consistent with the process of monetizing the Group's non-core assets, launched in October 2012 and continued last year, the Salini Impregilo Group executed preliminary agreements for the sale to external parties of the entire interest held by Impregilo International Infrastructures N.V. in the German company Fisia Babcock Environment G.m.b.H.. These agreements were finalized in May 2014; therefore, in the period reviewed in this Interim financial report, the financial position attributable to this company (at the time of sale) and the net profit resulting from the sale were reclassified in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

2. Please note that this disclosure should not be construed as pro forma information pursuant to current applicable regulations and that the main differences compared with said regulations concern the retrospective adoption as of January 1, 2013 of: (i) Purchase Price Allocation procedures for the acquisition of Impregilo by Salini; and (ii) cost related to the above-mentioned acquisition included among financial expense.

Tab. 1 - Operating performance of the Group

Reclassified consolidated income statement of the Salini Impregilo Group

(Amounts in thousands of euros)	Jan-Sep 2014	Jan-Sep 2013 (§)	Change
Operating revenue	3,032,935	2,307,600	725,335
Other revenue	55,407	34,328	21,079
Total revenue	**3,088,342**	**2,341,928**	**746,414**
Operating costs	(2,788,553)	(2,167,910)	(620,643)
Gross operating profit (EBITDA)	**299,789**	**174,018**	**125,771**
EBITDA %	*9.7%*	*7.4%*	
Amortization and depreciation	(118,158)	(89,864)	(28,294)
Operating profit (EBIT)	**181,631**	**84,154**	**97,477**
Return on Sales	*5.9%*	*3.6%*	
Financing income (costs) and gains (losses) on investments			
Financing costs	(111,693)	(60,205)	(51,488)
Gains (losses) on investments	4,492	205,270	(200,778)
Net financing costs and net gains on investments	**(107,201)**	**145,065**	**(252,266)**
Earnings before taxes (EBT)	**74,430**	**229,219**	**(154,789)**
Income taxes	(27,539)	(26,104)	(1,435)
Profit (loss) from continuing operations	**46,891**	**203,115**	**(156,224)**
Profit (loss) from discontinued operations	55,226	(40,934)	96,160
Net profit (loss) before allocation to non-controlling interests	**102,117**	**162,181**	**(60,064)**
Non-controlling interests	3,626	3,207	419
Profit (loss) attributable to the owners of the parent	**105,743**	**165,388**	**(59,645)**

(§) The income statement figures for the period January-September 2013 have been reclassified following the adoption of the new standards IFRS 10 and IFRS 11 and IFRS 3 and in accordance with the provisions of IFRS 5 with reference to Todini Costruzioni Generali and Fisia Babcock Environment.

The following table shows the reclassified consolidated income statement for the period January-September 2014 compared to the reclassified consolidated income statement for the period January-September 2013, reclassified as mentioned above in order to facilitate the comparison of the information on a like-for-like basis.

Tab. 2 - Group performance

Reclassified consolidated income statement of the Salini Impregilo Group for the period January-September 2014 on a comparable basis with the same period of the previous year

(Amounts in thousands of euros)	Jan-Sep 2014	Jan-Sep 2013 on a like-for-like basis	Change
Operating revenue	3,032,935	2,840,616	192,319
Other revenue	55,407	46,637	8,770
Total revenue	**3,088,342**	**2,887,253**	**201,089**
Purchasing costs	(372,226)	(390,769)	18,543
Service and subcontractor costs	(1,992,749)	(1,890,559)	(102,190)
Personnel costs	(340,682)	(300,078)	(40,604)
Other operating costs	(79,153)	(42,825)	(36,328)
Provisions and impairment losses	(3,743)	(7,092)	3,349
Operating costs	**(2,788,553)**	**(2,631,323)**	**(157,230)**
Gross operating profit (EBITDA)	**299,789**	**255,930**	**43,859**
EBITDA %	*9.7%*	*8.9%*	
Amortization and depreciation	(118,158)	(104,088)	(14,070)
Operating profit (EBIT)	**181,631**	**151,842**	**29,789**
Return on Sales	*5.9%*	*5.3%*	
Financing income (costs) and gains (losses) on investments			
Financial income	*27,214*	*24,407*	*2,807*
Financial expense	*(98,805)*	*(92,622)*	*(6,183)*
Net exchange rate gains	*(40,102)*	*(577)*	*(39,525)*
Financing costs	(111,693)	(68,792)	(42,901)
Gains (losses) on investments	4,492	5,403	(911)
Net financing costs and net gains on investments	**(107,201)**	**(63,389)**	**(43,812)**
Earnings before taxes (EBT)	**74,430**	**88,453**	**(14,023)**
Income taxes	(27,539)	(44,806)	17,267
Profit (loss) from continuing operations	**46,891**	**43,647**	**3,244**
Profit (loss) from discontinued operations	55,226	53,998	1,228
Net profit (loss) before allocation to non-controlling interests	**102,117**	**97,645**	**4,472**
Non-controlling interests	3,626	3,385	241
Profit (loss) attributable to the owners of the parent	**105,743**	**101,030**	**4,713**

Revenue

The revenue booked in the first nine months of 2014 totaled € 3,088.3 million (€ 2,887.3 million on a like-for-like basis) and included € 2,695.8 million generated outside Italy.

Total consolidated revenue reports an increase of about 7% compared with the amount stated on a like-for-like basis compared to the same period of the previous year. This increase is essentially the net result of the production progress on some large-scale projects abroad which, compared to the first nine months of 2013, became fully operational (Ethiopia, Denmark, Saudi Arabia and Qatar), up against which the substantial completion of major road and highways projects in Italy and the sale to third parties – completed in the second half of the previous period – of activities related to the construction of Milan's External East Bypass.

Please also note that, as far as the Group's foreign industrial activities are concerned, during the first nine months of 2014 it was necessary to take into consideration both (i) the temporary slowdown in production of several large projects in Venezuela and (ii) the continuing problem issues encountered in the Panama Canal expansion project, with specific reference to the temporary deterioration of relations with the client – further information of which is provided in the subsequent parts of this Interim financial report and should be consulted for more detailed information – which also caused a reduction in the volume of production, especially with reference to the first quarter compared to that observed in the same period of last year.

Item "Other revenue" includes mainly positive components of income originated in the projects in progress and arising from ancillary industrial activities not directly attributable to the contract with the client.

Operating profit

The performance of the operating activities in the first nine months of 2014, both in absolute terms and on a comparable basis with the same period of the previous year, was not affected by unusual occurrences extraneous to the production cycle.

Given this situation, the operating profitability achieved in the period subject of this Report reflects in a substantially consistent fashion the evolution of the production activities described in the comments to "Revenue".

The profitability for the period, amounting to 5.9% (5.3% on a like-for-like basis) was adversely affected by the reversal of the effects of the Purchase Price Allocation, amounting to € 14.5 million of amortisation, without which it would have been 6.3%.

The main changes in the different types of operating expenses during the first nine months of 2014, as compared to the first nine months of 2013 were as follows:

- the increase in service costs, including subcontractors and other operating expenses, amounting to € 138.5 million, is in line with the change in production;

- the decrease in the item provisions and impairment losses, totals around € 3.3 million and includes the release of write-down provisions made in previous years on receivables due from customers in the Venezuela area, amounting to € 4.7 million, partially offset by the provision of € 3.4 million made on the Metro 6 in Chile relating to fines for delays in delivery of the works. The item also includes the provision amounting to € 1.9 million related to the Uganda branch for the write-down of receivables from the insurance company regarding the claim for damages for which a civil lawsuit is under way;

- lastly, the increase in amortization and depreciation expense mainly reflects the reversal attributable to the quarter of the higher values assigned to some intangible assets of the former Impregilo upon acquisition of control by the former Salini.

The overhead costs for the central corporate units and the other general expenses, for the period reviewed in this report, totaled approximately € 103.1 million (roughly € 110.1 on a like-for-like basis, without taking into consideration non-recurring expenses) and are currently allocated to the "Italy" segment.

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

Net financing costs totaled € 111.7 million (down by € 68.8 million on a like-for-like basis) where for investments there was a gain of € 4.5 million (€ 5.4 million on a like-for-like basis).

The main cause of the change in the net financing costs, in respect of the corresponding value recognized on a like-for-like basis for the first nine months of 2013, is the non-recurring charge of about € 54 million resulting from the adoption by the Group of the new official exchange rate called SICAD 2 to translate its net assets denominated in the Venezuelan currency (called Bolivar Fuerte or VEF), effective as of June 30, 2014.

This situation, details of which are provided in the notes to the condensed consolidated interim financial statements and should be consulted for more information, was necessary in light of the continuing financial/currency crisis being experienced in the country within the framework of a more reliable estimate of the value that these net financial assets will be realized, also in consideration of the regulatory characteristics of the local currency market which expresses significant limitations on movement of Venezuelan currency.

Financial expense for the period, net of income of the same nature, showed a slight increase compared to the same period last year, reclassified on a like-for-like basis. Please note that, within the adjustments made to the income statement for the first nine months of 2013, shown here on a comparative basis, no adjustments were made in relation to the indebtedness of the Group in this period in relation to the public tender offer for all ordinary shares of the former Impregilo S.p.A. and therefore, on an aggregated and consolidated basis, there are no significant differences between the two periods being compared as regards average indebtedness.

Profit (loss) from discontinued operations

During the period reviewed in this chapter, the profit from discontinued operations totaled € 55.2 million (profit of € 54.0 million on a like-for-like basis). The reported profit is the net result of the following factors:

- a loss of € 0.8 million (profit of € 84.1 million on a like-for-like basis) reported by the remaining activities of the USW Campania Projects;
- a net profit of € 85.1 million (loss of € 0.6 million on a like-for-like basis) recognized as a result of the completion of the sale of the investment in the German company Fisia Babcock Environment G.m.b.H. to third parties.
  The Group held this investment through its subsidiary Impregilo International Infrastructures N.V. Upon completion of the sales transaction a net gain of € 89.2 million was recognized, partially offset by the net loss, and amounting to roughly € 4.1 million, which the company itself had contributed to the Group for the period prior to the sale;
- a loss of € 29.1 million (loss of € 28.5 million on a like-for-like basis) reported in the period by Todini Costruzioni Generali and by its subsidiaries.

Complete information about the main developments affecting the various assets held for sale and discontinued operations is provided in the relevant chapter included in this Interim financial report entitled “Non-current assets held for sale and discontinued operations”.

Tab. 3 - Financial position of the Group

Reclassified consolidated statement of financial position of the Salini Impregilo Group

(Amounts in thousands of euros)	September 30, 2014	December 31, 2013 (§)	Overall change
Property, plant and equipment, intangibles and non-current financial assets	802,873	746,858	56,015
Non-current assets (liabilities) held for sale	191,113	235,543	(44,430)
Provisions for risks	(104,950)	(102,207)	(2,743)
Post-employment benefits and employee benefits	(19,772)	(20,508)	736
Other non-current assets (liabilities)	16,875	16,502	373
Tax assets (liabilities)	91,339	81,153	10,186
Inventories	*235,024*	*215,321*	*19,703*
Contract work in progress	*1,389,869*	*1,105,176*	*284,693*
Advances on contract work in progress	*(1,710,070)*	*(1,630,770)*	*(79,300)*
Receivables	*1,921,032*	*1,886,462*	*34,570*
Payables	*(1,390,750)*	*(1,382,725)*	*(8,025)*
Other current assets	*370,188*	*287,889*	*82,299*
Other current liabilities	*(226,571)*	*(214,837)*	*(11,734)*
Working capital	588,722	266,516	322,206
Net invested capital	**1,566,200**	**1,223,857**	**342,343**
Equity attributable to the owners of the parent	**1,122,793**	**699,627**	**423,166**
Non-controlling interests	32,657	192,522	(159,865)
Shareholders' equity	**1,155,450**	**892,149**	**263,301**
Net financial position	**410,750**	**331,708**	**79,042**
Total financial resources	**1,566,200**	**1,223,857**	**342,343**

(§ The statement of financial position data at December 31, 2013 were reclassified due to the adoption of the new standards IFRS 10 and IFRS 11.

Net invested capital

The net invested capital amounted to € 1,566.2 million at September 30, 2014, for an increase of € 342.3 million compared with the end of the previous year. The main changes are primarily attributable to the factors mentioned below.

Property, plant and equipment, intangibles and non-current financial assets

Net property, plant and equipment, intangibles and non-current financial assets were up € 56 million. The main changes that occurred in this item compared with the end of the previous year are reviewed below:

- due to the sale of the controlling interest held in Fisia Babcock Environment the non-current assets decreased for a total amount of € 12.9 million;
- the amortization and depreciation for the period caused a further reduction of € 118.2 million in the net value of these assets;
- investments in property, plant and equipment, and intangible assets for the period totaled € 181.8 million and were mainly related to several recently acquired major projects in Qatar and Namibia, as well as projects already launched in Ethiopia and Kazakhstan;
- lastly, the value of the investments increased by € 6.1 million chiefly as a result of the valuation by the equity method of several investments in associates.

Non-current assets (liabilities) held for sale

Non-current assets (liabilities) held for sale amounted to € 191.1 million at September 30, 2014. They include the net assets (liabilities) of the following units of the Group:

- Todini Costruzioni Generali S.p.A. and its direct subsidiaries (net assets), for a total of € 185.4 million and
- USW Campania Projects (net assets) for € 5.7 million, unchanged compared with the end of the previous year.

The change in this item compared with the previous period, largely reflects the impairment losses reported by the Todini Group in relation to several projects in the process of completion.

Provisions for risks

The provisions for risks amounted to € 105.0 million and showed increase of € 2.7 million. Specifically, the provisions for risks on equity investments decreased by € 1.2 million due to the measurement at equity of associates. Other provisions increased by € 3.9 million mainly as a result of the provision made during the period of € 3.4 million on the Metro 6 contract in Chile.

It is worth mentioning that in the period being reviewed no situations developed that would have required changes in the valuations performed earlier as to the adequacy of these items which, at this point, are totally confirmed.

Post-employment benefits and employee benefits

This item amounted to € 19.8 million, a decrease of € 0.7 million compared with the previous year. This is mainly attributable to the ordinary operations of the Group during the reporting period.

Other non-current assets (liabilities)

Other non-current assets, net of liabilities, amounted to € 16.9 million. The increase of € 0.4 million compared with December 31, 2013, is mainly related to the reclassification of some receivables from non-consolidated equity investments. These receivables, net of the related allowance, were reclassified in line with the update of the forecasts on when they may be collected.

Net tax assets (liabilities)

This item amounted to € 91.3 million at September 30, 2014. The change in net tax assets and liabilities compared to the previous year, which was positive and came to € 10.2 million, mainly reflects the effects of the determination of the tax liability for the period at the consolidated level, taking also into account the different tax dynamics affecting foreign units and changes in the respective asset (liability) positions recognized in accordance with the tax laws of the countries where the units operate, as well as the amount of the tax payments on account made for the current year.

In this regard, in accordance with the relevant international financial reporting standards, for the purpose of preparing this Interim financial report, the consolidated tax expense for the period is determined based on estimates that at the present time could reasonably be made on the expected operating performance for the current year and the resulting tax impact.

Working capital

Working capital increased by € 322.2 million, from € 266.5 million to € 588.7 million.

The main changes in working capital related to developments in the group’s operating activities and the greater production on certain domestic and international contracts during the year. They are summarized below:

- inventories totaled € 235.0 million, up € 19.7 million over the previous year due to the combined effect of increased procurement activity for the progress of foreign contracts, specifically concerning hydroelectric projects in Ethiopia and works in Qatar, offset only in part by the use of inventories for construction activities on some foreign contracts, among which, in particular, the Sogamoso River hydroelectric projects.

- Work in progress increased by € 284.7 million, from € 1,105.2 million to € 1,389.9 million. This change reflects the effects of production gains, particularly with regard to projects in Africa (Ethiopia and Nigeria), the Middle East and EU countries (Denmark and Italy - High Speed - High Capacity railway).

- Advances on contract work in progress and "negative" contract work in progress (i.e.: invoiced advances greater than the cumulative value of the projects constructed) totaled € 1,710.1 million for an increase of € 79.3 million. This change was mainly due to the effects of the following factors:

  - the net increase in contractual advance payments by € 117.6 million, mainly attributable to the payment of the advance for the construction of Line 3 of the Riyadh Metro, partially offset by the absorption of disbursements recognized in previous years through the development of production activities which were overall greater than the value of the new disbursements recognized in the current year for the portion attributable to the Group;

  - the reduction – by € 43.0 million – of "negative work in progress" attributable to the company Fisia Babcock Environment G.m.b.H., sold to third parties before the end of the second quarter and

  - the increase in "negative work in progress" totaling approximately € 4.7 million.

- The current receivables and payables increased by a total of € 34.6 million and € 8.0 million respectively. In addition to the ordinary effects depending on the trend of the industrial activities during the period and the ordinary relations with customers and suppliers related to those activities, this change reflects the adjustment to the values expressed in Venezuelan currency to the official exchange rate ("SICAD 2") adopted by the Group from June 30, 2014 which depreciated substantially compared to the prior official exchange rate ("CENCOEX", formerly known as "CADIVI"). As a result of this adoption, for which more details are provided in the Half-year financial report and should be consulted for more information, the effective value of the receivables (net of payables) denominated in Venezuelan currency decreased by € 47.8 million compared to December 31, 2013.

- Other current assets increased by € 82.3 million mainly due to the advances to suppliers and insurance costs paid in advance with regard to the Group's new projects. Other current liabilities increased by € 11.7 million compared to December 31, 2013 and related in particular to payables for indemnifications and expropriations of new contracts.

Net financial position

At September 30, 2014, the consolidated net financial position of the Group's continuing operations amounted to € 410.8 million (negative by € 331.7 million), while that of the non-current assets held for sale amounted to € 50.8 million (negative by € 53.9 million). At the end of the period, the Net Debt/Equity ratio (based on the Net financial position of continuing operations), on a consolidated basis, was 0.36. The net financial position for non-current assets held for sale refers to Todini Costruzioni Generali S.p.A. and its subsidiaries.

The change in the financial position, net of the cash resulting from the capital increase and the disposal of equity investments, was generated by the investments in property, plant and equipment made on contracts at the launch stage and the use of cash by operating activities, especially in relation to the increase in working capital.

With reference to the capital increase, you are reminded that, on June 20, 2014, as part of a transaction aimed at Italian and international institutional investors, the Board of Directors of the parent company Salini Impregilo S.p.A. exercised the powers granted to it by the Extraordinary Shareholders' Meeting held on September 12, 2013, and approved the share capital increase limited to 10% of the existing capital, waiving option rights. The transaction was successfully completed with the issuance of 44,740,000 new ordinary shares without par value and the increase in share capital amounting to € 44,740,000.

The subscription price of the shares was set at € 3.70 per share, while the consideration received, net of directly related additional expenses, was € 161.6 million. In the same context and at the same time of this offer, aimed, as described, to Italian and institutional investors only, the controlling company Salini Costruttori S.p.A. sold 94,000,000 Salini Impregilo S.p.A. ordinary shares. Furthermore, following this sale, the parent company repaid its financial payables in full to Salini Impregilo S.p.A.

Gross debt, excluding financial debt with SPVs, decreased by € 301.8 million, compared to December 31, 2013, and stood at € 1,357.8 million.

Total gross debt amounted to € 1,535.9 million and decreased by € 200.3 million compared to December 31, 2013. Financial debt with SPVs includes in particular the financial debt taken out during the third quarter of 2014 to finance the works for the Panama Canal expansion project as established in the agreements signed on August 1, 2014.

The Group's net financial position at September 30, 2014, is summarized in the following table.

Tab. 4 - Net financial position of the Salini Impregilo Group

(Amounts in thousands of euros)	September 30, 2014	December 31, 2013 (§)	Change
Non-current financial assets	59,689	48,928	10,761
Current financial assets	17,925	222,113	(204,188)
Cash and cash equivalents	442,579	908,631	(466,052)
Total cash and cash equivalents and other financial assets	**520,193**	**1,179,672**	**(659,479)**
Bank and other loans	(459,911)	(634,693)	174,782
Bonds	(550,336)	(552,542)	2,206
Finance lease payables	(106,695)	(97,671)	(9,024)
Total non-current indebtedness	**(1,116,942)**	**(1,284,906)**	**167,964**
Current portion of bank loans and current account facilities	(176,176)	(313,819)	137,643
Current portion of bond issues	(12,403)	(11,154)	(1,249)
Current portion of finance lease payables	(46,624)	(45,422)	(1,202)
Total current indebtedness	**(235,203)**	**(370,395)**	**135,192**
Derivative assets	-	1,016	(1,016)
Derivative liabilities	(5,662)	(4,354)	(1,308)
Financial assets held by SPVs	604,927	223,789	381,138
Non-current indebtedness held by SPVs	(1,400)	(14,484)	13,084
Current indebtedness held by SPVs	(176,663)	(62,046)	(114,617)
Total other financial assets (liabilities)	**421,202**	**143,921**	**277,281**
Total net financial position – continuing operations	**(410,750)**	**(331,708)**	**(79,042)**
Net financial position for assets held for sale	(50,839)	(53,868)	3,029
Net financial position including non-current assets held for sale	**(461,589)**	**(385,576)**	**(76,013)**

(§) The data at December 31, 2013 were reclassified due to the adoption of the new standards IFRS 10 and IFRS 11.

Directors' report
Part II

Operating performance by geographic region

This chapter presents the main events that characterized the Group's operating performance, in terms of both the areas of operation and the main projects currently underway, in the first nine months of 2014.

The important events affecting the development of the Group's corporate governance structure in recent years, with specific reference to the integration of the Impregilo group into the Salini Group – which, with effect from January 1, 2014, became fully effective with the merger between the former parent company and former subsidiary – resulted in the initiation of a major organizational development process. This process, whose main drivers have already been presented to the market in previous periods, provided for, among other things, both the concentration of the Group's industrial activities in its core business involving the construction of complex large-scale infrastructures with the gradual disposal of assets no longer considered strategic, and a comprehensive review of the organizational and business management processes. This activity, which is currently in an advanced stage of development, became necessary also due to the following circumstances:

- changes in the Group's organizational structure and operations structures according to a "domestic market" and "international market" logic;
- gradual standardization of the different analysis and reporting structures for presenting consolidated financial and operating data of the two groups which are now fully integrated and
- harmonization of the functional architecture underlying the measurement of industrial objectives at both a preventive and actual level according to a new common disclosure standard in full compliance with current best practices.

Consistent with the information provided below, therefore, for the purposes of this Consolidated interim financial report, the segment reporting is presented according to macro-geographical regions, based on the management review principles adopted by top management, for the two main segments: "Italy" and "Foreign".

At present, to ensure consistency with the data reported in previous periods, the highlights in the section "Other assets" are also subject to separate disclosure, along with any financial data, related to (i) central corporate units, and (ii) the main concession activities of the Group, while the Group units currently classified as "non-current assets held for sale and discontinued operations" are disclosed in the relevant section.

Italy

Pedemontana Lombarda Highway

The work calls for the final construction design and the construction of the first section of the Como and Varese Bypasses, and the link between the A8 and A9 highways (from Cassano Magnago to Lomazzo), with the construction of approximately 26 km of highway and secondary roads, including about 7 km of tunnels.

During fiscal year 2010, the final design was approved and Contract Amendment No. 1 was entered into in February. The Amendment not only sets the total contractual amount at € 880 million, it also calls for and governs the advance construction of certain works and executive design portions without including any contractually specified completion times. In December 2010, not only was the executive plan approved, an addendum to Contract Amendment No. 1 was entered into (which effectively increased the activities defined as advance works), and partial delivery of the work took place on December 7, 2010.

Starting with fiscal year 2011, however, and continuing into fiscal year 2012, the client experienced growing issues with its ability to meet its contractual financial commitments. In spite of these difficulties, the general contractor continued with construction according to the work schedule defined with the client, while initiating the contractually specified procedures provided for its own protection in connection with these issues. By the early part of fiscal year 2013, the client had largely overcome these financial difficulties and activities continued normally according to the program timeline over the remainder of the fiscal year. In particular, on November 30, 2013, the link between the A8 and A9 highways reached substantial completion, as called for in the contractual documents.

On March 6, 2014, the Company signed Contract Amendment no. 3, the related Addendum and the delegation of payment of the Grantor CAL. These acts mainly involved:

- the determination of the new contract value of € 922 million;
- confirmation of substantial completion of the A8 – A9 road link on November 30, 2013;
- extension of the deadline for the substantial completion of the Como and Varese Bypasses to June 30, 2014;
- the definition of the following new procedures for pre-financing payment arrangements: € 128 million by March 30, 2014 through the delegation of payment of the grantor CAL, € 32 million no later than 30 days before the substantial completion of the bypasses through the delegation of payment of the grantor CAL, € 40 million, with interest, by January 31, 2015, by the client APL.

The percentage of completion as of September 30, 2014, was 94.5%.

Line 4 of the Milan Metro

Impregilo, the leader, representative and member of a grouping of companies consisting of Astaldi, Ansaldo STS, Ansaldo Breda, ATM (Azienda Trasporti Milanese, Milan Transport Company), and Sirti, won the final competitive bidding issued by the City of Milan to find a private partner of a joint enterprise for the concession to design, build, and manage line 4 of the Milan Metro. The new line, which will be fully automated (there will be no engineer on board), will encompass a total of 15.2 km along the Linate-Lorenteggio section. The project calls for the final detailed design and construction of two single-track tunnels, one in each direction, with 21 stations, 32 structures/ventilation shafts/exits, and a depot/workshop. The total value of the investment – consisting primarily of civil engineering works, providing technological services, and mechanical – is approximately € 1.7 billion, with about two thirds of the funding coming from public State and City contributions. To coordinate the construction activities of the project, Salini Impregilo S.p.A. created the MM4 Consortium with only the private partners (Astaldi, Ansaldo STS, Ansaldo Breda, and Sirti). The Consortium in turn assigned the civil engineering and non-system facilities to consortium members Impregilo and Astaldi, which are in turn equal partners in Metroblu S.c.r.l. On June 20, 2013, the Addendum to the Ancillary Agreement was signed between SP M4 ScpA (a project company under ATI consisting of the same participating companies) and the Client. This Addendum redefined the work schedule, focusing solely on the work for the "EXPO Section" and, among other things, increased the total investment to approximately € 1.8 billion. The percentage of completion as of September 30, 2014, was 9.5%.

Port of Ancona

On December 18, 2013, Salini Impregilo, as leader of a grouping of companies, won the competitive bidding for construction and management of the road link between the Port of Ancona, the A14 Highway, and State Route 16, "Adriatica". The value of the project is approximately € 480 million and the concession period is 30 years from completion of the work. The initiative under concession anticipates a total revenue of about € 2,540 million over the infrastructure management period. The project financing proposal submitted by the grouping of companies was declared of public interest by the ANAS Board of Directors in April 2008. The final design of the project will begin during the second half of 2014, after the concession agreement signed at the end of 2013 becomes effective. Work on the new infrastructure will begin in 2015, upon completion of the procedure for designing and approving the final plan, and will be completed within five years. The new roadway will be about 11 km long, including main and linking roads, and will represent a strategic undertaking aimed at optimizing traffic flow between the Port of Ancona, the city, and the major roadway consisting of the A14 highway, allowing for adequate growth of the Ancona logistics system based on the port, intermodal freight terminal and airport.

Milan-Genoa High Speed/Capacity Railway Line Project

This project involves construction of the Milan to Genoa High Speed/Capacity railway line, which was awarded to the CO.C.I.V. Consortium as the general contractor with a TAV (as operator of the State Railways)/CO.C.I.V. Agreement dated March 16, 1992. Impregilo is the project leader. As we know, the project underwent a complex, articulated pre-contractual phase which evolved on a number of fronts from 1992 to 2011, many of which were contentious. After Decree-Law no. 112/2008, converted into Law 133/2008, and Budget Law 2010, which required the project to be completed through construction lots, went into effect, additional contacts between the parties were initiated to explore the possibility of resuming execution of the Agreement and waiving the compensatory claims of the pending litigation, as expressly called for by Budget Law 2010. The contract for work on the Giovi Third Railway Crossing – Milan-Genoa High Speed/High Capacity Line, was signed in November 2011. The total value of the works awarded to the General Contractor CO.C.I.V., led by Salini Impregilo with 68.25%, comes to approximately € 4.8 billion. The first lot of the work, already funded by the CIPE in the amount of € 500 million, involves the construction of works and activities for € 430 million. By resolution 86/2011 published in Official Gazette issue no. 65 dated March 17, 2012, the CIPE allocated the resources for the second construction lot. On March 5, 2012, the Court of Auditors posted funding of € 1.1 billion for the second lot. On March 23, 2013, the CO.C.I.V. and RFI agreed to start Lot 2 for € 617 million. In addition, in the latter part of the first half of 2013, the arbitration proceedings which had started in previous fiscal years – aimed at obtaining the amounts owed to the Consortium for work performed prior to the effective date of Decree-Law
No. 112/2008 mentioned earlier, with the Consortium only filing for the costs actually incurred – came to a positive conclusion. In addition, upon conclusion of the aforementioned arbitration proceedings, the Consortium's obligation to return the contractual advance which it had cashed, including eligible late payment charges, went into effect. This obligation was fulfilled early in the third quarter of 2013 by offsetting with the amounts owed to the Consortium according to the aforementioned arbitration proceedings, in keeping with the provisions of the Addendum to the November 2011 Agreement.

Lastly, the Salini Impregilo Group's share in the CO.C.I.V. Consortium was increased to 64% as a result of the finalization of the agreements signed with the partner Tecnimont S.p.A. in September 2013. An additional 5% was indirectly acquired through the subsidiary CIV S.p.A. in the first half of 2014.

The percentage of completion of the Active Lots (1 and 2), was 17.1% as of September 30, 2014.

Salerno-Reggio Calabria Highway Project: Lots 5 and 6

The project involves the improvement and modernization of the last section of the Salerno-Reggio Calabria Highway in the stretch between the cities of Gioia Tauro and Scilla (Lot 5), and between Scilla and Campo Calabro (Lot 6). Impregilo is involved in the project with a 51% share. With regard to Lot 5, which involved serious disputes with the client which ultimately came to a positive resolution, new critical situations were encountered starting with the second half of 2012. These situations, attributable to the added difficulty of obtaining the desired productivity levels as well as the social and environmental conditions that remain critical in the entire area of jobsite operation, resulted in the need to review the estimates over the entire lifetime of the contract, which consequently showed a loss situation; this was already fully reflected in the 2012 income statement. In this regard, no new significant critical elements requiring that changes be made to past measurements arose during the first half of 2014. The completion date for the entire macro-lot is set for October 31, 2014. The percentage of completion at September 30, 2014, was 95.7% at Lot 5 and 89.8% at Lot 6.

Ionica State Highway

At the end of 2011, Impregilo, in partnership with Astaldi, won the ANAS competitive bidding for construction work on the third maxi-lot of the Ionica State Highway ("SS-106") to be assigned to a general contractor. The value of the new contract is about € 791 million (of which 40% for Impregilo). The new infrastructure involves the development of a total of 38.0 km from the junction with state road 534 (SS-534) to Roseto Capo Spulico (Cs). The main works of the project involve the construction of some 13 km of tunnels, about 5 km of elevated roads, and 20 km of embankments. The overall duration of the work is expected to be about 7 years and 8 months, including 15 months to develop the design (final and construction) and to prepare for the start of work, with the remaining 6 years and 5 months for the construction phase. The percentage of completion as of September 30, 2014, was 2.4%.

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

In November 2009, the grouping of companies led by Impregilo S.p.A. as agent won the competitive bidding for the executive design and construction of the extension to the third lane of the Venice-Trieste A4 Highway in the section between the cities of Quarto d'Altino and San Donà di Piave (VE). The total value of the contract is € 224 million. The works include widening the highway over a distance of 18.5 km with construction of a third lane, and, in particular, construction of two new viaducts over the Piave River for a total length of about 1.4 km, construction of 4 bridges, 9 overpasses, 4 highway underpasses, and refurbishing of the San Donà di Piave highway junction. The percentage of completion as of September 30, 2014, was 88.4%.

Verona-Padua High Speed/Capacity Railway Line Project

The IRICAV DUE consortium, of which Salini Impregilo holds 27.28% interest, is the general contractor of RFI S.p.A. for the design and construction of the Verona-Padua line, under the agreement dated October 15, 1991; role confirmed by the arbitration award of May 23- 26, 2012, res judicata. By resolution no. 94 passed on March 29, 2006, the CIPE had already approved the preliminary project for Phase 1a of the Verona-Padua line from Verona to Montebello Vicentino and from Grisignano di Zocco to Padua, rendered functional by the requirements and recommendations proposed by the Ministry of Infrastructures and Transportation and implemented by the CIPE which ensures the connection from Montebello to Grisignano through Vicenza station. Article 1, para 76 of the 2014 Stability Law (Law no. 147/2013), establishes that the aforementioned Verona-Padua line is to be constructed: «*with the procedures laid down by the letters b) and c) of section 232 and sections 233 and 234 of Article 2 of the Law of December 23, 2009, no. 191*, "*adding that, CIPE may approve the preliminary project" even if the financing of the construction phase*, and the related final design is pending *provided that there are sufficient funds to finance the first construction lot worth not less than 10 percent of the total cost of the works*. *To that end, spending through direct payment has been authorized for € 120 million for each year from 2015 to 2029. The above contributions are not permitted for financial transactions with expenses borne by the State*».

The Verona-Montebello and Grisignano di Zocco-Padua sections are both functional. Specifically, the construction of the Padua-Grisignano stretch, quadrupling the existing line by about 17 km and worth approximately € 400/500 million, was repeatedly called for by the Veneto region as it would allow for a further expansion of the Regional Metropolitan Railway System (Sistema Ferroviario Metropolitano Regionale - SFMR), towards Vicenza, thus resulting in stronger support of the territory and local authorities. A meeting was held at the Ministry of infrastructure and transport on July 25, which was attended by Minister Lupi, the Struttura

Tecnica di Missione (Mission Technical Structure), the Consortium, the Veneto region and the local authorities. A new project proposal for crossing the Vicenza hub was presented at the meeting. In order to shorten lead times for the approval process of the new design solutions, the Veneto Region and the local authorities had to clearly express their opinions on the final route to follow; this opinion was formalized by signing a "Protocol of Understanding" on July 29, 2014.

Lastly, in relation to this project and the fact that the Group was represented in it, even before the merger between Salini and Impregilo by shares held separately by the companies in the consortium, the period prior to that reviewed in this report reflected the portfolio value limited to the portion attributable to the former parent. This circumstance, which took account of the substantial standstill of the dispute with the client prior to the events described below, as well as the different assumptions made in previous years in relation to the probability of restoring the correct contractual situation of the consortium, was considered to have passed in the light of these events and the portfolio value was presented in a homogeneous manner, including all of the shares attributable to the Group, currently estimated to be approximately € 1,200 million.

Rome Metro Line B

On June 13, 2012, the new section of line B1 connecting Piazza Bologna to Piazza Conca d'Oro was put into operation, with the Mayor of Rome and the city's top dignitaries in attendance. Temporary acceptance was completed in February 2013, while legal proceedings started for the recognition of the reserves posted in the final account and recorded in the order estimate for the portion for which approval is deemed reasonably certain. As regards the Jonio section, the work was almost completed at September 30 2014, except for the external areas, and several works which requires permission by third-party entities for it to be performed; the contractual terms, established by the Client with Service Order no. 22, provide that the project be completed by December 25, 2014. Also for the Conca d'Oro – Jonio section legal proceedings were initiated for the recognition of the reserves posted until IPC no. 12 and identified in the in the order estimate for the portion for which approval is deemed reasonably certain. The Group was also awarded the contract for extension of Rome Metro line B for the Rebibbia-Casal Monastero section. The project, commissioned by Roma Metropolitane to a grouping of companies including Vianini and Ansaldo, will be carried out partly through the technique of real estate development, and its value is set at approximately € 948 million. The main works will be the Rebibbia shunting neck, the stations of S. Basilio and Torraccia/Casal Monastero, with about 3.8 km of tunnels, an interchange, and parking for 2,500 cars. On December 21, 2012, the Service Conference for approval of the final design and variants put forth during the competitive bidding phase was completed. On December 31, 2012, the commissioner's ordinance was issued in which the Mayor approved the preliminary integrated design, defined the purpose of the areas, and approved the expropriation plan in connection with the work project. In January 2013, the grantor Roma Metropolitane provided a provision for a simultaneous start of the final and construction design. In June 2013, the grantor Roma Metropolitane ordered the suspension of the executive design, requiring that further work be carried out on the final design already submitted. On August 8, 2013, the final design was delivered to grantor Roma Metropolitane, revised according to the provisions received from Roma Capitale. It is expected to be approved by the end of 2014. The urban development variants, which are required in order to start the work, have not been adopted by the Municipal Administration. For this reason a letter was sent to the Client on July 24, 2014, with formal notice to comply, subject to termination for damages. No formal feedback was been received to date.

Abroad

Greece – Thessaloniki Metro Project

This project is for construction of the Thessaloniki automated metro. The contract was signed in 2006 and Impregilo is participating together with the Greek construction company Aegek S.A., and with Seli S.p.A. for the civil engineering portion. The project involves construction of an automated subway with construction of two tunnels, each 9.5 km long, and 13 new underground stations.The percentage of work completion as of September 30, 2014, was 30.8%.

Greece – Stavros Niarchos Foundation Cultural Center

At the end of 2012, Impregilo was awarded the construction of the new Stavros Niarchos Foundation Cultural Center in Athens, Greece, as part of a joint venture with the Greek company Terna S.A. The contract value is approximately € 325 million with Impregilo's share being 51%, fully guaranteed and paid by the Foundation. The design, created by the architectural firm Renzo Piano Building Workshop, calls for the construction of an ecologically sustainable multipurpose center located about 4.5 km from downtown Athens, which will occupy a total area of 232,000 m^2, most of which devoted to a public park, to be completed in 38 months after work starts. The initiative also provides for construction of the new headquarters of the Greek National Opera, which includes a 1400-seat main theatre and a 400-seat experimental theatre, and the National Library, which will be open to the public and will contain up to 750,000 volumes. Lastly, under the contract, the activities of managing and maintaining the Cultural Center for a period of five years for an additional value of about € 10 million will be allocated, once construction of the opera is completed. The percentage of work completion as of September 30, 2014, was 42.1%.

Denmark

On January 7, 2011, the subsidiary Copenhagen Metro Team I/S, a Danish company in which Salini Impregilo S.p.A., Tecnimont Civil Construction, and Seli are shareholders, signed a contract to build the new Copenhagen Metro, one of the most modern transit infrastructures in the world. The "Copenhagen Cityringen Project" consists of the design and construction of the new metro loop located in the city center, including 17 stations and two tunnels for about 17 km, with an expected traffic of 240,000 passengers per day. The original value of the contract of € 1,497 million was updated to € 1,657 million as a result of an additional five addenda, which came in addition to the three optioned by the Client in 2011.

In addition to the design work on the underground stations and sections, construction work on all 21 of the contractually specified sites (17 stations and 4 shafts) is currently in progress. Lastly, in 2013, 39.995% of Tecnimont Civil Construction's share in Copenhagen Metro Team I/S was bought out, allowing the Group to hold nearly 100% of the partnership of companies involved in the work.

On October 22, 2014, Salini Impregilo, via Copenhagen Metro Team I/S, signed a Supplementary Agreement for the award of supplementary works worth about € 240 million to complete the Cityringen project, Copenhagen's new metro line. As a result of this Supplementary Agreement, the total value of the project now stands at about € 1,850 million.The percentage of work completion as of September 30, 2014, was 52.8%.

Romania – Orastie-Sibiu motorway

In April 2011, Impregilo won the competitive bidding for the design and construction of lot three of the Orastie-Sibiu highway from the Romanian National Highway Company (CNADNR). The value of the contract is approximately € 144 million, 85% funded by the European Community and the remaining 15% by the Romanian government. The contract calls for the construction of 22.1 km of four-lane highway plus an emergency lane for an overall width of 26 meters. The Orastie-Sibiu project is part of a broader project called the "Highway 4 Corridor," which will connect the city of Nadlac located on the Hungarian border to the city of Constance located on the western shore of the Black Sea. The percentage of work completion as of September 30, 2014, was 84.7%.

Romania – Lugoj-Deva

On October 11, 2013, the joint venture consisting of Salini S.p.A. and S.E.CO.L. signed a contract with the Romanian National Highway Company (CNADNR) for construction of the Lugoj-Deva road lot 2. The project, valued at approximately € 127 million, will last 30 months, the first six of which for design activities. The percentage of work completion as of September 30, 2014, was 6.0%.

Poland

The Group, in conjunction with the local company Kobylarnia, signed a contract on April 3, 2013, regarding the completion of construction work of the A1 "Torun-Strykow" section of A1 highway, composed of 2 lots and about 64 km long, connecting the cities of Czerniewice and Kowal. The project has a total value of approximately € 199 million. Work on the first lot was completed on May 23, 2014; the Taking Over Certificate was issued on July 16, 2014. Work on the second lot was completed on July 23, 2014, and the Taking Over Certificate is dated July 18, 2014. The percentage of work completion as of September 30, 2014, was 100.0%.
The initiative, led by the Polish General Directorate of Roads and Highways and co-funded by the European Union, constitutes full implementation of the strategic agreement signed with the Group in September 2012.

Turkey

On November 17, 2011, the subsidiary SKG, in which Kolin and Generali Costruzioni Ferroviarie also hold a stake, received the order to start work on the "Rehabilitation and reconstruction of the Kosekoy-Gezbe section of the Ankara Istanbul high speed train project". The initiative, emblematic of the remodernization of Turkey's transportation system, includes dismantling of the current railway line and subsequent construction of a new dual-track line some 55.6 km long connecting the country's two "capitals". The new railway line will have an operating speed of 160 km/h. Construction of the railway superstructure and the signaling, electrification, and telecommunication works are part of the project. In August 2012, the Client issued a new service order to widen the railway for the addition of a future third line.

The funding body formally authorized its construction and now the project is pending a formal draft of the addendum. The contractual amount comes to approximately € 147 million. Removal of the existing railway section and civil engineering works has been completed, while the railway works and electromechanical works are at an advanced stage.

Despite the absence of the signaling system, on July 24, 2014 the Customer issued the Take Over certificate for the infrastructure, superstructure and electrification subsystems. On July 25, 2014 the railway was inaugurated and opened to the public.

The percentage of work completion as of September 30, 2014, was 94.7%. On March 26, 2013, the Ministry of Health of the Republic of Turkey awarded Salini S.p.A., as part of a joint venture with the Korean company Samsung C&T, the Dutch company Simed, and the local company Kayi Insaat, a concession to build and manage an important hospital complex in the city of Gaziantep with a total of 1,875 beds on a surface area of just over 500,000 square meters. The initiative will be carried out based on the PPP (Public Private Partnership) model through an SPV (Special Purpose Venture) in which Salini Impregilo held 28%, and now holds 35.5% due to the exit of the Dutch company Simed.
The remaining shares are held by Samsung C&T (29%) and by local company Kayi Insaat (35.5%). In turn, the SPV will assign the design, construction, and supply work to a joint venture consisting of Salini Impregilo, Samsung, and Kayi, for a total value of approximately € 510 million. The operator was duly registered with the Istanbul Chamber of Commerce on June 20, 2013 under the name of Gaziantep Hastane Sagalik Izmetleri Isleteme Anonim Sirket. The preliminary design of the healthcare facility (Conceptual Design) was completed at the end of February 2014 and the next phase is currently underway.

Belarus

A contract was signed on July 19, 2011 for the resurfacing of roughly 53 km of the M5 Minsk-Gomel road stretch, for a total value of approximately € 93 million.Physical production started in November 2011, after the Client delivered the four acquired lots, and was completed on November 15, 2013.The contract is currently in the maintenance period, which will end on November 15, 2015.

Malaysia

The Ulu Jelai hydroelectric project is currently under way in Malaysia. The project consists of a first lot for the access roads (CW1) and a second lot (CW2+EM1) for construction of an RCC (Roller Compacted Concrete) dam some 90 meters high, and a 382-MW underground hydroelectric power plant, including hydroelectric and mechanical equipment with catchment works and approximately 25 km of tunnels. In December 2013, a third lot of the project (CW3) consisting of rockfill protection of the basin's shores was awarded, valued at about € 70 million, bringing the value of the contract to approximately € 598 million. The construction work, carried out by the subsidiary Salini Malaysia Sdn Bhd as part of a consortium with local partner Tindakan Mewah Sdn Bhd (Salini Malaysia 90%), will continue until 2016. The first lot of the project for the access road has been completed and delivered. As for the main lot consisting of the dam and hydroelectric plant, dam excavation and the river diversion works have been completed, while excavation on the underground plant and tunnels of the plant headrace and tailrace system are at an advanced stage of completion. The electromechanical components are currently being installed in the plant. For the third lot of the project, the mobilization phase has been completed and the consolidation works using rockfill have started with about 250,000 m^3 of rockfill, filters and drains placed, the construction of access roads and the diversion of the river in two places. River diversion works at the third point are currently underway and will be completed before the end of November 2014. The percentage of work completion as of September 30, 2014, was 72.4%.

United Arab Emirates – Abu Dhabi Water Tunnel – Lots 2 and 3

Impregilo is currently completing construction on two lots of the STEP (Strategic Tunnel Enhancement Program), which involves the construction of a tunnel that will serve to collect wastewater from the island and the mainland of Abu Dhabi by gravity and convey it to the treatment facility located in Al Wathba. Impregilo is building 25 km of the tunnel, which will be a total of 40 km long. The total value of the contracts comes to approximately $445 million. Lot 3 was completed during 2013, while lot 2 was completed in the first half of 2014.

United Arab Emirates-Dubai R881

After a slow down period of about two years caused by the economic recession that kept the country from being able to maintain regular progress payments, the "R881 Comprehensive Improvements of the Parallel Roads" project for construction of a highway section (lots 2C and 3A) in the city of Dubai resumed full production activity in 2012, thanks in part to the Client's recognition of certain claims for lot 2C (AED 40 million) and additional advance disbursements for lot 3A.

The project primarily consists of the construction of 30 bridges, new road pavement for more than 200,000 square meters, and repositioning of a large number of ancillary services.All structures and roads were opened to traffic in December 2013. The "Taking Over Certificate" for lot 3A was issued on April 15, 2014, while the percentage completion of lot 2C as of September 30, 2014, was 100%. Lastly, it should be noted that an additional agreement for AED20 million was reached with the client as compensation for additional costs incurred in lot 3A during the "slow down" period caused by the economic downturn of the Emirates mentioned earlier.

At September 30, 2014 the AED 20 million had been received in full.

Arab Emirates – Abu Dhabi Highway Lot B – Dubai

On December 20, 2013, Salini Impregilo was awarded lot B of the new Abu Dhabi-Dubai highway in the United Arab Emirates. The work was commissioned by the Abu Dhabi General Services (the so-called "Musanada") and is one of the largest infrastructure projects in the country as part of the innovative "Plan Abu Dhabi 2030". The contract awarded to a consortium consisting of Salini Impregilo S.p.A. and the local builder Tristar Engineering & Construction (TE&C) involves the construction of a total of 28 km of the Abu Dhabi-Dubai highway, to be completed in 27 months. Work on lot B of the project is valued at approximately 840 million United Arab Emirates Dirhams (AED), which, at the current exchange rate, is about € 168 million.

Qatar – Red Line North Underground

On May 17, 2013, Impregilo, as leader of a partnership of companies with a 41.25% share, won the competitive bidding launched by Qatar Railways Company for the design and construction of the "Red Line North Underground" of Doha. The "Red Line North" will extend northward for about 13 km from the Mushaireb station, with the construction of seven new underground stations. In particular, the project calls for the excavation of two parallel tunnels, one in each direction, which will be about 11.6 km long and have an inside diameter of 6.17 meters. The new project, along with 3 other metro lines, is part of a program led by Qatar to build a new infrastructure mobility system as part of 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 comes to approximately 8.4 billion Qatari Rial, equal to about € 1.7 billion, of which approximately € 630 million for design and civil engineering works and about € 1.1 billion for provisional sums for preparation work, electromechanical systems, and architectural work on the stations. The percentage of work completion as of September 30, 2014, was 6.9%.

Saudi Arabia – Riyadh Metro Line 3

On July 29, 2013, Impregilo, as the leader of an international consortium whose members include the Italian company Ansaldo STS, the Canadian company Bombardier, the Indian company Larsen & Toubro, and the Saudi company Nesma, won, with a 18.85% share, a major contract issued by the Riyadh Development Authority for the design and construction of the new Riyadh Metro Line 3 (40.7

km), the longest line of this major project in the Saudi Arabian capital's new metro network.

The lot assigned to the Consortium is an important part of the broader concurrent project for construction of the new Riyadh metro network (consisting of 6 lines with an overall length of about 180 km), worth a total of about $23.5 billion, in which another two global groups, including some of the largest companies in the world, are awardees for two other mega lots awarded at the same time as the lot awarded to the Consortium, which will be led by Salini Impregilo: one led by the American company Bechtel consisting of Almabani, CCC, and Siemens, and the other led by the Spanish company FCC consisting of Samsung, Freyssinet Arabia, Strukton, and Alstom.

The overall value of the works to be done by the Consortium for design and construction of the entire Line 3 is about $6.0 billion, of which about $4.9 billion for civil engineering works. The percentage of work completion as of September 30, 2014, was 2.5%.

Libya – Libyan Coastal Highway

In August 2013, a consortium of Italian companies, with the Group as the leader with 58%, including Società Italiana per Condotte d'Acqua, Impresa Pizzarotti & C, and Cooperativa Muratori & Cementisti (CMC), signed a contract to build the first lot of the new Libyan coastal highway called "Ras Ejdyer-Emssad Expressway project," with a total value of approximately € 945 million.

The new highway will traverse 1,700 km of the Libyan territory from the Tunisian border to the Egyptian border, and its construction will be an integral part of the agreements reached between the Italian Government and the Libyan Government with the signing of the Friendship and Cooperation Treaty on August 30, 2008.

The lot to be built by the Group will be 400 km long and will run from the city of Al Marj to Emsaad on the Egyptian border.

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.

Libya – Koufra airport

In 2010, a contract was signed for rehabilitation of the Koufra Airport runways, in the amount of approximately € 53 million. After a long period of political instability that prevented the project from starting, the country's client administrations resumed the previous commercial and contractual relations in order to relaunch the project.

The requisite guarantees have been provided and the contractual advance payment was finally received in July 2013.

The percentage of work completion as of September 30, 2014, was 15.4%.

Libya – Other contracts

The contract for the Koufra urban development project was signed again during 2013.

Design work will begin soon, with ground-breaking scheduled to begin within the year.

Design work will begin soon, with ground-breaking expected to begin within the year. The agreement for construction of the new runway at Tripoli Airport still needs to be formalized, with the signed documents expected to be received before the end of the next six-month period. Orders related to the Impregilo Lidco General Contracting Company are described in the "Segment's risk areas" section.

South Africa – Ingula Hydroelectric Plant

The procedures for Impregilo's participation in the construction of a hydroelectric plant in South Africa, together with CMC of Ravenna and a local company, were finalized in March 2009. The overall value of the project, in which Impregilo has a 39.2% stake, is currently equal to about € 948 million.

The initiative, called the "Ingula Pumped Storage Scheme," involves the construction of a generation and pumping plant with a total installed power of 1100 MW, which will generate electricity during peak hours and will reuse the same water by pumping it into an upstream basin during off-peak hours. The percentage of work completion as of September 30, 2014 was 90.2%.

Ethiopia

Gibe III Hydroelectric Plant

The contract was signed on July 19, 2006 for about € 1,569 million and includes the construction of a 1,870 MW hydroelectric power plant consisting of an RCC (Roller Compacted Concrete) dam measuring 243 meters high with an open-air power plant. Other permanent works consist of a total of 75 km of access roads, a new bridge over the Omo River, and camps and structures for the Client.

In addition, an agreement was signed with the Client in 2010 for construction of the 66-kV electrical power line from the Sodo-Wolayta substation to the Gibe III site. This line and its substations will remain the property of the Client EEPCo, but as compensation Salini will receive electrical power at a preferred rate compared to the national standard. The percentage of work completion as of September 30, 2014, was 79.6%.

"Grand Ethiopian Renaissance Dam" (GERD) Hydroelectric Power Plant

A contract for building the "Grand Ethiopian Renaissance Dam" hydroelectric power plant (GERDP) was signed between Salini Costruttori and the EEPCo (Ethiopian Electric Power Corporation) on December 30, 2010. The contract calls for the construction of the largest dam on the African continent (1,800 meters long, 170 meters high, and a total volume of 10 million cubic meters) and two power plants on the banks of the Blue Nile equipped with a total of 16 turbines, each rated at 375 MW. Addendum no. 2 was signed on March 12, 2012, to formalize the Client's request to increase the voltage of the power line between Beles and the GERDP from the originally planned 132 KW to 400 KW. This change led to an increase in the contract value to € 42 million, bringing the overall total of the project to the current € 3.6 billion. Excavation on the main dam and power plants is currently in progress, and the new bridge over the Nile has been completed and was opened to traffic in September 2012.

Construction work on the riverbank power plants, the permanent camp, and the construction site roads is mostly completed, as well as work on diverting the Nile into the special channel. The percentage of work completion as of September 30, 2014, was 31.6%.

Nigeria

Work on the "Gurara Dam and Water Transfer Project, Lot A – Dam and Associated Works" project is in the completion phase. The current value of the contract, including the various contractual additions issued over the years (the contract was signed on January 30, 2001) comes to about € 545 million. The 9 million m^3 earth and rockfill dam, intake works, and 30-MW hydroelectric plant are complete; the power transmission line, the irrigation perimeter, and some road work still need to be completed. The work is expected to be completed by December 31, 2014. The percentage of work completion as of September 30, 2014, was 92.6%.

Work is continuing on the "Development of Idu Industrial Area Engineering Infrastructure" contract (valued of approximately € 237 million), consisting of the primary urban development works in a new district of the capital Abuja, intended for industrial use. The sewer and drainage networks are complete, 60% of the road network, including 4 viaducts, is paved, and construction is starting on the water supply and power supply grids. The percentage of work completion as of September 30, 2014, was 70.4%.

Work on designing and building the "Nigeria Cultural Centre and Millennium Tower" is also progressing (contract value of approximately € 409 million). The tower structure has reached its final height of 170 m and the sails and restaurant are currently being built. The underground parking garage beneath the square has been completed, the tunnel linking the two plots of the project is complete, and the structures of the 7 buildings that make up the Cultural Centre and the Auditorium are at an advanced stage of construction. The percentage of work completion as of September 30, 2014, was 39.8%.

The urban highway stretch of the "Extension of Inner Southern Expressway (ISEX)" for a value of roughly € 65 million by the Federal Capital Development Authority with a contract signed on January 13, 2010, is in an advanced stage of construction. So far, 3 of the 4 major bridges have been completed, the drainage works are nearly finished, and most of the road is paved. The percentage of work completion as of September 30, 2014, was 88.6%.

Construction of the “Dualization of Suleja Minna Road in Niger State”, a contract obtained in November 2010 with a value of approximately € 50 million, is underway. The earthwork and drainage works are currently in the completion phase, paving is partially completed, construction of 3 bridges has been finished, and construction of the fourth bridge, the longest, which crosses the Gurara River, is under way. The percentage of work completion as of September 30, 2014, was 70.6%.

Similarly, the “Development of District 1 Abuja North Phase IV West” project is being developed, worth a total of about € 250 million. The bidding process was conducted in two phases (phase 1 December 30, 2010 and phase 2 March 5, 2012). Construction of one of the main bridges of the project is nearly complete and the remaining culvert boxes are being made. The percentage of work completion as of September 30, 2014, was 14.9%.

On September 12, 2012, the “Adiyan Waterworks Phase II” project worth € 250 million was acquired. This project consists of the design and construction of a water treatment plant with a capacity of 320,000 m^3/day, intended to meet a portion of the Lagos population’s water needs. The worksite has been set up, the plant is being designed, and construction of the civil engineering works is starting. The percentage of work completion as of September 30, 2014, was 17.6%.

Namibia

In 2013, a contract was acquired for construction of the Neckartal dam, with a value of approximately € 200 million. The dam will exploit the waters of the Fish River to generate power and to create a reservoir to irrigate 5,000 hectares of land for the area’s agricultural development.

A crossing (360 meters long and 9 meters high) and a pumping station, along with the relevant intake structure, will be built 13 km downstream from the dam. The water will flow through an 8.7 km steel pipe with a diameter of 1,100 mm to reach a reservoir (with 90,000 cubic meters of water) that is also part of the project.

The order to start work was issued on September 11, 2013, and the percentage of work completion as of September 30, 2014, was 11.3%.

Sierra Leone

Routine management and maintenance of the Bumbuna hydroelectric plant and its transmission line to the city of Freetown are progressing normally. Electrical power generation is being handled in cooperation with the National Power Authority in charge of power distribution in the country. The contract value, which was originally € 10.2 million, has been increased to € 26.1 million by way of two addenda signed on November 18, 2011 and December 18, 2013, respectively.

A new contract worth € 3.3 million was signed with the Government of Sierra Leone on June 25, 2014, for the installation of a substation in Lunsar. This contract is 100% complete. Similar observations can be made for the “Rehabilitation of 21.2 km of urban town roads” contract for the rehabilitation of several stretches of road in the four major cities of Sierra Leone. With the signing of five new additions to the contract in June and October 2011, March 2012, and October 2013, the value of the project has gone from the original € 10.3 million to € 30.2 million.

In addition, an addendum to the original contract was signed in 2013 for the rehabilitation of some roads in the Lunsar area, for an additional value of € 4.5 million. Variation Order no.6 , worth € 5.6 million was signed on September 2, 2014. The total value of the contract comes to about € 40.3 million.The percentage of work completion as of September 30, 2014, was 100%.

Lastly, a new contract was signed on May 24, 2013 with the Sierra Leone Road Authority for the rehabilitation of 70 km of road as part of the “Sefadu roads rehabilitation project section 1 - Matotoka-Yiye,” valued at approximately $30.7 million and funded by the African Development Bank.

The percentage of work completion as of September 30, 2014, was 36.3%.

Zimbabwe

On April 8, 2011, the Addendum for completion of the Tokwe Mukorsi dam was signed with the Zimbabwean government, represented by the Ministry of Water Resources Development and Management. The addendum, worth about € 66 million, also provided for the full payment of delayed receivables owed by the client for previous addenda, amounting to about € 11 million, which has been collected in full.

In 2012 and 2013, four new contract changes were also approved, thus resulting in a change in the value of the contract due to the approval of new designs, an increase in the amount of excavation, and an extension of the contractual deadlines.

The project, which will include the highest dam in the country and will create the largest manmade lake in Zimbabwe, involves the construction of a rockfill embankment with a maximum height of 90 meters, a capacity of 1.8 billion cubic meters, and the potential to irrigate 25,000 hectares of agricultural land.

The project has completed the roadwork, with the construction of about 43 km of roads, excavation of the main dam and the five saddle dams, the intake tower, and the diversion tunnel. The embankment of the main dam and construction of the two spillways are under way.

At September 30, 2014 four Variation Orders were issued by the Customer in the light of which the value of the Project has changed to € 175.4 million.

The percentage of work completed for the order was 81.6% on September 30, 2014.

United States – Lake Mead Tunnel

In 2008, Impregilo won the competitive bidding launched by the Southern Nevada Water Authority (SNWA) for the construction of an articulated collection and transport system for the water of Lake Mead, one of the largest manmade lakes in the United States, in order to increase the supply of water for drinking and household use in the Las Vegas metropolitan area. The value of the contract is $447 million.

The percentage of work completion as of September 30, 2014, was 78.7%.

United States – San Francisco Metro

At the end of the first half of 2011, the Board of Directors of the San Francisco Municipal Transportation Agency awarded a contract to the Impregilo Group (in a grouping with the American company Barnard) for construction of the "Central Subway" metro line extension in the city of San Francisco. The overall value of the contract is $233 million; Impregilo, through its subsidiary SA Healy, has a total stake of 45%. The project involves an underground extension of the current surface line in the city's downtown area, with construction of two new single-track tunnels having a total length of 5 km, which will be made with two 6.40 m diameter TBMs. The expected duration of the work is 35 months. The percentage of work completion as of September 30, 2014, was 91.7%.

United States – Anacostia River Tunnel

On May 8, 2013, the Impregilo Group, in partnership with Parsons Corporation, a leading construction company in the United States, won the competitive bidding to design and build a section of the wastewater collection and treatment system of the city of Washington DC. The high-tech project is valued at approximately $254 million (the Group's overall share is 65%). Impregilo will be the leader of the project, which is expected to be completed in about four and a half years after the start of works. The "Anacostia River Tunnel" project is part of DC Waters' "Clean Rivers Project." It calls for the construction of a water tunnel running largely beneath the Anacostia, a tributary of the Potomac River. The tunnel will be about 3.8 km long and 7 m in inside diameter; there are also plans for the construction of 6 water uptake wells to a depth of about 30 m. The tunnel will carry wastewater and stormwater separately to prevent river pollution during floods (*Combined Sewer Overflows* or "CSO") that occur in periods of heavy rainfall.

The percentage of work completion as of September 30, 2014, was 16.3%.

United States - Gerald Desmond Bridge

In July 2012, Impregilo was awarded the tender called by the Long Beach port authority for the construction of a cable-stayed bridge with the main span of 300 m and two 150 m high towers. The development of the project will take place in the port of Long Beach. The present value of the contract is $659 million. The foundations for the piles are currently under construction. The percentage of work completion as of September 30, 2014, was 21.8%.

Venezuela

For a review of the main types of critical issues identified within the Group's operations in Venezuela, refer to the information provided later in this section under the heading "Segment's risk areas".

Puerto Cabello Railway – La Encrucijada

The work consists in building the civil engineering works of a railway stretch of about 110 km, connecting Puerto Cabello to La Encrucijada.In June 2014, Salini Impregilo signed a new contract addendum with the Railway Institute for electromechnical works on the Puerto Cabello-La Encrucijada line. The value of the work included in the addendum, taking into account the new changes adopted by the Group, mentioned in the first part of this report, is roughly € 350 million. The percentage of work completion as of September 30, 2014 was 69.5%.

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

Impregilo, with a 33.33% share, is involved in the construction of two additional railway lines, "San Juan de los Morros-San Fernando de Apure" (252 km) and "Chaguaramas-Las Mercedes-Cabruta" (201 km). In addition to the 453 km of new lines, the projects include rail design and installation and construction of 11 stations and 9 logistics centers. Work was 45.2% complete for the "San Juan de los Morros-San Fernando de Apure" section at September 30, 2014. 59.8% of the "Chaguaramas-Cabruta" section has been completed as of September 30, 2014.

Expansion of the Panama Canal

In July 2009, Impregilo, through Grupo Unidos por el Canal Consortium – a consortium with members Sacyr Vallehermoso (Spain), Jan de Nul (Belgium), and the Panamanian company Constructora Urbana (Cusa) – received official notification of the competitive bidding award to build a new system of locks as part of the Panama Canal expansion project. The bid came to $3.22 billion.

The project, referred to as Post Panamax, is one of the largest civil engineering projects ever undertaken, calling for the construction of two new sets of locks, one on the Atlantic side and one on the Pacific side. It will allow commercial traffic through the canal to increase and meet growth in the maritime transport market, characterized by a trend toward the construction of larger and heavier vessels than those which can currently pass through the existing locks. For a review of the main types of critical issues identified for this project, refer to the information provided later in this section under the heading "Segment's risk areas". The percentage of work completion as of September 30, 2014, was 86.4%.

Colombia – Hydroelectric project on the Sogamoso River

In December 2009, Impregilo won the competitive bidding to build the hydroelectric project on the Sogamoso River in northwestern Colombia, about 40 km from the city of Bucaramanga. The project involves the construction of a dam measuring 190 m high and 300 m long, and an underground power plant which will house three turbines totaling 820 MW of installed power. The value of the project is currently about € 590 million and the client is ISAGEN SA, a mixed public/private funding concessionaire involved in electrical power generation in Colombia. Furthermore, Impregilo has already completed the preliminary work on the dam, involving the construction of two diversion tunnels measuring about 870 m long and 11 m in diameter, and a system of plant access roads and tunnels.

As for the main project of dam construction, critical issues were already encountered during the second half of fiscal year 2011, with a negative impact on both the production level and profitability. In particular, these events included exceptional adverse weather which struck a significant portion of the Colombian territory, substantially delaying the river diversion work, and, at the same time, the presence of geological conditions differing substantially from the contractually specified conditions, not to mention changes in the *scope of work* requested by the client. In the early part of 2012, some of the most substantial claims submitted by the contractor were acknowledged, and in 2013 a new contract change was obtained for the construction of new accessory works in the basin affected by the dam. The additional reservations submitted to the client are still under discussion.

The percentage of work completion as of September 30, 2014, was 99.8%.

Colombia – "Ruta del Sol" Highway Project

At the end of July 2010, the Impregilo Group won the competitive bidding to manage the concession of the third highway lot of the "Ruta del Sol" project in Colombia. The concession, awarded to a grouping of companies led by Impregilo and consisting of the Colombian companies Infracon, Grodco, and Tecnica Vial, and the private investment fund RDS (owned by Bancolombia and the Protección Pension Fund), calls for the adaptation, widening to four lanes, and management of two highway stretches between the cities of San Roque and Ye de Cienaga, and between the cities of Carmen de Bolivar and Valledupar.

The overall amount of the investment is about $1.3 billion. The concession contract provides for a total revenue of about $3.7 billion (40% for Impregilo's share), including income from tolls and a public contribution of $1.7 billion, which will be paid out starting with the construction phase. The concession will run for 25 years, including 6 years for the infrastructure design and adaptation phase and 19 years for the management phase. The percentage of work completion as of September 30, 2014, was 18.3%.

Chile – Angostura Hydroelectric Project

At the end of June 2010, Impregilo won the competitive bidding launched by the client Colbun SA, a Chilean company involved in electrical power generation, to build a hydroelectric project in Chile, with an overall value currently standing at approximately € 250 million. The plant is located in the Angostura area about 600 km south of the capital Santiago. In particular, the project involved the construction of a main dam measuring 152 meters long and 63 meters high, a secondary dam measuring 1.6 km long and 25 meters high, and the underground power plant which will houses three generators for 316 MW of installed power.

The electrical power output is about 1540 GWh per year. Starting with the second half of fiscal year 2011, the project started to run into some critical issues due to growing socio-economic problems differing substantially from the projections shared during the bidding phase, and site working conditions resulting in part from changes in the work required by the client. The litigation actions taken against the client, some of which are still pending, have allowed for a partial containment of the effects that these critical issues have had on the profitability of the project. As of the reference data of Semptember 30, 2014, of this Interim financial report, the project's profitability was still in the red, and fully reflected in the balance sheet values already posted for previous fiscal years. The construction work are completed.

Argentina – Riachuelo

On July 15, 2013, Impregilo, in partnership with its US subsidiary Healy S.A., won the competitive bidding for a lot to build a new wastewater collection system in the capital of the country, as part of the environmental remediation program of the metropolitan region of Buenos Aires Province. The value of the project, led by AySA (Agua y Sanamientos Argentinos SA), one of the major players in the Argentine water sector, is approximately € 360 million.

The project involves the collection of wastewater from the Riachuelo treatment plant by means of a pit about 40 m deep. The wastewater will then be conveyed through a tunnel measuring 11 km long and 3.8 m in diameter to an outlet that will be built on the bed of Rio de la Plata.The initiative has a strong social and environmental value. It is the first part of a broader program funded by the World Bank for sustainable development of the Matanza-Riachuelo Basin, aimed at cleaning up the Riachuelo River and the regions it passes through, which are considered to be among the most polluted in the world.

Australia – Skytrain

On December 18, 2013, the Group, through its Australian subsidiary, won the first contract in Sydney to design and build the so-called "Skytrain" bridge, as well as other civil engineering works which will form one of the main sections of the new North West Rail Link (NWRL). The project has a value of about 340 million Australian Dollars, equal to about € 220 million at the current exchange rate, and a total length of about 6.2 km, and includes construction of a bridge measuring 4.6 km long and a cable-stayed bridge 270 m long over one of the city's busiest streets. Completion of the project is scheduled for the first half of 2017.

The North West Rail Link is the largest public transportation infrastructure project currently in progress in Australia, and the largest public transportation project in Sydney since construction of the Harbour Bridge nearly 100 years ago. The NWRL project includes eight new stations and 4,000 parking spaces, and it is expected to be open to the public by 2019, for a total investment of about 8.3 billion Australian Dollars. This is the first fully automated high-speed train system on the continent, the first step towards the new rapid transit network in Sydney. The percentage of work completion as of September 30, 2014, was 8.4%.

Order backlog

The order backlog at September 30, 2014, was as follows:

(Salini Impregilo's share in millions of euros) Region/Country	Project	Residual backlog at September 30, 2014	% of the total	Completion progress (%)
High Speed		**4,244.3**	**19.8%**	
Italy	Mestre Bypass Salerno-Reggio di Calabria	6.7	0.0%	98.3%
Italy	Highway, Lot 5 Salerno-Reggio di Calabria	27.3	0.1%	95.7%
Italy	Highway, Lot 6 Salerno-Reggio di Calabria	28.0	0.1%	89.8%
General Contracting		**62.0**	0.3%	
Italy	State Highway 36 connector	4.8	0.0%	98.4%
Italy	Spriana Landslide	2.0	0.0%	95.2%
Italy	Pedemontana Lombarda - Lot 1	23.7	0.1%	94.5%
Italy	A4 building of third lane	9.8	0.0%	88.4%
Italy	Milan Metro M4	437.3	2.0%	9.5%
Italy	State Highway 106 Ionica	308.8	1.4%	2.4%
Italy	Broni-Mortara	981.5	4.6%	0.0%
Italy	Port of Ancona	223.5	1.0%	0.0%
Italy	Isarco underpass	123.5	0.6%	0.0%
Italy	Metro B	948.3	4.4%	0.1%
Italy	Metro B1	4.2	0.0%	98.2%
Italy	SGF	4.3	0.0%	n.d.
Italy	other	2.9	0.0%	n.d.
Other projects in Italy		**3,074.6**	**14.3%**	
Total projects in Italy		**7,380.9**	**34.4%**	
Greece	Achelos Support Tunnel	0.3	0.0%	95.2%
Greece	Thessaloniki Metro	223.6	1.0%	30.8%
Greece	Stavros Niarchos Cultural Center	96.4	0.4%	42.1%
Romania	Orastie-Sibiu Highway	28.1	0.1%	84.7%
Romania	Lugoi Deva	119.8	0.6%	6.0%
Poland	Road S8 Marki-Radzymin Lot 1	80,5	0.4%	0,0%
Slovakia	Lietavska Lucka-Visnove-Dubna Skala	307.1	1.4%	0.1%
Turkey	Gaziantep	135.5	0.6%	0.0%
Turkey	Kosekoy-Gezbe	10.1	0.0%	94.7%
Denmark	Cityringen	782.4	3.6%	52.8%
Austria	Brenner Tunnel	184.9	0.9%	0.0%
Switzerland	Transalp Tunnel (Tat)	6.1	0.0%	98.3%
Switzerland	CSC	118.7	0.6%	82.6%
Dominican Republic	Acquedotto Oriental Consortium	0.9	0.0%	99.4%
Dominican Republic	Guaigui hydraulic system	71.4	0.3%	15.7%
Venezuela	Puerto Cabello-La encrujada Ferrocarriles	485.6	2.3%	69.5%
Venezuela	Puerto Cabello-La encrujada Ferrocarriles stations	341.9	1.6%	18.9%

(Salini Impregilo's share in millions of euros) Region/Country	Project	Residual backlog at September 30, 2014	% of the total	Completion progress (%)
Venezuela	Chaguaramas Railway	102.4	0.5%	59.8%
Venezuela	San Juan de Los Morros Railway	302.7	1.4%	45.2%
Venezuela	OIV Tocoma	28.8	0.1%	97.4%
Panama	Widening of the Panama Canal	156.4	0.7%	86.4%
Chile	Angostura	0.1	0.0%	100.0%
Chile	Metro Santiago	54.3	0.3%	56.3%
Colombia	Sogamoso	1.0	0.0%	99.8%
Colombia	Quimbo	27.8	0.1%	88.8%
Colombia	Ruta del Sol Highway	342.7	1.6%	18.3%
Brazil	Serra Do Mar	-	0.0%	100.0%
USA	Vegas Tunnel - Lake Mead	81.5	0.4%	78.7%
USA	San Francisco Central Subway	6.8	0.0%	91.7%
USA	Gerald Desmond Bridge	121.5	0.6%	21.8%
USA	Anacostia River Tunnel	108.5	0.5%	16.3%
Argentina	Riachuelo	341.8	1.6%	0.0%
Peru	Metro Lima	608.7	2.8%	0.0%
America	SGF	1.0	0.0%	n.d.
Arab Emirates	Abu Dhabi - Dubai Highway	21.8	0.1%	0.0%
Qatar	Abu Hamour	66.5	0.3%	24.6%
Qatar	Red Line North	705.7	3.3%	6.9%
Saudi Arabia	Metro Ryiadh	1,064.6	5.0%	2.5%
Kazakhstan	Kizylorda (S)	12.6	0.1%	96.0%
Kazakhstan	Almaty - Khorgos (S)	108.6	0.5%	17.5%
Malaysia	Ulu Jelai	173.2	0.8%	72.4%
Australia	NW Rail Link Project	215.1	1.0%	8.4%
Nigeria	Suleja Minna road	19.6	0.1%	70.6%
Nigeria	Adiyan waterworks phase II	189.7	0.9%	17.6%
Nigeria	District 1-Abuja North phase IV	190.1	0.9%	14.9%
Nigeria	Isex	8.0	0.0%	88.6%
Nigeria	Cultural Center	244.7	1.1%	39.8%
Nigeria	Idu	75.7	0.4%	70.4%
Nigeria	Gurara Dam	41.5	0.2%	92.6%
Nigeria	Ogoni	17.2	0.1%	90.7%
Libya	Lidco	1.111,4	5.2%	12.3%
Libya	Libyan Coastal Highway	639.3	3.0%	0.0%
Libya	Kufra Urbanizzazione	211.5	1.0%	0.0%
Libya	Kufra airport	48.6	0.2%	15.4%
Libya	Tripoli Airport	99.4	0.5%	0.0%
South Africa	Ingula	40.7	0.2%	90.2%
Ethiopia	Gerd	2,459.1	11.5%	31.6%
Ethiopia	Gibe III	320.5	1.5%	79.6%
Zimbabwe	Mukorsi Dam	30.2	0.1%	81.6%
Sierra Leone	Matotoka	14.1	0.1%	36.3%
Sierra Leone	Rehabilitation of urban road	-	0.0%	100.0%
Sierra Leone	Operation & Maintenance	-	0.0%	100.0%
Namibia	Neckartal Dam	166.7	0.8%	11.3%

(Salini Impregilo's share in millions of euros) Region/Country	Project	Residual backlog at September 30, 2014	% of the total	Completion progress (%)
Africa	SGF - Il nuovo Castoro	7.0	0.0%	n.d.
Fisia Italimpianti		28.9	0.1%	n.d.
Total international projects		**13,611.3**	**63.4%**	
Total portfolio CONTINUING OPERATIONS		**20,992.2**	**97.8%**	
Total portfolio Costruzioni Todini		469.6	2.2%	n.d.
Total portfolio other projects and discontinued operations		**469.6**	**2.2%**	
Total Group backlog at SEPTEMBER 30, 2014		**21,461.8**	**100.0%**	

For information about the order backlog of the Libyan company Impregilo Lidco Libya General Contracting Company, totalling € 1,111.4 million, see the "Segment's risk areas" section of this Report.

Acquisition of new orders

Peru-Lima Underground

On March 28, 2014, the international consortium formed by the Salini Impregilo Group (19%), Ansaldo Breda (12%) and Ansaldo STS (15%) - a Finmeccanica Company - the Spanish ACS Dragados Group (leader of the consortium with 25%), FCC (19%) and the manufacturer Peruvian Cosapi (10%) was awarded the contract maxi promoted by ProInversión-Agencia de promoción de la Inversion Privada for the granting of the construction and management of the enlargement of the London Underground network the city of Lima in Peru. The concession has a total value of approximately $9 billion of which approximately 4.7 for the construction of the works and the remaining infrastructure management during 35 years of the concession period. The participation of Impregilo, Salini construction is equal to 25.5% of the civil works. The project, to be completed in 5 years, includes 35 km of underground line.

Austria-Brenner Gallery, lot Tulfes-Pfons

The Salini Impregilo Group - in a grouping with the Austrian company STRABAG - was awarded a contract on April 17, 2014, for the construction of the main Tulfes-Pfons lot in Austria of the Brenner Base Tunnel. This project, which is part of one of the main segments of the Trans-European Networks (TEN), will consist of underground civil engineering construction for a segment of the exploratory access shaft, the emergency access shaft for the Innsbruck bypass and two interconnecting tunnels. A total of 38 km in tunnels will be constructed. The value of the project is about € 380 million and Salini Impregilo holds 49% interest in the grouping.

Slovakia – Design and construction of the Lietavská Lúčka-Dubná Skala stretch of highway

The company, leading a grouping of companies, with a share of 75%, was awarded the tender on April 17, 2014 for the design and construction of a 13.4 km section of the D1 highway in the northern part of Slovakia. The main items to be constructed include five viaducts, for a total length of 2.5 km, and a twin-tube tunnel 7.5 km in length. This stretch of highway is part of the Transportation Corridor No. 5 of the Trans-European Networks (TEN), which links Bratislava with Uzhhorod in Ukraine, and is financed by the European Union, through the European Investment Bank, and the government of Slovakia. The contract is worth about € 410 million and work is scheduled to commence in the second half of this year, and will continue for roughly five and a half years. The contract will allow Salini Impregilo to break ground in a new market, where an important transportation development program is foreseen that will be financed by the European Union.

Italy-Brenner Base Tunnel, "Isarco river underpass" Lot

Salini Impregilo, in a grouping with the Austrian company Strabag, the Consorzio Cooperative Costruzioni (CCC) and Collini Lavori, received a provisional award at the beginning of July for the contract to build the "Isarco River Underpass – the southern segment of the railway tunnel mega-project" of the Brenner Base Tunnel, the most important project of its kind to be contracted on Italian territory to date. The Brenner Base Tunnel is the primary element of a new railway line that will connect Munich and Verona. Once completed, at 64 kilometres, it will be the longest underground railway connection in the world. The contract value is about € 301 million and Salini Impregilo holds 41% interest in the grouping. Construction is expected to take 8 years.

Design and construction of the S8 Expressway section from the "Marki" junction to the "Kobylka" junction

The Contract includes the design and construction of the ring road north of Warsaw on the S8 expressway to Bialystok between Marki and Radzymin for a length of 8.13 km. The project aims at relieving urban traffic congestion and includes the construction of two interchanges (the "Zielonka" junction and "Kobylka" junction), 9 major engineering structures (5 bridges, 2 flyovers and 2 underpasses), and the resurfacing of other secondary and local roads. The contract is worth about € 80 million and the work will last 32 months. The project, of European importance, was included in the "Program for the construction of state roadways in 2011-2015". The key benefits of the new expressway, besides relieving urban traffic congestion, include shorter travel times, a lower risk of accidents, fuel savings and less exhaust emissions and noise pollution.

Poland – construction of lot B of the S7 highway - section between Milomlyn and Olsztynek

The Salini Impregilo Group has been provisionally awarded the order for the construction of approximately 18.4 km of Lot B of the S7 expressway in Poland, approximately 210 km north of Warsaw, which crosses the entire country up to the Slovakian border. The contract specifically regards the section between Milomlyn and Olsztynek. The value of the contract is approximately € 194 million, with works expected to last 26 months. Lot B includes the upgrading of the S7 section crossing the city of Ostroda from north to south (total 9.7 km) and the deviation of the DK16 (total 8.7 km), the Ostroda Bypass. The two new roadways in the project intersect south of Ostroda, at the "South Ostroda" junction. Given the importance and tourist appeal of the city of Ostroda, as well as the system of small interconnected lakes and waterways crossed by the urban section of the S7 to be improved, particular attention has been paid to the environmental aspects of the project. The Group therefore confirms its strong commercial capability in securing orders and consolidates its presence in the infrastructure sector of the country where it is already carrying out construction works on the A1 highway and S8 expressway.

Risk areas

Impregilo Lidco Libya General Contracting Company (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, Salini Impregilo does not expect significant new growth in the production activities of its subsidiary Impregilo Lidco in the near future. 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 reinstated, with the aim of reopening the worksites 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 totalling € 47.9 million.

These charges were included in contract work in progress, as the Group deems them recoverable, considering that relationships with the customers have been reinstated. Net cash and cash equivalents held in Libya decreased by roughly € 15.2 million due to costs incurred locally in the period from March 31, 2011, to September 30, 2014. In addition, early in 2013, a physical inventory was taken of plant, machinery and supplies at the main worksites, 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. Currently, also in view of the recent unrest in various areas of the country during the period under review, the social and political situation in the country remains extremely complex and marked by critical conditions. In spite of this, an important agreement was reached with the customer during the first months of 2014. Under this agreement, the parties expressed their willingness to resume industrial activities as soon as security measures could be implemented, 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. Salini Impregilo continues to monitor the country's situation very closely and, whilst taking into account the limited but positive signs expressed by the recent events referred to above, it cannot be ruled out that, after the reporting date of this Interim financial report, events may occur that are unforeseeable at present and liable of resulting in changes to the assessments made to date.

Tax dispute – Iceland

In connection with the contract for the construction of a hydroelectric power plant in Karanjukar (Iceland), which the Group successfully completed in previous years, please keep in mind that, in 2004, a dispute arose with the local tax authorities with regard to the party required to act as the withholding agent for the compensation of foreign temporary workers employed at the worksite. Salini Impregilo (then Impregilo) was initially wrongly held liable for the payment of the withholdings on this remuneration, which it therefore paid. Subsequent to the final ruling in the proceedings activated in this dispute before the local lower court, the Company obtained full satisfaction of its claims.

Nevertheless, the local authorities filed a new lawsuit with a similar scope and, based on a decision handed down by the Icelandic Supreme Court in February 2010, which blatantly contradicted the previous decision issued in 2006 on the same matter by the same judicial authority, rejected the claims filed by the Company, which expected to be reimbursed both the unduly paid withholdings of € 6.9 million (at the original exchange rate) and the related interest accrued to date, amounting to € 6.0 million. In previous years, the Company had conservatively written off the accrued interest component, despite a favourable final decision by the local court and the comfort of the opinion of counsel confirming the validity of its position, recognizing only the unduly paid principal amount. Following the latest ruling, the Company pursued all available judicial avenues, both at the international level (appeal filed with the EFTA Surveillance Authority on June 22, 2010) and, as far as possible, again at local level (new reimbursement claim filed with the local tax authorities on June 23, 2010), in the belief, comforted by the opinion of counsel, that the decision previously handed down by the Icelandic Supreme Court was incorrect in respect of local legislation, the international agreements that govern trade relations between EFTA countries and international conventions that prohibit the adoption of discriminatory treatments for foreign entities (both individuals and companies) working in signatory countries.

On February 8, 2012, the EFTA Surveillance Authority sent the Icelandic government a communication notifying an infraction regarding the free exchange of services and requesting the government to provide its response. In April 2013, at the conclusion of this process, the EFTA Surveillance Authority issued its reasoned opinion finding the provisions of the Icelandic legislation applied to the dispute in question to be inconsistent with the regulations governing trade relations between member countries and asking that Iceland take action consistent with this position; Consequently, the Impregilo Group asked that the case be reopened. In view of the above, Impregilo does not believe that objective reasons currently exist to change the valuations made about this dispute.

Umbria-Tuscany Irrigation Authority - Imprepar

On December 29, 2010, 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. In January 2011, the Umbria-Tuscany Irrigation Authority (now Ente Acque Umbre Toscane) informed Imprepar (a wholly-owned subsidiary of Salini Impregilo) that *"investigations and tests 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 Salini Impregilo (then COGEFAR) took over the contract in 1984 only. In addition, the structure in question had been tested and inspected in the past with positive results. In its response to the Ente Acque Umbre Toscane, Imprepar specifically explained why it was not liable for any damages caused by the event and, comforted by the opinion of counsel, believes that, at this point, there are no reason to amend the relevant assessments. Please note that during 2012, the management of the Umbria-Tuscany Water Authority and the Project Manager signed a service order requesting the contractor to immediately prepare executive designs and commence the related work at its own expense and under its own responsibility. Imprepar challenged these actions in their entirety, even though the amounts involved were not material.

Lastly, as part of a Prior Technical Assessment resulting from a third-party complaint claiming damages of a minor amount (around € 80,000), the judge ordered a technical appraisal by a court-appointed expert to determine the causes of the subsidence of the dam.

Imprepar, with the aid of its legal advisors, is defending the correctness of its conduct in all the competent forums.

Panama Canal expansion project

With regard to this project, 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 significantly revise downwards the estimates on which the early phases of the project had been based.

The most critical issues relate, inter alia, to the geological characteristics of the excavation areas, specifically with respect to the raw materials necessary to produce the concrete and the processing of such raw materials during normal production activities. Additional problems arose due to the adoption by the customer of operational and management procedures substantially different from those contractually stipulated, specifically with regard to the processes for the approval of technical and design solutions suggested by the contractor. These situations, which were the subject of specific disclosures in previous financial documents published by the Group, continued in 2013.

Faced with the customer's persisting unwillingness to reasonably implement the appropriate tools available pursuant to the contract to manage such disputes, the contractor, and thus the original contractor partners, was forced to acknowledge the resulting impossibility to continue at the contractor's full and exclusive risk the construction activities needed to complete the project, with assumption of the full financial burden required for this purpose without any guarantee of the resumption of objective negotiations with the counterparty. In this context, at the end of 2013, formal notice was sent to the client to inform him of the intention to immediately suspend work if the client refused once again to address this dispute in accordance with a contractual approach based on good faith and the willingness of all parties to reach a reasonable agreement. Negotiations between the parties, supported by the respective consultants and legal/contract experts, were carried out through February 2014 and, on March 13, 2014, the minutes of an agreement were signed. The key elements of the agreement include, in exchange for the contractor's commitment to resume work activities and complete them by December 31, 2015, a commitment on the part of the customer and the contractor companies to provide the funding for the portions of the project not yet completed, for a maximum amount of about $1.4 billion.

This commitment will be honoured by the customer through (i) a moratorium on the refunding of already disbursed contractual advances totalling about $800 million and (ii) the disbursement of additional advances amounting to $100 million, while the group of contractor companies will contribute (i) a direct contribution of their own financial resources in the amount of $100 million and (ii) a contribution of additional financial resources, through the conversion into cash of existing contractual guarantees totalling $400 million.

The reimbursement of the amounts stipulated to finance the work to be performed was postponed, so as to make it compatible with the expected outcome of the arbitration proceedings, launched concurrently to determine the responsibilities of the parties for the extra-costs already incurred and to be incurred due to the situation described above. In this regard, already in previous years, the Group had applied a reasonably prudent valuation approach to the project, which was clearly supported by its legal advisors, on the basis of which significant end-of-project losses were recognized, mitigated in part by the corresponding recognition of the additional consideration claimed from the customer and determined based on the expectation that recognition of such consideration could be deemed to be reasonably certain.

Bearing in mind that at the end of the previous year, the generally problematic situation existing at that time, far from being resolved, was continuing, as described, while the agreements mentioned above were being finalized, an overall update was performed of the contract's full-life economic projections. In this context, also with the support of the Group's legal advisors in handling the complex litigation procedures initiated, no specific and new conditions arose that required changes be made to past valuations.

Strait of Messina bridge and roadway and railway connectors on the Calabria and Sicily sides

In March 2006, Impregilo, in its capacity as Lead Contractor and general partner (with a 45% interest) of the Temporary Business Association established for this specific purpose, executed with Stretto di Messina S.p.A. a contract to entrust to the general contractor the final and executive design for the construction of a bridge on the Strait of Messina, with the related roadway and railway connectors. In addition, a pool of banks signed the financial documents required by the General Specifications, after the Association won the tender, for the supply of credit lines totalling € 250 million earmarked for the services subject of the awarded project. In addition, as contractually stipulated, the customer was also given performance bonds of € 239 million.

A reduction of the credit line to € 20 million was approved in 2010. In September 2009, Stretto di Messina S.p.A. and Eurolink S.c.p.A. executed a rider that took into account the suspension of project activities from the time when the contract was signed until that date. As provided for by the rider, the project's final design was also delivered to the customer. On July 29, 2011, the Board of Directors of Stretto di Messina S.p.A. approved the final design.

Decree Law 187 was issued on November 2, 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". Further to the enactment of this decree and in light of the potential implications for the contractual position of the Eurolink General Contractor, of which Salini Impregilo is the leader, Eurolink decided to send to the customer, pursuant to the contractual provisions in effect, a notice of its intention to withdraw from the contract also to protect the positions of all Italian and foreign partners in the Association.

Nevertheless, given the preeminent interest in constructing the project, the General Contractor also communicated its willingness to review its position, should the customer demonstrate a real commitment to pursuing the project. Despite the efforts made, the negotiations carried out by the parties were unsuccessful. Eurolink commenced various legal proceedings in Italy and at the EU level, on the one hand, arguing that the provisions of the above-mentioned decree are unconstitutional and contrary to EU laws and thus injurious to Eurolink's legally acquired rights under the contract and, on the other hand, asking that Stretto di Messina be ordered to pay the amounts claimed, under various titles by the General Contractor due to the termination of the contract for reasons for which it was not responsible. With regard to the actions filed at the EU level, it is worth mentioning that, in November 2013, the European Commission communicated its decision to suspend the lawsuit, as no treaties were violated, and confirmed it on January 7, 2014, with a communication dismissing the lawsuit.

Consistent with the developments described above, the order backlog of the Impregilo Group at the end of 2012 was restated to reflect the elimination of the above-mentioned project. 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 Salini Impregilo Group has been active in Venezuela through a stable organization that, directly or in association with international partners, carried out several railway and hydroelectric projects, with a presence in the local territory consolidated in the Country over a span of more than 30 years. In recent years, relationships with customers, all government entities, were generally characterized by delays in payments. This problem became more pronounced this past year due to a change in the country's government leadership, at the beginning of 2013, and the resulting heightened social tensions that accompanied this political transition. In response to the virtual suspension of activity by customers in this context, the Group suffered a significant slowdown in production activities.

With regard to the railway works, particularly for the P.Cabello-La Encrucijada project, two agreements have been drawn up, one in March and the other in May, (called "Puntos de Cuenta") both signed by the Chairman of IFE (the customer) and ratified by the President of the Republic, which provided for the progressive payment of 85% of the receivable accumulated in Bolivares and 47% of the receivable in Euro, accumulated at September 2013. To date we can say that 94% the proceeds due in local currency have been received and 34% for the Euro receivable (with reference to the percentages above).

In this context, an Addendum to the contract for the Puerto Cabello – La Enrcujiada line and related to electromechanical works was signed at the end of the first half of 2014. As for hydroelectric projects, built through the OIV Tocoma consortium, in view of the expiration of the contractual deadline for completing the project, scheduled for mid-November 2013, at the customer's request, a new schedule was developed for the work remaining to complete the project, with work scheduled to resume at the beginning of November 2014 and be completed by the end of 2017.

This proposal was agreed by the Customer who, also in light of legitimate requests for payment of the certified debt and the identification of the future financial resources needed to ensure the normal performance of the remaining work, proceeded to the recovery of payments in favour of the consortium and the signing of a new *addendum* to the contract under which the work to be completed and the related outlays have been rescheduled. An addendum is currently being negotiated with the Customer, which will set out the claim for the contractual extension of the works and form of payment for these works and for the work to be completed.

The projects that are being developed by the Salini Impregilo Group are infrastructures priority of the utmost importance, both on economic-industrial and social terms and, already in the past, due to the events that characterized the country's recent political history, temporary situations of uncertainty developed that were not substantially different from the one that exists today. However, they were resolved positively and no significant liabilities were incurred as a result. With this in mind and based on a constant and careful monitoring of the situation in the country, carried out together with its partners and through meetings with customers and local government authorities with the aim of defending and protecting the positions of the Salini Impregilo Group, there appears to be no particular problems at this stage with regard to the realizable value of the Group's net assets, except for the lengthening of collection time, which was duly taken into account in the measurements performed for financial statement purposes and for the issues relating to the new exchange rates adopted for the translation of the net financial assets expressed in local currency, as reflected in the full-life projections of projects under construction. In view of the delicate and complex situation that developed at the political level, the possibility that events not currently foreseeable may arise in the future requiring an update of the existing measurements cannot be excluded.

Metro Santiago – Chile

The project for the construction of two sections of line 6 of the Santiago Metro was acquired in 2013 by the Salini Impregilo Group, through its subsidiary Empresa Constructora Metro 6 Limitada, worth (in original value) 3.3 million Unidad de Fomento (equivalent to € 122 million).

During the implementation of the project, a series of events interfered with the work, such as unexpected geological conditions that were very different from those reported by the customer, project engineering changes, archaeological finds and the prohibition of the customer to work at night despite the fact that it would not exceed the maximum permitted noise levels. These factors caused delays in the execution times which were partially recognized by the Operations Management Team, but never formalized by the Client. The customer, on its own initiative and on the basis of a program different from the one agreed on, started imposing fines in November 2013. These fines were all challenged. In addition to the above, relations with the customer were characterized by complex situations that first led to a number of requests (to date, 5) to extend the delivery date of the work and to review the scope of the work, revised during 2014.

In view of this situation, Empresa Constructora Metro 6 Limitada, presented various claims to the customer in July 2014, and requested an Extension of Time, with the request that they be assessed by the designated organization contemplated in the agreement. In August 2014, the customer refused the requests and submitted our claim to Arbitration at the Chamber of Commerce of Santiago.

Once again they failed to comply with the contractual provisions requiring that the arbitrator be selected by mutual agreement between the parties. The first hearing was scheduled for September 25, 2014, but the customer asked to postpone it to October 6. In the meantime, on October 3, 2014, the customer informed Empresa Constructora Metro 6 Limitada of the early termination of the contract based on grounds that have been contested in full. On the same date, the customer presented a request to the Chilean banks, for the enforcement of the contract guarantees (local contract guarantees secured by letters of credit issued by European banks) for a total of 912,174 Unidad de Fomento (the equivalent of € 28.9 million). These amounts also include the full enforcement of the guarantee for advance payment, despite the fact that 156,323 Unidad de Fomento (the equivalent of € 5.1 million) had already been repaid through the monthly certifications.

The subsidiary responded to the customer's initiatives by requesting that the enforcement order regarding the guarantees be suspended and that the operational and contractual conditions be reinstated to those existing on October 2, 2014.

The Arbitrator did not find evidence of *fumus boni iuris* or *periculum* so he decided to deal with the issues in arbitration, in view of the continued state of suspension of the works. The company has lodged an appeal. In view of the immediacy of the latest events and the complexity of the existing situation, with regard to both the legal assessments and the relations with the customer the directors any specific valuation of the risk other those already recognized in the valuations of the contract is premature. However, the possibility that future events may occur that may require changes to those assessments, cannot be ruled out.

Corporate

The activities included in this category, which are centrally operated by the Salini Impregilo S.p.A., the Group's Parent Company, include the following:

- coordination, control and strategic planning of the Group's activities;
- centralized planning and management of human and financial resources;
- compliance with administrative, tax, legal/ corporate and corporate communication requirements;
- administrative, tax and managerial support for Group companies.

Share buy-back

The Ordinary Shareholders' Meeting of Salini Impregilo S.p.A., held on September 19, 2014 resolved to authorize the Board of Directors for the purchase and disposal of ordinary treasury shares – pursuant to articles 2357 and 2357-ter of the Italian Civil Code, Article 132 of Legislative Decree no. 58 of February 24, 1998 ("Consolidated Finance Act") and article 144-bis of the Issuers' Regulation adopted by Consob through Resolution no. 11971 of May 14, 1999, as amended ("Issuers' Regulation") – in accordance with the procedures and terms contained in the proposal made by the Board on August 12, 2014, in order to provide the Company an instrument that is widely used by listed companies, to take up investment opportunities for all purposes permitted by the applicable provisions, including the purposes contemplated in the "market practices" permitted by Consob pursuant to Article 180.1c of the Consolidated Finance Act through Resolution no. 16839 of March 19, 2009, and in EC Regulation no. 2273/2003 of December 22, 2003.

Other activities

The authorization for the purchase and disposal of ordinary treasury shares has been issued for the purposes of:

(i) buying ordinary treasury shares with a view to medium and long term investment;

(ii) establishing a portfolio of ordinary treasury shares to be used for extraordinary financing transactions and/or for other uses considered of financial, operational and/or strategic interest to the Company;

(iii) establishing a portfolio of treasury shares to service the remuneration and retention plans for management and personnel;

(iv) operating on the market, in compliance with the laws and regulations in force and through intermediaries, to support the liquidity of the Company's shares and for the purpose of stabilizing their price.

The authorization for the purchase and disposal of ordinary treasury shares has been granted:

- up to a maximum number of ordinary treasury shares that does not exceed 10% of the total number of shares outstanding at the time of the transaction (or, if less, up to the maximum limit set from time to time by the legal and regulatory provisions), also considering any ordinary treasury shares held by the Company at that date either directly or indirectly through its subsidiaries;
- for a period of 18 months from the date of the authorizing shareholders' meeting resolution;
- at a unit price that cannot differ in any event, either upwards or downwards, by more than 20% with respect to the price recorded for the share in the stock exchange trading session prior to each individual transaction, subject to obtaining adequate financial cover compatible with the Company's investment programs and plans, in accordance with the operational conditions established for the "market practices" permitted by Consob.

The authorization for the disposal of the ordinary treasury shares has been granted at the price or, in any event, according to the criteria and conditions to be determined, on each occasion, by the Board of Directors, taking into account the transaction methods used, the performance of the ordinary share prices during the period prior to the transactions, and the Company's best interest.

The Ordinary Shareholders Meeting also authorized the Board of Directors to carry out transactions for the purchase and, without time limits, for the disposal of ordinary treasury shares in accordance with any of the methods permitted by the current regulations (also through subsidiaries) that are appropriate to meet the objectives sought, to be selected, on each occasion, at the discretion of the Board.

The share buy-back program was launched on October 6, 2014, therefore the transactions for the purchase of ordinary treasury shares are not reflected in the statement of financial position provided in this Interim Directors' Report. At the reporting date of this Interim Directors' Report, a total of 3,104,377 shares have been purchased, worth a total of € 7,676,914.46.

Risk areas

Tax litigation

Some time ago, information was provided in a timely manner on the dispute with the Italian tax authorities, which is still pending before the Court of Cassation due to the appeal filed by the opposing party. The dispute concerns the notice of assessment challenging the tax treatment of impairment losses and capital losses recorded by the company during financial year 2003. However, it should be noted that the main observation concerning the sale – made by Impregilo S.p.A. to Impregilo International NV – of the investment held in the Chilean company Costanera Norte SA was dismissed by the Milan Regional Tax Commission.

A first instance ruling is still pending for a dispute related to 2005, concerning the technical instrument for the so-called realignment of equity investments referred to in Article 128 of Presidential Decree No. 917/86, while a second dispute relating to the same tax period and concerning the costs incurred by a participatory association established in Venezuela saw the company lose the case in the first instance proceedings. An appeal will be lodged for these proceedings.

An additional charge was identified by the Italian tax authorities for the year 2006 concerning (a) the costs incurred by a participatory association established in Venezuela, (b) a loss realized on an equity investment, and (c) costs for services not attributable to the year. After the Company filed an appeal against this charge, the Milan Provincial Tax Commission decreased the initially claimed amount by roughly 20%. In the ruling at second instance, the Milan Regional Tax Commission – with decision on May 28, 2014 – substantially dismissed almost all of the claims.

The Company, comforted by the option of its tax counsel, believes that its actions were proper and, consequently, treated the associated risk as improbable, but not impossible.

Other litigation

The Corporate functions are not currently involved in any major litigation. Except for that disclosed in greater detail later in this report with regard to the USW Campania Projects, the only other litigation arose in 2009 with the lessor of the building where the old head office was located, in connection with the relocation of the Parent Company's head office from Sesto San Giovanni (Milan) to Milan. The dispute was decided in December 2012 by an arbitration award that upheld the lessor's claims, ordering the Parent Company to pay rent for the entire duration of the lease expiring in July 2012. This award was promptly challenged before the relevant Milan Court of Appeals, before which the proceedings are currently pending. However, in 2012, before the expiration of the appeal deadline, the Parent Company had already recognized the impact of the arbitration award on its statement of financial position. Moreover, while the appellate proceedings were pending, the Parent Company was forced to pay the amount awarded to the lessor, reserving the right to a refund.

With regard to this dispute, Salini Impregilo S.p.A. (formerly Impregilo S.p.A.), by virtue of the provisions of the contract executed with Immobiliare Lombarda S.p.A., in its capacity as the original lessor of the premises where the head office is currently located, holds the right to be held harmless from claims made by the previous lessor in excess of € 8 million, which it exercised by means of a payment injunction.

The payment injunction was issued by the Court of Milan and challenged by Immobiliare Lombarda. However, while the proceedings are in progress, the opposing party paid the full amount of the claim, as the court refused to stay the enforcement of the payment injunction.

Concessions

The Group manages several control, significant and minority interests in companies that hold concessions, mainly to operate highway networks, facilities for the production of energy from renewable sources and the transmission of electric power, systems for the integrated water cycle and non-medical hospital services.

Impregilo International Infrastructures N.V., a company under Dutch law wholly owned by Salini Impregilo S.p.A., performs a coordination and strategic guidance function in this sector.
The tables that follow show the key figures of the concession portfolio at the end of the period, broken down by type of activity.

Highways

Country	Concessionaire Company	% of investment	Total km	Stage	Start date	End date
Italy	Broni - Mortara	40	50	Not yet active		
	Porto di Ancona	47		Not yet active		
Argentina	Iglys S.A.	98		Holding company		
	Autopistas Del Sol	19.82	120	Active	1993	2020
	Puentes del Litoral S.A.	26	59.6	Active	1998	2023
	Mercovia S.A.	60	18	Active	1998	2023
Colombia	Yuma Concessionaria S.A. (Ruta del Sol)	40	465	Active	2011	2036

Subway systems

Country	Concessionaire Company	% of investment	Total km	Stage	Start date	End date
Italy	Milan subway Line 4	31.05	15	Not yet active		

Energy from renewable sources

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

Integrated water cycle

Country	Concessionaire Company	% of investment	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	Active	2002	2027

Hospitals

Country	Concessionaire Company	% of investment	Beds	Stage	Start date	End date
Great Britain	Impregilo Wolverhampton Ltd.	20.00	150,000 medical visits	Active	2002	2032
	Ochre Solutions Ltd.	40.00	220	Active	2005	2038
	Impregilo New Cross Ltd.	100.00		Holding company		

Car parks

Country	Concessionaire Company	% of investment	Car parking spaces	Stage	Start date	End date
Great Britain	Impregilo Parking Glasgow Ltd.	100.00	1,400	Active	2004	2034

The portfolio of concession activities held by the Salini Impregilo Group includes two main business areas: a first one, comprised of investments in already active concession holder companies in Argentina, Peru and the United Kingdom, and a second one, consisting of Greenfield projects, which includes contracts for highway infrastructures in Italy and Peru that are still under construction and with regard to which the activities under concession will begin in the future. There were no significant events or developments affecting the activities of concession holders in the first nine months of 2014, with regular business activities continuing consistent with the objectives defined by the Salini Impregilo Group.
An overview of the main projects in the portfolio of the concession activities, broken down by country, is provided below.

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 continued to operate its activities reporting a basically breakeven result, while, with particular reference to investments in associates, a number of disputes, initiated by the Group in prior periods, continue with the grantor administrations and with central authorities. In this regard, the Group is pursuing its legitimate right to the restitution of the considerable investments – made in the past and already almost fully written down at the time – which, due to the general default by the counterparties, to date have yet to be reimbursed.

Italy

In the domestic market, the "Concession" segment's activities involve three recently acquired major projects for which construction activities are not yet fully operational. These projects are:

(i) Line 4 – Milan Subway System: This project involves the construction of a new subway line in Milan in the Linate/Lorenteggio branch. Salini Impregilo's share of the concession is 29%.

(ii) Broni-Mortara highway: This project calls for the design, construction and operation for 43 years of a new 50-kilometer highway connecting Lombardy and Piedmont. Salini Impregilo's share of the concession is 61.08%.

(iii) Port of Ancona: This project calls for the construction and operation for 30 years of a system of roads linking the Port of Ancona with Highway A14 and State Road 16 Adriatica. Counting the main roads and the access roads, the new roads will cover a length of about 11 kilometers. Salini Impregilo's share of the project is 47%.

Risk areas

The associate Ochre Solutions – of which Impregilo International Infrastructures NV holds a 40% stake and owner of the concession contract for Oxford University Hospitals – received two warning notices this year, concerning the quality of services offered. Several parts of these notices are being disputed by the directors, despite the fact that the receipt of three notices within a six month period constitutes an event of default under the contractual agreements between the company and the grantor. An event of default would allow the grantor to terminate the concession contract, resulting in the transfer of all rights under the contract to the grantor against compensation as contractually determined.

Ochre Solutions maintains regular contact with the grantor and, together with its service providers, is taking all the necessary steps to restore the quality of the services to the agreed levels and to prevent the events that were cause for the above mentioned notice from happening again. The grantor has been cooperative and the directors are confident that a solution to the problems during the period will be found, even if there is a degree of uncertainty regarding the corrective actions taken.

Additionally, the receipt of two notices is considered a potential event of default under the loan agreement for the concession, which could result in the lending bank taking action, which may include demanding payment of the amount due. Here too the directors are implementing the corrective measures required to prevent an event of default.

The directors of Ochre Solutions are engaged in ongoing dialogue with the grantor and believe they will be able to reach an agreement to resolve the problems identified and improve business relations with the parties involved in managing the contract. As things currently stand, in view of the corrective measures recently taken, the directors believe that there are no other risks, besides those reported in relation to Ochre Solutions, that would jeopardize the restoration of the operating conditions required by the contract. Given the uncertainty of the results of the actions taken, it can not be ruled out that events may occur in the future requiring changes to be made the existing assessments.

Non-current assets held for sale and discontinued operations

In the consolidated statement of financial position, income statement and statement of cash flows of the Salini Impregilo Group at September 30, 2014, the entries related to “Non-current assets (liabilities) held for sale and discontinued operations” include the following main items:

- the remaining net assets of the USW Campania Projects;
- the net assets attributable to the subsidiary Todini Costruzioni Generali S.p.A. and its controlling interests;

Furthermore, as regards Fisia Babcock Environment G.m.b.H., in view of the fact that during the first quarter of 2014 it was sold to external parties, the profit (loss) from discontinued operations at September 30, 2014, includes the profit from the sale which, net of taxes and other directly associated costs, totaled € 89.2 million.

The main information about the performance of these disposal groups in the first nine months of 2014 is presented below in this chapter, using an approach that is consistent and in line with that described in the Annual financial report of the Salini Group for the year 2013.

Part one – USW Campania Projects

The Group became involved in the solid urban 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.

The main phases of the USW Campania projects were as follows:

(i) the “Contractual” phase which started in the 2000-2001 period with the signing, by the two project companies FIBE and FIBE Campania, of the service contracts for the disposal of urban waste in the provinces of Campania and ended on December 15, 2005 with the cancellation “by power of law” of these contracts pursuant to Decree Law No. 245/2005 (converted into Law No. 21 of January 27, 2006);

(ii) the “Transitional” phase which started upon conclusion of the Contractual phase and lasted until the enactment of Decree Law No. 90 of May 23, 2008 and Decree Law No. 107 of June 17, 2008, both converted into Law no. 123 of July 14, 2008. The latter measure officially marked, among other things, Impregilo Group’s exit from the waste disposal business, by transferring the title to the RDF facilities to the Provincial Administrations; and

(iii) the “post-transitional” phase which, launched at the end of the “Transition” phase and to date is still underway, is defined more concisely as the “Current” phase.

On the reporting date of this Interim financial report, the financial position of the Group regarding the USW Campania Projects was concentrated mainly in the components of working capital, consisting of the net receivables due to FIBE in connection with the Contractual and Transitional phases amounting to € 106 million at September 30, 2014.

At the same time, the major problems that, since 1999-2000, have characterized the Company’s

activities within the service contracts and that have been discussed in detail and reviewed in all of the financial reports published by the Group starting from that period, have evolved and became more complex over the years, giving rise to a large range of disputes, some of which major and in part still ongoing, in spite of the positive developments in recent years. The general situation in terms of pending litigation is still particularly complex. A brief overview is provided below, especially in relation to the existing risk positions.
Since FIBE Campania S.p.A. was incorporated into FIBE S.p.A. in 2009, in the rest of this chapter, unless otherwise stated, reference is made exclusively to FIBE S.p.A., even with regard to positions and events that affected the company dissolved through the merger.

Administrative litigation

Recovery of the amounts owed to FIBE by local administrations for waste disposal fees up to the date of termination of the contracts

The *ad acta* Commissioner appointed by the Regional Administrative Court to recover the receivables owed to the former contractors by local administrations in Campania for the waste disposal services provided until December 15, 2005, after filing an initial report in August 2009, submitted a second report in June 2013, based on a more detailed investigation and assessment of the above-mentioned receivables through subsequent adversarial audits of the accounting records and documents submitted by the parties, which while containing a review of the receivables owed to FIBE for the activities performed pursuant to contract, submitted to the Regional Administrative Court the issue of the offsets claimed by the Administration for the relevant jurisdictional considerations and the respective decisions. With order no. 8889/2014 the Regional Administrative Court held that the claims could not be offset (due to the fact that they were subject to other pending disputes) and adjourned the hearing to November 16, 2014, for the Commissioner to complete the assignment.

Request that FIBE take back ownership of certain areas and storage sites by the parties appointed by the Government Commissioner to handle technical and operating activities

Starting in 2008, FIBE had to deal with a number of repeated events where the parties appointed by the Government Commissioner to handle technical and operating activities demanded that FIBE take back ownership of certain areas and storage sites acquired by the appointed parties in August 2008, since they were deemed not to be suitable for the management of the service. The Regional Administrative Court of Lazio and the Council of State, following the appeals by FIBE, confirmed the operability of the assets in question. 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. It also requested to 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. responded in each of these proceedings, which are still in progress.

Administrative procedures for the recording and recognition of the costs for activities carried out and the work ordered by the Administration during the transitional management period

As early as 2009 FIBE filed a complaint with the Regional Administrative Court of Lazio regarding the slowness by the Administration in completing the administrative procedures for the recording and recognition of the costs incurred by the former service contractors for activities carried out pursuant to law and the work ordered by the Administration and performed by the companies during the transitional management period.

Through a number of appeals made to the Regional Administrative Court, FIBE:

- proposed an initiative for the issue of the necessary declaration and satisfaction orders against the local public authorities, also on an admonitory basis. The admonitory motion was denied, as the Regional Administrative Court did not find that there was a justification for issuing a payment injunction. The merit hearing is currently pending;

- a preliminary motion for the appointment of a court-appointed expert who, after examining the documentation presented, would identify the amount due to the administration during the transitional management period.

The Regional Administrative Court ordered an audit of the accounting documents submitted for reporting purposes, in order to ascertain whether the claims lodged in the proceedings are grounded, reserving its merit decision until completion of the procedure. The questions posed in the ruling were submitted to the auditor, which was identified by the Court as La Sapienza Rome University. A partial expert's report covering the period from December 15, 2005 to December 31, 2006 was filed on January 29, 2013, followed by a final report dated March 31, 2014, in which, essentially, the auditor, in providing comprehensive answers to the queries of the Regional Administrative Court, analyzed the amounts listed by FIBE in its appeal and the corresponding supporting documents, finding substantial consistency between them. In addition, the auditor left the Regional Administrative Court to decide the judicial validity of the documents submitted by FIBE, which provide evidence of the work ordered and, lastly, did not render an opinion (because it had not been requested) regarding the amounts reported but not subject to review by the Commissioner's entities in charge at the time. To review these entries, the Regional Administrative Court will need to raise new specific questions.
The appeal remains pending, while awaiting a hearing date to be set.

Delivery of waste to the Acerra waste-to-energy plant

With their appeal notified on May 18, 2009 (RG No. 4189/09), the companies challenged Prime Minister's Order No. 3748/09 before the Regional Administrative Court of Lazio whereby only waste produced and stored after the date of termination of the service contracts with the companies (December 15, 2005) was to be delivered 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 all of the bales produced and stored in the Campania region (regardless of the solution selected by the Public Administration as to which waste was to be disposed of first and which one later) rests solely with the Administration, the Companies challenged this order before the Regional Administrative Court of Lazio – Rome as a precaution.

Payment of the RDF plants

The Regional Administrative Court of Lazio issued ruling No. 3886 on May 5, 2011, on FIBE's appeal (RG No. 9942/2009) for the local public authorities' non-payment of FIBE's non-amortised costs at December 15, 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 December 15, 2005, until settlement.

The Administration proposed a number of initiatives aiming to avoid payment of the amount due up until the Enforcement Judge of the Court of Rome, in the decision dated July 24, 2013, ordered that FIBE be paid € 240,547,560.96 to cover the receivable due for principal and legal interest. The judge also suspended the enforcement procedure for the additional interest requested and set a deadline of November 30, 2013 for the merits ruling about the opposition.

Both parties have initiated proceedings on the merits and the hearing is scheduled for December 1, 2014.

Still on the subject of payment of the costs not depreciated at December 15, 2005, for the Campania RDF plants measures are being taken to recover the VAT paid on the principal amount collected of € 204,742,665.00 ordered to be paid by the judge. The enforcing judge that the company relied on to successfully settle its claim, after concluding that there were some doubts on whether or not the amount recognised was subject to VAT, suspended the enforcement procedure. This order was confirmed by the Court *en banc* session, with its ruling on September 23, 2014. The company is currently engaged in taking the appropriate legal action to recover the amount.

Environmental disputes

During the various stages of the USW Campania projects, the Group had to deal with a large number of administrative measures regarding reclamation and the implementation of safety measures at some of the landfills, storage areas and RDF facilities. The unsuccessfully resolved proceedings are on hold pending the merit hearings. For the proceedings regarding the characterization and emergency safety measures at the Ponericcio site, the RDF facilities in Giugliano, the temporary and permanent storage area at Cava Giuliani, the Regional Administrative Court of Lazio, with ruling 5831 and 6033 of 2012, rejected the appeals filed by Fibe s.p.a.. An appeal against this ruling, based also on contamination found at a site different to those subject of the proceedings, was filed with the Council of State. They denied FIBE's precautionary motion to stay the enforcement of the decision. A date for the merits hearing has not been set yet. Meanwhile, Fibe is continuing with the characterization operations for the above sites, but this does not constitute any admission of liability whatsoever.

Civil litigation

By a summons served in May 2005, the Government Commissioner filed an action requesting compensation from FIBE, FIBE Campania and FISIA Italimpianti for alleged damages of about € 43 million. In the course of the proceedings, the Government Commissioner increased its damage claims to over € 700 million, plus a further to claim for damages to its image quantified at € 1 billion.

The Companies joined the proceedings and, in addition to disputing the claims made by the Government Commissioner, filed a counterclaim requesting compensation for damage and sundry charges determined in the initial filing at more than € 650 million, plus a further to claim for damages to their image quantified at € 1.5 billion. More specifically, the respondent Companies complained about the significant delay (compared with the schedule of the 2000 and 2001 contracts) in issuing the permits required to build the waste-to-energy facilities and the resulting delay in the construction of such facilities. These delays led both to a lengthening of the temporary storage period of the so-called "eco-bales" produced and an increase in the volume of stored "eco-bales," which resulted in the need to find bigger storage areas: circumstances that caused the contractors FIBE and FIBE Campania to incur greater costs.

In the same proceeding, the banks that issued FIBE and FIBE Campania's performance bonds to the Government Commissioner also moved for the Commissioner's claim to be denied and, in any case, asked to be held harmless by Impregilo from the commissioner's claims. Salini Impregilo (then Impregilo) joined the proceedings contesting the request of the guarantor banks.

The public prosecutor appealed against the ruling of April 11, 2011, which found that jurisdiction rested with the administrative court and not with the ordinary court. The hearing for closing arguments before the Naples Court of Appeals is set for December 11, 2014.

By a "reactivation brief" filed on August 1, 2012, the Ministry of Justice and the Cassa Ammende reactivated before the Court of Milan the proceedings concerning the enforcement of sureties totaling € 13,000,000.00 provided by some large credit institutions to guarantee the performance of the orders issued by the Public Prosecutor of Naples in connection with the seizure of the RDF facilities.

With decision no. 6907/14 the Court of Milan denied the requests made by Cassa Ammende and by the Ministry of Justice against the banks, UniCredit and ABC International Bank PLC, accordingly declaring the claims for recourse filed by the banks against Impregilo and Fibe and the latter against the Office of the Prime Minister absorbed.

The Ministry of Justice and the Cassa Ammende filed an appeal against this decision. The related proceeding is scheduled to be brought before the Milan Court of Appeals on January 15, 2015.

Finally, 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 that the acting commissioner is still working on. Accordingly and comforted by the advice of counsel that supports it in this complex context, the Group believes that FIBE's fully compliant conduct during the "contractual" period can reasonably be confirmed and that the risk of a negative outcome of these proceedings is merely possible. Specifically, the Company's counsel believes that the public administration's claims can reasonably be resisted considering the counterclaims and, moreover, the admissibility in these proceedings of a court ordered offsetting process.

Lastly, pending proceedings include a lawsuit in opposition to a payment injunction issued by FS Logistica (formerly Ecolog) against the Office of the Prime Minister for the payment of consideration owed for assignments it received from 2001 to 2008 by the then Government Commissioner for shipment of waste outside Italy. The claim, made through a summary procedure, was lodged against the Office of the Prime Minister which turned to FIBE as guarantor. FIBE, on the one hand, objected pointing out that this request for guarantee was the same as the one already subject of lawsuit filed by the Office of the Prime Minister/Government Commissioner before the Court of Naples and concluded with Decision No. 4253/11, as mentioned above, in which the Court found that it lacked jurisdiction, and, on the other hand and with regard to the counterclaims lodged by the Office of the Prime Minister, noted both the inadmissibility of the counterclaims due to the totally different titles compared with the original claim of FS Logistica and the fact that these counterclaims had already been put forth by the Office of the Prime Minister in numerous other proceedings that are still pending. Following a hearing held on July 11, 2013, the judge adjourned the proceedings and scheduled a discovery hearing for January 24, 2014. At that hearing, the judge allowed a court ordered technical expert's report only with regard to the claims of FS Logistica towards the Office of the Prime Minister and subject to the payment injunction. The next hearing will be held on January 25, 2015.

Criminal litigation

In September 2006, the Public Prosecutor of 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 in liquidation with a "*Notice of the completion of the preliminary investigation about the administrative liability of legal entities*" related to the alleged administrative violation pursuant to Article 24 of Legislative Decree No. 231/2001, within the framework of criminal proceedings against some former Directors and employees of the above-mentioned companies, who were being investigated for the crimes subject of Article 640, Sections 1 and 2, No. 1, of the Italian Criminal Code in connection with the contracts for management of the urban solid waste disposal cycle in the Campania region. Following the preliminary hearing of February 29, 2008, the Preliminary Hearing Judge at the Court of Naples granted the motions for indictment made by the Public Prosecutor.

It is also worth mentioning in this regard that the Court, upholding the exception raised by the defence counsels of the Companies, excluded the option of allowing parties to join the proceedings as plaintiffs seeking damages from the public entities involved pursuant to Legislative Decree No. 231/2001 and, consequently, declared that all filings to join the proceedings as plaintiffs seeking damages from the companies were inadmissible.

As part of these proceedings, the Judge for the Preliminary Investigation ordered, in his ruling on June 26, 2007, the precautionary seizure of the profit from the alleged crime, estimated to amount to about € 750 million.

The precautionary proceedings continued for five years and finally ended in May 2012, without any action taken against the Group. On November 4, 2013, the Court of Naples handed down a decision finding all defendants not guilty on all charges. In March 2014, the Naples Public Prosecutor appealed the decision.

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In 2008, as part of a new investigation by the Court of Naples into waste disposal and related activities in the region carried out after the termination of the contracts by force of law (on December 15, 2005), the Preliminary Investigations Judge, upon a request by the Public Prosecutor issued preventive measures against some managers and employees of FIBE, FIBE Campania and FISIA Italimpianti and managers in the Commissioner's office. As part of this investigation, which in the record is described both as a continuation of an earlier investigation and as separate proceedings based on new charges, the former contractors and FISIA Italimpianti are again charged with the administrative liability attributable to legal entities pursuant to Legislative Decree No. 231/01.
The preliminary hearing was completed on January 29, 2009 with the indictment of all defendants, while at the hearing held on March 21, 2013, the Preliminary Hearing Judge indicted all defendants and legal entities involved pursuant to Legislative Decree No. 231/2001 for all of the charges in the proceedings before the Court of Rome scheduled for July 16, 2013.

During this hearing, the Court of Rome adjourned the proceedings to April 1, 2014, where judgement was delivered by the Fifth Criminal Chamber of the Court of Naples for the "parent" case (15940/03 R.G.N.R.). This will also serve to better assess the requests of evidence that will be presented by the parties at the hearing scheduled for November 18, 2014.

The Group companies involved in the new proceedings firmly believe that their actions were lawful, because their activities were not only expressly mandated by Law No. 21/2006 but were also carried out "merely at the behest" of the Delegated Commissioner.

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On December 23, 2011, FIBE S.p.A., in its capacity as the legal entity involved pursuant to Legislative Decree No. 231/01, was served with a notice of completion of the preliminary investigations related to another investigation by the Naples Public Prosecutor. The charges are based on a violation of Article 24 of Legislative Decree No. 231/01, as it applies to the occurrence of the crime subject of Article 81, Section Two, Article 110 and Article 640, Sections 1 and 2, of the Italian Criminal Code, committed jointly and with the prior agreement of the defendants (individuals) and other parties to be identified, in connection with the management of an urban wastewater purification service based on treatment facilities.

Specifically, certain individuals from the Commissioner's Officer and FIBE S.p.A. allegedly actively encouraged and induced other competitors to implement stratagems and tricks to hide and conceal the very poor management of the above-mentioned wastewater treatment facilities.
FIBE S.p.A. is a defendant because it allegedly submitted expense reports that, among the other items related to the disposal of USW, included the cost of transporting leachate, while failing to mention the fact that the leachate was transported to facilities without the requisite proper permit and lacked the technical qualifications and residual treatment capacity.

The public prosecutor filed a motion requesting that the Judge for the Preliminary Hearing at the Court of Naples hear the case. At the hearing held on May 19, the Judge, Mr. Modestino, upholding the lack of functional jurisdiction of the Court of Naples, pursuant to article 11 of the Code of Criminal Procedure, presented by the defence of the "public party", ruled that it lacked jurisdiction and ordered that the record of the proceedings be forwarded to the Rome Public Prosecutor. This was also based on this proceeding's connection with the so-called "Rompiballe" case already transferred to Rome pursuant to Article 11 of the Code of Criminal Procedure as a result of an acting magistrate being listed by the Public Prosecutor of Naples as being under investigation.

We are awaiting the Rome Public Prosecutor's decision on prosecution.

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, the Company is fully convinced that it acted in accordance with the law.

Assessment by the Board of Directors regarding the status of the USW Campania Projects at September 30, 2014

Salini Impregilo Group's general situation with respect to the USW Campania Projects at September 30, 2014, is still extremely complex and uncertain.
The rulings by the administrative courts regarding the claims put forth for the costs of the RDF facilities that had not been amortized when the service contracts were cancelled (December 15, 2005), as discussed earlier in this Report, are positive and extremely important factors, because they support the Group's arguments regarding the correctness of its conduct and the resulting assessments made to date.
Although, at the end of March 2014, the Naples Public Prosecutor appealed the decision by which the Court of Naples acquitted of all charges – with the formula "there is no case to answer" – both the individuals and the companies involved, it is confirmed, consistent with the opinion of the Group's legal advisors for the case, the belief that future developments of these proceedings and of proceedings pending in other venues (administrative, criminal and civil) will prove that the Group acted properly.

Taking also into account the recent rulings handed down by the administrative judges regarding the previously mentioned environmental issues, which are still pending with regard to merit and for which the risk of an unfavorable outcome was assessed, with the support of the counsel assisting FIBE in the various disputes, as being in the realm of mere possibility, at this time, an accurate timing for the end of the various pending proceedings cannot be reasonably determined.

In view of the complexity and development of the different disputes described in detail in the preceding paragraphs, the possibility that future events, unforeseeable at this point, could occur requiring changes to the assessments made thus far cannot be excluded.

Part Two – Todini Costruzioni Generali Group

In the latter part of 2013, the Board of Directors of Salini S.p.A. resolved to consider the possibility of realizing the value of the 100% interest held in Todini Costruzioni Generali S.p.A. (hereinbelow "Todini") through its divestment. On the basis of the agreements signed during 2013 with Todini Finanziaria S.p.A. (hereinbelow "Todini Finanziaria"), Salini Impregilo S.p.A. exercised the option to acquire the remaining 22.29% share capital of Todini on July 28, 2014 for a total consideration of € 5 million.

The aim of creating a global player in the sector of complex infrastructures capable of competing with the main international competitors, in terms of economies of scale, size and geographic complementarities made the development of the projects currently included in the order backlog of Todini no longer strategic for the purpose of achieving the objectives of the Industrial Plan.

The guidelines for future commercial initiative, increasingly focused on the acquisition of large-scale projects, call for a rigorous selection of new business opportunities in accordance with predefined profitability and cash flow generation parameters and in areas with strong growth potential.

The markets in which this subsidiary operates are attractive and, should opportunities develop that meet the scale requirements of the Group's current commercial policy, possible participation and/or acquisition methods will be considered.

The tables below show the highlights from the financial statements of the Todini Group classified into non-current assets and liabilities held for sale:

Income statement data

(In millions of euros)	**Jan-Sep 2014**	**Jan-Sep 2013**
Revenue	198.3	266.5
Operating profit (EBIT)	(46.7)	(27.9)
Financing income (costs)	4.7	(9.3)
Gains (losses) on investments	(0.2)	(0.6)
Net profit (loss) for the period	(29.1)	(28.5)

Statement of financial position data

(In millions of euros)	**September 30, 2014**	**December 31, 2013**
Non-current assets	*93.3*	*87.6*
Provisions for risks, post-employment benefits and employee benefits	*(8.1)*	*(7.4)*
Working capital	*151.0*	*203.5*
Net invested capital	**236.2**	**283.7**
Net financial position	**(50.8)**	**(53.9)**
Net assets	**185.4**	**229.8**

Risk areas

A1 Milan-Naples Highway, work to upgrade the Apennine Mountains section between Sasso Marconi and Barberino di Mugello, La Quercia-Aglio segment

This project refers to the work to enlarge and modernize the A1 Highway, Base tunnel – Lot 9-11 – Valico Bypass. This order is part of a larger project being implemented by Autostrade per l'Italia S.p.A. to upgrade the A1 Highway with the construction of the Valico Bypass to improve traffic conditions and reduce travel time between Bologna and Florence. The iconic work of the Valico Bypass is the Base Tunnel: a tunnel with separate lanes (cross-section of 160 m^2 and length of about 8.6 km) that will link the Emilia Romagna and Tuscany regions, connecting the future Badia Nuova rest area in the north with the new Poggiolino interchange in the south.

The works have been substantially completed with the exception of finishing work and some minor works to be carried out in the Tuscany Region.

Starting in June 2011, the Florence Public Prosecutor, at the end of an investigation launched in 2005, charged some employees/senior managers of Todini Costruzioni Generali S.p.A. with environmental crimes allegedly related to the construction of the Valico Bypass.

By a decision dated November 5, 2012, the Preliminary Hearing Judge ruled that the statute of limitations had run out on all of the crimes with which the defendants were charged regarding water control and effluent management and indicted the above-mentioned defendants for the alleged crimes concerning the management of excavated soil and rocks and environmental damage.

In relation to these proceedings, on March 26, 2013, at a hearing before the Court of Florence, the Ministry of the Environment joined the proceedings as a civil plaintiff seeking damages from the civilly liable parties Todini C.G., Autostrade per l'Italia S.p.A. and other contractors involved (in addition to the defendants themselves), putting forth a damage claim "for equivalent asset value" in an amount of at least € 810 million or different amount awarded in the proceedings.

In support of its claim, the Ministry of the Environment filed a report by the I.S.P.R.A. (an institute established within the Ministry), which was deleted from the record of the proceedings at a hearing on December 9, 2013, as the Judge ruled that the introduction of this document could not be allowed because it had not been developed through an adversary process and lacked the name of the party who wrote it.

Since the civil plaintiff failed to produce documents or consultants, at this point, the damage claim is not supported by any evidence as to its amount.

The discovery phase began in January 2014. Thus far, no evidence concerning the type of crime for which Todini is being charged has been analyzed, nor has any activity been carried out to verify whether the conduct and damage did occur.

The Group denies having any responsibility for the disputed issues, emphasizing that its conduct was completely lawful and that the charges levied against it are groundless. It also objects to the outrageous amount of the damage claim filed by the Ministry of the Environment, which, in addition to being put forth without first requesting the adoption of any environmental remediation measures that might have been necessary, does not appear to be compliant with Italian law and European Directive No. 2004/35/EC. In that regard, the European Commission activated infraction proceedings against Italy in 2007 (No. 2007/4679), confirmed on January 27, 2012 with a complementary reasoned opinion, which recently resulted in the adoption, with Law No. 97 of August 6, 2013, of amendments to the Uniform Environmental Code enacted with Legislative Decree No. 152 of April 3, 2006, which include the elimination from the text of Article 311 of the above-mentioned Legislative Decree No. 152/2006 of the reference to the damage claim "for equivalent asset value," due to the fact that compensation for environmental damages can first of all be achieved with specific remediation measures.

In view of the foregoing considerations and comforted by the opinion of counsel, the Group believes that the above-mentioned damage claim is devoid of merit and, consequently, that the risk of the claim being granted is remote. Consequently, management did not find it necessary to recognize a provision in its financial statements.

Naples, construction of a railway section for an urban railway system, Piscinola-Secondigliano segment

Construction of the civil engineering structures for the Piscinola – Secondigliano railway segment, part of a project to modernize and upgrade the Naples – Alifana railway, was suspended in the second half of 2011 due to the customer's failure to pay the consideration owed for the work. As a result, the only activities carried out concerned ensuring the safety of the jobsites.

The customer, while aware of the strategic significance of the project for the purpose of completing the railway system ringing the City of Naples, was unable to honor its commitments due to the financial difficulties that characterized the budget of the Campania region, which, ultimately, created a shortage of financial resources at the Metrocampania Nordest S.r.l. subsidiary, making the disbursements of the consideration owed extremely difficult.

In light of this situation, the Ministry of Infrastructures and Transportation, in accordance with the provisions of Decree Law No. 83 of June 22, 2012 (converted into Law No. 134 of August 7, 2012), appointed and ad acta Commissioner tasked with determining the amounts of the payables and receivables of the companies that operate the regional railway services, with the aim of developing a plan to cover the ascertained deficit.

At this point, the appointed Commissioner has apparently completed his task regarding the investigative and planning phase and is now expected to announce his subsequent determinations.

Considering that, in order to allow the Commissioner to carry out his activities, the above-mentioned Decree Law specified that no payment enforcement actions may be activated or pursued against the companies owned by the regional administration that operate railway transportation services for 12 months from the effective date of the above-mentioned Decree Law No. 83 (which deadline was extended several times), the subsidiary Todini Costruzioni Generali S.p.A. nevertheless took all actions that it deemed necessary to obtain satisfaction of its rights, while maintaining a non-confrontational relationship with its customer, who still considers completion of the railway segment in question as a priority for the effective operation of the metropolitan railway ring.

Ukraine

This country is currently going through a phase of social and geopolitical instability caused by the suspension by the Ukrainian government of the negotiations for the agreement of association with the European Union.

The Todini Costruzioni Generali subsidiary operates in Ukraine with a permanent organization, which was awarded a project to rehabilitate a section of the M03 Highway, and through a joint venture with Akkord, a local partner, through which the modernization of Highway M06 has been virtually completed.

Because the jobsites are located near the cities of Poltava and Zhytomyr, geographically removed from the areas most affected by the current social crisis, production activities were not affected to any significant degree.

However, the weakness of the new political class and uncertainty about the country's immediate political future, coupled with a steady weakening of Ukraine's position versus its Russian neighbor for the supply of natural gas, caused a dramatic financial crisis that could be solved only with the intervention of the international community.

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.

Events occurring after the end of the reporting period

This section presents the main events that occurred after September 30, 2014, to the extent that they were not the subject of specific comments in earlier sections of the Interim financial report of the Salini Impregilo Group at September 30, 2014.
On October 3, 2014, the customer for the contract for the construction of line 6 of the Santiago Subway System notified the company Empresa Constructora Metro 6 Limitada, wholly controlled by Salini Impregilo, of the early termination of the contract. A description of the overall situation is provided in the section "Risk areas" of the chapter "Operating performance by geographic region".
On October 6, the share buy-back program began. The program is based on the resolution of the Ordinary Shareholders' Meeting of Salini Impregilo S.p.A. which, in the meeting held on September 19, 2014, authorized the Board of Directors for the purchase and disposal of ordinary treasury shares. At the date of preparation of this Interim financial report a total of 3,104,377 shares had been purchased for a value of € 7,676,914.46. The share buy-back program is described in the "Corporate" section of this Interim financial report.
On October 13, 2014, the Salini Impregilo Group was provisionally awarded the order for the construction of approximately 18.4 km of Lot B of the S7 expressway in Poland up to the Slovakian border. The value of the contract is approximately € 194 million, with works expected to last 26 months. An advance of 5% is due to be paid when the contract is signed.
On October 14, 2014, Salini Impregilo and the National and International Construction Unions – Feneal Uil, Filca Cisl, Fillea Cgil, BWI – signed an International Framework Agreement under which the parties agree to promote and to respect, at all worksites where the Italian Group operates, the fundamental human rights principles, as defined by the key international declarations of the United Nations, the International Labour Organisation and the OECD. By signing this Agreement, Salini Impregilo continues to be the only company in the industry to have signed an agreement with national and international unions for workers' rights at all of the work sites around the world in which it operates. With this Agreement, the Parties acknowledge the importance of promoting and adopting open and democratic industrial relations in all countries in which the Group operates, in conjunction with transparent collective bargaining procedures between union representatives and members of the Salini Impregilo Group.

On October 22, 2014, Salini Impregilo, through the wholly owned company Metro Team I/S (CMT), signed a Supplementary Agreement with Metroselskabet I/S for the award of supplementary works worth about € 240 million to complete the Copenhagen Cityringen project, Copenhagen's new subway system. In 2011, Salini was awarded the € 1,500 million contract for the construction of the new metro line of over 16 km with 17 new stations in the city center.
On October 23, 2014, Salini Impregilo, in consortium with its Austrian partner Strabag, and the client BBT SE – Brenner Base Tunnel/Brenner Basistunnel – signed the agreement to commence works for the construction of the "Isarco River Underpass" of the Brenner Base Tunnel, one of the most challenging lots of the entire project in engineering and financial terms. The value of the lot is € 300 million.
Salini Impregilo has signed a contract to build the Dugway Storage Tunnel in Cleveland, Ohio, worth USD 153 million (€ 123 million). The Dugway Storage Tunnel is 4.5 km long, with a diameter of 8 metres. The contract also envisages the construction of 6 shafts of varying diameters and depths, connections between the tunnel and the shafts and a series of concrete structures for the collection and transporting of wastewater and rainwater. The project is part of a broader plan for the collection, storage and treatment of these waters, with the objective of reducing the level of environmental pollution in Lake Erie.

For events occurring after September 30, 2014 concerning the USW Campania Projects, please see the section of this interim report on operation entitled "Non-current assets held for sale – USW Campania Projects".

No other significant events occurred after September 30, 2014, beyond those described the previous sections of this Interim financial report.

Business outlook for the current year

The most significant events of the period under review include in particular the share capital increase, successfully completed in the first half of 2014 and described above in this Interim financial report.
This transaction completed the events that characterized the Group's governance during the previous year and that led to the merger between the former controlling company and now incorporated company Salini S.p.A. and the incorporating company Impregilo S.p.A. and the consequent change of company name to Salini Impregilo S.p.A.

The above transactions, in addition to strengthening the Group's financial position, will further improve its strategic position and competitive edge in its target markets over the medium term, consistent with the strategic guidelines and objectives of the 2014-2017 Industrial Plan.

At the end of the first nine months of 2014, a truly outstanding order portfolio, both in qualitative and quantitative terms, and a well-balanced financial structure, continue to be important growth and development factors that the support the directors' expectation of results that will be in line with the guide lines announced to the market.

Other information

Investigation by the judiciary – Court of Milan (proceedings activated before the Court of Monza)

Following the proceedings initiated by the Public Prosecutor of the Court of Monza – in which the Chairman of the Board of Directors and the Chief Executive Officer of Impregilo in office at time of the events in question are being investigated for the crimes covered by Articles 81 and 110 of the Italian Criminal Code and Articles 2621 and 2637 of the Civil Code – Impregilo S.p.A. and Imprepar S.p.A. were the targets of a preliminary investigation in connection with an alleged administrative violation related to the crimes subject of Article 25-ter, Letters a) and r), and Articles 5 and 44 of Legislative Decree No. 231/2001. The charges against the targets of the investigation were announced by the relevant Public Prosecutor with a notice dated October 13, 2005.

The alleged charge against Impregilo is to have "prepared and implemented an organizational model unsuitable to prevent the crimes" allegedly attributed to the officers target of the investigation, from which the Company is alleged to have benefited.

The proceedings progressed through a series of interconnected and complex procedural phases, at the end of which, at a hearing held on July 12, 2007, concurring with the objections that the counsel for the defendants and the companies involved in these proceedings had raised since the preliminary hearing, the Court of Milan, ruling on a preliminary basis, declared that "the indictment issued by the Preliminary Hearing Judge at the Court of Milan on February 21, 2007, in the proceedings pursuant to Article 416 of the Code of Criminal Procedure, was null and void" and, consequently, ordered that the record of the proceedings be sent back to the Public Prosecutor at the Court of Milan.
Consequently, the Milan Public Prosecutor reactivated the proceedings and, in November 2007, filed with the Judge for Preliminary Investigations in Milan a motion to end the proceedings. On February 13, 2009, the Judge for Preliminary Investigations granted the motion of the Public Prosecutor limited to a portion of the charges, which were dismissed. As a result of this decision, the proceedings targeting Imprepar S.p.A. ended.
At the same time, the judge sent the record of the proceedings back to the Public Prosecutor for a filing of charges for the portion of the motion that had not been granted. Specifically with regard to the charges that were not dismissed by the Judge for Preliminary Investigations, the Company filed a motion for summary judgment and, at a hearing held on September 21, 2009, the Public Prosecutor requested a decision of dismissal of the remaining charges.

At the hearing of November 17, 2009, Impregilo was found not guilty both of the first charge, due to the lack of an element of the crime, and of the second charge, as it was not punishable pursuant to Article 6 of Legislative Decree No. 231/01, having adopted adequate organizational models.
On March 21, 2012, the Milan Court of Appeals denied the appeal motion filed by the Public Prosecutor against the lower court's decision, which found Impregilo not guilty of the charge of violating Legislative Decree No. 231/01, and fully confirmed the above-mentioned decision by the lower court judge, who found, inter alia, that the organizational model adopted by the Company was adequate. The Public Prosecutor then appealed this decision to the Court of Cassation, which on December 18, 2013 handed down Decision No. 4677/14 setting aside the decision of the Milan Court of Appeals, returning the proceedings to a different section of the same Court for a new merit review regarding three issues: (i) Decision concerning the preventative suitability of the organization and management model in effect when the events took place and its effective implementation; (ii) Existence of a deceptive and fraudulent conduct by the authors of the alleged crime of insider trading; (iii) Determination that the crime in question (insider trading) did occur.
The proceedings were referred to the Milan Court of Appeals, with a hearing set for November 19, 2014.

Other proceedings – Court of Florence

With regard to the criminal proceedings activated against the C.A.V.E.T. Consortium and certain individuals, including some former managers of the Consortium, it is worth mentioning that the appellate proceedings ended in June 2011 with a decision handed down on June 27, 2011, which reversed in full the lower court's decision, thus reversing the convictions handed down by the lower court and finding both the Consortium and the indicted individuals not guilty of any of the charges. The Public Prosecutor of the Court of Florence appealed this decision to the Court of Cassation, which, on March 18, 2013, set aside in part the decision of the Florence Court of Appeals ordering that the case be returned to the Court of Appeals. The reinstated proceedings before the Florence Court of Appeals got under way on January 30, 2014 and, on March 21, 2014, the Court of Appeals handed down a decision by which it rejected most of the charges levied by the Public Prosecutor, but upheld them in some important cases.

The ruling of the Courts of Appeal of Florence, whose grounds were filed on May 29, 2014, was challenged by all the defendants and by C.A.V.E.T, as a party liable under civil law, and the related appeals were filed for Cassation in September this year.

The Consortium, in protecting its interests, is confident that it will be able to demonstrate, again, in the subsequent courts of instance, the correctness of its actions.

Compliance with the requirements of Article 36 of the Market Regulations

Salini Impregilo confirms that it is in compliance with the requirements of Article 36 of Consob Regulation No. 16191 (the "Market Regulations"), based on the procedures adopted before the above-mentioned regulations went into effect and the availability of the related information.

Research and development activities

In accordance with the requirements of Article 2428 of the Italian Civil Code, the Company discloses that it did not carry out any research and development activities in the first nine months of 2014.

Alternative performance indicators

As required by Consob Communication No. 6064293 of July 28, 2006, information about the composition of the performance indicators used in this document and in the corporate communications of the Salini Impregilo Group is provided below.

Financial ratios

Debt/Equity ratio: this indicator corresponds to the ratio of net financial position as the numerator (with a negative sign signifying net debt) to shareholders' equity as the denominator. The consolidated statement of financial position items making up the financial position are listed in the corresponding accounting schedules, where they are marked with an asterisk (*). The shareholders' equity items are those included in the relevant section of the consolidated statement of financial position. On a consolidated basis, the shareholders' equity used for this ratio includes the amount attributable to minority interests.

Performance indicators

(i) EBITDA or Gross operating profit: this indicators is the algebraic sum of the following items included in the income statement for the period:

1. Total revenue;
2. Total costs, except for depreciation and amortization.

This indicator can also be shown in percentage form, as the ratio of EBITDA to Total revenue.

(ii) EBIT or Operating Profit: this indicator corresponds to the operating profit shown in the income statement and is equal to the algebraic sum of Total revenue and Total costs.

(iii) Return on sales or R.o.S.: this indicator, stated as a percentage, shows the ratio of EBIT, computed in the manner described above, to Total revenue.

The Board of Directors

by: The Chairman

Statement by the manager in charge of financial reporting pursuant to Article 154-bis, Section 2, of Legislative Decree No. 58/1998 (Consolidated Finance Act)

Pursuant to article 154-bis, Section 2, of the Consolidated Finance Act, the manager in charge of financial reporting, Massimo Ferrari, states that the financial information included in this Interim financial report on operation is consistent with the supporting documentation and accounting books and records.

Financial statements

The accounting policies adopted in preparing the consolidated statements of financial position, income and cash flows of the Salini Impregilo Group for the quarter ended September 30, 2014

The Interim financial report on operation of the Salini Impregilo Group at September 30, 2014 has been prepared on a going concern basis and in accordance with the International Financial Reporting Standards (IAS/IFRS).

The presentation and content of these quarterly consolidated statement of financial position, income statement and statement of cash flows comply with the disclosure requirements of Article 154-*ter* of the Consolidated Finance Act.

The recognition and measurement criteria are consistent with those issued by the International Accounting Standards Board (IASB) and endorsed by the European Union as required by Regulation No. 1606/2002 issued by the European Parliament and Council and enacted in Italy by Legislative Decree No. 38/2005.

The accounting standards and measurement criteria used to prepare these statements of financial position, income and cash flows at September 30, 2014 are the same as those used to prepare the consolidated financial statements for the 2013 reporting year, which are explicitly cited here by reference, except for the international accounting standards that came into effect as of January 1, 2014. The adoption of these standards did not produce any material effects on revenue, net profit or loss, shareholders' equity and net financial position.

Consolidated statement of financial position

ASSETS (Amounts in thousands of euros)	**September 30, 2014**	**December 31, 2013 (§)**
Non-current assets		
Property, plant and equipment	523,847	450,760
Intangible assets - Rights to infrastructure under concession	54,125	53,332
Other intangible assets	87,770	111,695
Investments in associates	137,131	131,071
Non-current financial assets (*)	59,689	48,928
Non-current intragroup loans and receivables	4,497	2,791
Other non-current assets	19,284	20,985
Deferred tax assets	121,215	121,132
Total non-current assets	**1,007,558**	**940,694**
Current assets		
Inventories	235,024	215,321
Contract work in progress	1,389,869	1,105,176
Trade receivables	1,332,697	1,188,904
Current receivables from unconsolidated Group companies	588,335	697,558
Derivatives and other current financial assets (*)	17,925	223,129
Current tax assets	91,031	78,868
Other tax receivables	89,269	114,804
Other current assets	370,188	287,889
Financial assets held by SPVs and unconsolidated project companies (*)	604,927	223,789
Cash and cash equivalents (*)	442,579	908,631
Total current assets	**5,161,844**	**5,044,069**
Non-current assets held for sale	562,632	653,604
Total assets	**6,732,034**	**6,638,367**

(*) Items included in net financial position (indebtedness)
(§) Figures restated following the adoption of the new IFRSs.

SHAREHOLDERS' EQUITY AND LIABILITIES (Amounts in thousands of euros)	**September 30, 2014**	**December 31, 2013 (§)**
Shareholders' equity		
Share capital	544,740	62,400
Share premium reserve	120,798	141,484
Other reserves	96,239	16,063
Other components of comprehensive income	7,305	3,411
Retained earnings	247,968	309,488
Net profit (loss)	105,743	166,781
Equity attributable to the owners of the parent	**1,122,793**	**699,627**
Non-controlling interests	32,657	192,522
Total shareholders' equity	**1,155,450**	**892,149**
Non-current liabilities		
Bank and other loans (*)	459,911	634,693
Non-current indebtedness held by SPVs and unconsolidated project companies (*)	1,400	14,484
Bond issues (*)	550,336	552,542
Payables under finance leases (*)	106,695	97,671
Non-current derivatives (*)	4,801	4,350
Post-employment benefits and employee benefits	19,772	20,508
Non-current payables to unconsolidated Group companies	5,733	6,230
Deferred tax liabilities	74,128	73,959
Provisions for risks	104,950	102,207
Other non-current liabilities	1,173	1,044
Total non-current liabilities	**1,328,899**	**1,507,688**
Current liabilities		
Bank account overdrafts and current portion of financing facilities (*)	176,176	313,819
Current indebtedness held by SPVs and unconsolidated project companies (*)	176,663	62,046
Current portion of bond issues (*)	12,403	11,154
Current portion of payables under finance leases (*)	46,624	45,422
Derivatives and other current financial liabilities (*)	861	4
Advances on contract work in progress	1,710,070	1,630,770
Trade payables to suppliers	834,890	750,081
Current payables to unconsolidated Group companies	555,860	632,644
Current tax liabilities	51,611	76,786
Other tax payables	84,437	82,906
Other current liabilities	226,571	214,837
Total current liabilities	**3,876,166**	**3,820,469**
Liabilities directly associated with		
non-current assets held for sale	371,519	418,061
Total shareholders' equity and liabilities	**6,732,034**	**6,638,367**

(*) Items included in net financial position (indebtedness)
(§) Figures restated following the application of the new IFRSs.

Consolidated income statement

(Amounts in thousands of euros)	Jan-Sep 2014	Jan-Sep 2013 (§)
Revenue		
Operating revenue	3,032,935	2,307,600
Other revenue	55,407	34,328
Total revenue	**3,088,342**	**2,341,928**
Costs		
Raw materials and consumables	(372,226)	(348,990)
Service and subcontractor costs	(1,992,749)	(1,538,768)
Personnel costs	(340,682)	(242,812)
Other operating costs	(79,153)	(29,618)
Depreciation amortization, accruals and impairment losses	(121,901)	(97,586)
Total costs	**(2,906,711)**	**(2,257,774)**
Operating profit (loss)	**181,631**	**84,154**
Financing income (costs) and gains (losses) on investments		
Financial income	*27,214*	*20,047*
Financial expense	*(98,805)*	*(79,906)*
Exchange rate gains (losses)	*(40,102)*	*(346)*
Net financing costs	(111,693)	(60,205)
Net gains on investments	4,492	205,270
Net financing costs and net gains on investments	**(107,201)**	**145,065**
Profit (loss) before taxes	**74,430**	**229,219**
Income taxes	(27,539)	(26,104)
Profit (Loss) from continuing operations	**46,891**	**203,115**
Profit (Loss) from discontinued operations	55,226	(40,934)
Net profit (loss)	**102,117**	**162,181**
Profit (loss) for the year attributable to:		
Owners of the parent	105,743	165,388
Non-controlling interests	(3,626)	(3,207)

(§) Figures restated following the adoption of the new IFRSs and in application of IFRS 5 and IFRS 3 following the decision to dispose of Todini Costruzioni Generali and Fisia Babcock Environment and in view of the final redefinition of the PPA process which took place on December 31, 2013.

Consolidated statement of comprehensive income

(Amounts in thousands of euros)	Jan-Sep 2014	Jan-Sep 2013
Profit (loss) for the period (a)	**102,117**	**162,181**
Items that may be subsequently reclassified to profit or loss, net of the tax effect:		
Change in the translation reserve	**3,367**	**12,466**
Net gains (losses) on cash flow hedges, net of the tax effect	**(468)**	**1,480**
Other comprehensive income related to equity-accounted investees	**1,491**	**(2,817)**
Items that may not be subsequently reclassified to profit or loss, net of the tax effect:		
Net actuarial gains (losses) on defined benefit plans	**(288)**	**(294)**
Other comprehensive income (expense) (b)	**4,102**	**10,835**
Total comprehensive income (expense) (a) + (b)	**106,219**	**173,016**

Total comprehensive income (expense) attributable to:		
Owners of the parent	109,637	175,571
Non-controlling interests	(3,418)	(2,555)

Consolidated statement of cash flows

(Amounts in thousands of euros)	Jan-Sep 2014	Jan-Sep 2013 (§)
Cash and cash equivalents	908,631	371,252
Current account facilities	(126,624)	(37,289)
Total opening cash and cash equivalents	**782,007**	**333,963**
Operating activities		
Net profit attributable to owners of the parent and non controlling interests from continuing operations	46,891	203,115
Amortization of intangible assets	19,907	3,799
Amortization of rights to infrastructure under concession	559	363
Depreciation of property, plant and equipment	97,692	85,702
Net impairment losses and provisions	3,742	7,721
Accrual for post-employment benefits and employee benefits	8,957	7,316
Net (gains) losses on the sale of assets	(6,532)	(902)
Deferred taxes	10,034	15,080
Share of loss of equity-accounted investees	(4,693)	(204,223)
Other non-monetary items	88,846	(14,102)
Cash flow from operating activities	**265,403**	**103,869**
Decrease (increase) in inventories	(323,410)	(288,495)
Decrease (increase) in trade receivables	(161,660)	(118,044)
Decrease (increase) in intragroup loans and receivables	42.001	9.396
(Decrease) increase in progress payments and advances from customers	123,642	(17,798)
(Decrease) increase in trade payables	80,568	(17,974)
(Decrease) increase in intragroup payables	(76,487)	137,269
Decrease (increase) in other assets/liabilities	(140.014)	44.534
SICAD 2 impact on items within working capital (*)	(183,689)	-
Total change in working capital	**(639,049)**	**(251,112)**
(Decrease) increase on other items not included in working capital	(18.863)	(9.961)
Cash flows generated (used) in operations	**(392,509)**	**(157,204)**
Investing activities		
Net investments in intangible assets	(9,487)	(67,979)
Acquisitions, net of cash acquired	-	(6,079)
Investments in property, plant and equipment	(172,325)	(96,020)
Proceeds from the sale or reimbursement value of property, plant and equipment	19,304	4,240
Investments in non-current financial assets	(2,508)	(25,971)
Dividends and capital repayments from equity-accounted investees	427	126
Proceeds from the sale or reimbursement value of non-current financial assets	330	1,444
Cash flows generated (used) in investing activities	**(164,259)**	**(190,239)**

(Amounts in thousands of euros)	Jan-Sep 2014	Jan-Sep 2013 (§)
Financing activities		
Share capital increase	161,640	-
Dividends distributed	(420)	(12,979)
Increase in bank and other loans	323,598	1,851,445
Decrease in bank and other loans	(545,422)	(1,430,507)
Change in other financial assets/liabilities	57,043	(148,149)
Change in consolidation scope	(545)	155,642
Cash flows generated (used) in financing activities	**(4,106)**	**415,452**
Net cash flows generated (used) in discontinued operations	**61,196**	**211,077**
Net exchange rate losses on cash and cash equivalents	**131,585**	**(3,176)**
Increase (decrease) in cash and cash equivalents	**(368,093)**	**275,910**
Cash and cash equivalents	442,579	768,275
Current account facilities	(28,665)	(158,402)
Total closing cash and cash equivalents	**413,914**	**609,873**

(§) Figures restated following the adoption of the new IFRSs and in application of IFRS 5 following the decision to dispose of Todini Costruzioni Generali and Fisia Babcock Environment.
(*) The overall effect of the application of SICAD 2, described in the Directors' Report amounted to € 54 million.

Consolidated income statement by geographical region

(Amounts in thousands of euros) **Jan-Sep 2014**	**Italy (*)**	**Foreign**	**Eliminations and unallocated items**	**Total**
Operating revenue	369,708	2,670,082	(6,855)	3,032,935
Other revenue	22,870	74,136	(41,599)	55,407
Total revenue	**392,578**	**2,744,218**	**(48,454)**	**3,088,342**
Costs				
Costs of production	(342,565)	(2,069,617)	43,464	(2,368,718)
Personnel costs	(92,988)	(254,436)	6,742	(340,682)
Other operating costs	(50,058)	(30,769)	1,674	(79,153)
Total costs	**(485,611)**	**(2,354,822)**	**51,880**	**(2,788,553)**
Gross operating profit (EBITDA)	**(93,033)**	**389,396**	**3,426**	**299,789**
EBITDA %	*-23.7%*	*14.2%*	*-7.1%*	*9.7%*
Amortization and depreciation	(27,957)	(91,649)	1,448	(118,158)
Operating profit (EBIT)	**(120,990)**	**297,747**	**4,874**	**181,631**
Return on Sales	*-30.8%*	*10.8%*	*-10.1%*	*5.9%*
Financing costs			(111,693)	(111,693)
Share of profit (loss) of equity-accounted investees		4,492		4,492
Profit (loss) before taxes				**74,430**
Income taxes			(27,539)	(27,539)
Profit (Loss) from continuing operations				**46,891**
Profit (Loss) from discontinued operations	(16,702)	71,939	(11)	55,226
Net profit (loss) for the period				**102,117**

(*) Operating profit (loss) includes the overhead costs for the central corporate units and the other general expenses of € 103.1 million.

(Amounts in thousands of euros)

Jan-Sep 2013 (§)	Italy (*)	Foreign	Eliminations and unallocated items	Total
Operating revenue	409,146	1,951,234	(52,780)	2,307,600
Other revenue	13,528	24,668	(3,868)	34,328
Total revenue	**422,674**	**1,975,902**	**(56,648)**	**2,341,928**
Costs				
Costs of production	(391,591)	(1,515,775)	11,887	(1,895,480)
Personnel costs	(64,464)	(181,295)	2,947	(242,812)
Other operating costs	(10,076)	(19,635)	93	(29,618)
Total costs	**(466,131)**	**(1,716,705)**	**14,927**	**(2,167,910)**
Gross operating profit (EBITDA)	**(43,457)**	**259,197**	**(41,721)**	**174,018**
EBITDA %	*-10.3%*	*13.1%*	*73.6%*	*7.4%*
Amortization and depreciation	(8,530)	(82,236)	902	(89,864)
Operating profit (EBIT)	**(51,987)**	**176,961**	**(40,819)**	**84,154**
Return on Sales	*-12.3%*	*9.0%*	*72.1%*	*3.6%*
Financing costs			(60,205)	(60,205)
Share of profit (loss) of equity-accounted investees	202,443	2,827		205,270
Profit (loss) before taxes				**229,219**
Income taxes			(26,104)	(26,104)
Profit (loss) from continuing operations				**203,115**
Profit (loss) from discontinued operations	14,895	(18,399)	(37,430)	(40,934)
Net profit (loss) for the period				**162,181**

(*) Operating profit (loss) includes the overhead costs for the central corporate units and the other general expenses of € 110.1 million.
(§) Figures restated following the application of the new IFRSs. Furthermore, the data was reclassified in accordance with IFRS 5 and IFRS 3 following the decision to dispose of Todini Costruzioni Generali and Fisia Babcock Environment.

Consolidated statement of financial position at September 30, 2014 by geographical region

(Amounts in thousands of euros)	Italy	Foreign and Eliminations	Total
Non-current assets	501,945	300,928	**802,873**
Assets held for sale, net	173,832	17,281	**191,113**
Provisions for risks, post-employment benefits and employee benefits and other non-current assets (liabilities)	33,680	(141,527)	**(107,847)**
Tax assets (liabilities)	139,551	(48,212)	**91,339**
Working capital	119,424	469,298	**588,722**
Net invested capital	**968,432**	**597,768**	**1,566,200**
Shareholders' equity			**1,155,450**
Net financial position			**410,750**
Total financial resources			**1,566,200**

This document is available at:
www.salini-impregilo.com

Salini Impregilo S.p.A.

Salini Impregilo S.p.A., a company subject to
management and coordination by Salini Costruttori S.p.A.

Salini Impregilo S.p.A.
Share capital € 544,740,000

Registered office in Milan, Via dei Missaglia 97
Tax code and Milan Company Registration no 00830660155
R.E.A. no. 525502 - VAT no. 02895590962

Design
Inarea – Rome