Annual Report

salini impregilo

we build value

31 DECEMBER

2016

Table of contents

CEO's letter to the shareholders

Dear shareholders,

2016 has been a great year for our Group: for the third year running, our results have met and in some cases exceeded the very ambitious targets we had set ourselves.
Over the last three years, we have seen organic growth and profitability above the sector average. Our ability to select those projects with the best profit/risk ratio is one of the key factors underpinning our 2016-2019 business plan presented in London in May 2016. Our acquisition of Lane Construction in the US, which took place towards the end of 2015/start of 2016, was a key contributor to our progress and will allow us to capitalise on opportunities in the US market as a local operator.
We have continued our ongoing transformation from a privately-owned construction company to a global multinational, leader in the large infrastructures sector. Three years ago, we defined our vision: to become a pure player in the infrastructure sector, a market leader for large complex works and the most geographically diversified group in the world. The market has increasingly acknowledged our progress with the Group ranked number one in the water purification sector for the fourth year running (ENR no.1 ranking) and in the US roads sector with Lane (ENR no. 1 ranking).
2016 has been a very difficult year in economic and geopolitical terms. The global growth rate was around 2.3% while that of the advanced economies was 1.6%. The emerging countries' development continued to be held back by the widespread political instability.
Against this backdrop, the construction market is increasingly seen as an economic driver and investments in infrastructure viewed as a boost to economic recovery. Many countries are moving in this direction, first and foremost, the US, whose new administration has announced a USD1 trillion investment plan.
The Group's flexible business model has allowed it to grow and avail of the best market opportunities. Our aim is to build up our presence in strongly growing areas like the US and Australia, while we have maintained our stronghold in the Arab

countries and confirmed our footprint in those areas where we have traditionally had a base, such as the more stable African countries.
We will also continue to focus on those projects that span the global mega trends characterising our sector: renewable energy, megacities, sustainable mobility, strengthening our position in these areas, especially the construction of metros and railways as well as wastewater treatment projects.
2016 has been one of the most important years in the Group's history in terms of the delivery of completed projects and acquisition of new ones: we delivered and opened the new Panama Canal, perhaps one of the most complicated infrastructures ever built and which will generate total income of USD5 billion for Panama when it is fully operational.
In December, we delivered the GIBE III dam in Ethiopia, which is currently the highest RCC dam in the world. This project worth an approximate €1.5 billion has confirmed the Group's global leadership in the water management sector.
Another project we are very proud of is the Stavros Niarchos Foundation's Cultural Centre in Athens, a €600 million project designed by Renzo Piano. It obtained the Platinum certification from the LEED (Leadership in Energy and Environmental Design) Programme, acknowledging its compliance with strict environmental sustainability criteria which, together with its architectural complexity, make it unique.
We also commenced work on a very strategic mobility project in Europe during the year: the Brenner tunnel, which will become one of the core transport corridors of the trans-European transport network (TEN-T) and the longest underground railway line in the world.
The Group acquired many new projects in 2016. The main ones include the Rogun hydroelectric project in Tajikistan worth €1.8 billion and involving construction of the tallest dam in the world; the Koysha dam in Ethiopia worth €2.5 billion, the Perth metro in Australia for €790 million and the construction of a residential urban area in Kuwait city, as part of the larger South Al Mutlaa Housing project for €467 million. Lane was awarded several projects in the US, including the Purple Line Transit System in Maryland (Lane's share exceeds €600 million) and the Interstate 70 in Pennsylvania. At the start of 2017, it also acquired additional projects, such as extension of the 395 Express Lanes in Virginia and the important expansion of the Al Maktoum Airport in the United Arab Emirates (once completed, it is expected to become the largest airport in the world in terms of its size and passenger capacity by 2050).

The Lane acquisition has been a key lever to allow the Group's growth in the US, which is its most strategic market according to the next three-year business plan. The results have already been very satisfactory with Lane increasing its order backlog to €2.5 billion in 2016. Merging Salini Impregilo's and Lane's skills will enable them to exploit the best opportunities on the US market, partly thanks to a marketing campaign for Lane's strategic repositioning to cover not only the roads and highways sector but also the dams, metro and railway sectors.

The Group's ability to win and deliver projects and its sound financial management can be seen in its results for the year. Revenue exceeded the target €6.1 billion to come in at €6,124.5 million. EBITDA jumped 9.5% on 2015 to €560.7 million. New orders of €7.3 billion show the Group's ability to reach and exceed its goals, confirmed by the extraordinary order backlog of €36.9 billion, of which €29.4 billion relates to construction contracts.

Strengthening Salini Impregilo's brand at international level helps consolidate its market leadership. For this reason, it has decided to bolster its reputation by rolling out a marketing campaign on its business culture.

The first important step of this campaign was launched in late 2016 with a conference, "Presente e futuro delle infrastructure nel mondo". At the end of September, Salini Impregilo kickstarted its plan to celebrate the Group's 110 years, involving institutions, investors, opinion leaders and the media and its employees. The event launched the "Beyond - Delivering the Future for the past 110 years" exhibition held at the Triennale di Milan, which was the first time ever that large engineering works were presented as works of art.

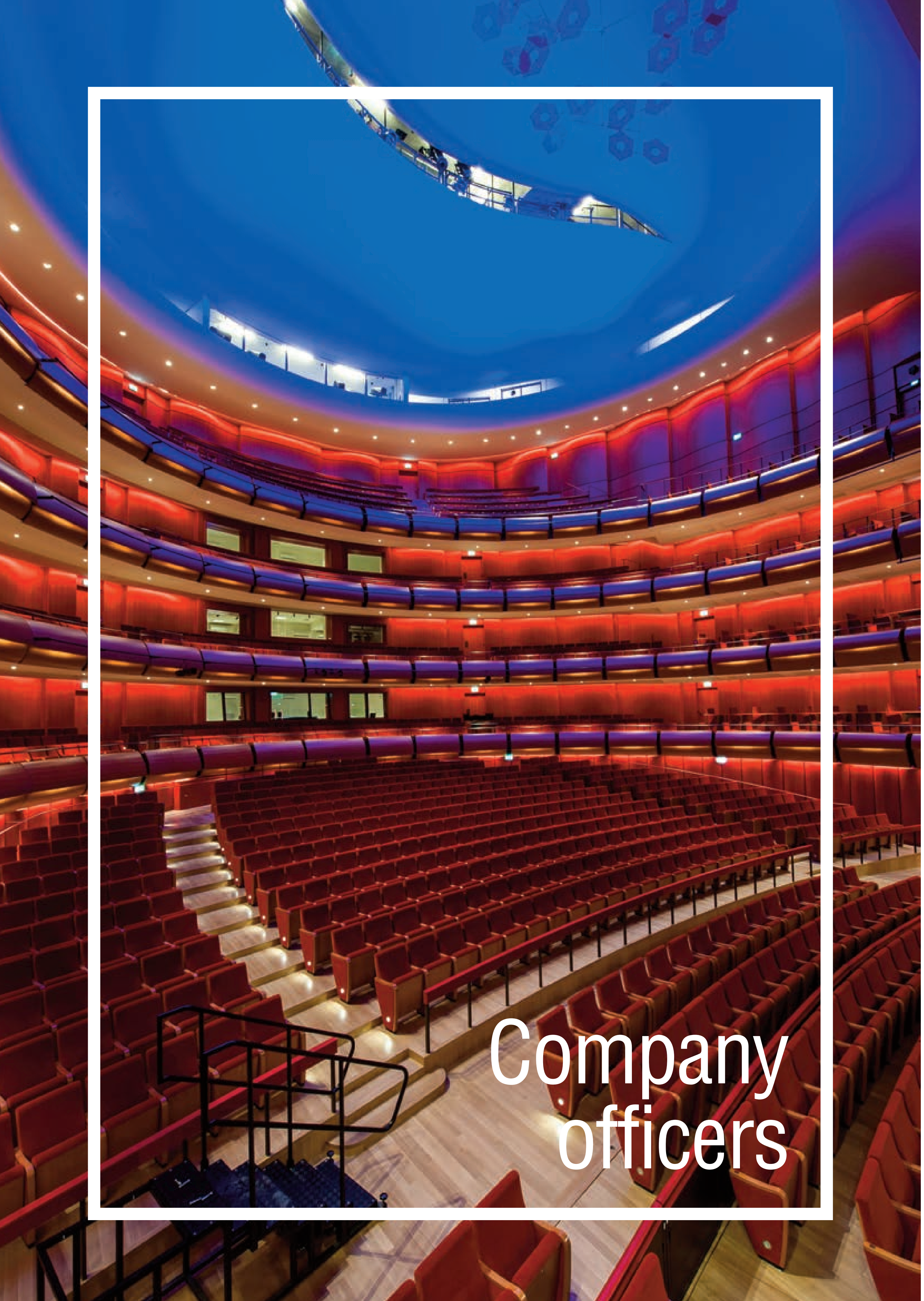
The success of these initiatives encouraged the Group to develop a programme for 2017 to launch Lane's new presence in the US. Events and concerts will be held in Milan, Washington and New York in 2017 to celebrate the 150th anniversary of Arturo Toscanini's birth, which will draw parallels between Toscanini's brilliance with that of the Group.

The Group intends to grow in a sustainable manner, which includes its local communities. The Group contributes to local development by setting up schools, providing training, employment and work opportunities for our subcontractors and we also assist our customers to meet the Sustainable Development Goals set by the United Nations.

This growth and transformation process is backed up by the consolidation of internal processes and structures that involve the risk management, quality, health and

safety and compliance units. During 2016, we introduced 24 new procedures and related processes, assisted by regular internal communication, to promote the change management process and involve people in the new processes.
Our steady growth over the last few years is a result of our people's contribution, the key strategic asset that sets the Group apart in the services and projects we offer our customers. During 2016, we honed the development paths for employees and started a knowledge-sharing project at group level. Our employee retention plans are flanked by projects to attract the best talent on the market, with special projects such as the International Construction Management masters course at the Milan Polytechnic University and employer branding events in some of the main technical universities around the world.
We can affirm that the Group is well placed to take on future challenges.

Pietro Salini



Company officers

Board of directors (i)

Chairperson	Alberto Giovannini
Chief executive officer	Pietro Salini
Directors	Marco Bolgiani
	Marina Brogi
	Giuseppina Capaldo
	Mario Giuseppe Cattaneo
	Roberto Cera
	Nicola Greco
	Pietro Guindani
	Geert Linnebank
	Giacomo Marazzi
	Franco Passacantando
	Laudomia Pucci
	Alessandro Salini
	Grazia Volo

Executive committee (ii)

Chairperson	Pietro Salini
	Alberto Giovannini
	Nicola Greco
	Giacomo Marazzi

Risk and control committee

Chairperson	Mario Giuseppe Cattaneo
	Marco Bolgiani
	Giuseppina Capaldo
	Pietro Guindani
	Franco Passacantando

Remuneration and appointment committee

Chairperson	Marina Brogi
	Nicola Greco
	Geert Linnebank
	Laudomia Pucci

Related party transactions committee

Chairperson	Marco Bolgiani
	Marina Brogi
	Giuseppina Capaldo
	Geert Linnebank

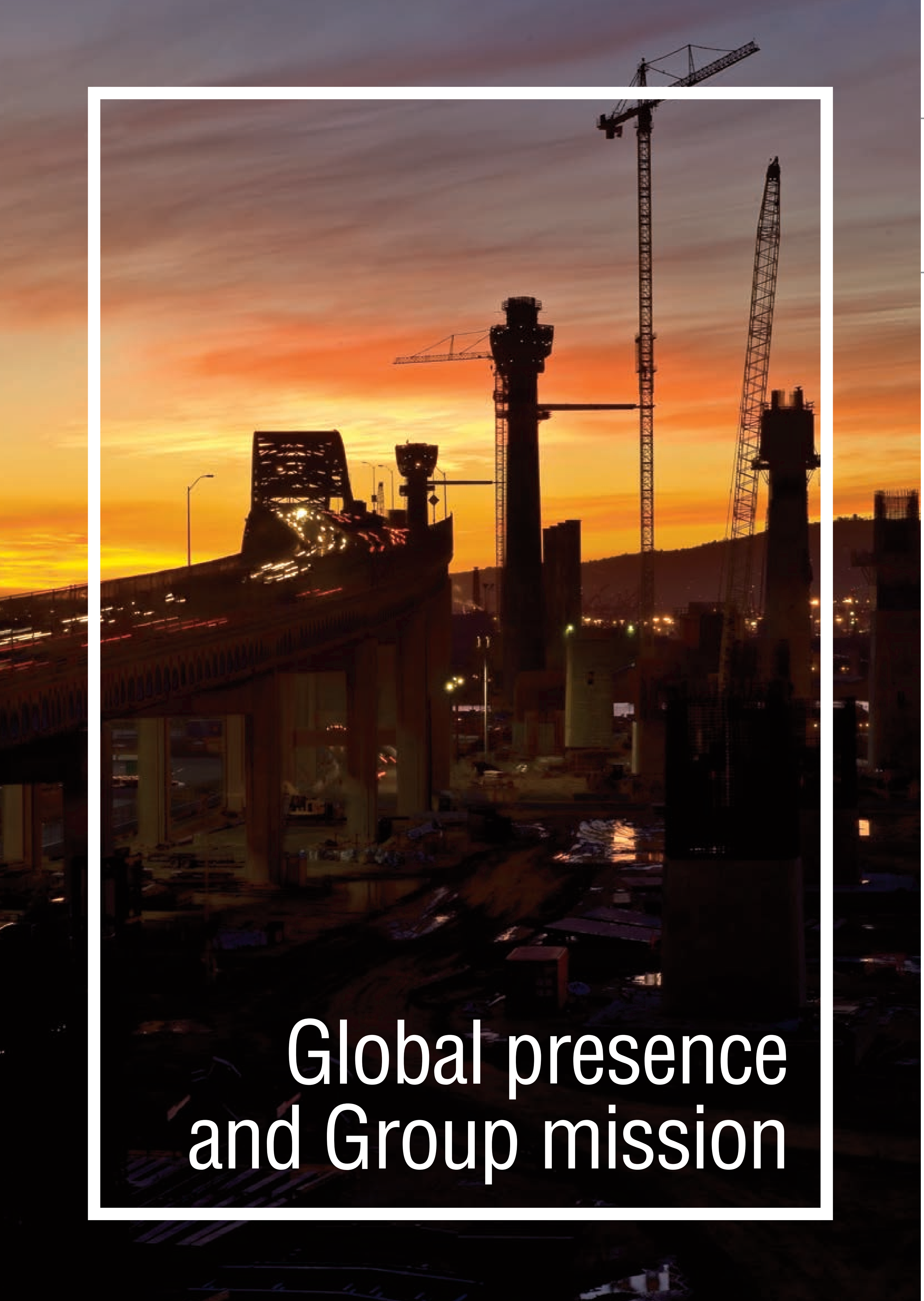
Board of statutory auditors (iii)

Chairperson	Alessandro Trotter
Standing statutory auditors	Teresa Cristiana Naddeo
	Gabriele Villa
Substitute statutory auditors	Roberta Battistin
	Marco Tabellini

Independent auditors (iv) KPMG S.p.A.

(i) Appointed by the shareholders on 30 April 2015; in office until approval of the financial statements as at and for the year ending 31 December 2017.
(ii) Revoked from office on 15 September 2016.
(iii) Appointed by the shareholders on 30 April 2014; in office until approval of the financial statements as at and for the year ended 31 December 2016.
(iv) Engaged by the shareholders on 30 April 2015; term of engagement from 2015 to 2023.

Global presence and Group mission



Mission

Salini Impregilo is an industrial Group specializing in the construction of major, complex infrastructure projects throughout the world. Inspired by the principles of sustainable development, the Group uses technological and organisational innovation combined with its extraordinary human and professional resources, to develop construction solutions capable of enhancing the resources of communities and contributing to the economic and social improvement of nations.

Global presence

Salini Impregilo Group has reinforced its international presence over the years thanks to the construction of projects that have become symbols of progress for entire countries.

It has completed 1,017 projects in Europe, 412 in Africa, 222 in North America, 213 in South America, 54 in the Middle East and 66 in Asia and Oceania for a total of approximately 2,000 works which have improved the lives of millions of people.

Dams and hydroelectric power plans, motorways, roads and bridges, railways and metros, airports, canals, civil and industrial engineering: Salini Impregilo currently operates in 50 countries, has 35 thousand employees from 100 different countries, having a turnover of more than €6 billion and is the global leader in the water segment.

Lane's acquisition represents another step in Salini Impregilo's expansion into the US infrastructure market and will bring significant growth opportunities, while increasing the diversification of the portfolio and improving the balance of its exposure between developed and developing markets.

Our worldwide presence can be viewed on our website:

www.salini-impregilo.com

Key events of the year

January 2016

Lane Industries Incorporated

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

The consideration is roughly USD455 million. Salini Impregilo financed the acquisition with a bridge financing of €400 million, to be repaid in May 2017, obtained from a syndicate of five leading international banks. It subsequently repaid the financing through a new bond issue redeemable in 2021.

Lane is one of the major highway contractors and is the top private asphalt producer in the United States. It is a family-owned business with more than 100 years of experience specialised in civil construction and in the transportation infrastructure sector with projects in more than 20 states in the US and roughly 5,000 employees.

The company has three divisions: asphalt production, road projects and other infrastructure projects, in both domestic and international markets. Thanks to its strong track record, technical experience and the strategic location of its materials plants, Lane is participating in some of the largest and most complex projects in the US, such as the construction of the I-4 Ultimate highway in Florida, an approximate USD2.3 billion contract, in which it has a 30% stake.

Lane's acquisition represents another step in Salini Impregilo's expansion into the US infrastructure market and will bring significant growth opportunities, increasing the diversification of the portfolio and improving the balance of its exposure between developed and developing markets.

March 2016

Purple Line transit system in Maryland (USA) worth USD2 billion

Purple Line Transit Partners, which includes Lane Construction, was selected as the best bidder for the design and construction of the Purple Line transit system worth USD2 billion. The contract includes the construction of 21 stations along a 16-mile alignment through Montgomery and Prince George's counties in Maryland. The joint venture, in which Lane has a 30% share (for approximately USD600 million), includes Fluor Enterprises Inc. and Traylor Bros Inc. The slated completion date is for 2022.

April 2016

Sale of Todini Costruzioni Generali S.p.A.

On 4 April 2016, the parent sold its investment in Todini Costruzioni Generali to Prime System Kz Ltd. for roughly €51 million (see the subsequent section on the "Initial considerations on the comparability of data" for more information).

Perth rail contract worth AUD1.2 billion

On 28 April 2016, Salini Impregilo signed a 10-year contract worth approximately €790 million (AUD1.2 billion) to design, construct and maintain an underground passenger rail line, which will connect the Forrestfield airport with central Perth (Australia). Salini Impregilo and NRW Pty Ltd, the two partners, signed the contract with the Government of Western Australia (WA).

The rail network's total length will be 8.5 km, 8.0 km of which will be underground. Salini Impregilo and its partner will build the three stations, twin tunnels for virtually the entire length of the line, car parks and service structures for the buses. The joint venture, in which Salini Impregilo is the lead contractor with an 80% stake, will complete the works in 2020.

May 2016

2016 - 2019 business plan

On 20 May 2016, the parent's board of directors approved the new business plan for the period from 2016 to 2019. Its aim is to consolidate Salini Impregilo's leadership position in the complex large-scale infrastructures sector, confirming its top ranking place in the water cycle segment and continuing to develop its exceptional track record in the transport segment, specifically as regards metros, railways and roads. The plan focuses on cash generation. The prospected growth is supported by an order backlog that will provide roughly 70% of total revenue and 80% of the gross operating profit (Ebitda) in the next four years. These forecasts are based on the medium to long-term macroeconomic situations in the various geographical areas in which the Group is present and the expected development of the infrastructure sector, estimated to show an average growth rate of above 3%, to be worth roughly USD8,000 billion. The book to bill ratio is forecast to be in the range of 1.1 or higher. The new contracts will mostly be carried out in developed areas with better risk profiles and returns. Profitability will continue its excellent trend seen in the last two years, despite the rise in the costs necessary to benefit from the opportunities in the infrastructure market and the Group's commitment to strengthen Lane's organisational structure. The new business plan's success hinges on the Group maintaining a sound financial position and improving the debt/Ebitda ratio, expected to be around 2/2.5x in 2019. Cash generation (cash flows before dividends) will be fundamental. Moreover, the Group's acquisition of Lane at the start of 2016 provides it with a new base for development in more stable areas, which will assist growth in less risky markets.

Koysha dam €2.5 billion contract (Ethiopia)

On 24 May 2016, Salini Impregilo won a new contract worth approximately €2.5 billion to build the Koysha dam awarded by Ethiopian Electric Power (EEP). This includes a hydroelectric plant with installed capacity of 2,200 MW and construction of a dam with a reservoir capacity of 6,000 cubic metres and annual energy generation of 6,460 Gwh.

This important new project, to be performed entirely by Salini Impregilo, together with GIBE III and GERD (the Grand Renaissance Dam) on the Blue Nile, will enable Ethiopia to become Africa's leader in terms of energy production.

June 2016

USD955 million contract in Kuwait

On 17 June 2016, Kuwait's Public Authority for Housing Welfare assigned the contract for the construction of primary urbanisation works to build a new residential area in a 12 thousand hectares site located 40 km northwest of Kuwait City as part of the South Al Mutlaa Housing Project.

The project, which is worth approximately €890 million, will be carried out by a consortium led by Salini Impregilo with a 55% stake and includes, inter alia, the construction of 150 km of roads and related structures and numerous other works. The Kuwaiti parliament has approved a 2016-2020 development plan which includes investments totalling more than USD100 billion in infrastructure projects in the country, including the construction of thousands of homes-case, metro and railway networks and new refineries and industrial facilities.

Placement of new five-year bond issue

On 24 June 2016, Salini Impregilo communicated its intention to issue bonds with a total nominal amount of approximately €428 million and a fixed rate coupon of 3.75% to institutional investors. It placed the bonds on the Irish Stock Exchange in Dublin on 24 June 2016. Some of the bonds (nominal amount of roughly €128 million) were assigned to the holders of the "€400,000,000 6.125% notes due 1 August 2018" that adhered to the parent's exchange offer. The related exchange ratio for the existing bonds was 109.75%. After this exchange, the outstanding amount of the "€400,000,000 6.125% notes due 1 August 2018" was approximately €283 million. The parent used the proceeds from the newly issued bonds (€300 million), to be redeemed on 24 June 2021 and not exchanged, to repay the bridge financing taken out to acquire Lane.

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

These transactions have extended the Group’s average debt repayment dates and increased the component of fixed rate debt.

Salini Impregilo delivers the new Panama Canal

The contract is one of the largest and most important civil engineering projects ever to take place.

It involved the construction of two new series of locks, one on the Atlantic side and the other on the Pacific side, which will allow an increase in commercial traffic through the Canal and better meet developments in the sea freight market with ships nearly three times bigger and with more tonnage than the ships that can currently use the existing locks (the Post Panamax ships).

During the first half of 2016, all the civil and electromechanical works were finalised. On 31 May, the project was functionally completed, as confirmed by the customer, and the new Canal was officially opened on 26 June.

The project carried out by the joint venture which includes Salini Impregilo hinged on unique technical and design solutions, such as, for example, a complex system of locks with sluice gates that allow the ships to rise 27 metres above sea level to enter Gatún Lake, one of the largest artificial lakes in the world. After crossing the lake, the set of locks on the other side of the Canal brings the ships back down to sea level so that they can exit the Canal.

July 2016

Framework agreement worth USD3.9 billion in Tajikistan

On 1 July 2016, Salini Impregilo signed a framework agreement with the Tajikistani government worth approximately USD3.9 billion to build a hydroelectric power plant. The Group, with a 100% share, has also been assigned the first lot of roughly USD1.9 billion to build a 335 metre-high rockfill dam with a clay core, the tallest in the world, on the Vakhsh River in Pamir, one of Central Asia’s main mountain ranges.

The agreement between Salini Impregilo and OJSC “Rogun Hydropower Project” (the state-run company that is coordinating the project) covers the exploitation of Pamir’s huge hydroelectric potential and includes four lots. The three remaining lots will be assigned to the Group.

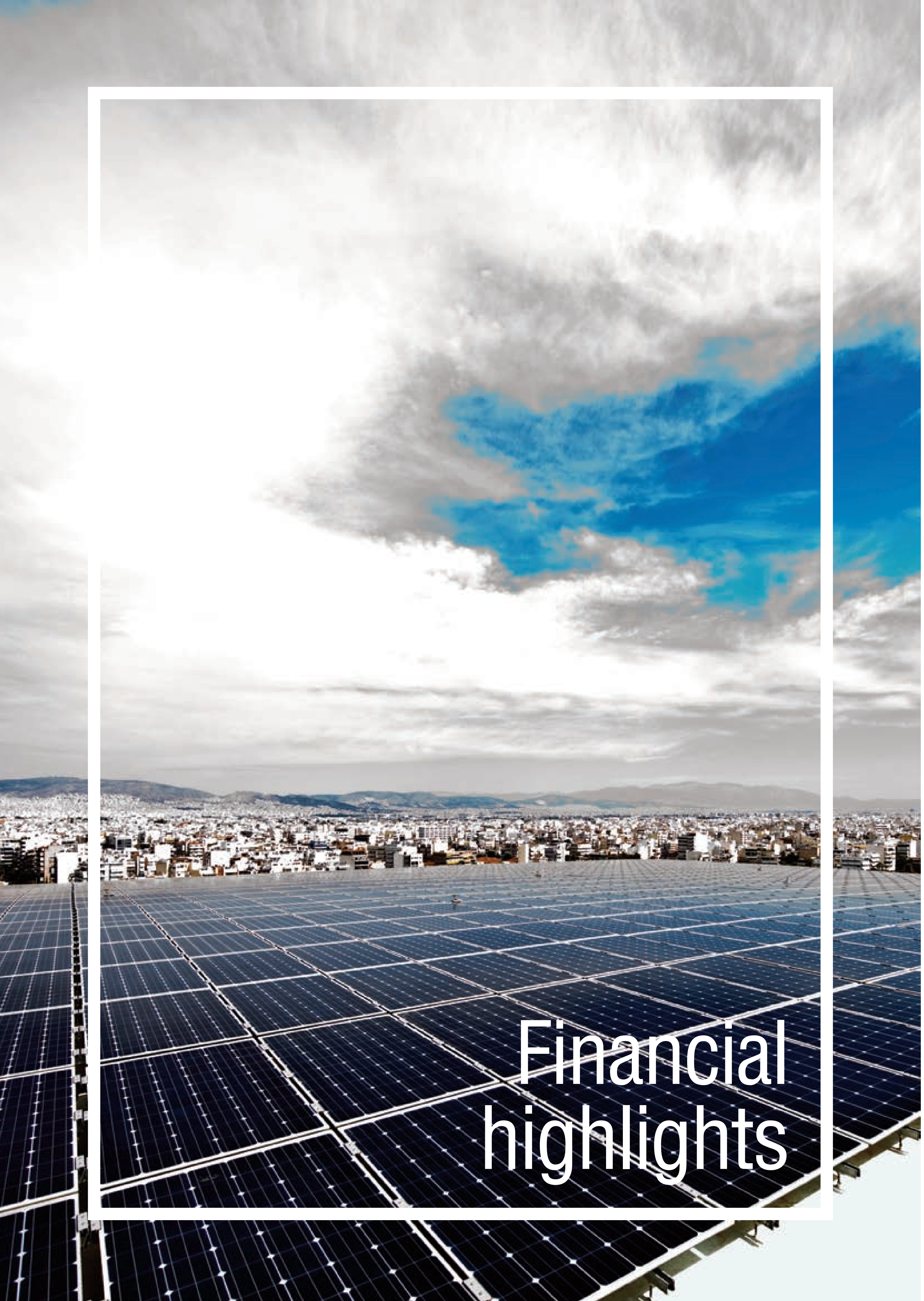
Once completed, the plant will have six turbines of 600 MW each with a total installed capacity of 3,600 MW (the equivalent of three nuclear power plants).

December 2016

Ethiopia inaugurates Gibe III dam

Ethiopia has inaugurated Gibe III, the biggest hydroelectric dam in the country with an installed capacity of 1,870 MW and the tallest of its kind in the world. Built by Salini Impregilo, it will almost double the eastern African country's electricity production as it strives to modernise its economy and become a regional energy hub. The contract was worth approximately €1.6 billion and created roughly 20,000 jobs.

Directors' report Part I



Financial highlights

The acquisition of 100% of Lane was finalised on 4 January 2016.

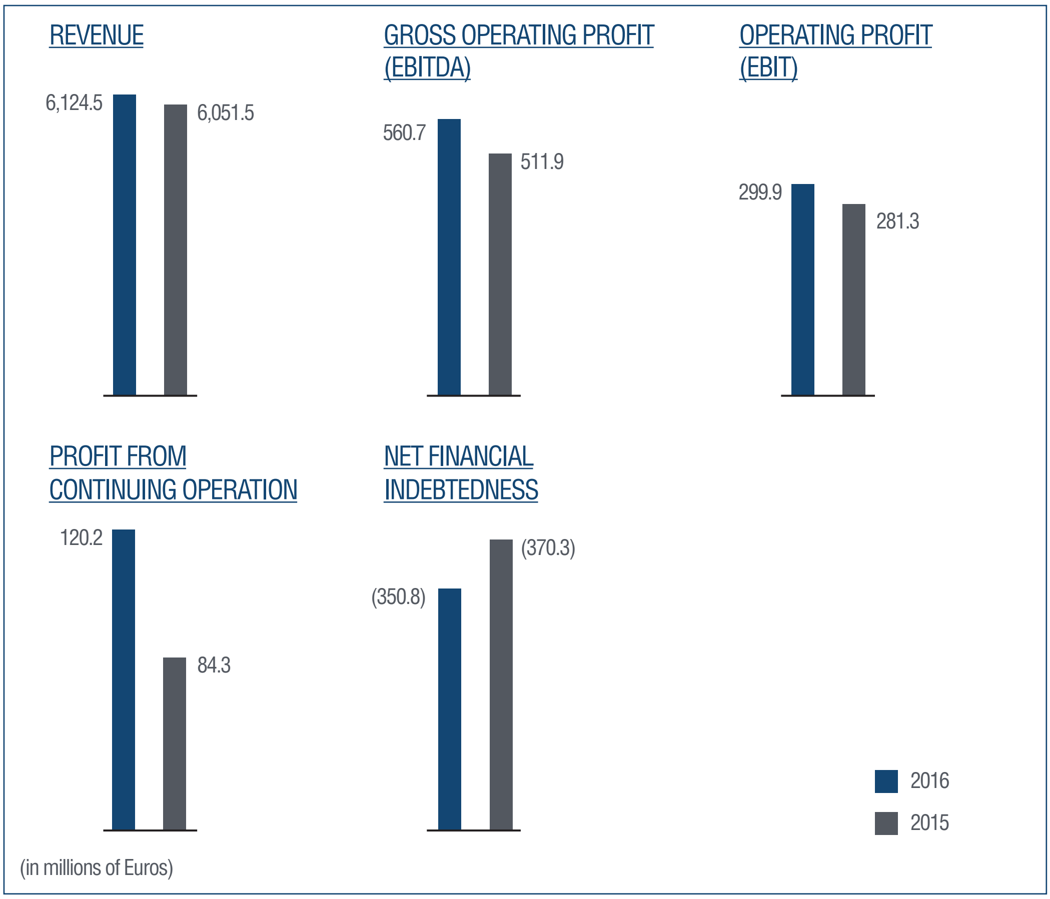
The IFRS provide that a subsidiary shall be consolidated starting from the date when control is acquired. The consolidated financial statements at 31 December 2016 present the statement of financial position figures at 31 December 2015 and the income statement figures for the year then ended for comparative purposes that do not include Lane Group. It follows that the data for 2016 are not very comparable.

In order to make these data more comparable with 2015, this section sets out Salini Impregilo Group's key figures using the same consolidation scope.

The Group monitors the key figures solely for management purposes adjusting Lane Group's IFRS figures to present the results of the non-subsidiary joint ventures consolidated on a proportionate basis. These management accounts results show the progress made on the contracts managed directly by Lane or through its non-controlling investments in the joint ventures.

The subsequent section on "Initial considerations on the comparability of data - Lane Industries Incorporated" provides more information on the following reconciliation of the adjusted key figures.

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



Consolidated income statement (in millions of Euros)	**2016** Adjusted	**2015** Adjusted
Revenue	6,124.5	6,051.5
Gross operating profit (EBITDA)	**560.7**	**511.9**
EBITDA %	9.2%	8.5%
Operating profit (EBIT)	**299.9**	**281.3**
R.o.S.	4.9%	4.6%
Net financing costs	(86.5)	(103.7)
Net gains (losses) on equity investments	(15.3)	0.3
Profit before tax (EBT)	**198.1**	**177.9**
Income tax expense	(78.0)	(93.6)
Profit from continuing operations	**120.2**	**84.3**
Loss from discontinued operations	(20.7)	(12.5)
Non-controlling interests	(39.6)	(28.1)
Profit for the year attributable to the owners of the parent	**59.9**	**43.6**

Net financial indebtedness (in millions of Euros)	**31 December 2016**	**31 December 2015** Adjusted
Non-current financial assets	62.5	67.8
Current financial assets	323.4	312.1
Cash and cash equivalents	1,602.7	1,458.6
Total cash and cash equivalents and other financial assets	**1,988.6**	**1,838.6**
Bank and other loans and borrowings	(866.4)	(1,134.6)
Bonds	(868.1)	(396.2)
Finance lease liabilities	(119.7)	(79.8)
Total non-current indebtedness	**(1,854.2)**	**(1,610.6)**
Current portion of bank loans and borrowings and current account facilities	(398.6)	(541.1)
Current portion of bonds	(18.9)	(10.2)
Current portion of finance lease liabilities	(55.3)	(49.6)
Total current indebtedness	**(472.8)**	**(601.9)**
Derivative assets	0.2	-
Derivative liabilities	(7.2)	(14.8)
Net financial position with unconsolidated SPEs	(5.3)	17.5
Total other financial assets (liabilities)	**(12.4)**	**2.7**
Net financial indebtedness - continuing operations	**(350.8)**	**(370.3)**
Net financial position (indebtedness) - discontinued operations	-	(18.9)
Net financial indebtedness including discontinued operations	**(350.8)**	**(389.2)**

Adjusted revenue for the year is €6,124.5 million compared to same-consolidation scope revenue of €6,051.5 million for 2015. It includes revenue of the unconsolidated joint ventures of Lane of €240.7 million and €197.1 million, respectively. The main factors driving the increase in the caption are some large contracts such as the Riyadh Metro Line 3 in Saudi Arabia, the GERD and Koysha dams in Ethiopia, the Red Line North Underground in Qatar, the Copenhagen Metro and Lane's ongoing projects.

The adjusted gross operating profit amounts to €560.7 million, up 9.5% on 2015 while the adjusted operating profit of €299.9 million shows an improvement of about 6.6%.

The adjusted gross operating profit is equal to 9.2% of revenue and the adjusted R.o.S. is 4.9%.

Net financing costs approximate €86.5 million compared to €103.7 million for 2015. The item comprises financial income of €44.5 million, net exchange rate gains of €15.4 million and financial expense of €146.6 million.

The profit before tax amounts to €198.1 million, an improvement on the 2015 balance of €177.9 million. The tax rate is roughly 39% compared to 53%.

The loss from discontinued operations is €20.7 million and mainly refers to the realisation of net exchange rate losses accumulated in the translation reserve of €13.9 million after the sale of Todini Costruzioni Generali in April 2016.

Non-controlling interests amount to €39.6 million and principally comprise €11 million for Lane's projects, €10 million for the Al Bayt Stadium and the Red Line North Underground in Qatar, €9 million for Line 3 of the Riyadh Metro in Saudi Arabia and €10 million for other projects.

Net financial indebtedness from continuing operations amounts to €350.8 million, which is an improvement on the same-consolidation scope balance of €370.3 million at 31 December 2015.

The €19.5 million improvement in this item is mainly due to:

- greater cash and cash equivalents of €150 million;

- higher gross indebtedness of €114.5 million;

- a decrease in total other financial assets (liabilities) of €15.1 million, principally due to the Group's net amounts due to and from consortia and consortium companies.

At 31 December 2015, the Group's net financial indebtedness from discontinued operations amounted to €18.9 million compared to a nil balance at the reporting date.

Performance

The "Initial considerations on the comparability of data" section provides the Group's main figures for the year presented using the same consolidation scope to render them comparable with the prior year figures. Specifically, the management account figures include the results of the non-subsidiary joint ventures which are consolidated using the proportionate method ("work under management").

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

This section presents the Group's and parent's reclassified income statements and statements of financial position and a breakdown of their financial position at 31 December 2016. It also provides an overview of the main changes in the Group's financial position and results of operations compared to the previous year. As shown later, the figures for 2016 are not fully comparable with those of 2015 due to the acquisition of Lane on 4 January 2016.

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

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

Initial considerations on the comparability of data

Lane Industries Incorporated

As described in the section on the key events of the year, the acquisition of 100% of Lane was finalised on 4 January 2016.

IFRS 10 – Consolidated financial statements provides that a subsidiary shall be consolidated starting from the date when control is acquired. Therefore, the consolidated financial statements at 31 December 2016 present the statement of financial position figures at 31 December 2015 and the income statement figures for the year then ended for comparative purposes that do not include Lane Group. It follows that the data for 2016 are not fully comparable with those of the previous year.

In order to make these data more comparable with 2015, this section sets out Salin Impregilo Group's key figures using the same consolidation scope.

Comparison of the 2016 and 2015 data using the same consolidation scope

The combined data at 31 December 2015 have been obtained by combining the Group's key figures, restated compared to that shown in the 2015 Annual Report to consider the new IFRS 5 scope, with the key figures of Lane Group, which are its consolidated figures at 31 December 2015 prepared in accordance with the IFRS.

The net financial indebtedness at 31 December 2015 was obtained by combining the IFRS statement of financial position figures at that date with the IFRS figures of Lane Group. It also includes the debt incurred to acquire the US company.

The following tables compare the Group's key figures at 31 December 2016 with the combined figures at 31 December 2015, as described above.

Table A - Income statement (€'000)	**Salini Impregilo Group 2016**	**Salini Impregilo Group combined with Lane Group 2015**	**Variation**
Revenue	5,883,809	5,854,319	29,490
Gross operating profit (EBITDA)	536,334	487,293	49,041
EBITDA %	*9.1%*	*8.3%*	
Operating profit (EBIT)	275,513	256,743	18,770
R.o.S. %	*4.7%*	*4.4%*	
Profit before non-controlling interests	99,515	71,783	27,732

Net financial indebtedness (€'000)	Salini Impregilo Group 31 December 2016	Salini Impregilo Group unaudited pro forma consolidated financial statements at 31 December 2015	Lane Acquisition 4 January 2016	31 December 2015 Published
Non-current financial assets	62,458	67,832	-	67,832
Current financial assets	323,393	312,104	-	312,104
Cash and cash equivalents	1,602,721	1,458,649	47,874	1,410,775
Total cash and cash equivalents and other financial assets	**1,988,572**	**1,838,585**	**47,874**	**1,790,711**
Bank and other loans and borrowings	(866,361)	(1,134,637)	(389,083)	(745,554)
Bonds	(868,115)	(396,211)	-	(396,211)
Finance lease liabilities	(119,742)	(79,789)	-	(79,789)
Total non-current indebtedness	**(1,854,218)**	**(1,610,637)**	**(389,083)**	**(1,221,554)**
Current portion of bank loans and borrowings and current account facilities	(398,589)	(541,096)	(2,294)	(538,802)
Current portion of bonds	(18,931)	(10,203)	-	(10,203)
Current portion of finance lease liabilities	(55,281)	(49,617)	-	(49,617)
Total current indebtedness	**(472,801)**	**(600,916)**	**(2,294)**	**(598,622)**
Derivative assets	156	-	-	-
Derivative liabilities	(7,180)	(14,798)	-	(14,798)
Net financial position with unconsolidated SPEs	(5,345)	17,512	-	17,512
Total other financial assets (liabilities)	**(12,369)**	**2,714**	**-**	**2,714**
Net financial indebtedness - continuing operations	**(350,816)**	**(370,254)**	**(343,503)**	**(26,751)**
Net financial position (indebtedness) - discontinued operations	-	(18,939)	-	(18,939)
Net financial indebtedness including discontinued operations	**(350,816)**	**(389,193)**	**(343,503)**	**(45,690)**

Management accounts presentation of the figures for 2016 and 2015 ("Work Under Management")

The Group monitors the key figures of Lane Group for management purposes adjusting the IFRS figures prepared for consolidation purposes to present the results of the joint ventures not controlled by Lane which are consolidated on a proportionate basis. These figures show the progress made on contracts managed directly by Lane or through its non-controlling investments in joint ventures.

Table B shows the effects of this presentation on the consolidated financial statements at 31 December 2016 compared with the combined figures of Salini Impregilo Group and Lane Group at 31 December 2015:

Table B

(€'000)	2016 Work Under Management			2015 Work Under Management			
	Salini Impregilo Group	Joint ventures not controlled by Lane	Total including WUM	Salini Impregilo Group combined with Lane	Joint ventures not controlled by Lane	Total including WUM	Variation WUM
Revenue	5,883,809	240,721	6,124,530	5,854,319	197,149	6,051,468	73,063
Gross operating profit (EBITDA)	**536,334**	**24,372**	**560,706**	**487,293**	**24,587**	**511,880**	**48,826**
EBITDA %	*9.1%*	*10.1%*	*9.2%*	*8.3%*	*12.5%*	*8.5%*	
Operating profit (EBIT)	**275,513**	**24,372**	**299,885**	**256,743**	**24,587**	**281,330**	**18,555**
R.o.S. %	*4.7%*	*10.1%*	*4.9%*	*4.4%*	*12.5%*	*4.6%*	
Net financing costs	(86,506)	-	(86,506)	(103,741)	-	(103,741)	17,235
Net gains (losses) on equity investments	**9,122**	**(24,372)**	**(15,250)**	**24,923**	**(24,587)**	**336**	**(15,586)**
Profit before tax (EBT)	198,129	-	198,129	177,925	-	177,925	20,204
Income tax expense	(77,952)	-	(77,952)	(93,647)	-	(93,647)	15,695
Profit from continuing operations	**120,177**	**-**	**120,177**	**84,277**	**-**	**84,277**	**35,900**
Loss from discontinued operations	(20,662)	-	(20,662)	(12,493)	-	(12,493)	(8,169)
Non-controlling interests	(39,594)	-	(39,594)	(28,135)	-	(28,135)	(11,459)
Profit for the year attributable to the owners of the parent	**59,921**	**-**	**59,921**	**43,648**	**-**	**43,648**	**16,273**

Sale of Todini Costruzioni Generali

The parent completed the sale of Todini Costruzioni Generali to Prime System Kz Ltd., set up and organised under Kazakstani law, for about €51 million on 4 April 2016. The effects of the sale are presented in the 2015 income statement, except for those related to the reclassification of the translation reserve to profit or loss, recognised in 2016 (€13.2 million).

In March 2016, before the sale, Todini Costruzioni Generali's assets not sold to third parties were transferred to a newco HCE Costruzioni S.p.A. ("HCE"), which was subsequently sold to Salini Impregilo S.p.A.

Therefore, at the transaction date, Todini Costruzioni Generali solely consisted of the assets and liabilities of the foreign business unit, i.e., the projects and branches operating in Georgia, Azerbaijan, Belarus and Kazakhstan, including the carrying amount of the investments in the subsidiaries carrying out the relevant projects, JV Todini Takenaka and Todini Central Asia, as well as some operating assets either owned directly by the Group or leased.

The assets transferred to HCE included those belonging to Business unit A - Contracts in Italy, which include the Metrocampania (Naples Alifana and Secondigliano) contracts, the Valico crossing and Naples Sarno River contracts and the plant and machinery at the Lungavilla depot.

The activities that Todini Costruzioni Generali transferred to HCE (Business A) were classified as assets held for sale in the consolidated financial statements at 31 December 2015 based on the expressions of interest received at that date. Given the status of the negotiations, the HCE assets have been classified under continuing operations in the 2016 consolidated financial statements. Therefore, it was necessary to restate the comparative figures for 2015 to be consistent with this approach used in 2016 pursuant to IFRS 5.

The effects of the restatement of the income statement are shown in the following table:

(€'000)	2015 Restated	2015 Published	Variation
Total revenue	**4,770,295**	**4,738,876**	**31,419**
Operating expenses (°)	**(4,287,651)**	**(4,252,366)**	**(35,285)**
Gross operating profit (EBITDA)	**482,644**	**486,510**	**(3,866)**
EBITDA %	*10.1%*	*10.3%*	
Amortisation and depreciation	(215,058)	(213,854)	(1,204)
Operating profit (EBIT)	**267,586**	**272,656**	**(5,070)**
Return on Sales	**5.6%**	**5.8%**	
Net financing costs	(90,424)	(89,611)	(813)
Net gains on equity investments	336	336	0
Net financing costs and net gains on equity investments	**(90,088)**	**(89,275)**	**(813)**
Profit before tax (EBT)	**177,498**	**183,381**	**(5,883)**
Income tax expense	(84,577)	(84,577)	0
Profit from continuing operations	**92,921**	**98,804**	**(5,883)**
Loss from discontinued operations	(10,690)	(16,573)	5,883
Profit before non-controlling interests	**82,231**	**82,231**	**0**
Non-controlling interests	(21,639)	(21,639)	0
Profit for the year attributable to the owners of the parent	**60,592**	**60,592**	**0**

(°) They include provisions and impairment losses.

Group performance

Table 1 - Reclassified consolidated income statement

(€'000)	Note (*)	2016	2015 (§)	Variation
Revenue		5,760,358	4,624,066	1,136,292
Other income		123,451	146,229	(22,778)
Total revenue	34	**5,883,809**	**4,770,295**	**1,113,514**
Operating expenses (°)	35	(5,347,475)	(4,287,650)	(1,059,825)
Gross operating profit (EBITDA)		**536,334**	**482,645**	**53,689**
EBITDA %		9.1%	10.1%	
Amortisation and depreciation	35	(260,821)	(215,058)	(45,763)
Operating profit (EBIT)		**275,513**	**267,587**	**7,926**
Return on Sales %		4.7%	5.6%	
Financing income (costs) and gains (losses) on equity investments				
Net financing costs	36	(86,506)	(90,424)	3,918
Net gains on equity investments	37	9,122	335	8,787
Net financing costs and net gains on equity investments		**(77,384)**	**(90,089)**	**12,705**
Profit before tax (EBT)		**198,129**	**177,498**	**20,631**
Income tax expense	38	(77,952)	(84,577)	6,625
Profit from continuing operations		**120,177**	**92,921**	**27,256**
Loss from discontinued operations	20	(20,662)	(10,690)	(9,972)
Profit before non-controlling interests		**99,515**	**82,231**	**17,284**
Non-controlling interests		(39,594)	(21,639)	(17,955)
Profit for the year attributable to the owners of the parent		**59,921**	**60,592**	**(671)**

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

(°) They include provisions and impairment losses of €16,503 thousand in 2016.

(§) The income statement for 2015 was restated to comply with IFRS 5. The figures in this column do not include Lane acquired on 4 January 2016.

Revenue

Total revenue for the year is €5,883.8 million (€4,770.3 million), including €5,344.2 million earned abroad (€4,028.0 million), of which €1,305.5 million by Lane, and €539.6 million in Italy.

The 23.3% increase on 2015 is mainly due to the inclusion of Lane in the consolidation scope.

"Other income" mostly refers to contract work in progress and specifically industrial activities and related works not directly related to contracts with clients.

Operating profit (Ebit)

The gross operating profit (Ebitda) and the operating profit (Ebit) for the year amount to €536.3 million and €275.5 million, respectively, with a gross operating profit margin of 9.1% (10.1%) and a R.o.S. of 4.7% (5.6%). The reduction in the two margins is mainly due to the consolidation of Lane Group.

The central units' costs and other general expenses for the year come to approximately €158.4 million (€143.3 million).

The operating profit generated by the foreign operations amounts to €435.9 million, including €14.1 million by Lane, while the Italian operations, gross of the corporate costs, made an operating loss of €2 million.

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

The Group recorded net financing costs of €86.5 million (net costs of €90.4 million) while net gains on equity investments amount to €9.1 million (net gains of €0.3 million).

Net financing costs include financial income of €44.5 million and financial expense of €146.5 million. The €28.3 million increase in the item is mainly due to the Group's larger gross financial indebtedness as a result of its acquisition of Lane. Moreover, its results are affected by financial expense of €25.4 million (€12.1 million) arising from the application of the amortised cost method during the year, including €9.5 million for the financial debt restructuring that took place during the year.

Net exchange rate gains amount to €15.5 million (net losses of €16.7 million).

Income tax expense

The income tax expense for the year is €78.0 million (€84.6 million) calculated using the effective rate of 39.3% (47.6%). The reduction in the tax rate is due to, inter alia, the profit trend of the Group's contracts.

Loss from discontinued operations

The loss from discontinued operations amounts to €20.7 million (€10.7 million) and mainly comprises:

- the realisation of exchange rate losses of €13.9 million accumulated in the translation reserve related to the foreign operations of Todini Costruzioni Generali sold on 4 April 2016;

- the cost of €6.6 million for Impregilo International Infrastructures NV's tax assessment concerning transactions, the results of which had been included in the loss from discontinued operations.

Non-controlling interests

Non-controlling interests amount to €39.6 million (€21.6 million), mainly related to the subsidiaries working on the contracts for the Al Bayt Stadium and the Red Line North Underground in Qatar (€10 million), some entities following the acquisition of Lane (€11 million) and other entities in Saudi Arabia engaged in the construction of the Riyadh Metro Line 3 (roughly €9 million).

The Group's financial position

Table 2 - Reclassified consolidated statement of financial position

(€'000)	Note (*)	31 December 2016	31 December 2015 (§)	Variation
Non-current assets	7-8-10	1,173,270	919,440	253,830
Goodwill	9	175,188	-	175,188
Net non-current assets held for sale	20	6,032	41,594	(35,562)
Provisions for risks	27	(105,765)	(106,361)	596
Post-employment benefits and employee benefits	26	(91,930)	(25,412)	(66,518)
Net tax assets	12-17-30	118,342	136,066	(17,724)
- Inventories	13	270,579	268,073	2,506
- Contract work in progress	14	2,367,263	1,775,791	591,472
- Progress payments and advances on contract work in progress	28	(2,455,632)	(1,862,759)	(592,873)
- Loans and receivables (**)	15	2,357,251	1,543,172	814,079
- Liabilities (**)	29	(2,337,406)	(1,630,437)	(706,969)
- Other current assets	18	591,270	518,642	72,628
- Other current liabilities	31	(356,315)	(334,198)	(22,117)
Working capital		437,010	278,284	158,726
Net invested capital		**1,712,147**	**1,243,611**	**468,536**
Equity attributable to the owners of the parent		1,205,005	1,116,000	89,005
Non-controlling interests		156,326	100,860	55,466
Equity	**21**	**1,361,331**	**1,216,860**	**144,471**
Net financial indebtedness		**350,816**	**26,751**	**324,065**
Total financial resources		**1,712,147**	**1,243,611**	**468,536**

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

(**) These items show loans and receivables of €2.0 million and liabilities of €7.3 million (loans and receivables of €17.5 million) classified in net financial indebtedness and related to the Group's net amounts due from/to consortia and/or consortium companies (SPEs) operating under a cost recharging system and not included in the consolidation scope. The balance reflects the Group's share of cash and cash equivalents or debt of the SPEs.

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

Net invested capital

This item increased by €468.5 million on the previous year end to €1,712.1 million at 31 December 2016 principally as a result of Lane's consolidation, which led to an increase of €417.8 million. The main changes are due to the factors listed below.

Non-current assets

Non-current assets increased by €253.8 million. They may be analysed as follows:

(€'000)	31 December 2016	31 December 2015	Variation
Property, plant and equipment	803,039	594,365	208,674
Intangible assets	168,763	193,821	(25,058)
Equity investments	201,468	131,254	70,214
Total non-current assets	**1,173,270**	**919,440**	**253,830**

Property, plant and equipment increased by €208.7 million, mostly as a result of:

- the change in the consolidation scope of €234.3 million due to the acquisition of Lane;
- investments of €257.6 million, principally for the high speed/capacity Milan - Genoa railway section in Italy and the Ruta del Sol contract in Colombia, the projects in Ethiopia, Lane Group's contracts and the Riyadh Metro Line 3 in Saudi Arabia abroad;
- depreciation of the year of €226.8 million;
- disposals of €63.2 million.

Intangible assets show a net decrease of €25.1 million, mainly due to amortisation of €34 million, partly offset by the change in the consolidation scope following the acquisition of Lane.

The €70.2 million increase in equity investments is mostly due to the following factors:

- acquisitions of interests in joint ventures through Lane's inclusion in the consolidation scope (€37.6 million);
- the increase in the Group's interest in Grupo Unidos Por el Canal as a result of the capital injections (€44.7 million).

Goodwill

This item refers to the acquisition of Lane Group (€148 million) and assets from Asphalt Roads and Materials Company Inc. (€27.2 million). The Group calculated these balances after completion of the purchase price allocation procedure as required by (revised) IFRS 3.

Net non-current assets held for sale

Net non-current assets held for sale amount to €6 million and mainly include the net assets of the USW Campania projects of €5.7 million, unchanged from 31 December 2015.

At 31 December 2015, the item also included Todini Costruzioni Generali's net assets of €35.9 million (sold in the second quarter of 2016).

Provisions for risks

These provisions of €105.8 million are substantially unchanged from the previous year end.

Employees' leaving entitlement and employee benefits

This item's variation is mostly due to the consolidation of Lane Group.

Net tax assets

The following table analyses the item:

(€'000)	31 December 2016	31 December 2015	Variation
Deferred tax assets	121,925	64,064	57,861
Deferred tax liabilities	(108,493)	(55,857)	(52,636)
Net deferred tax assets	**13,432**	**8,207**	**5,225**
Current tax assets	135,987	114,577	21,410
Current tax liabilities	(109,991)	(68,273)	(41,718)
Net current tax assets	**25,996**	**46,304**	**(20,308)**
Other current tax assets	146,503	142,652	3,851
Other current tax liabilities	(67,589)	(61,097)	(6,492)
Net other current tax assets	**78,914**	**81,555**	**(2,641)**
Net tax assets	**118,342**	**136,066**	**(17,724)**

The reduction in this item is due to the Group's taxable profit for the year, also considering the changes attributable to the foreign operations and the change in the consolidation scope.

Working capital

Working capital increased by €158.7 million from €278.3 million at 31 December 2015 to €437.0 million at the reporting date.

The main changes in the individual items making up net working capital are summarised below:

- inventories increased by €2.5 million to €270.6 million due to the consolidation of Lane, partly offset by the consumption of materials for the Group's main contracts;

- the rise in contract work in progress of €2,367.3 million (€1,775.8 million) is due to Italian contracts (€452.2 million) and foreign contracts (€1,915.1 million, including €263.2 million for the Venezuelan railway projects.

  The increase of €591.5 million in this item reflects the production progress calculated using the most recent estimates of the ongoing projects' profitability and is due to:

  - the rise in contract work in progress abroad of €538.9 million, mostly related to the contracts in Denmark (€152.5 million), Qatar (€146.7 million) and Australia (€91 million). The variation also includes €41.4 million for Lane following its inclusion in the consolidation scope;

  - the €52.6 million increase in contract work in Italy, mainly due to work on the high speed/capacity Milan - Genoa railway section;

- progress payments and advances on contract work in progress include both advances and negative work in progress (i.e., progress billings in excess of the cumulative value of the works built) and amount to €2,455.6 million, up €592.9 million on 31 December 2015. This increase is mainly the result of:

  - the €113.3 million increase in advances, mainly due to the amounts received for the contracts in Denmark (€163 million) and Tajikistan (€92.5 million), partly offset by the variation in the balance for contracts in Saudi Arabia (€136 million);

  - the €479.6 million increase in negative work in progress, due to the Koysha contract in Ethiopia (€318.9 million), consolidation of Lane's contracts (€106.7 million) and the Australian contracts (€52.3 million);

- current loans and receivables, which increased by €814.1 million. The item includes amounts of €2,203.6 million with third parties (€1,381.6 million) and of €153.6 million with unconsolidated group companies and other related parties (€179.1 million). The receivables from Venezuelan clients for railway contracts amount to €236.4 million, mostly denominated in hard currency (Euros and US dollars).

The increase is mainly a result of:

- higher amounts from third parties of €823.5 million, including €215.1 million for Lane and €598.5 million for the increase in receivables from the branch's clients in Ethiopia;

- a reduction of €9.5 million in receivables from unconsolidated group companies and other related parties, following collections from non-consolidated Italian consortia;

• current liabilities, which increased by €707.0 million and include liabilities with third parties of €2,233.6 million (€1,501.7 million) and unconsolidated group companies and other related parties of €103.8 million (€128.8 million).

The increase in the item is mainly due to:

- higher liabilities with third parties of €731.9 million, including €137.8 million for Lane, €278.4 million for the Ethiopian contracts and other increases related to production progress on recently commenced contracts in the Middle East and Asia (specifically, the Al Bayt Stadium in Qatar, the Riyadh Metro in Saudi Arabia and the Rogun Hydropower Project in Tajikistan);

- the €24.9 million decrease in liabilities with unconsolidated group companies and other related parties, including the variation in the balances with Pedelombarda S.c.p.A. following completion of the works;

• other assets increased by €72.6 million, mainly due to the consolidation of Lane.

Net financial indebtedness

At 31 December 2016, the Group has net financial indebtedness from continuing operations of €350.8 million (indebtedness of €26.8 million), while its indebtedness from discontinued operations is nil (indebtedness of €18.9 million) following the new IFRS 5 scope.

The increase in the Group's net financial indebtedness is mainly a combination of:

• the financing taken out to acquire Lane, which entailed an outlay of €429 million, and to acquire some assets of the US company Asphalt Roads and Material Company Inc. for €33.9 million;

• cash inflows generated in 2016.

Gross indebtedness increased by €512.2 million from 31 December 2015 to €2,332.4 million at the reporting date.

The debt/equity ratio (based on the net financial indebtedness from continuing operations) is 0.26 at group level at the reporting date.

Salini Impregilo has given guarantees of €329.3 million in favour of unconsolidated group companies securing bank loans.

The Group's net financial indebtedness at 31 December 2016 is summarised in the following table.

Table 3 - Net financial indebtedness of Salini Impregilo Group

(€'000)	Note (*)	31 December 2016	31 December 2015 (§)	Variation
Non-current financial assets	11	62,458	67,832	(5,374)
Current financial assets	16	323,393	312,104	11,289
Cash and cash equivalents	19	1,602,721	1,410,775	191,946
Total cash and cash equivalents and other financial assets		**1,988,572**	**1,790,711**	**197,861**
Bank and other loans and borrowings	22	(866,361)	(745,554)	(120,807)
Bonds	23	(868,115)	(396,211)	(471,904)
Finance lease liabilities	24	(119,742)	(79,789)	(39,953)
Total non-current indebtedness		**(1,854,218)**	**(1,221,554)**	**(632,664)**
Current portion of bank loans and borrowings and current account facilities	22	(398,589)	(538,802)	140,213
Current portion of bonds	23	(18,931)	(10,203)	(8,728)
Current portion of finance lease liabilities	24	(55,281)	(49,617)	(5,664)
Total current indebtedness		**(472,801)**	**(598,622)**	**125,821**
Derivative assets	16	156	-	156
Derivative liabilities	25	(7,180)	(14,798)	7,618
Net financial position with unconsolidated SPEs (**)		(5,345)	17,512	(22,857)
Total other financial assets (liabilities)		**(12,369)**	**2,714**	**(15,083)**
Net financial indebtedness - continuing operations		**(350,816)**	**(26,751)**	**(324,065)**
Net financial position (indebtedness) - discontinued operations		-	(18,939)	18,939
Net financial indebtedness including discontinued operations		**(350,816)**	**(45,690)**	**(305,126)**

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

(**) This item shows the Group's net amounts due from/to unconsolidated consortia and/or consortium companies operating under a cost recharging system and not included in the consolidation scope. The balance reflects the Group's share of cash and cash equivalents or debt of the SPEs. The balances are shown under trade receivables and payables in the consolidated financial statements.

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

Performance of the parent Salini Impregilo S.p.A.

Table 4 - Reclassified income statement

(€'000)	Note (*)	2016	2015 (§)	Variation
Revenue		2,974,148	2,913,417	60,731
Other income		102,512	113,772	(11,260)
Total revenue	29	**3,076,660**	**3,027,189**	**49,471**
Operating expenses	30	(2,706,960)	(2,708,431)	1,471
Gross operating profit (EBITDA)		**369,700**	**318,758**	**50,942**
EBITDA % (**)		12.0%	10.5%	
Amortisation and depreciation	30	(124,851)	(112,154)	(12,697)
Operating profit (EBIT)		**244,849**	**206,604**	**38,245**
Return on Sales (**)		8.0%	6.8%	
Financing income (costs) and gains (losses) on equity investments				
Net financing costs	31	(60,820)	(53,633)	(7,187)
Net losses on equity investments	32	(56,103)	(114,938)	58,835
Net financing costs and net losses on equity investments		**(116,923)**	**(168,571)**	**51,648**
Profit before tax (EBT)		**127,926**	**38,033**	**89,893**
Income tax expense	33	(63,323)	(2,302)	(61,021)
Profit for the year		**64,603**	**35,731**	**28,872**

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

(**) The "Other information" section gives a definition of these indicators.

Revenue

Total revenue for the year is €3,076.7 million (€3,027.2 million), including €387.7 million (€497.2 million) earned in Italy and €2,688.9 million (€2,529.9 million) abroad.

Other income mainly refers to assistance and coordination services provided by the parent to its investees for a fee.

Operating profit (Ebit)

The operating profit for the year amounts to €244.8 million (€206.6 million) with a R.o.S. of 8.0% of total revenue (6.8%).

The 2016 operating profit was affected by the corporate structure's costs of €158.4 million (€143.3 million).

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

The parent recorded net financing costs of €60.8 million (net costs of €53.6 million) while net losses on equity investments amounted to €56.1 million (net losses of €114.9 million).

As already disclosed in the section on the Group, the parent's net financial position was affected by the rise in gross financial indebtedness incurred to acquire Lane.

Net exchange rate gains amount to €15.3 million (net gains of €16.1 million).

Net losses on equity investments of €56.1 million (net losses of €114.9 million) are principally the result of the impairment losses recognised on the investments in Grupo Unidos Por el Canal (€25.6 million) and HCE Costruzioni (€28.5 million). In 2015, the losses reflected the impairment loss of €96.4 million on the investment in Todini Costruzioni Generali recognised after the sales agreement (described earlier) was signed.

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

Table 5 - Reclassified statement of financial position

(€'000)	Note (*)	31 December 2016	31 December 2015	Variation
Non-current assets	4-5-6	1,432,783	1,086,621	346,162
Provisions for risks	22	(72,076)	(29,884)	(42,192)
Post-employment benefits and employee benefits	21	(12,802)	(12,090)	(712)
Net tax assets	8-13-25	108,909	60,499	48,410
- Inventories	9	180,810	198,256	(17,446)
- Contract work in progress	10	1,010,192	938,856	71,336
- Progress payments and advances on contract work in progress	23	(1,246,547)	(1,003,418)	(243,129)
- Loans and receivables (**)	11	1,712,786	1,027,402	685,384
- Liabilities (**)	24	(1,408,433)	(899,898)	(508,535)
- Other current assets	14	265,593	215,530	50,063
- Other current liabilities	26	(132,067)	(118,168)	(13,899)
Working capital		382,334	358,560	23,774
Net invested capital		**1,839,148**	**1,463,706**	**375,442**
Equity	16	**1,007,428**	**937,362**	**70,066**
Net financial indebtedness		**831,720**	**526,344**	**305,376**
Total financial resources		**1,839,148**	**1,463,706**	**375,442**

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

(**) These items show loans and receivables of €2.0 million and liabilities of €7.3 million (loans and receivables of €17.5 million) classified in net financial indebtedness and related to the parent's net amounts due from/to consortia and/or consortium companies (SPEs) not controlled by any one entity and operating under a cost recharging system. The balance reflects the parent's share of cash and cash equivalents of the SPEs.

Net invested capital

This item increased by €375.4 million on the previous year end.

The main changes are due to the factors listed below.

Non-current assets

Non-current assets increased by €346.2 million. They may be analysed as follows:

(€'000)	31 December 2016	31 December 2015	Variation
Property, plant and equipment	223,394	288,955	(65,561)
Intangible assets	79,544	118,065	(38,521)
Equity investments	1,129,845	679,599	450,246
Total non-current assets	**1,432,783**	**1,086,619**	**346,164**

Property, plant and equipment decreased by approximately €65.6 million, mainly due to depreciation (€101.8 million), investments (€69.5 million) and disposals (€29.9 million).

Intangible assets mostly comprise the cost incurred to acquire contracts and decreased by €38.5 million, mostly as a result of amortisation (€23 million) and the sale of 14% of Civil Works to a group company (€16.3 million).

Equity investments increased by €450.2 million following the acquisition of Lane.

Post-employment benefits and employee benefits

This item of €12.8 million is substantially unchanged from the previous year end.

Net tax assets

At 31 December 2016, net tax assets amount to €108.9 million (€60.5 million) and may be analysed as follows:

(€'000)	31 December 2016	31 December 2015	Variation
Deferred tax assets	38,892	35,760	3,132
Deferred tax liabilities	(24,152)	(34,570)	10,418
Net deferred tax assets	**14,740**	**1,190**	**13,550**
Current tax assets	107,788	83,056	24,732
Current tax liabilities	(72,172)	(47,775)	(24,397)
Net current tax assets	**35,616**	**35,281**	**335**
Other current tax assets	73,949	54,810	19,139
Other current tax liabilities	(15,396)	(30,782)	15,386
Net other current tax assets	**58,553**	**24,028**	**34,525**
Net tax assets	**108,909**	**60,499**	**48,410**

Working capital

Working capital increased by €23.8 million to €382.3 million at the reporting date. The main changes in the individual items arose as a result of developments in the parent's operations and production on projects in Italy and abroad during the year.

Net financial indebtedness

At 31 December 2016, the parent has net financial indebtedness of €831.7 million compared to €526.3 million at the end of the previous year.

The following table shows the parent's net financial indebtedness at 31 December 2016 and changes therein:

Table 6 - Net financial indebtedness of Salini Impregilo S.p.A.

(€'000)	Note (*)	31 December 2016	31 December 2015	Variation
Non-current financial assets	7	19,800	17,630	2,170
Current financial assets	12	631,581	483,347	148,234
Cash and cash equivalents	15	852,552	763,933	88,619
Total cash and cash equivalents and other financial assets		**1,503,933**	**1,264,910**	**239,023**
Bank and other loans and borrowings	17	(756,981)	(675,989)	(80,992)
Bonds	18	(868,115)	(396,211)	(471,904)
Finance lease liabilities	19	(47,237)	(67,002)	19,765
Total non-current indebtedness		**(1,672,333)**	**(1,139,202)**	**(533,131)**
Current portion of bank loans and borrowings and current account facilities	17	(605,879)	(606,595)	716
Current portion of bonds	18	(18,931)	(10,203)	(8,728)
Current portion of finance lease liabilities	19	(30,414)	(42,081)	11,667
Total current indebtedness		**(655,224)**	**(658,879)**	**3,655**
Derivative liabilities	20	(2,751)	(10,685)	7,934
Net financial position with unconsolidated SPEs (**)		(5,345)	17,512	(22,857)
Total other financial assets (liabilities)		**(8,096)**	**6,827**	**(14,923)**
Net financial indebtedness including discontinued operations		**(831,720)**	**(526,344)**	**(305,376)**

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

(**) These items show the parent's net amounts due from/to consortia and/or consortium companies not controlled by any one entity and operating under a cost recharging system. The balance reflects the parent's share of cash and cash equivalents or debt of the SPEs. The loans and receivables and liabilities making up this balance are presented under trade receivables and trade payables, respectively, in the separate financial statements.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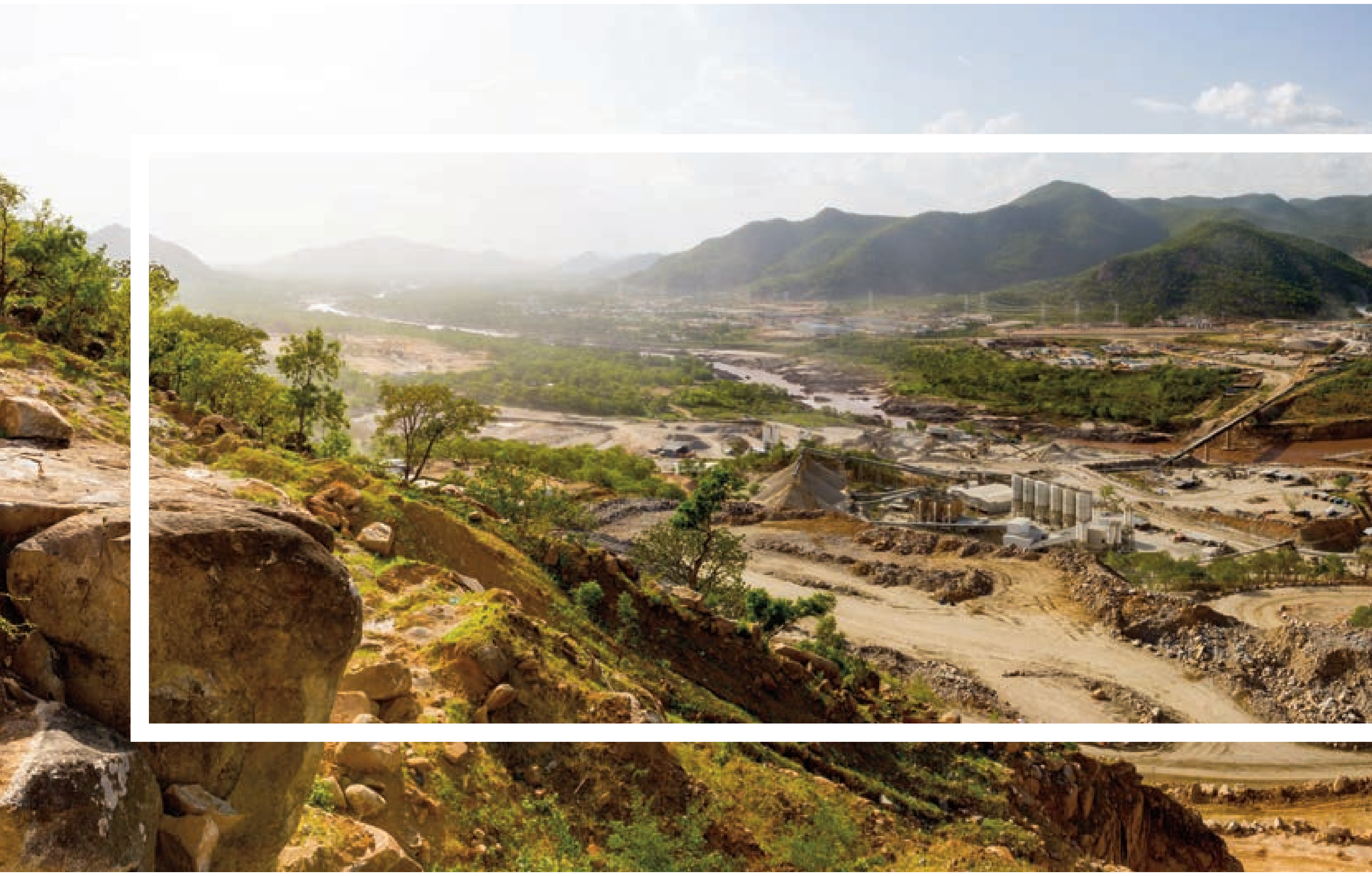
Directors' report Part II

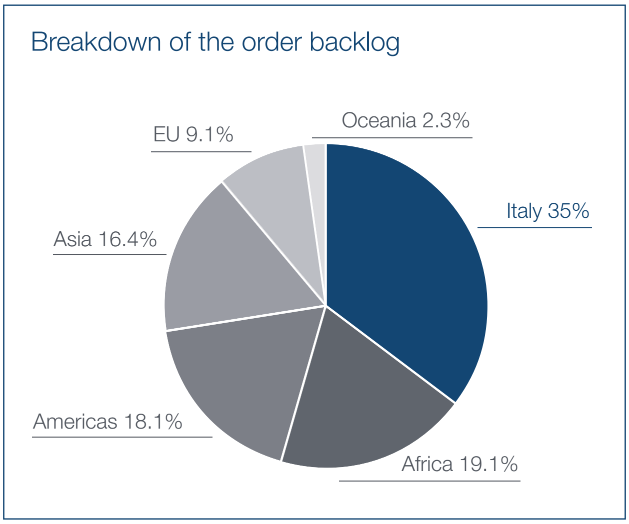
Order backlog

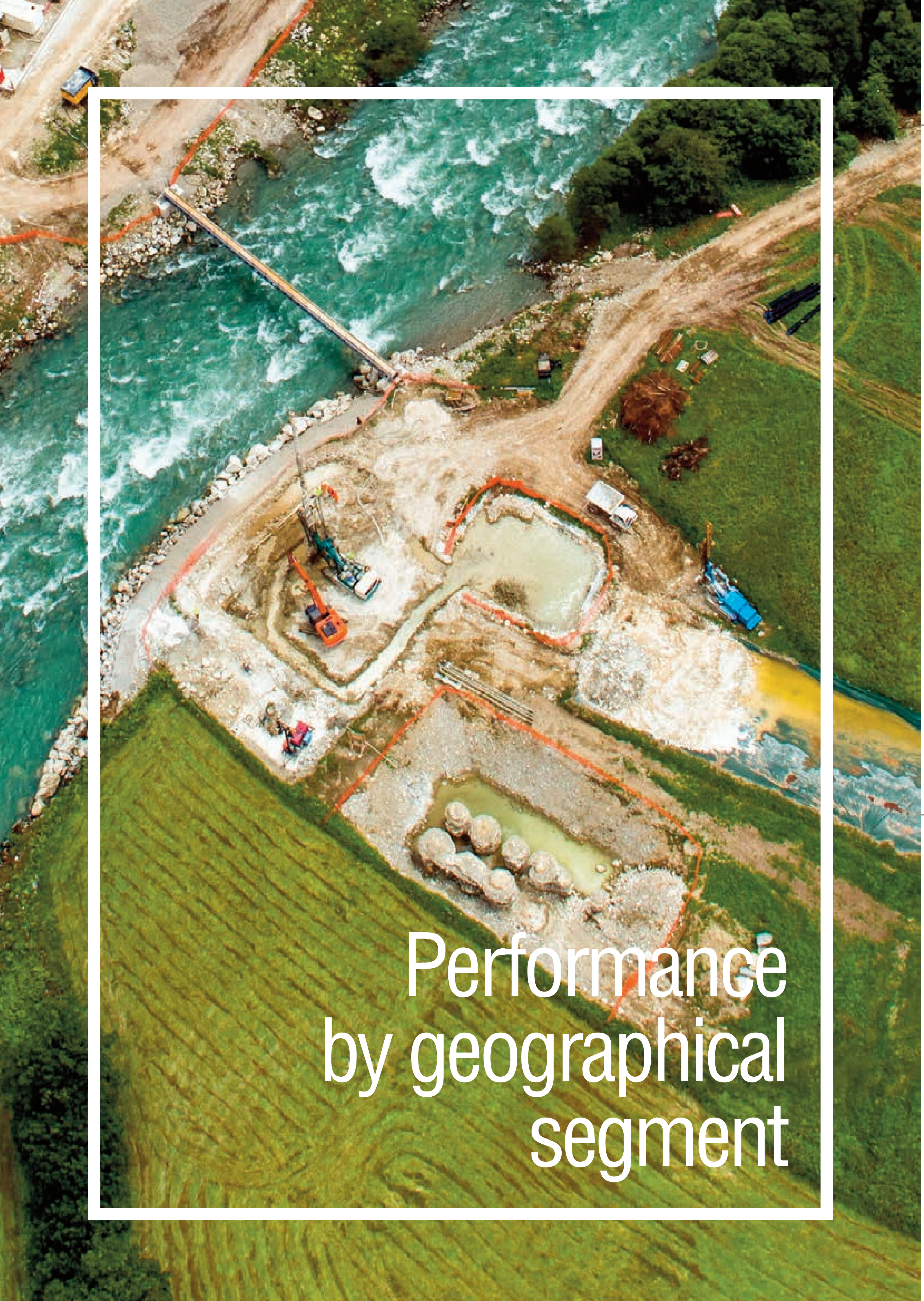
The order backlog for the construction and concession segments is as follows at the reporting date:

Area/country (Share in millions of Euros)	**Residual backlog at 31 December 2016**	**Percentage of total**
Italy	12,934.7	35.0%
Africa	7,047.5	19.1%
Americas	6,679.3	18.1%
Asia	6,057.0	16.4%
Europe	3,359.7	9.1%
Oceania	832.1	2.3%
Total	**36,910.3**	**100.0%**



The following chart provides a breakdown of the order backlog by area/country:





Performance by geographical segment

Italy

The Group operates in the construction and concessions sectors in Italy.

Macroeconomic scenario

2016 was characterised by global instability and uncertainty. The key underlying factors were i) Brexit, ii) the constitutional referendum in Italy and subsequent change of its executive branch, iii) concerns about the European banking system's health, iv) the Chinese economy's slowdown, v) consistently lower inflation levels in the advanced economies and vi) limits to the central banks' room for manoeuvre.

This situation was also affected by the numerous geopolitical risk factors in the Middle East and the uncertainty about the outcome of the important elections in the US and Western Europe.

According to the most recent data published by ISTAT (the Italian national institute for statistics) in March 2017, Italian GDP should have grown by 0.9% in 2016, showing an improvement on the 0.8% growth rate of 2015, thus confirming the steady, ongoing progress of the last few years.

The budget deficit is expected to decrease by 0.2% on 2015 while the 2017 budget includes a number of incentives to boost innovation and investment as well as a reduction in the corporate income tax rate from 27.5% to 24%.

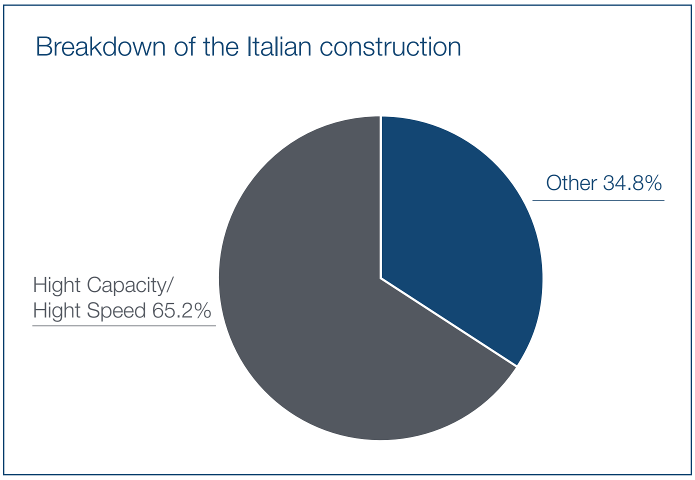
The reduction in rates to historical lows has led to a large decrease in interest expense, generating significant fiscal space. The effective interest rate on public debt of around 3% and the cut in interest payments of approximately 20% should allow the government to recommence public investments. Greater public spending would speed up growth and push down debt levels. However, any delay in the introduction of the ambitious public investment programme will slow down recovery.

Construction

The order backlog for the Italian construction segment is as follows:

Project (Share in millions of Euros)	**Residual order backlog at 31 December 2016**	**Percentage of total**
High speed/capacity	5,652.8	65.2%
Other projects	3,019.2	34.8%
Total	**8,672.0**	**100.0%**

The following chart provides a breakdown of the order backlog by type of business:



Project (Share in millions of Euros)	**Residual order backlog at 31 December 2016**	**Percentage of completion**
COCIV LOT 1-6	3,552.3	21.7%
IRICAV 2	2,096.0	0.1%
OTHER	4.5	
High speed/capacity	**5,652.8**	
Broni-Mortara	981,5	0,0%
Metro B	898.5	0.1%
Milan Metro Line 4	373.3	26.4%
Jonica state highway 106	336.9	2.8%
Other	429.0	
Other work in Italy	**3,019.2**	
Total	**8,672.0**	

High-speed/capacity Milan-Genoa Railway Project

The project for the construction of this railway line was assigned to COCIV Consortium as general contractor by RFI S.p.A. (Rete Ferroviaria Italia, formerly TAV S.p.A. - as Ferrovie dello Stato's operator) with the agreement of 16 March 1992. The project's pre-contractual stage was complicated and difficult, with developments from 1992 to 2011 on various fronts.

On 11 November 2011, a rider to the agreement was signed for the assignment to the consortium of the design and construction of the Giovi third railway crossing of the high speed/capacity Milan - Genoa railway line.

Salini Impregilo is the consortium leader with a percentage of 68.25%.

The works began on 2 April 2012 and the contract is worth approximately €4,400 million.

It is split into six non-functional construction lots for a total of roughly 120 months including the pre-operating/inspection phase.

During the first half of the year, RFI commenced the third construction lot 21 months behind schedule, increasing the total value of the works and activities financed and under construction to €1,634 million, €537 million higher than the active lots (1 and 2).

In addition, the Interministerial Committee for Economic Planning (CIPE) approved financing of the fourth construction lot with resolution no. 42/16 of 10 August 2016, sending the documentation to the Court of Auditors for its examination. Communication of the effectiveness of the fourth lot is scheduled for 17 March 2017. This fourth construction lot will increase the amount of financed works by €1,125 million to €2,759 million.

On 26 October, the Rome and Genoa Public Prosecutors issued orders which, inter alia, involved certain parties related to the consortium. More information is available in the "Main risk factors and uncertainties" section.

High-speed/capacity Verona-Padua Railway Project

The IRICAV DUE consortium is RFI's general contractor for the design and construction of the high speed/capacity Verona-Padua section as per the agreement of 15 October 1991. Its role was confirmed by the arbitration award of 23-26 May 2012, which has become definitive. Salini Impregilo's current involvement in the consortium is 34.09%. During the first half of this year and together with its partner Astaldi, Salini Impregilo communicated their interest in acquiring the stakes of Ansaldo STS of 8.12% and 8.93%, respectively. Should this acquisition go ahead (RFI's approval is conditional upon Ansaldo STA continuing to hold a nominal stake of 0.001%), Salini Impregilo's share of the consortium fund would increase to 42.209%.

In 2015, the consortium provided the customer with the definitive project drawings for the Verona-Vicenza sub-section with the bid. It also delivered the definitive project, inclusive of the related bid, for the first functional lot, the Verona-Vicenza junction.

On 23 March 2016, the Services Conference took place in the presence of the Directorate General for Railway Transport and Railway Infrastructure of the Ministry of Infrastructure and Transport (MIT), attended by the bodies involved in the project.

Once it has obtained the environmental compatibility opinions and the opinion of the Superior Council of Public Works, the MIT will send the design for the first functional lot to CIPE for its definitive approval, which is expected for early 2017.

In the meantime, negotiations with RFI to check the fairness of the consideration are underway.

At present, it can be assumed that the rider for the first functional lot will be signed with RFI during the first six months of 2017, allowing commencement of the works in the second half of the year.

The contract is worth an estimated €5 billion, including roughly €2 billion for the first functional lot, the Verona-Vicenza junction.

Concessions

The Group's portfolio of concession activities in Italy mainly consists of investments in the operators still involved in developing projects and constructing the related infrastructure.

These concessions principally relate to the transport sector (motorways, metros and car parks).

The following tables show the key figures of the Italian concessions at the reporting date, broken down by business segment:

MOTORWAYS

Country	Operator	% of investment	Total km	Stage	Start date	End date
Italy	SaBroM-Broni Mortara	60	50	not yet active	2010	2057
Italy (Ancona)	Dorico-Porto Ancona bypass	47.0	11	not yet active	2013	2049

METROS

Country	Operator	% of investment	Total km	Stage	Start date	End date
Italy (Milan)	Milan Metro Line 4	9.7	15	not yet active	2014	2045

CAR PARKS

Country	Operator	% of investment	Total km	Stage	Start date	End date
Italy (Terni)	Corso del Popolo S.p.A.	55.0		not yet active	2016	2046

OTHER

Country	Operator	% of investment	Total km	Stage	Start date	End date
Italy (Terni)	Piscine dello Stadio S.r.l.	70.0		active	2014	2041

Lane operating segment

The Group is active in the US through the subsidiary Lane Industries Incorporated.

Macroeconomic scenario

Salini Impregilo has strengthened its share of the US market considerably with its acquisition of Lane, the top highway contractor. In fact, the US is now the Group's key market, accounting for roughly one quarter of its revenue, after this acquisition.

The US economy is expected to maintain the growth rates achieved in previous years in 2017 and to gain impetus in 2018, mainly thanks to the infrastructure programme and tax incentives promised by the Trump administration.

The growth prospects for the US infrastructure market are very promising for the next few years, boosted by approval of the Fast Act (Fixing America's Surface Transportation Act) in December 2015. Experts believe that reconstruction of the country's infrastructure cannot be put off much longer. Large investments to modernise the current infrastructure and launch new projects have been referred to by President Trump, who has announced an ambitious investment programme to build roads, bridges, tunnels, airports, ports and railways of approximately USD1 trillion over ten years. The American Society of Civil Engineering has estimated infrastructure investment requirements for the US to be USD3.6 trillion by 2020. This market's potential development is an excellent opportunity to be grasped by the Group through its local subsidiary, Lane.

The IMF has confirmed the US economy's favourable trend: 2018 GDP growth has been revised upwards in the most recent estimates of January 2017 to 2.5%, an improvement of 0.4% on the October 2016 forecasts.

The following table shows the amounts involved in the main contracts in portfolio:

Project (Share in millions of Euros)	**Residual order backlog at 31 December 2016**	**Percentage of completion**
Purple Line	526.0	7.7%
I-4 Ultimate	467.4	17.8%
Gerald Desmond Bridge (Healy Project)	91.8	56.5%
Dugway Storage Tunnel Cleveland (Healy Project)	83.1	36.2%
Other	1,345.2	
Total	**2,513.4**	

Lane - Purple Line - Maryland

Purple Line Transit Partners, which includes Lane Construction, was selected as the best bidder for the design and construction of the Purple Line transit system worth USD2 billion in March 2016.

The project includes the construction of 21 stations along a 16-mile alignment, mainly between New Carrollton and Bethesda, north of Washington DC. Lane Construction is involved in the construction work (but not the concession) with a 30% share.

Lane - I-4 Ultimate - Orlando - Florida

In September 2014, the I-4 Mobility Partners joint venture entered into a concession agreement with the Florida Department of Transportation (FDOT) to design, build, finance and operate the USD2.3 billion I-4 Ultimate project. Lane's share of the joint venture is 30%.

The project includes the reconstruction of 21 miles of I-4 from west of Kirkman Road in Orange Country to east of SR 434 in Seminole County, including the addition of four lanes.

Healy Project - Gerald Desmond Bridge - Long Beach - California

The contract, awarded in 2012, consists of the construction of a cable-stayed bridge with the main span of 300 metres and two 150 m-high towers in the harbour of the city of Long Beach (CA). It is worth around USD790 million, of which 30% for the Group.

Healy Project - Dugway Storage Tunnel - Cleveland - Ohio

This USD153 million contract awarded in November 2014 involves the construction of a 4.5 km-long and 8 m-wide tunnel and six shafts. The Group's share is 100%.

In addition, the Group won a number of contracts during the year, including the South Carolina Port Access Road as a joint venture with Flour Enterprises Inc, worth approximately USD220 million.

Outlook for 2017

The acquisition of Lane represents another step by Salini Impregilo to expand in the US infrastructure market. The US construction sector has become a core market for the Group, contributing around 25% to its total revenue. With Lane, Salini Impregilo can compete and participate in a much larger pool of projects, especially in the highway, rail, environment and mobility sectors, including underground works using mechanised excavation machines. This is reflected in the order backlog worth €2.5 billion at year end and the new orders won in the first two months of 2017 for

€850 million. Lane recently won a new design-build contract worth USD336 million to extend the 395 Express Lanes in Virginia. The project consists of an eight-mile extension of the 95 Express Lanes from Edsall Road in Fairfax County to Eads Street in Arlington County. The work will extend the 95 Express Lanes to the Washington, D.C., line and is expected to reduce congestion significantly along the I-395 corridor.

Management accounts presentation of the figures for 2016 and 2015 ("Work Under Management")

For management purposes, the Group monitors the main figures of Lane Group, adjusting the IFRS balances, prepared for consolidation purposes, to consider the results of the joint ventures not controlled by Lane, which are consolidated using the proportionate method. These management account results (works under management) show the progress made on the contracts managed directly by Lane or through its non-controlling investments in the joint ventures.

The following table shows the key figures for 2016 compared to the previous year:

	2016			2015*		
(€'000)	Lane Industries Group	Joint ventures not controlled by Lane	Total WUM	Lane Industries Group (unaudited)	Joint ventures not controlled by Lane	Total WUM
Revenue	1,303,478	240,721	1,544,199	1,270,652	197,149	1,467,801
Gross operating profit (EBITDA)	48,311	24,372	72,683	43,004	24,587	67,591
Operating profit (EBIT)	14,110	24,372	38,482	12,837	24,587	37,424
Profit from continuing operations	30,346	-	30,346	11,755	-	11,755
Profit for the year attributable to the owners of the parent	19,542	-	19,542	3,455	-	3,455

* The figures for 2015 for Lane are the consolidated figures prepared under IFRS.

Abroad

The Group is active in the construction and concessions sectors abroad.

Macroeconomic scenario

The global economy's recovery continued in 2016 albeit at a slower and weaker pace than expected. According to the latest IMF estimates, global growth is expected to be 3.1% for 2016, substantially in line with 2015, to rise to 3.4% and 3.6% in 2017 and 2018, respectively. These forecasts show slower growth for the advanced economies as a result of the Brexit vote.

The economic growth rate of the main advanced economies was steady at 1.6% for 2016, down 0.5% on the previous year. The outlook is more positive, with growth expected to increase to above 2% in 2018.

On the other hand, the emerging markets and developing countries are more dynamic with global growth prospects beyond 2017 for a gradual increase to 3.8% by the end of 2021.

Despite this still quite volatile economic scenario, the general climate has benefited from positive factors, such as more stable oil prices, lower interest rates and higher raw materials prices.

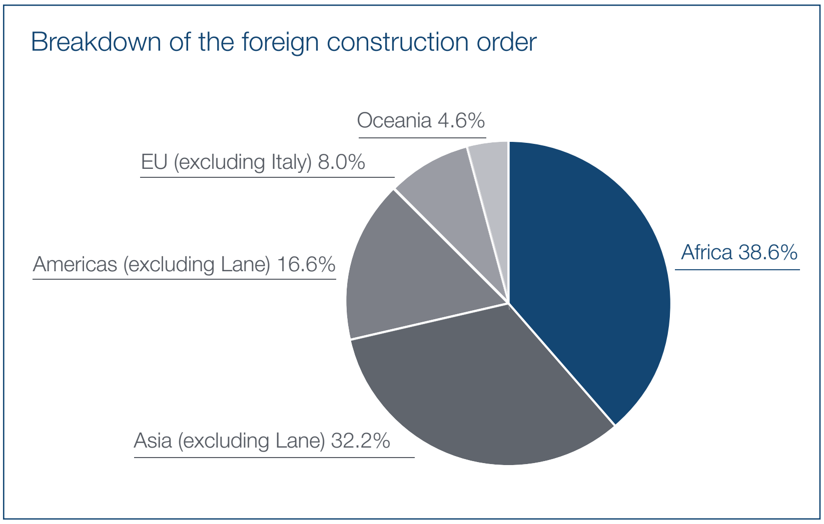
The developing countries will continue to be the main driver of global growth, although their growth pattern will be intermittent and slower than of the last 20 years.

Construction

The order backlog for the foreign construction segment is as follows:

Area (Share in millions of Euros)	**Residual order backlog at 31 December 2016**	**Percentage of completion**
Africa	7,047.5	38.6%
Asia (excluding Lane)	5,883.1	32.2%
Americas (excluding Lane)	3,032.0	16.6%
Europe (excluding Italy)	1,464.2	8.0%
Oceania	832.1	4.6%
Total	**18,259.9**	**100.0%**

The following chart provides a breakdown of the order backlog by area:



Australia

Market

The construction sector is a driving force of the Australian industry and contributes roughly 8% to the country's GDP.

The Australian Bureau of Statistics estimates that the population will double by 2075 from the current 23 million residents to 46 million. As the demographic growth rate is one of the factors that positively affects development of the civil engineering and large-scale works sector, the individual state governments and the federal government have confirmed they will support the vigorous development of infrastructure with the dual aim of bolstering the economy, through a public spending plan to reply to the negative performance of the mining industry, and to adequately respond to the existing demand for more infrastructure.

The Group has been active in Australia since 2013 and currently operates through Salini Impregilo Australia Branch, the wholly-owned Salini Australia Pty Ltd, Impregilo Salini Joint Venture and Salini Impregilo - NRW Joint Venture.

In December 2013, Transport for New South Wales awarded Impregilo-Salini Joint Venture the contract, worth approximately AUD624 million at year end, for the Sydney Metro Northwest Project - Design and Construction of Surface and Viaduct Civil Works.

The project is the first stage of the Sydney Metro Project, the largest public transport infrastructure project in Australia, which consists of the construction of the new metro line to serve north-east Sydney.

Project (Share in millions of Euros)	**Residual order backlog at 31 December 2016**	**Percentage of completion**
Forrestfield Airport Link	777.9	3.8%
NW Rail Link Project	54.2	87.3%
Total	**832.1**	

Forrestfield Airport Link

On 28 April 2016, the joint venture of Salini Impregilo (80%) and NRW Pty Ltd (20%) was awarded the contract to design, construct and maintain the Forrestfield Airport Link by the Public Transport Authority of Western Australia. The project includes construction of a new metro line to connect Forrestfield, and hence the airport, to the existing Perth network through an 8 km underground line. As well as the design and construction of the three new metro stations, the contract also includes 10 years of maintenance of the infrastructure. It is worth approximately AUD1.2 billion.

Outlook for 2017

In November 2016, the Salini Impregilo - Fluor - Lane joint venture presented a bid for the design and construction of the Western Distributor Project worth around €3.6 billion (AUD5.5 billion) in Melbourne. This is one of the most ambitious road infrastructure works for the Victorian government and its objective is to reduce traffic congestion on the existing bridge (West Gate Bridge) and commuting times. It will also create 5,600 new jobs. The works are to be completed by 2022.

On 11 August 2016, the "Moving Melbourne Together" consortium, which includes Salini Impregilo, CBP and Ghella, was short-listed for the Melbourne Metro contract. The Public Private Partnership (PPP) project worth AUD6 billion will be the largest ever in the state of Victoria and will create 4,700 jobs. The contract will include roughly 9 km of tunnels and five metro stations. The formal proposals will be presented at the start of 2017 while the tunnelling work will commence in 2018.

The Group deems that the Australian market is fundamental for its growth, as shown by the above developments.

Tajikistan

Market

This country's economy grew at a rate of 7.5% between 2011 and 2013 and the expected growth rate for 2017 is 4%.

During the same period, the poverty and unemployment rates have improved. The project assigned to the Group is of fundamental importance to boost economic growth over the next few years with the delivery of electrical energy generated by the Rogun hydroelectric power plant.

The following table shows the amounts involved in the contract at the reporting date:

Project (Share in millions of Euros)	Residual order backlog at 31 December 2016	Percentage of completion
Rogun Hydropower Project	1,713.3	1.9%
Total	**1,713.3**	

Rogun Hydropower Project

On 1 July 2016, Salini Impregilo signed a framework agreement with the Tagikistani government worth approximately USD3.9 billion to build a hydroelectric power plant. The Group, with a 100% share, has also been assigned the first lot of roughly USD1.9 billion to build a 335 metre-high rockfill dam with a clay core, the tallest in the world, on the Vakhsh River in Pamir, one of Central Asia's main mountain ranges. The contract term is 11 years (plus two years warranty). The contract for Lot 2 will be executed by the Group's local branch.

The power plant will have total installed capacity of 3,600 MW generated by six turbines of 600 MW each.

Outlook for 2017

While it is still in an initial phase, the river deviation phase was completed in 2016. Completion of the project will take place in another three lots, included in the framework agreement signed with the customer.

Saudi Arabia

Market

The Saudi market is stagnant due to the falling oil prices and the country's expected deficit. The local currency's depreciation against the US dollar planned at the start of 2016 no longer seems feasible.

The following table shows the amounts involved in the main contracts in place at the reporting date:

Project (Share in millions of Euros)	Residual order backlog at 31 December 2016	Percentage of completion
Riyadh Metro Line 3	1,737.0	39.7%
Other	78.9	
Total	**1,816.0**	

Riyadh Metro Line 3

On 29 July 2013, Salini Impregilo, as leader of an international consortium, won a portion of the maxi contract awarded by ArRiyadh Development Authority to design and construct the new Riyadh metro line (41.2 km), the longest line of the challenging project for the metro system of Saudi Arabia's capital.

The lot assigned to ArRiyadh New Mobility Consortium is an important part of the larger construction contract for Riyadh's new metro system, worth approximately USD23.5 billion.

The value of the works to be carried out by the consortium, i.e., the design and construction of the entire Line 3, is roughly USD6.0 billion, including approximately USD4.9 billion for the civil works, of which Salini Impregilo will carry out 66%. It sold 14% of its share to Salini Saudi Arabia Company L.t.d. (51% owned by Salini Impregilo) in 2016.

Outlook for 2017

The Group will continue to pursue any new business opportunities that arise in 2017 in this country.

Qatar

Market

Given current oil prices, the country has held back development of new infrastructure projects and has only continued high priority projects (such as the Doha metro line) for the 2022 FIFA World Cup.

The following table shows the amounts involved in the main contracts in place at the reporting date:

Project (Share in millions of Euros)	**Residual order backlog at 31 December 2016**	**Percentage of completion**
Al Bayt Stadium	608.0	20.9%
Red Line North	415.7	69.3%
Other	299.8	
Total	**1,323.5**	

Al Bayt Stadium

In July 2015, the Group was awarded the contract to build the Al Bayt stadium in Al Khor, roughly 50 km north of the capital Doha. The Group's share of the contract, which entails the design and construction of one of the sports complexes where the 2022 FIFA World Cup matches will take place, is worth approximately €770 million. The contract was awarded by the Aspire Zone Foundation, which is responsible for the development of Qatar's sports infrastructure. The stadium will be able to accommodate 70,000 spectators with an area of 200 thousand square metres. The profit is an example of an eco-sustainable work, thanks to modern construction techniques and the use of environmentally friendly and low energy impact state-of-the-art materials.
The Group's share of the contract is 40%.

Red Line North Underground, Doha

In 2013, Impregilo, as leader of a joint venture with a 41.25% share, won the tender called by Qatar Railways Company (Qrail) for the design and construction of the Red Line North Underground in Doha. The project, along with three other metro lines, is part of a programme promoted by Qatar to build a new infrastructure mobility system included in the National Development Plan for 2030 ("Qatar National Vision 2030"), which provides for significant investments to ensure sustainable economic growth over time. The contract's value has decreased from the previous QAR8 billion (roughly €2 billion) to the current QAR5.6 billion (approximately €1.4 billion), due to the partial use of the contractually-provided for provisional sum.

Outlook for 2017
The Group will continue to pursue any new business opportunities in arise in 2017 in this country.

Ethiopia

Market
Ethiopia is the fastest growing economy in Africa in the last five years. Its development plans for the next few years include the installation of 17,000 MW power capacity and the GERD and Koysha projects. The latter was won in 2016.

The following table shows the amounts involved in the main contracts in place at the reporting date:

Project (Share in millions of Euros)	Residual order backlog at 31 December 2016	Percentage of completion
Koysha	2,321.8	6.5%
Gerd	1,304.8	64.8%
Gibe III	15.2	99.1%
Total	**3,641.8**	

Koysha Hydroelectric Project
This project is on the Omo River, about 370 km south-west of the capital Addis Abeba. It was commissioned by Ethiopian Electric Power (EEP) and includes the construction of a dam with a 6,000 million cubic metre capacity reservoir, annual energy generation of 6,460 Gwh and total installed capacity of 2,200 MW. The project also includes the access roads, a new bridge over the river and a 400 KW transmission line from Koysha to Gibe III. The contract is worth approximately €2.5 billion and the Group's share is 100%.

This important new project, together with GIBE III and GERD (the Grand Renaissance Dam) on the Blue Nile, will enable Ethiopia to become Africa's leader in terms of energy production.

GERD
The GERD project, located approximately 500 km north-west of the capital Addis Abeba, consists of the construction of a hydroelectric plant, Grand Ethiopian Renaissance Dam (GERD), and the largest dam in the African continent (1,800 metres long, 170 metres high). The project also includes the construction of two power stations on the banks of the Blue Nile, equipped with 16 turbines with installed capacity of 375 MW each. The contract is worth approximately €3.7 billion and the Group's share is 100%.

Outlook for 2017
The Group will continue to pursue new business opportunities in 2017 in line with the country's continued growth.

Peru

Market

The country is engaged in strengthening its democratic institutions to encourage private initiative in the economy. To this end, the current government has communicated its intention to stimulate investment in large infrastructural works to modernise Peru.

In 2017, the government plans to call tenders for the Lima L3 Metro worth approximately €5,802 million as well as another two projects of a smaller amount for the ring road around Lima and the Longitudinal de la Sierra road.

The following table shows the amounts involved in the main contracts in place at the reporting date:

Project (Share in millions of Euros)	Residual order backlog at 31 December 2016	Percentage of completion
Lima Metro	688.5	6.5%
Total	**688.5**	

Lima M2 - Peru

On 28 March 2014, the consortium comprising Salini Impregilo Group and other international groups won the contract for the construction and operation of the extension to Lima's metro network under concession from P - Agencia de Promociòn de la Inversiòn Privada. The project includes the construction of the works and operation of the infrastructure over the 35-year concession.

The Group's share of the construction work is 25.5% of the civil works. The five-year project includes the development of a 35 km-long underground line and 35 stations. The contract, updated by variations, is worth approximately USD3,042 million (original amount of USD3,004 million plus addenda of USD38 million).

Outlook for 2017

The Group will continue to pursue any new business opportunities that arise in 2017 in this country.

Denmark

Market

Denmark is experiencing a phase of moderate growth. The country's infrastructure development plan entails public and private investment. The Group operates through its subsidiary Copenhagen Metro Team I/S, a company incorporated under Danish law and involved in the construction of Copenhagen Cityringen, one of the world's most modern transport infrastructures.

The following table shows the amounts involved in the contract in place at the reporting date:

Project (Share in millions of Euros)	**Residual order backlog at 31 December 2016**	**Percentage of completion**
Cityringen	334.8	84.4%
Total	**334.8**	

Copenhagen Cityringen

The project consists of the design and construction of the new metro line in the centre of Copenhagen, which entails two tunnels of 16 km each, 17 stations and five monitoring shafts. The contract is worth approximately €2,147 million, including riders and price reviews. During the period, work went ahead according to schedule with continuation of the electromechanical works and architectural finishings. The Group's share of the project is 99.9%.

During 2016 and 2015, the Group incurred costs for activities not originally provided for in the contract (more information is available in the section on the "Main risk factors and uncertainties").

Outlook for 2017

The Group is involved in a major tender in the transport sector. It is currently finalising its bid for the southbound extension of the Copenhagen metro line.

Poland

Market

Poland is a dynamic, fast-growing country with its GDP showing strong growth in recent years (+3.1% in 2016 and +3.0% in 2015). This market is very attractive to foreign companies given the large EU funding it receives, the low salaries, highly professional workforce and modest tax regime. Accordingly, Poland is one of the countries with the best development potential in the medium term.

The following table shows the amounts involved in the contracts in place at the reporting date:

Project (Share in millions of Euros)	**Residual order backlog at 31 December 2016**	**Percentage of completion**
A1F Tuszyn-Pyrzowice	121.5	6.4%
Expressway S7 Krakow-Rabka Zdroj	101.0	11.2%
Expressway S7 Checiny	63.1	44.3%
Expressway S3 Nowa Sol	55.6	46.8%
Expressway S8 Marki - Radzymin Lot 1	29.7	54.3%
Total	**370.9**	

A1 Motorway
On 22 July 2015, the Group was awarded a contract worth approximately €130 million for the design and construction of a 20 km section of the A1 Motorway south of Warsaw near Katowice. The works are financed with EU and Polish state funds and have a term of 33 months. The Group's share is 100%.

Expressway S7 - South of Krakow
On 20 January 2016, the Group won a €114 million contract, signed on 31 March 2016, to build a section of Expressway S7 south of Krakow near the border with Slovakia. The project, which is EU and Polish state funded, will take 22 months. The Group's share is 100%.

Outlook for 2017
Work on the main motorway projects underway continued in 2016. Production is slated to pick up speed in 2017 as the road projects have a term of between two and three years and the contracts have now reached their peak production time. The Group's outlook for this country is tied to its participation in 23 pre-qualification rounds for tenders worth approximately €3 billion for road works.

At present, Salini Impregilo has qualified for 14 out of the 23 projects and has been invited to present bids for nine road tenders. It is also evaluating whether to participate in railway and hydraulic tenders in order to diversify its business, which is currently focused solely in the fast-growing road infrastructural sector.

Other countries

Argentina

Riachuelo - Buenos Aires
The project has significant environmental and social value as it will clean up the Riachuelo River basin. The initiative is the first part of a larger programme, financed by the World Bank, for sustainable development of the Matanza-Riachuelo catchment basin, aimed at the environmental restoration of the Riachuelo River and the areas it passes through, considered to be among the most polluted in the region.

Following an addendum signed in the second half of 2016, the contract is now worth €414 million (Salini Impregilo's share is 75%) and the project was 21.4% complete at 31 December 2016. Argentina is expected to record growth at around 3% with inflation under 20% (currently around 40%) in 2017. The government has announced a big public works investment plan (17.7% of GDP). Given these premises, the Group has decided to set up a branch office in Buenos Aires to evaluate the many bids presented for calls to tender announced in late 2016 and to be continued in 2017.

Slovakia

D1 Motorway - Lietavská Lúčka - Višňové - Dubná Skala Section
The "D1 Motorway - Lietavská Lúčka – Višňové – Dubná Skala section" project consists of the construction of roughly 13.4 km of the motorway, which includes a

7.5 km twin-tube tunnel, an intersection, a car park, nine bridges, a maintenance centre and sundry related works.

The EU-funded contract is worth approximately €307 million (Salini Impregilo's share is 100%).

According to European Union forecasts (Directorate-General for Economic and Financial Affairs), this country's GDP growth should continue in 2017 and 2018. The growth rate was above 3% in 2016.

In addition, investments in the automotive sector and greater public spending (including for large-scale infrastructure projects) should boost the outlook for solid growth in 2017 and 2018.

The Group will continue to pursue new business opportunities in 2017 in line with the country's continued growth.

Concessions

The Group's portfolio of foreign concessions comprises both investments in the operators, which are fully operational and, hence, provide services for a fee or at rates applied to the infrastructure's users, and operators that are still developing and constructing the related infrastructure and will only provide the related service in future years.

The current concessions are held in Latin America (Argentina, Colombia and Peru), the UK and Turkey. They refer to the transport sector (motorways, metro systems and car parks), hospitals, renewable energy and water treatment sectors.

The two Argentine operators are currently in liquidation and their contracts have been terminated. The following tables show the main figures of the foreign concessions at the reporting date, broken down by business segment:

MOTORWAYS

Country	Operator	% of investment	Total km	Stage	Start date	End date
Argentina	Iglys S.A.	98.0		holding		
Argentina	Autopistas Del Sol	19.8	120	active	1993	2020
Argentina	Puentes del Litoral S.A.	26.0	59,6	in liquidation	1998	
Argentina	Mercovia S.A.	60.0	18	active	1996	2021
Colombia	Yuma Concessionaria S.A.(Ruta del Sol)	48.3	465	active	2011	2036

METROS

Country	Operator	% of investment	Total km	Stage	Start date	End date
Peru	Metro de Lima Linea 2 S.A.	18.3	35	not yet active	2014	2049

ENERGY FROM RENEWABLE SOURCES

Country	Operator	% of investment	Installed voltage	Stage	Start date	End date
Argentina	Yacylec S.A.	18.7	T line	active	1992	2091
Argentina	Enecor S.A.	30.0	T line	active	1995	2094

INTEGRATED WATER CYCLE

Country	Operator	% of	Pop. served	Stage	Start date	End date
Argentina	Aguas del G. Buenos Aires S.A.	42.6	210 k	in liquidation	2000	
Peru	Consorcio Agua Azul S.A.	25.5	740 k	active	2000	2027

HOSPITALS

Country	Operator	% of investment	No. of beds	Stage	Start date	End date
GB	Impregilo Wolverhampton Ltd.	20.0	150 k medical visits	active	2002	2032
GB	Ochre Solutions Ltd-Ospedale di Oxford	40.0	220	active	2005	2038
GB	Impregilo New Cross Ltd.	100.0		holding		
Turkey	Gaziantep Hospital	35.5	1875	not yet active	2016	2044

CAR PARKS

Country	Operator	% of investment	No. of parks	Stage	Start date	End date
GB	Impregilo Parking Glasgow Ltd.	100.0	1400	active	2004	2034

Order backlog

The order backlog shows the amount of the long-term construction contracts awarded to the Group, net of revenue recognised at the reporting date. The Group records the current and outstanding contract outcome in its order backlog. Projects are included when the Group receives official notification that it has been awarded the project by the customer, which may take place before the definitive binding signing of the related contract.

The Group includes projects in its order backlog when it deems that the contract counterparties will comply with their obligations. Moreover, its contracts usually provide for the activation of specific procedures (usually arbitrations) to be followed in the case of either party’s contractual default.

The order backlog includes the amount of the projects, including when they are suspended or deferred, pursuant to the contractual conditions, even if their resumption date is unknown.

The value of the order backlog decreases:

- when a contract is cancelled or decreased as agreed with the customer;

- in line with the recognition of contract revenue in profit or loss.

The Group updates the order backlog to reflect amendments to contracts and agreements signed with clients. In the case of contracts that do not have a fixed consideration, the related order backlog reflects any contractual variations agreed with the customer or when the customer requests an extension of the execution times or amendments to the project that had not been provided for in the contract, as long as these variations are agreed with the customer and the related revenue is reasonably certain.

The measurement method used for the order backlog is not a measurement parameter provided for by the IFRS and is not calculated using financial information prepared in accordance with such standards. Therefore, the calculation method used by the Group may differ from that used by other sector operators. Accordingly, it cannot be considered as an alternative indicator to the revenue calculated under the IFRS or other IFRS measurements.

Moreover, although the Group’s accounting systems update the related data on a consolidated basis once a month, the order backlog does not necessarily reflect the Group’s future results, as the order backlog data may be subject to significant variations.

Risk management system

The context in which the Group currently operates, characterised by rapid macroeconomic changes, financial markets instability and progressive developments of legal and regulatory compliance regulations, requires clear strategies and effective management processes aimed at preserving and maximising value.

To strengthen the internal controls and risk management system, the Group has a risk management framework, which it keeps up-to-date, extended to all group operating companies to identify, assess, manage and monitor risks in accordance with industry best practices.

Development, implementation and circulation of the risk management framework is designed to assist senior management with strategic and commercial planning and operations through the comprehensive, in-depth analysis of relevant factors for the business and the local contexts in which the Group operates, facilitating the identification and monitoring of related risks.

During 2016, activities focused on the development and introduction of tools to efficiently manage some material risks, such as country risk and counterparty risk, by concentrating on the clients, partners and sub-contractors. The Group also concurrently developed a method to chart and periodically monitor its risk exposure and ensure its risk profile's consistency with the defined strategic objectives (through risk planning and assessment). These instruments employed in the Group's core processes assist management to direct its activities through tailored analyses and by questioning its decisions to strengthen informed decision-making.

Thanks to its activities and development of the existing framework, the department was able to define the Group's current risk profile and identify management strategies to deal with the more material risks, which can be developed and introduced through specific measures.

Business risks

External risks that may compromise the Group's achievement of its objectives, i.e., all events whose occurrence is not influenced by corporate decisions. This category includes all risks arising from a country's macroeconomic and socio-political dynamics, sector trends and competitive scenario, as well as from industry specific technological innovation and regulatory developments.

Because of the nature of such risks, the Group must rely on its forecasting and managing abilities. Specifically, Salini Impregilo integrated risk vision in its strategic and business planning processes through the definition of commercial and risk guidelines and the development of a process for the prioritisation and selection of initiatives to be pursued, also and most of all based on the assessment of relevant risks linked to the country and/or sector in which operations are planned, rather than to the counterparty. Risk control is also ensured by monitoring the progress of strategic objectives also in terms of composition and diversification of the portfolio and its development over time in terms of risk profile.

Strategic risks

These risks arise from strategic, business and organisational risks that may adversely impact the Group's performance and ultimately result in the non-achievement of strategic objectives. They include risks resulting from the choice of business or organisational models through which the Group intends to operate, those arising from M&A transactions, or the ineffective management of the order portfolio or the relationships with key counterparties (clients, partners, suppliers, sub-contractors, etc.).

Salini Impregilo considers risk as a key element for the preliminary assessment of decisions and strategic choices, so much so that it has envisaged integrating the strategy definition and development process with that for the identification, measurement and management of risks.

The choices pertaining to the adoption of a business or organisational model, the assessment about the opportunity of proceeding with an extraordinary transaction or establishing a partnership are subject to preliminary analysis and evaluation of the related risks and opportunities, with the concurrent identification of risk management methods and strategies to be promptly activated should such risks arise.

Financial risks

All risks linked to the availability of group resources, depending on the management of receivables and cash and cash equivalents and/or the volatility of market variables such as interest and exchange rates.

Specifically, liquidity management has the objective of ensuring the financial autonomy of contracts in progress, taking into account the structure of consortia and special purpose entities, which can tie the availability of financial resources to the execution of the relevant projects. Moreover, liquidity management takes into account restrictions to currency transfers imposed by the legislation of some countries.

Salini Impregilo also considers specific risk areas such as the counterparty's credit rating and raw materials price volatility, equipping itself with effective financial planning tools.

Legal and compliance risk

This risk class includes risks for the management of legal issues and/or risks related to compliance with laws and regulations (e.g. taxation, local legislation, etc.) required in order to operate in the sector and/or specific countries. Salini

Impregilo deems that monitoring contractual issues linked to contract management and, particularly, the relationship with relevant counterparties, is fundamental. This also includes any internal and external fraud risks, and, more generally, the compliance with procedures and policies established by the Group to govern its operations.

With respect to the aforementioned factors, Salini Impregilo implements a regulatory risk monitoring and management policy in order to minimise the impact of such risk, through a multi-level control system that entails collaborative and ongoing liaison with relevant counterparties and business units affected by regulatory developments and the comprehensive assessment of any potential impacts.

Operational risks

These are risks that could jeopardize value creation and are due to an inefficient and/or ineffective management of the Group's core business, particularly those linked to bid management and actual execution of contracts. The various risk areas that fall into this class include bid design and planning, effective supply chain, logistics and inventory management, as well as those linked to the management of IT systems, personnel and planning and reporting.

These risks arise during the performance of contracts, should Group policies and procedures not be adequate for the management of risk factors linked to the level of complexity of the project or unforeseeable events.

To this end, the Group intends to monitor such risks starting at the bidding stage of each contract with a risk/benefit analysis of the project in the event of its award and its impact on the portfolio structure, both in terms of risk concentration and overall risk profile. At this time, Salini Impregilo, as part of a wider process, prepares a pre-bid risk assessment aimed at identifying potential risks and impacts linked to the project, as well as the necessary mitigation and/or contingency measures to counter them. The risk surveillance activity is then performed again at tender stage and monitored and updated during contract execution in order to promptly detect the risk exposure development and promptly implement adequate remediation measures.

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As part of the aforementioned framework for the identification and classification of risks applicable to Group operations, Salini Impregilo has adopted a cross-functional approach for the analysis of risk dimensions that are considered more relevant due to the specific features of its business. These dimensions include various risk areas identified and belonging to different risk classes.

Country risk

The Group pursues its objectives by operating almost everywhere in the world, leveraging business opportunities in different countries and hence exposing itself to the risks resulting from the characteristics and conditions dictated by them, such as the political, economic and social scenario, local regulations, taxation and operational complexity and, last but not least, safety conditions.

Being aware of and constantly monitoring country risk through specific indicators enables the Group first and foremost to define informed commercial strategies, as well as to gain an optimal understanding of the operating scenario and, therefore, adopt precautions and/or implement actions aimed at removing barriers and mitigate potential threats.

Counterparty risk

The counterparty dimension identifies potential criticalities linked to relationships with the Group's clients, shareholders, subcontractors and suppliers, so as to create a comprehensive overview of the features of the partners with which Salini Impregilo may start or continue to collaborate. For each of the above counterparty types, risk factors linked to financial and operational reliability apply to a different extent, as does the potential strategic role of a partnership for a specific business initiative, as well as all aspects linked to legal and other compliance that safeguard the lawfulness of the relationship.

The Group performs a counterparty analysis for each new analysis, involving all the competent departments and the Group Risk Officer, allowing a more precise identification of the critical issues that could arise during the contract's operational stages and more accurate planning of the possible mitigation actions.

Contract risk

The contract dimension is key for an effective analysis of all risks linked to the Group's core business, since it is considered to define tools capable of identifying and monitoring so-called contract risks starting from the bidding stage in a risk prevention perspective, as part of an in-depth analysis of the risks and opportunities linked to the pursuit of a specific activity. Another fundamental aspect is the ongoing tracking of risks once they have been consciously taken on by management, managing the resulting risk exposure in a proactive, dynamic way, as well as its ongoing development over time.

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The analysis of key risk dimensions and the relevant risk areas has the aim of providing management with a two-sided overview: a detailed one (i.e. at individual country, counterparty, contract level) and a portfolio one (for assessment of the overall exposure to such dimension), in order to assess the Group's risk profile as well as its compliance with the exposure limits imposed by its risk management capacity. Moreover, the portfolio overview enables the performance of systematic assessments about the potential development of the risk profile upon occurrence of certain events and/or specific choices that may result in any changes to it, through the use of dedicated risk management tools.

The risk management framework, as outlined above and subject to further and future developments, has been designed to support decision-making and operational processes at every stage of the management of projects, in order to reduce the possibility that certain events may compromise the Group's normal business operations or its strategic objectives: to this end, it is integrated in strategic and business planning processes, which, therefore, cannot be separated from the Group's risk profile, as well as from its choices in terms of risk appetite.

Main risk factors and uncertainties

Main risk factors and uncertainties

In addition to the areas outlined in the "Business risk management" section above, the following specific situations linked to major outstanding claims and country risk exposure at 31 December 2016, characterised by risk and/or uncertainty profiles, should be added to the universe of risk events that may potentially impact on operations.

Litigation

USW Campania projects

The Group became involved in the urban solid waste disposal projects in the Province of Naples and other provinces in Campania at the end of the 1990's through its subsidiaries Fibe and Fibe Campania (the "companies").

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 SPEs Fibe and Fibe Campania of the service contracts for the disposal of urban solid waste in the provinces of Campania and ended on 15 December 2005 with the "ope legis" termination of these contracts pursuant to Decree law no. 245/2005 (converted into Law no. 21 of 27 January 2006);

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

(iii) the "Current" phase launched at the end of the "Transition "phase, which is still underway.

The major issues that have characterised the Group's activities in service contracts since 1999-2000, which have been discussed in detail and reviewed in all of the reports published by the Group starting from that time, have evolved and became more complex over the years, giving rise to a large range of disputes, some of which are major and in part still ongoing. Even given the positive developments, the general situation in terms of pending disputes is still very complex. A brief overview is provided below, especially in relation to existing risk positions.

Since Fibe Campania S.p.A. was merged into Fibe S.p.A. in 2009, unless otherwise stated, reference is made exclusively to Fibe S.p.A. in the rest of this section, even with regard to positions and events that affected the merged company.

Administrative litigation

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

The special commissioner tasked by the Regional Administrative Court to collect receivables of former operators of the waste disposal service performed until 15 December 2005 submitted their report in November 2014, in which they stated that, despite an outstanding amount payable to FIBE as a fee for its service rendered until 15 December 2005, the administration had already collected directly €46,363,800, without forwarding it to FIBE, and that total outstanding receivables totalled €74,317,550.

The administration, apart from raising some objections, which were rejected by the Regional Administrative Court and related to calculation criteria and the offsetting of receivables (which, incidentally, were the subject of other rulings), lodged a motion, requesting that the appeal should be rejected on the grounds of expiry of the regulation - starting from 31 December 2009 - allowing performance of the activities that should have been carried out by the special commissioner. On 13 February 2015, the Regional Administrative Court and, subsequently, on 1 September 2015, the Council of State, rejected the appeal confirming that the administration and, on its behalf, the commissioner appointed to replace it were still responsible for collecting receivables due to Fibe.

Following the resignation of the special commissioner and the subsequent appointment of the General Commander of the Italian Financial Police by the Regional Administrative Court as their replacement and as a result of the anticipated incompatibility raised by the latter, on 13 July 2015, the Regional Administrative Court appointed the Ministry of Economy and Finance's (MEF) Chief of Staff, who, on 10 September 2015, appointed a manager of the aforementioned MEF as attorney. With notice of 16 November 2015, the new commissioner asked the Regional Administrative Court whether the duties assigned entailed, apart from collection, also the payment to Fibe of the amounts already collected by the administration. The Regional Administrative Court held in its ruling no. 7323/2016 that the commissioner's activities would satisfy Fibe's requests only after their work was completed and, hence, excluding the possibility that amounts collected from the administration could be paid to it. FIBE has challenged this ruling with the Council of State.

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 already handed over to the appointed parties in August 2008, since they were deemed not to be suitable for the management of the service. The Lazio Regional Administrative Court and the Council of State, following appeal of the relevant provisions by Fibe, confirmed the suitability of the aforementioned sites for the integrated waste cycle. The civil proceedings before the Naples Court initiated by S.A.P.NA. S.p.A., a local company set up by the Naples provincial authorities, are part of this situation. S.A.P.NA. S.p.A. challenged its takeover of title to certain temporary and definitive areas and storage sites in roughly 40 proceedings. It also requested to be indemnified 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. Following the rulings of the Ordinary Court of Naples, which found that jurisdiction rested with the Administrative Court, the majority of the aforementioned dispute was resumed by S.A.P. NA. S.p.A. before the Campania Regional Administrative Court. With the rulings filed for the first appeals discussed, the Campania Regional Administrative Court fully rejected all claims brought by S.A.P. NA. S.p.A.. In addition, S.A.P. NA filed notices of discontinuance for lack of interest and, hence, the related appeals were precluded from prosecution.

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 Lazio Regional Administrative Court about 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.

As part of the aforementioned ruling, the Regional Administrative Court appointed an inspector who, on 31 March 2014, submitted a final report that compared the amounts stated by FIBE in its appeal and the supporting documentation, finding the figures to be substantially consistent. Allowing the inspection request submitted by Fibe, the Regional Administrative Court ordered an extension to the inspection performed, asking for the identification of the existence and extent of the amounts requested and documented by the applicants upon reporting, whose investigation was omitted or not fulfilled by the administration. To this end, it set 26 May 2017 as the deadline for filing the report and 6 December 2017 as the date of the hearing for the oral discussions.

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

With their appeal notified on 18 May 2009 (RG no. 4189/09), the companies challenged the Prime Minister's Order no. 3748/09 before the Lazio Regional Administrative Court whereby it illegally stated that only waste produced and stored after the date of termination of the service contracts with the companies (15 December 2005) was to be transferred to the Acerra waste-to-energy plant. The appeal was ruled to be inadmissible due to lack of interest as the regulations in the challenged Prime Minister's Order did not have a detrimental effect on Fibe.

Payment of the RDF plants

With ruling no. 3886 of 5 May 2011, the Lazio Regional Administrative Court upheld Fibe's appeal and ordered the administration to pay the undepreciated costs at the termination date for the RDF plants to Fibe, for a total amount of €205 million, plus legal and default interest from 15 December 2005 until settlement.

Following the enforcement order filed by Fibe and opposed by the Office of the Prime Minister, Fibe obtained the allocation of €241 million as a final payment for the receivables for principal and legal interest and suspended the enforcement procedure for the further amount of default interest claimed. Both parties initiated proceedings about the merits of the case. Following the adjournment of proceedings with the order of 17 July 2015, the dispute was discussed during the hearing of 21 October 2015. The judge rejected the request for default interest submitted by Fibe in the ruling of 12 February 2016, which Fibe challenged. The related hearing for clarification of the conclusions was set for 8 February 2019.

Again with respect to the costs not depreciated at 15 December 2005 for the Campania RDF plants, legal actions were taken to obtain reimbursement of the VAT paid on the principal amount collected of €205 million ordered to be paid by the judge. On 30 December 2016, Fibe signed an agreement which provided that the VAT would be paid against waiver of the interest and dismissal of the proceedings. The VAT was collected on 16 February 2017.

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 plants. The unsuccessfully resolved proceedings are on hold pending the merit hearings. For the proceedings regarding the characterisation and emergency safety measures at the Pontericcio site, the RDF plant in Giugliano and the temporary storage area at Cava Giuliani, the Lazio Regional Administrative Court rejected the appeals filed by Fibe with ruling no. 6033 of 2012. 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. It denied Fibe's precautionary motion to stay the enforcement of the decision. A date for the merits hearing has not been set yet. With respect to the Cava Giuliani landfill, the Lazio Regional Administrative Court, with ruling no. 5831/2012, found that it lacked jurisdiction in favour of the Superior Court of Public Waters, before which the appeal was summed up. Meanwhile, Fibe is continuing with the characterisation operations for the above sites, but this does not constitute any admission of liability whatsoever.

The civil litigation

In May 2005, the government commissioner filed a motion requesting compensation from Fibe, Fibe Campania and Fisia Italimpianti for alleged damage of about €43 million. During the hearing, the commissioner increased its claims to over €700 million, further to the additional claim for damage to its reputation, calculated to be €1 billion.

The companies appeared before the court and, in addition to disputing the claims made by the government commissioner, filed a counterclaim requesting compensation for damage and sundry expenses for over €650 million, plus a further claim for reputation damage quantified at €1.5 billion. In the same proceeding, the banks that issued Fibe and Fibe Campania's performance bonds to the government commissioner also requested the commissioner's claim be dismissed and, in any case, to be held harmless by Salini Impregilo (at the time, Impregilo), which appeared before the court and disputed the bank's requests.

The public prosecutor appealed against the ruling of 11 April 2011, which found that jurisdiction rested with the administrative court and not with the ordinary court.

On 1 August 2012, the Ministry of Justice and the Cassa delle Ammende summarised the ruling for enforcement of the sureties for €13 million before the Milan Court. These sureties had been given by major banks to guarantee execution of the measures imposed by the Naples public prosecutor as part of the seizure of the RDF plants.

With decision no. 6907/14, the Milan Court 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 appealed against this decision before the Milan Appeal Court and the related proceedings were postponed to 13 December 2016 for clarification of the conclusions when the judgement was adjourned for further consideration.

On 30 November 2015, the Office of the Prime Minister received a new claim form served by both Fibe and other group companies involved in various ways in the activities performed in Campania for the waste disposal service, containing claims for the damage suffered as a result of termination of the agreements in 2005.

The total amount claimed is €2,429 million. Considering that some requests are already included in other proceedings, the net amount is €2,258 million. The Office of the Prime Minister filed a counterclaim for €845 million for reasons already included in other proceedings. The court appointed an expert for an appraisal.

Finally, the public administration has 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 special commissioner is still working on. Accordingly and comforted by the advice of the legal advisors which support it in this complicated situation, 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 a mere possibility. Specifically, the Group's legal advisors believes that the public administration's claims can reasonably be countered 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 order obtained 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 brought against the Office of the Prime Minister, which, in turn, summoned Fibe as a guarantee, that, in turn, filed a counterclaim for the payment of the greater expenses incurred during the concession. The judge allowed a court-ordered technical expert's report only with regard to the claims of FS Logistica from the Office of the Prime Minister and covered by the order, adjourning the hearing to 31 March 2016. The parties then filed a settlement agreement and requested an extension to complete the procedure. The hearing has been deferred to acknowledge the settlement agreement and define the relationship between FS Logistica and the Office of the Prime Minister, while actions to hear the claims of FIBE and the Office of the Prime Minister will be continued.

Tax litigation

Fibe's dispute about the local property tax (ICI) on the Acerra waste-to-energy plant is worthy of note.

In January 2013, the subsidiary received tax assessment notices from the Acerra municipality with respect to the waste-to-energy plant, requesting payment of local property tax and relevant penalties for approximately €14.3 million for the years 2009-2011. The amount requested by the Municipality and challenged by Fibe was confirmed as far as its applicability but reduced in terms of its amount and penalties by the Naples Regional Tax Commission.

Although it believes that it will be able to reverse the ruling through an appeal to the Supreme Court, in 2015, the subsidiary - comforted by its legal advisors - set aside a provision for an amount equal to just the tax plus any accrued interest as a precautionary measure.

Criminal litigation

In September 2006, the public prosecutor at the Naples Court served Impregilo S.p.A. (now Salini Impregilo), Impregilo International Infrastructures N.V., Fibe S.p.A., Fibe Campania S.p.A., Fisia Italimpiant S.p.A. (now Fisia Ambiente S.p.A.) and Gestione Napoli S.p.A. in liquidation with a "Notice of the conclusion of the preliminary investigations about the administrative liability of companies" related to the alleged administrative crime pursuant to article 24 of Legislative decree no. 231/2001, as part of criminal proceedings against some former directors and employees of the above-mentioned companies, who were being investigated for the crimes covered by article 640.1/2.1, of the Criminal Code in connection with the contracts for management of the urban solid waste disposal cycle in Campania.

Following the preliminary hearing of 29 February 2008, the Preliminary Investigations Judge at the Naples Court allowed the motions for indictment presented by the public prosecutor, rejecting all the civil parties' claims against the companies finding them to be unacceptable.

As part of these proceedings, in its ruling of 26 June 2007, the Preliminary Investigations Judge ordered the precautionary seizure of the profit from the alleged crime, estimated to approximate €750 million.

The precautionary proceedings continued for nearly five years and finally ended in May 2012, without any action taken against the Group. On 4 November 2013, the Naples Court handed down a decision finding all defendants not guilty on all charges. In March 2014, the public prosecutor of Naples challenged the decision and the next hearing will take place on 17 May 2017.

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In 2008, as part of a new investigation into waste disposal in the Campania region carried out after the ope legis termination of the contracts (on 15 December 2005), the Preliminary Investigations Judge, upon a request by the public prosecutor, issued personal preventive seizure measures against some managers and employees of Fibe, Fibe Campania and Fisia Ambiente and managers of 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 service providers and Fisia Ambiente are again charged with the administrative liability attributable to companies pursuant to Legislative decree no. 231/01.

In the hearing of 21 March 2013, the Preliminary Hearing Judge ordered that all the defendants and legal entities involved pursuant to Legislative decree no. 231/2001 be committed for trial for all charges, transferring the proceedings to the Rome Court as a result of an acting judge being listed by the Naples public prosecutor as being under investigation.

At the hearing of 1 April 2014, the Rome Court acquired the ruling delivered by the Fifth Criminal Chamber of the Naples Court in the aforementioned "parent" proceedings (RGNR 15940/03). On 16 June 2016, the Court accepted the public prosecutor's request and found all the individuals involved in the proceedings not guilty. The hearing will continue for the companies involved pursuant to Legislative decree no. 231/2001. During the hearing of 29 November 2016, witnesses were heard and the calendar scheduled for the subsequent hearings to take place in early 2017.

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

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

The public prosecutor filed a motion requesting that the Preliminary Investigations Judge of the Naples Court hear the case filed and the latter, upholding the objection presented by the defence of the public bodies, ruled that it lacked jurisdiction and ordered that the record of the proceedings be forwarded to the Rome public prosecutor.

On 13 April 2015, the Rome public prosecutor requested the closure of proceedings for all defendants (both individuals and companies) and all claims. On 17 January 2017, the Preliminary Investigations Judge ordered the closure for all the individuals while the claims about the administrative offences allegedly committed by the companies were transferred to the public prosecutor so that they can send them to the general attorney for filing.

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 no. 21/2006 but also carried out on behalf of the commissioner, the group companies involved are fully convinced that they acted in accordance with the law.

The directors' considerations about the USW Campania projects at 31 December 2016

The general situation of the Salini Impregilo Group with respect to the USW Campania projects at 31 December 2016 still continues to be extremely complex and uncertain (as can be seen from the complexity of the above information).

The decisions of the administrative courts regarding the claims made for the costs of the RDF plants that had not been depreciated when the service contracts were terminated (15 December 2005) and the decisions recently handed down for proceedings initiated by S.A.P. NA. S.p.A., 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.

Taking also into account the rulings handed down by the administrative judges regarding the aforementioned environmental issues (which are still pending with regard to merit) and for which the directors, with the support of the legal advisors assisting Fibe in the various disputes, deem the risk of an unfavourable outcome to be in the realm of mere possibility, at this time, an accurate timeframe for the end of the various pending proceedings cannot be reasonably determined.

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

Panama Canal extension project

With regard to this project, certain critical issues arose during the first stage of full-scale production which, due to their specific characteristics and the materiality of the work to which they relate, made it necessary to significantly negatively revise the estimates on which the early phases of the project had been based. The most critical issues related, inter alia, to the geological characteristics of the excavation areas, specifically with respect to the raw materials required to produce 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 agreed, specifically with regard to the processes for the approval of technical and design solutions suggested by the contractor. These facts, which were the subject of specific disclosures in previous reports published by the Group, continued in 2013 and 2014. Faced with the customer's persistent unwillingness to reasonably implement appropriate, contractually provided for measures to manage such disputes, the contractor - and thus the original contractor partners - was forced to acknowledge the resulting impossibility to continue the construction activities needed to complete the project at its full and exclusive risk by undertaking the relevant full financial burden without any guarantee of the commencement of objective negotiations with the counterparty. In this context, at the end of 2013, formal notice was sent to the customer to inform it of the intention to immediately suspend work if the customer 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 13 March 2014, an agreement was signed. The essential elements of the agreement provided that the contractor would resume works and functionally complete them by 31 December 2015, while the customer and contracting companies agreed to provide financial support for the works to be finished up to a maximum of about USD1.4 billion. The customer met its obligation by granting a moratorium on the refunding of already disbursed contractual advances totalling about USD800 million and disbursing additional advances amounting to USD100 million. The group of contractor companies met their obligation by directly disbursing USD100 million and additional financial resources, through the conversion into cash of existing contractual guarantees totalling USD400 million. The reimbursement of the amounts granted to finance the work to be performed was postponed, so as to make it compatible with the expected outcome of the arbitration proceedings, already commenced to establish the responsibilities of the parties for the extra costs already incurred and to be incurred due to the aforementioned situation.

At the end of 2014, the DAB (Dispute Adjudication Board), established by the parties pursuant to the contract, granted GUPC an extension of time of 176 days and an amount of USD244 million for the extra costs, as per the claims presented as Referral 11, of which USD233 million was paid in early 2015 and a further USD10 million in the last quarter of that year. In December 2015 and January 2016, the DAB accepted the claims made by GUPC on three separate occasions (Referrals 13B, 13C and 13D) of USD6.2 million, USD24.7 million and USD11.2 million. In addition, on 20 June 2016, the DAB approved another USD2.7 million with the decision about the claim presented as Referral 14D. On 20 July 2016, the DAB issued two decisions in GUPC's favour: (i) that related to Referral 14B for the Testing and Laboratory Services subcontract in which it agreed with the contractor and awarded the GUPC another USD6.4 million; (ii) that referred to Referral 14C – Dewatering of Excavations, where it found the GUPC's claim to be grounded and that it had the right to receive USD0.2 million.

The DAB rejected the GUPC's claim about the unforeseen faults and fissures in its decision of 26 July 2016 about Referral 13A by majority vote. This claim was based on similar assumptions to those of Referral 11 and the DAB's decision (passed by majority vote) is thus contradictory to that announced for Referral 11, as shown also by the dissenting opinion of one of its three members. The GUPC expressed its dissatisfaction with this decision and will present its claim shortly for arbitration.

Finally, with respect to Referral 14A about the physical and geological conditions of the area around the sides of the reservoir and some storage areas, the DAB's decision of 26 January 2017 (passed by majority vote) (i) rejected most of the claim made by the GUPC based on similar assumptions to those of Referrals 11 and 13A and (ii) found that GUPC was entitled to a fee of roughly USD4 million compared to the requested amount of USD114 million. One of the DAB members presented a dissenting opinion and the GUPC intends to file its dissatisfaction shortly and commence the related arbitration proceedings.

There are also a number of separate arbitration hearings ongoing before the International Chamber of Commerce between GUPC (with its European partners Sacyr, Salini Impregilo and Jan De Nul) and the Panama Canal Authority.

The first relates to the Cofferdam dispute and is at an advanced stage: the merit hearings will be held in Miami in July 2016 to be followed by the concluding briefs and the award.

The second hearing covers DAB's decisions about the claims about the inadequate quality of the basalt compared to the quality guaranteed by ACP and the lengthy delays caused by ACP to approve the design formula for the concrete mix. This proceeding is still at an initial stage.

The third hearing relates to the extra costs incurred by the GUPC due to certain unjustified conditions imposed by ACP for the design of the lock gates and other claims about labour costs. The fourth hearing involves sundry claims mentioned in the completion certification. Both of these hearings, commenced on 8 December 2016, are still at an initial stage (only the original process has been filed). The arbitration tribunals have not yet been constituted and no information is available at present about the hearing dates.

There is also a dispute about the contractual advances due to ACP for which a fifth arbitration hearing has just commenced.

Already in previous years, the Group applied a valuation approach to the project on the basis of which significant losses to complete the contract were recognised, offset 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 based on the opinions expressed by its legal counsel and in light of the damages awarded by the DAB.

In 2016, the estimate for the additional costs to complete the project was updated, as well as the additional consideration claimed from the customer (again with the support of the company's technical and legal experts).

The Group cannot exclude that currently unforeseeable events may arise in the future which could require changes to the assessments made to date.

The work to extend the Panama Canal has been substantially completed to the customer's satisfaction and ACP has issued the Taking Over Certificate. The Canal was re-opened on 26 June 2016.

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As a result of significant critical issues about this project, the Group has had to revise the cost estimates for the early stages of this project, leading to a large increase. They mainly related to the construction of the concrete works.

Following negotiations with the customer and assisted by their consultants and technical/legal advisors, the parties signed an interim agreement on 30 December 2016, paving the way towards finalisation of the claim settlement agreement and enabling the Group to collect €145 million on the same date. It also provided that the contractually-agreed arbitration procedure will take place to settle some contractual items and end the dispute.

The Group has recognised all the significant costs to complete the contract, partly offset by the additional consideration claimed from the customer, to be decided upon by the arbitration tribunal, calculated on the basis that the Group is reasonably certain its claims will be upheld, based on the opinions of its technical and legal advisors.

However, it cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

CAVTOMI Consortium (Turin-Milan high speed/capacity line)

With respect to the contract for the Turin-Milan high speed/capacity railway line - Novara - Milan sub-section, the general contractor Fiat (now FCA N.V.) is required to follow the registered claims of the general contractor CAVTOMI Consortium (the "consortium"), in which Salini Impregilo has a share of 74.69%, against the customer Rete Ferroviaria Italiana ("RFI"). The consortium carried out all design and execution activities for the project.

Accordingly, on 18 April 2008, Fiat initiated contractual arbitration proceedings against RFI for the award, in particular, of damages suffered for delays in the works ascribable to the customer, non-achievement of early completion bonus also due to the customer and higher consideration. On 9 July 2013, the arbitration tribunal handed down an award in favour of Fiat, ordering RFI to pay approximately €187 million (of which about €185 million pertaining to the consortium).

RFI appealed against the award before the Rome Appeal Court on 30 September 2013 and in October 2013 paid the amount due to Fiat, which, in turn, forwarded the relevant share to the consortium in December 2013.

The ruling of 23 September 2015 of the Rome Appeal Court cancelled a large part of the aforementioned arbitration award. FCA appealed to the Supreme Court and issued a claims form for the revision of the Appeal Court's ruling.

Since the Appeal Court's ruling is enforceable and following the notification by RFI to FCA of writ of enforcement of approximately €175 million, FCA and RFI reached an agreement whereby FCA provided RFI with the following guarantees in order to prevent execution of the aforementioned ruling, without prejudice to the parties' substantive rights, which are subject to final judgement: (i) payment of an amount of approximately €66 million, and (ii) issue to RFI of a bank security of €100 million (€75 million for Salini Impregilo).

The legal advisors representing FCA in this dispute deem that the appeal of the Appeal Court's ruling has good and substantial chances of success; therefore, the consortium is confident that its arguments will be accepted at the end of the dispute and that it will recover the amounts recognised as loans and receivables at the reporting date.

The Group cannot exclude that currently unforeseeable events may arise in the future which could require changes to the assessments made to date.

COCIV

With the claim form notified to the COCIV Consortium on 18 September 2014, the customer RFI S.p.A. challenged the validity of the inter partes arbitration award of 20-21 June 2013 and also requested the return of about €108 million (approximately €74 million for Salini Impregilo) collected by COCIV as a result of the award.

The COCIV Consortium appeared in court and the case was adjourned to 17 March 2017 for clarification of the conclusions. The consortium, represented by its legal advisors, is confident that the arbitration award will be confirmed by the ruling.

The Group cannot exclude that currently unforeseeable events may arise in the future which could require changes to the assessments made to date.

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On 26 October 2016, some managers and employees of COCIV were arrested as were other persons (including the chairman of Reggio Calabria - Scilla S.C.p.A., who promptly resigned). The above two legal entities were informed that the Genoa and Rome public prosecutors are investigating alleged obstruction of public tender procedures, corruption and, in some cases, criminal organisation. Specifically, the proceeding before the Genoa Court (involving COCIV managers and employees) covers alleged obstruction of public tender procedures for supplies or works on individual lots (for which the public prosecutor also intends to investigate the parent's CEO) as well as two cases of corruption. The proceeding before the Rome Court relates to the alleged active corruption of works management in order to encourage the works manager (also under investigation) to perform acts contrary to their official duties.

As a precautionary measure and to demonstrate its non-involvement in the crime, a clean break with the past and full collaboration with the authorities, COCIV has implemented the following measures and actions:

- replacement of the individuals involved in the proceedings and withdrawal of their proxies;

- dismissal or suspension of these employees;

- ban on their access to work premises or corporate e-mail or any document archives;

- lapse of all the contracts that showed their reprehensible conduct as per the remand orders;

- cancellation of ongoing tenders and an awarded tenders to call them again after a clear-cut break with the past;

- termination of the contract with the works management service provider and temporary appointment, with the consent of RFI S.p.A., of two experts to perform this service, while communicating its willingness to transfer this duty (currently carried out by the consortium as per the contract) to the customer, as per its request;

- on 19 January 2017, appointment by RFI S.p.A., upon COCIV's request, of a person identified by it to participate in the tender boards for the work that COCIV should assign under EU procedures.

On 11 January 2017, as part of the proceedings commenced on 16 November 2016, ANAC sent the Genoa Prefecture a proposal for adoption of the extraordinary measures pursuant to article 32 of Law decree no. 91/14 against COCIV. On 3 March 2017, the Rome Prefecture issued its decree of the same date appointing a commissioner for the extraordinary and temporary administrative procedure of COCIV in accordance with article 32.1.b) of Law decree no. 90 of 24 June 2014, converted with amendments by Law no. 114 of 14 August 2014 for a six-month period, which may be extended.

On 31 January 2017, the Rome public prosecutor notified the completion of the preliminary investigations of the individuals involved in the alleged crimes of criminal organisation, as well as COCIV and Reggio Calabria - Scilla S.C.p.A. for the administrative offence as per articles 5 and 25 of Legislative decree no. 231/01.

The consortium deems that the crimes allegedly committed by its personnel (should they be found guilty by the court) were to its detriment and were essentially committed in their own interests (and, hence, not in the consortium's interest) by fraudulently circumventing the rules in place to control its activities. Moreover, these alleged offences would not have required RFI S.p.A. to pay a larger or undue amount or create economic benefits for the consortium but rather would have required it to pay higher costs. The consortium's new structure (senior management and operating personnel) is committed to ensuring that the works can continue while concurrently dealing with the social and employment issues arising from the discontinuity measures that the consortium has had to put in place vis-à-vis the third party companies involved in the legal proceedings. The consortium has carefully checked the quality of the materials works previously carried out although this is not an issue raised by the public prosecutors. Its results are wholly in line with the findings of the expert appointed by the Genoa court which both found the full compliance of the materials used by the consortium with the quality levels specified in the contracts and relevant legislation.

The directors carefully examined the above facts and circumstances to correctly present them in this Annual Report based on the available information. They deem that the consortium has acted correctly and the net assets (mainly consisting of loans and receivables and contract work in progress recognised at 31 December 2016) are fully recoverable.

At present, the Group does not have information that would allow it to assess whether any potential developments could require modifications to the assessments made to date or the probability or scope of such developments.

Strait of Messina bridge - Eurolink

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

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

Stretto di Messina S.p.A. and the general contractor Eurolink S.C.p.A. signed a rider in September 2009 which covered, inter alia, suspension of the project works carried out since the contract was signed and until that date. As provided for by the rider, the final designs were delivered to the customer and its board of directors approved them on 29 July 2011.

Decree law no. 187 was issued on 2 November 2012 providing for "Urgent measures for the renegotiation of the contracts with Stretto di Messina S.p.A. (the customer) and for local public transport". Following enactment of this decree and given the potential implications for its position as general contractor, Eurolink, led by Salini Impregilo, notified the customer of its intention to withdraw from the contract under the contractual terms, also to protect the positions of all the Italian and foreign co-venturers. However, given the immense interest in constructing the works, the general contractor also communicated its willingness to review its position should the customer demonstrate its real intention to carry out the project. To date, the ongoing negotiations have not been successful despite the efforts made. Eurolink has commenced various legal proceedings in Italy and the EU, arguing that the provisions of the above decree are contrary to the Constitution and EU laws and that they damage Eurolink's legally acquired rights under the contract. It has also requested that Stretto di Messina be ordered to pay the amounts requested by the general contractor due to the termination of the contract for reasons not attributable to it. With regard to the actions filed at EU level, in November 2013, the European Commission communicated its decision not to follow up the proceedings, as no treaties were violated, and confirmed this on 7 January 2014, with a communication dismissing the case. As regards the civil action in Italy, Salini Impregilo and all the members of Eurolink have jointly and severally asked that Stretto di Messina be ordered to pay the amounts claimed, for various reasons, due to the termination of the contract for reasons not attributable to them. After completion of the investigation phase, the Judge referred the case to the Third Civil Chamber of the Rome Court for the first level ruling. In the meantime, before the investigation phase had been completed, Stretto di Messina brought an action before the Supreme Court under article 41 of the Italian Code of Civil Procedure for a prior ruling on the question of jurisdiction of the Rome Civil Court's lack of jurisdiction.

Considering the complex nature of the various legal proceedings and although the legal advisors assisting Salini Impregilo and the general contractor are reasonably confident about the outcome of the proceedings and the recoverability of the remaining assets (mainly contract work in progress) 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.

Romania - Orastie-Sibiu highway

Salini Impregilo has been operating in Romania since July 2011 following the start of the works for the Orastie-Sibiu highway section contract (Lot 3).

In July 2013, it was awarded a second tender for the development of Lot 2 of another highway section between the cities of Lugoj and Deva.

The two contracts are part of a wider road project called Pan-European Corridor IV, which cuts through Romania from Nădlac (on the border with Hungary) via Pitesti and reaches Costanza, on the Black Sea. Both contracts were entered into with the Romanian National Road & Highways Company (CNADNR) and 85% financed with EU structural funds and 15% by the Romanian government.

The Orastie-Sibiu contract provided for the construction of 22.1 km of two-lane highway (plus the relevant emergency lanes). In September 2015, Salini Impregilo presented an application for arbitration to the customer for claims about the extension of the original contractual delivery times and payment of an additional consideration due to unforeseeable events and the customer's negligent conduct. On 13 January 2016, with works completion at 99.9%, following a number of disputes between the parties, the customer terminated the contract and enforced the contractual guarantees of approximately €13 million, motivating such unilateral decision as being due to the alleged non-resolution of non-compliances notified by works management. The aforementioned contract termination, which the parent deemed fully unfounded, was formally contested as a result. The dispute between the parties is currently being heard by the International Court of Arbitration at the International Chamber of Commerce.

The directors (also based on the advice of their legal and technical experts), believe that the parent's operations were correct and that the amounts recognised as contract work in progress and loans and receivables at 31 December 2016, inclusive of requests for additional consideration also part of the claim, can be collected.

Considering the uncertainties linked to the dispute stage, the Group cannot exclude that currently unforeseeable events may arise in the future which could require changes to the assessments made to date.

Rome Metro

As part of the contract for the design and construction of the works for the B1 line of the Rome Metro, Salini Impregilo commenced three proceedings in its name and as lead contractor of the joint venture against Roma Metropolitane S.r.l. and Roma Capitale requesting they be ordered to pay the disputed claims recorded during works execution, for which a technical appraisal by a court-appointed expert was provided.

The Rome Court's ruling of 22 August 2016 settled the first level proceedings involving the claims made for the Bologna – Conca d'Oro section and partly accepted the joint venture's requests, ordering Roma Metropolitane S.r.l. to pay €10,607,683.91, plus VAT and related costs.

The joint venture commenced the necessary actions to collect the receivable based on this temporary enforceable ruling. It also presented an appeal for the award of a greater amount.

The second proceeding relates to the first set of claims for the Conca d'Oro – Jonio section and is currently at the decisional phase.

The third proceeding refers to the second and last set of claims for the Conca d'Oro – Jonio section and was commenced in September 2016.

The Directors (also supported by their legal and technical experts) deem that the amounts recognised in contract work in progress at 31 December 2016, inclusive of the additional consideration claimed from the customer and calculated based on the expectation that recognition of such consideration could be deemed to be reasonably certain also on the basis of the aforementioned expert opinions, are collectible.

Considering the uncertainties linked to the dispute stage, the Group cannot exclude that currently unforeseeable events may arise in the future which could require changes to the assessments made to date.

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

The works were substantially finished and the segment was opened to traffic in December 2015.

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 new route across the Apennines.

On 5 November 2012, the Preliminary Hearing Judge ruled for all the accused parties that the statute of limitations had run out on the alleged crimes regarding water control and effluent management and committed for trial the above-mentioned defendants for the alleged crimes concerning the management of excavated soil and rocks and environmental damage.

In the hearing of 26 March 2013, before the Florence Court, the Ministry of the Environment joined the proceeding seeking damages from the parties liable under civil law, that is, Todini Costruzioni Generali, Autostrade per l'Italia S.p.A., and the other contractors involved (in addition to said defendants) by claiming damages "for equivalent assets" of not less than €810 million or such amount as the Court considers just and appropriate.

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 struck from the record of the proceedings at a hearing on 9 December 2013, as the judge ruled that the introduction of this document could not be allowed because it had not been developed in the presence of both parties 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 investigation phase began in January 2014 and is still ongoing. At the hearing of 9 May 2016, HCE Costruzioni S.p.A. appeared in court as the transferee of Todini Costruzioni Generali S.p.A.'s Italia business unit, which includes the contested contract and related proceedings.

The Group denies having any responsibility for the disputed issues, emphasising 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 presented 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 this respect, the European Commission activated an infringement procedure against Italy in 2007 (no. 2007/4679), confirmed on 27 January 2012 with a complementary reasoned opinion, which recently resulted in the adoption, with Law no. 97 of 6 August 2013, of amendments to the Single Environmental Code enacted with Legislative decree no. 152 of 3 April 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 assets", due to the fact that compensation for environmental damages can firstly be achieved with specific remediation measures.

Comforted by the opinion of its legal advisors, the Group believes that the above-mentioned damage claim is groundless and, consequently, that the risk of the claim being granted is remote. Consequently, management did not find it necessary to recognise a provision in the consolidated financial statements.

Considering the uncertainties linked to the dispute stage, the Group cannot exclude that currently unforeseeable events may arise in the future which could require changes to the assessments made to date.

Sesto San Giovanni building

The parent became involved in a dispute with the lessor of its previously leased registered office in 2009 following the relocation of its registered office from Sesto San Giovanni (Milan) to its current premises in Milan. The dispute was settled with the arbitration award of December 2012 which accepted the claim made by the lessor and ordered the parent to pay the outstanding lease payments for the remaining term of the lease which expired in July 2012. The parent promptly challenged the award with the relevant Milan Appeal Court which has yet to hand down its ruling. Moreover, the parent had already provided for the outcome of the arbitration in its 2012 financial statements pending the terms for challenging it. While awaiting the Appeal Court ruling, the parent has been obliged to pay the amount awarded to the lessor, although it reserves the right to recover it.

Pursuant to the contract signed with Immobiliare Lombarda S.p.A., which is the original lessor of the current registered office, Salini Impregilo has the right to be held harmless from claims made by its previous lessor that exceed €8 million. It exercised this right by requesting a court order, which was issued by the Milan Court and challenged by Immobiliare Lombarda. While awaiting the merit ruling, the counterparty paid the full amount of the claim, as the court refused to stay the enforcement of the payment order.

Ente Acque Umbre Toscane (Imprepar)

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

During 2012, the managers of Ente Acque Umbre Toscane and the works manager signed a service order requesting the contractor to immediately prepare executive designs and commence the related works at its own expense and under its own responsibility. Impreppar challenged these acts in full even though the amounts involved are not deemed significant.

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 dam's subsidence. The court-ordered technical expert's report filed in June 2015 ascribes the cause of subsidence to various concurrent factors with different negligence percentages, and, specifically: design deficiencies 20%, execution deficiencies 60%, control deficiencies 20%. Imprepar challenged this report.

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

C.A.V.E.T. Consortium - Florence Court

With regard to the criminal proceedings commenced against the C.A.V.E.T. Consortium and certain individuals, including some former managers of the consortium, the appellate proceedings ended with a decision handed down on 27 June 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 Florence Court appealed this decision before the Supreme Court, which, on 18 March 2013, set aside in part the decision of the Florence Appeal Court ordering that the case be returned to such Appeal Court. The reinstated proceedings before the Court got underway on 30 January 2014 and, on 21 March 2014, the Appeal Court 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 decision of the Florence Appeal Court was appealed by all defendants and by C.A.V.E.T, in its capacity as a party liable under civil law, and the relevant appeals were filed before the Supreme Court in September 2014.

On 21 April 2016, the Fourth Criminal Chamber of the Supreme Court handed down its ruling cancelling without remand the 21 March 2014 ruling of the Florence Appeal Court for all the criminal charges and most of the civil charges. It provided that only certain of the civil charges are to be heard by the competent civil law judge in an appeals hearing.

The Ministry of the Environment has summarised the proceedings before the Florence Appeal Court, requesting that the existence of the environmental damage be recognised and that CAVET and some of the individuals already indicted in the criminal proceedings be ordered to adopt the remediation measures that have not yet been identified.

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

Following the proceedings initiated by the public prosecutor before the Monza

Court, in which the chairman of the board of directors and the chief executive officer of Impregilo in office at the time of the events in question are being investigated, Impregilo S.p.A. was the target of a preliminary investigation. The alleged charge against Impregilo is to have "prepared and implemented an organisational model unsuitable to prevent the crimes" allegedly attributed to the directors involved in the investigation, from which the company is alleged to have benefited.

After structured and complex procedural phases, described in previous reports, to which we refer, on 21 March 2012, the Milan Appeal Court (as part of the appeal proceedings initiated by the public prosecutor against the lower court's decision that had found Impregilo not guilty of the charge of violating Legislative decree no. 231/01) rejected the public prosecutor's arguments and fully confirmed the aforementioned decision, which had found, inter alia, that the organisational model adopted by the company was adequate. The public prosecutor appealed this decision before the Supreme Court, which on 18 December 2013, handed down decision no. 4677/14 cancelling the Milan Appeal Court's decision, returning the proceedings to a different section of the same Court for a new merit review. The ruling was summarised before the Milan Appeal Court, which, in the hearing of 19 November 2014, acquitted the company and confirmed the rest of the acquittal of the Preliminary Investigations Judge of the Milan Court of 17 November 2009.

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For completeness purposes, information about disputes settled during the year and presented in prior year reports is set out below.

Santiago Metro - Chile

The project for the construction of two sections of line 6 of the Santiago Metro was won in 2013 by Salini Impregilo Group, through its subsidiary Empresa Constructora Metro 6 Limitada and is worth CLF3.3 million (Unidad de Fomento - equivalent to €122 million).

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 customer's prohibition to working at night despite the fact that it would not exceed the maximum permitted noise levels.

These factors led to delays that were partially recognised by the works management, but never formalised by the customer. The customer, at its own initiative and on the basis of a schedule different from that agreed, started imposing fines in November 2013. These fines were all challenged.

In addition to the above, relations with the customer were characterised by complex situations, resulting in five requests to extend the delivery date of the work and, in 2014, to the revision of its scope.

With respect to this situation, Empresa Constructora Metro 6 Limitada, submitted various claims to the customer in July 2014, and requested an Extension of Time, asking that they be assessed by the relevant contractually-provided for body.

In August 2014, the customer rejected the requests and submitted Salini Impregilo's claim directly for arbitration before the Santiago Chamber of Commerce, failing to respect the contractual agreements requiring prior consultation between the parties for the selection of the single arbitrator.

The first hearing was scheduled for 25 September 2014, but the customer asked it be postponed to 6 October 2014. In the meantime, on 3 October 2014, the customer informed Empresa Constructora Metro 6 Limitada of the early termination of the contract based on grounds that have been challenged in full and are currently the subject of the aforementioned arbitration. The customer has the contractual right to terminate the contract with Empresa Constructora Metro 6 Limitada at any time, regardless of any breaches denied by it.

On the same date, the customer presented a request to the Chilean banks for the enforcement of the contract sureties (local contract guarantees secured by European banks) for a total of CLF912,174 (the equivalent of €29.9 million). These amounts also include the full enforcement of the guarantee for advance payment, even though CLF156,323 (the equivalent of €5.1 million) had already been repaid to the customer through the monthly certifications (a criminal report was filed in Chile).

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

The arbitrator did not find grounds for an urgent order to suspend enforcement of the sureties and reserved final judgement, prolonging the suspension of the works.

Therefore, the amounts corresponding to the guarantees referred to above have been paid.

Following negotiations with the customer to settle the dispute, an out-of-court agreement was signed on 7 September 2016 providing for:

a) publication in three Chilean newspapers of a joint statement;

b) deliver of the works performance certification and the works final acceptance report;

c) payments:

- Payment by the customer to Salini Impregilo S.p.A.:

- return of the amounts for the guarantees enforced by the customer (CLF912,173,685, equal to approximately €29.9 million);

- Payment by the customer to Empresa Constructora Metro Limitada:

  - for the certified works related to August and September 2014, site clean-up, extraordinary works - CLF461,452.63 (equal to approximately €16 million);

  - return of the contractual withholdings - CLF63,585.27 (equal to approximately €2.2 million);

  - return of the contractual fines applied during the contract term - CLF108,218 (equal to approximately €3.8 million);

- Payment by Empresa Constructora Metro 6 Limidata to the customer:

  - return of the unamortised advance of CLF323,384.88 (equal to approximately €11.4 million).

The transaction generated a loss of approximately €19 million recognised in profit or loss in 2016.

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 section, part of a project to modernise and upgrade the Naples - Alifana railway, was suspended in the second half of 2011 due to the failure of the customer Metrocampania Nordest S.r.l. (now Ente Autonomo Volturno) to pay the consideration owed for the work. As a result, the only activities carried out concerned ensuring the safety of the construction sites.

While aware of the strategic significance of the project for the purpose of completing the Naples railway loop, the customer was unable to honour its commitments due to the financial difficulties underlying the budget of the Campania region, which, ultimately, created a shortage of financial resources for its subsidiary Metrocampania Nordest S.r.l., making disbursement 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 22 June 2012 (converted into Law no. 134 of 7 August 2012), appointed a special 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 completed their task regarding the investigative and planning phase and are now expected to announce their subsequent decisions.

Considering that, in order to allow the commissioner to carry out their 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 (a deadline that has been extended several times and recently confirmed until 31 December 2016 by article 41.5 of Decree law no. 133/2014), Todini Costruzioni Generali S.p.A., subsequently replaced by HCE Costruzioni S.p.A., has nevertheless taken all actions that it deemed necessary to obtain satisfaction of its rights, while maintaining a non-confrontational relationship with its customer, which still considers completion of the railway segment in question a priority for the effective operation of the metro railway loop.

Todini Costruzioni Generali S.p.A. transferred all the receivables arising from the unpaid invoices issued to Ente Autonomo to Salini Impregilo S.p.A. with its document of 30 June 2014 notified to the customer.

During 2014, and before formalisation of the transfer deed, the customer paid approximately €8.5 million to Todini Costruzioni Generali S.p.A.
Negotiations have been commenced with the customer, which has also requested the dispute concerning implementation of the lot adjacent to the Naples-Alifana railway (Secondigliano-Di Vittorio), contracted to a joint venture of which HCE Costruzioni S.p.A. is the lead contractor, be included in the settlement.

In relation to the Secondigliano - Di Vittorio section (whose works were never started), the joint venture commenced legal proceedings to have the contract declared terminated, claiming compensation for all damages.

The negotiations commenced to settle the Secondigliano – Di Vittorio section dispute led to the signing of an acknowledgment and settlement agreement on 20 February 2017, which provides for:

- payment of €18,093,692.62 as the accrued unpaid consideration and to settle the claims recorded in the accounting register, which Ente Autonomo Volturno will pay in two instalments in March and June 2017;

- a return to work after payment of the first instalment and commencement of the remaining works starting from December 2017;

- completion of the works by March 2019.

The negotiations to settle the dispute related to the Secondigliano – Di Vittorio section are still pending.

Country risk

Libya

Salini Impregilo S.p.A. operates in Libya through a permanent establishment and a subsidiary, Impregilo Lidco Libya General Contracting Company (Impregilo Lidco), which has been active in Libya since 2009 and is 60% owned by Salini Impregilo with the other 40% held by a local partner.

The directors do not deem that significant risks exist with respect to the permanent establishment's contracts as work thereon has not started, except for the Koufra airport project. Moreover, the Group's exposure is not material. The Group is also involved in the Libyan Coastal Highway project which leads to the Egyptian border for the stretch through Cyrenaica, which had not yet been started at the reporting date.

Impregilo Lidco won important contracts for the construction of:

- infrastructural works in Tripoli and Misuratah;

- university campuses in Misuratah, Tarhunah and Zliten;

- a new Conference Hall in Tripoli.

Despite the dramatic political events in Libya from February 2011, Salini Impregilo has always acted in accordance with the contractual terms.

This political upheaval has not yet subsided, impeding the subsidiary from developing its business. At present, Salini Impregilo does not expect activities to be resumed in the near future as there are also serious security problems.

The subsidiary Impregilo Lidco continues to be present in Libya and to maintain contacts with its clients, complying promptly with legal and corporate requirements. It informed its clients immediately of the activation of the force majeure clause (provided for contractually) given the situation in Libya, but the projects covered by the contracts should continue to be a priority for the country.

The clients have acknowledged the contractual rights and the validity of the claims presented for the costs, losses and damages incurred as a result of the above-mentioned unrest. Once the local situation has normalised and the country's institutions are working again, these claims will be discussed with the clients.

The impairment losses on net assets and costs incurred starting from the 2012 financial statements until the reporting date are fully included in contract work in progress. The subsidiary has presented claims to the clients for these amounts, which it deems are fully recoverable as they are due to force majeure.

In addition, the investments made to date are covered by the contractual advances received from the clients.

The subsidiary's legal advisors agree with this approach as can be seen in their reports.
No significant risks are deemed to exist for the recovery of the net assets attributable to the subsidiary, thanks in part to actions and claims filed against the clients.
This country's situation continues to be complex and highly critical, which does not allow the Group to make reliable forecasts about whether operations can be resumed in the short term.
Salini Impregilo will continue to guarantee the subsidiary's business continuity. However, it cannot be excluded that events which cannot currently be foreseen may take place after the date of preparation of this report that require changes to the assessments made to date.

Venezuela
Salini Impregilo Group has been active in Venezuela through its permanent organisation, which directly or in association with international partners, carries out railway and hydroelectric projects with a solid base constructed in the country over more than 30 years.

In recent years, relationships with clients, which are all government agencies, have been characterised by delays in payments.
This issue became more acute in 2015 due to the rapid fall in oil prices, which is Venezuela's main source of hard currency, and social tensions that have intensified as a result of the lack of basic foodstuffs and medicines.

With respect to the railway works and especially the P. Cabello - La Encrucijada project, the last significant considerations in hard currency collected were in January 2015. No large collections in either the local or foreign currency took place in 2016.

In the second week of December 2016, the customer issued a debt certification showing its liabilities with the railway consortia (including Caracas-Cua), confirming its interest in continuing the works.

This certification is extremely important given that the works scheduled for 2017 have been halted and the country's uncertain state of affairs. In addition, the customer recently approved the contractual extensions requested for both the Puerto Cabello and the two Guarico (San Juan de los Morros and Chaguaramas) projects, confirming the extension of the contractual deadlines.

Work on the Puerto Cabello project continued slowly during the year, given the collection difficulties and the country's continuously deteriorating situation. The two Guarico projects have officially been suspended on a temporary basis.

Moreover, since the election of the new government, relations between the executive and the legislative branches have been very difficult such that the judicial system froze all legislative activities during the year through the Supreme Court. This situation makes it difficult to foresee what may happen.

With respect to the hydroelectric works executed through the OIV Tocuma consortium, the customer requested that they be rescheduled. This proposal was agreed at the end of 2015 by the customer that, also in light of legitimate requests for payment of the certified debt and the definition of the future financial resources needed to ensure normal performing of the remaining work, recommenced making payments in favour of the consortium and signed a new addendum to the contract under which the work to be completed and related outlays have been rescheduled.

In October 2015, the dam's reservoir was filled to the planned level in line with schedules.
Despite the commitments taken on by the parties with the aforementioned addendum, works slowed down starting from the start of 2016 as a result of delays in the latest payments (about USD80 million and VEF1.2 billion scheduled for the last quarter of 2015) and non-compliance by the customer with the agreements.

At present and as agreed with the customer, the works for the next year will be rescheduled so as to allow turbines 1 and 2 to be operational by the end of 2017. This will be covered by a new contractual addendum.

In addition to that set out above, Venezuela's central bank abolished the official exchange rate and the SIMADI on 10 March 2016 and introduced two new rates:

- DIPRO (fixed), only to be used for imports of basic necessities (i.e., medicines, food, etc.);

- DICOM (floating), applicable to all other commercial transactions. This rate has depreciated by more than 300% since its introduction.

There has been a concurrent explosion in inflation with forecasts hovering around an annual 700%, leading to a drop in consumption and a large loss in purchasing power. The continued social-economic-political uncertainty and oil price levels are having a dramatic influence on the country's entire production system.

The projects that are being developed by Salini Impregilo Group are priority infrastructures of the utmost importance, both in economic-industrial and social terms. Accordingly, and based on the constant and careful monitoring of the country's situation, carried out together with the Group's partners and through discussions with clients and local government authorities to monitor and protect the Group's positions, the assumptions about the recoverability of the Group's net assets (mainly receivables from clients and contract work in progress) can be confirmed.

However, in view of the delicate and complex uncertain situation that has developed at political level, the possibility that events not foreseeable at the reporting date may arise in the future that may require changes to the assessments made to date cannot be excluded.

Nigeria
The economic crisis caused by the drop in oil prices, the country's main revenue contributor, prevents Nigeria from investing in infrastructure.

The measures introduced by the government are not designed to continue the projects underway, which were put on hold during the year throughout the country.

Nigeria's production sectors, including construction, are stagnant. The unemployment rate continues to rise, as do the widespread discontent and crime. The local currency prices of imported goods have increased significantly due to the central bank's official depreciation of the Naira in July 2016 with the resulting Naira/Euro exchange rate moving from about 220 to about 320.

The federal government expects improvement in 2017 although this will be dependent on oil prices of USD42.50/barrel and a production rate of 2.2 Mbpd, foreign funding and improved tax recovery. As it cannot directly control these factors, the announced improvement cannot be said to be very reliable compared to the situation seen in 2016, which led to the standstill of all the Group's contracts for the entire year.

In view of the present critical political and economic situation, it cannot be excluded that events not foreseeable at the date of this report may arise in the future requiring changes to the assessments made to date about the recoverability of the outstanding net assets.

Turkey
Despite internal political tension and the serious public order situations in certain areas which culminated with the coup d'état foiled in July 2016, Turkey showed its considerable ability to deal with the critical external and internal issues during the year. Moreover, with its letter dated 15 March 2016, the customer Statkraft communicated the termination of the contract for alleged non-compliance of the contractor (Salini Impregilo - Salini Insaat - NTF joint venture). In the joint venture's opinion, comforted by its legal advisors, this termination of the contract is a unilateral decision by Statkraft to withdraw from the contract as a result of the serious public order situation that had emerged in the location where the works are being carried out, for reasons not attributable to the contractor. The joint venture, therefore, opposed the clients' decision and initiated the contractual procedure for dispute resolution. At the end of May 2016, the site personnel had all been transferred.

Negotiations with the customer are in place to settle the dispute. Specifically, the customer requested the bank guarantees of approximately €34 million given on the joint venture's behalf be enforced. The Milan Court ordered the enforcement be blocked with its ruling of 13 June 2016 and set the date of 14 July 2016 for the related hearing. Subsequently, the measure was confirmed with the order of 23 July 2016, whereby the Judge recognised the contractor's fumus boni iuris, holding that both enforcement of the guarantees and termination of the contract are not due to the joint venture's default but to the customer's unilateral decision, due to the very serious public order issues at the work site.

It cannot be excluded that events not currently foreseeable may take place after the date of this report which would make it necessary to modify the assessments made to date about the recoverability of the outstanding net assets.

With respect to the other contract, Gaziantep, also located in a "critical" area, the province and city of Gaziantep, which is an important busy industrial hub, are protected by a large Turkish security force assisted by NATO. There is a heightened risk of possible isolated terrorist actions, especially against government sites.

Ukraine

This country's political and economic situation is still extremely difficult. The continued instability has led to a serious economic recession and steady worsening in Ukraine's public finances.

Given the location of the Group's construction site for the Capital Repair M03 Kiyv-Kharkiv-Dovzhanskiy contract near Poltava, which is far away from the areas most affected by the ongoing armed conflict in the south east, the safety of contract activities has not been significantly affected. The Group is not exposed to currency depreciation risk since the contractual amounts are expressed in Euros and US dollars.

The burden of the conflict and the economic slowdown have negatively impacted the country's public debt. The unstable institutional and governmental situation affected the customer's organisation (the Ukraine State Agency of Automobile Roads - Ukravtodor), which has recently seen the introduction of new senior managers, during the year. This made it more difficult for the Group to deal with the customer.

In addition, the parent's sale of Todini Costruzioni Generali (which had been awarded both contracts in this country) made intensive communication with the customer necessary to clarify the Group's position and guarantee continuity in the Capital Repair M03 Kiyv-Kharkiv-Dovzhanskiy project. Moreover, Ukravtodor has not accepted the company's position and communicated its intention to terminate the contract in August 2016. The Group has clearly defended its position following the contractually-specified procedure. In December 2016, the dispute arbitration board, appointed to rule on the termination, confirmed its illegality. The Group is currently assessing the contract's future and it cannot currently exclude any situation a priori, given that the customer has appealed to the International Court of Arbitration.

The Group's position in Ukraine continues to be very unclear given the country's economic, political and social situation and the dispute about the Capital Repair M03 Kiyv-Kharkiv-Dovzhanskiy project.

In view of the present critical situation, it cannot be excluded that events not foreseeable at the date of this report may arise in the future requiring changes to the assessments made to date about the recoverability of the outstanding net assets.

Sustainability business model

Empowered by 110 years of experience in the construction sector, the Group has developed a strong business model that combines the creation of value for its shareholders, investors and clients with the generation of social and environmental value in the areas where it works. Its approach is to create shared values that fully integrate sustainability values and strategies with its business strategy.

The Group is committed to pursuing the following priorities:

- ensuring high performance standards to investors, clients, employees and partners, as well as the local communities and the areas where it works;

- supporting social and economic growth in the areas in which it operates, through job creation, professional training, engagement of local suppliers and support to local communities; and

- ensuring transparency towards all stakeholders to create a climate of mutual trust, correctness and transparency.

The Group's sustainability model also supports the wider management of operational, financial and reputational risks, as well as creating new opportunities and competitive advantages in a market that increasingly focuses on these aspects.

Salini Impregilo has formalised its commitment in a coordinated set of policies, procedures and organisational structures aligned with major international benchmark structures, underpinned by its sustainability policy, defining ten principles that enshrine the Group's ten commitments to its stakeholders.

Moreover, Salini Impregilo is a member of the United Nations "Global Compact", a global sustainable development initiative through which the Group undertakes to align its strategies and operations to ten universal principles concerning human rights, work, the environment and the fight against corruption.

The Group's adoption of an integrated quality, health and safety and environmental management system, as well as the organisational model pursuant to Legislative decree no. 231/2001 and the anti-corruption model ensures that it is equipped with adequate controls in accordance with the aforementioned principles.

Since 2014, the Group has voluntarily joined the Carbon Disclosure Project (CDP), the global platform supported by over 800 institutional investors that allows users to measure, compare and share information about the environmental performance (climate change) of over 2,000 companies all over the world.

In 2016, Salini Impregilo was included in the CDP's Climate A List of the 193 most virtuous companies in the world in terms of their commitment to sustainability, including eight Italian companies. Its inclusion in the list was accompanied by an award from CDP and Borsa Italiana as part of the CDP Climate Leadership Awards 2016, as recognition of Salini Impregilo's strategies and actions to reduce greenhouse gas emissions and to combat climate change.

At domestic level, Salini Impregilo is a founding member of the Global Compact Network Italy Foundation and collaborates with other member organisations and companies to develop specific projects and initiatives aimed at promoting the priorities set by the Global Compact.

In addition to adopting the aforementioned policies and management systems, Salini Impregilo implements additional sustainability programmes based on the specific features of each project. These include eco-design and eco-construction systems adopted by the Stavros Niarchos Cultural Centre project in Athens, Greece, which achieved the LEED Platinum certification and was awarded the prestigious 2016 Global Best Project Award by ENR (Engineering New Records), by the Red Line North project in Doha, Qatar, which adopted the GSAS system to improve the sustainability performance of public works, and by the Metro Northwest project in Sydney, Australia, which was awarded the "Leading" Infrastructure Sustainability Design rating by ISCA (Infrastructure Sustainability Council of Australia) for the development of sustainability best practices in its design.

The commitment to sustainability, the initiatives implemented and the results achieved in this area are accounted for on an annual basis in the Group's Sustainability Report, available on the www.salini-impregilo.com website.

Salini Impregilo was one of the first European construction companies to prepare an Environmental Report on a voluntary basis, starting from 2002. In the first years of its publication, this report came to be an important reference for the entire sector, since up until then few companies had dealt with the relationship between the environment and the execution of large infrastructural projects in a systematic way. The Group subsequently extended its reporting activities to other areas, such as the health and safety of workers, the quality of structures erected, personnel policies and interaction with local communities.

The 2016 Sustainability Report, to which reference is made for more in-depth information, has been prepared in accordance with the guidelines of the Global Reporting Initiative (GRI-G4), the most advanced sustainability reporting standard currently available.

The document complies with GRI's comprehensive option, which guarantees maximum disclosure about the Group's significant impacts and is independently certified by Deloitte & Touche.

Human resources and organisation

At 31 December 2016, the group's workforce was as follows:

Total workforce by category	31 December 2016	31 December 2015
Managers	362	287
White collars	7,270	6,646
Blue collars	26,808	23,665
Total	**34,440**	**30,598**

Organisation

The Group strengthened its corporate organisational structures during the year by introducing risk management and security units, the creation of a corporate social responsibility unit and by focusing on innovation through the set up of an engineering, development and concessions department to translate the Group's strategic vision into fact.

The quality, environment, health and safety unit, which used to report to the chief executive officer, was transferred to the group HR and organisation department to generate synergies between the two functions and simultaneously ensure greater focus on implementing systems and providing specialist assistance with contracts by the quality, environment, health and safety unit.

The internal audit department was enlarged to include the compliance unit, which used to report to the chief executive officer, for the greater integration of the various controls and to strengthen the internal controls and optimise the governance model.

The strengthening of the corporate structures was assisted by the hiring of new employees on the market, not all of whom had construction sector backgrounds, to integrate the Group's current skill set and facilitate the ongoing transformation.

Introduction of new units and the concurrent overhaul of some existing organisational structures were accompanied by another modification of the Group's procedural system to revise and optimise the related model and incorporate the new positions and responsibilities into the system as well as allowing it to keep pace with the new business requirements.

The Group also developed its reference procedures for the management of quality, environment, health and safety related issues and designed more operational administrative and accounting procedures.

The Group translated the main procedures into English to facilitate their circulation and implementation by all group entities, thus ensuring harmonised processes, standards and policies. It also provided video tutorials for some of them to allow the rapid and immediate understanding of the key processes, presenting the roles, responsibilities and main steps in a simple and straight-forward manner.

During the second half of the year, the Group rolled out important projects to assist the digitalisation of processes. They included introduction of an application to assist recruiting and development of a system to manage business trips, which will be in use at the start of 2017.

Training

Learning Academy

This academy continued to operate and provided leadership, knowledge sharing and technical-operating courses during the year.

The management training course, "Da Giocatore a Coach" (From player to coach), involving 120 international managers, was of great importance providing training on the management and assessment of colleagues both through classroom and webinar sessions. This course is part of the management performance programme and promotes a common approach to developing professional growth.

The "Train the Trainer" course was attended by various staff levels (managers and professionals) and is designed to build up the skills of internal trainers and mentors and their ability to share their key knowledge of the Group's business. The participants, who are internal members, were all involved as lecturers in the International Construction Management masters course for new graduates at the Milan Polytechnical University.

Technical courses included the programme about the new Italian public sector contracts code involving more than 100 managers and professional staff in the second half of the year.

E-learning

The Group launched the new, innovative e-learning platform, the Salini Impregilo E-learning Academy, during the second half of the year. This will become the Group's main international training hub, providing employees with the possibility to access courses they are interested in for self-improvement purposes, regardless of their location.

The new on-line training programme has different courses, including a section for newly hired employees (orientation programme) who can use innovative methods such as video tutorials and training pills, to obtain a clear and immediate understanding of the Group's main procedures.

Attraction and development of talent

The Employer Branding plan and recruiting and university career counselling activities

The employer branding and talent attraction plan in the most important Italian and international universities was continued during the year. The Group successfully organised and carried out 21 different projects involving university students and the business world, designed to select talented graduates, provide professional counselling and tutoring about construction sector career opportunities. They are organised through strategic agreements with the major Italian and international universities and by leveraging engagement initiatives such as career days, recruiting days, themed workshops in university facilities, presentations and visits to construction sites as well as communications via digital and social media, university websites and the main on-line job boards, which facilitate direct, ongoing dialogue with potential candidates.

Thanks to these activities, promoted by the HR and communication units, the Group obtained two important accolades as part of the OTAC (On Line Talent Communication) survey carried by the Swedish research company, Potential Park. Salini Impregilo is included in the 2016 classification as one of the top Italian companies in the "Social Media" and "Mobile" Talent Interaction categories, ranking 20th and 25th respectively.

"Master in International Construction Management"

The parent successfully continued its work with Milan Polytechnic, a leading university partner, on dedicated training and internship activities for young talented graduates with level I and level II master degrees in "International Construction Management".

The Master course, for the first time held entirely in English, is attended by 15 Italian (67%) and international (33%) new graduates with degrees in civil engineering, construction systems and building architecture, providing unique theoretical and practical training.

The course has two sections: the first of which includes classroom lessons, workshops, project works and site visits, with more than 300 hours of lessons provided by Salini Impregilo professionals. The second section consists of on-the-job training where the students perform internships under the guidance of company tutors after which they are required to write their master theses.

The young engineers are thus given a view of the Group's business and on-hands experience of what it means to participate in the construction of large works, developing innovative construction solutions and acquiring the necessary technical skills thanks to the guidance provided by the best sector experts.

In December 2016, the tender for the new masters programme was launched. This programme will be carried out between 2017 and 2018 to ensure continuity of the investment in professional training about the construction sector to assist young talented graduates.

Salini Impregilo Best New Entry amongst Best Employers of Choice 2016

In 2016, Salini Impregilo entered the "Top 20" of the "Best Employer of Choice" list (the list of the most desirable employers in Italy for new graduates that

Cesop Communication has compiled since 2002) and won the "Best New Entry 2016" award, with an overall ranking of 11 and as the only construction sector company.

It improved its ranking during the year climbing seven positions in the 2017 classification, confirming its position as one of the most desirable employers in Italy for university graduates, placing fourth in the global ranking and second as the preferred workplace of technical-scientific graduates.

Remuneration policies and Performance management

"Performance Management" Programme

The objectives for the 2016 performance management programme were defined during the year for a small group of the Group's key employees. The assessment stage will take place in the first quarter of 2017.

Short-term incentive plan for key management personnel

Like in previous years, the Group continued its short-term incentive plan for key management personnel in 2016. As set out in the 2016 remuneration report, the plan provides for a bonus if annual objectives set at group, business unit and individual level are met.

Labour relations

Office integration project

As part of the integration process of the Milan and Rome offices, and with the aim of pursuing process and corporate procedure efficiency objectives, cost optimisation for the Group as a whole and a suitable, targeted remix of the professional profiles, available internally, the parent continued to implement the decisions agreed with the trade unions and company union representatives to achieve corporate objectives and entailing some of the accompanying measures for the aforementioned company activities.

Accordingly, on 27 October 2016, the parent, the trade unions and the company union representatives signed the agreement for the positive conclusion of the collective redundancy procedure commenced with the letter of 18 October 2016 involving 30 employees at the Rome and Milan offices.

On 19 December 2016, the parent signed another agreement with the Rome and Milan company union representatives to extend (for 2016 and 2017) the option for employees who meet the legal requirements for retirement or will do so before 30 June 2017 to sign individual agreements for the termination of their employment relationship against payment of a termination benefit.

CO.GE.MA. S.p.A.

On 19 December 2016, CO.GE.MA. S.p.A. signed an agreement with the Rome trade unions and company union representatives allowing the company to dismiss employees up until 31 October 2017 for objective just cause, which will not be opposed by the employees who will receive a termination benefit and a settlement, thus settling any issues between them and the company.

Sale of a business unit by Todini Costruzioni Generali S.p.A. to HCE Construction S.p.A.

The consultation procedure pursuant to article 47 of Law no. 428/190 as subsequently amended and integrated ended on 3 February 2016. It had been started with the letter of 27 January 2016 informing the trade unions of Todini Costruzioni Generali S.p.A.'s intention to sell a business unit to its subsidiary HCE Costruzioni S.p.A.

Isarco S.c.a.r.l.

Isarco S.c.a.r.l. and the trade unions signed a memorandum of understanding on 16 November 2016. This covered, inter alia, an extensive and structured system of trade union relations to be considered for the construction of the Brenner base tunnel - Isarco River Underpass Section lot and better financial conditions compared to the national and provincial labour agreements for Isarco's employees and/or consultants.

Quality, safety and the environment

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

The independent body, SGS Italia S.p.A., is scheduled to audit the Group in December 2016/January 2017 to allow it to maintain its ISO 9001, ISO 14001 and OHSAS 18001 certifications.

The Group plays an important social and economical role in the markets in which it operates, contributing to local economic development with investments in health, safety and the environment, as well as supporting local communities.

It has adopted a quality, safety and environmental management system as a guarantee to all stakeholders (shareholders, employees, clients, suppliers, local communities, public adminstrations, etc.) to deliver increasingly efficient and effective performances.

Adoption of the QSE management system has assisted the Group to meet the objectives set out in the QSE policy, specifically:

- maintaining the quality of products and services, through respect for the environment and the health and safety of workers in all workplaces and labour sectors. This commitment also extends to third party companies and subcontractors;

- the availability of resources (human, technological and financial) necessary for the development and implementation of the quality, health and safety and environmental management system;

- the performance of work based on the latest construction technologies available in the industry and the fundamental concept of building "to best industry standards", the use of processes, technologies and materials that allow the rational and sustainable use of natural resources (e.g., water, energy and raw materials);

- the involvement and active participation of all staff working for the Group or on its behalf, through information, education and training, for proper circulation and understanding of the principles expressed on the issues of quality management, environmental respect and protection, the health and safety of workers, with the commitment to continual improvement;

- compliance with the applicable legal provisions and any other regulations which might be adopted, with the application of more stringent standards whenever possible;

- ongoing dialogue with clients and their representatives throughout the technical and administrative process of delivering services and the performance of works, the involvement of Interested Parties in the analysis of the Group's environmental performance through the opening of communication channels to discuss sustainable development, the promotion of all initiatives with employees, clients, suppliers and Interested Parties designed to achieve the highest levels of health and safety protection;

- the identification and assessment of risks to the health and safety of workers caused by their activities;

- the identification and assessment of the environmental aspects of the Group's activities and the identification of those aspects that have or could have a significant impact on the environment;

- effective waste management through the re-use of products and materials where possible, and the use of products with low environmental impact;

- the identification of all technical and organisational measures useful to eliminate the possibility of pollution, through the careful analysis of the risk of spillage or uncontrolled release into soil/water/air;

- the prevention of occupational illnesses and the elimination or reduction of accidents in the workplace for employees, service providers and subcontractors, based on the principle that all accidents are preventable.

One of the most significant developments introduced with the issue of new standards of the ISO 9001 and ISO 14001 (2015 version) was the so-called "risk-based approach" for management systems. The project to align the QSE systems is scheduled for completion in 2017 (alignment with the new standards must be completed by September 2018).

For the correct application of the QSE management system, the Group appointed a management representative who, assisted by the quality, environment and safety unit, is responsible for:

- updating personnel and the entire organisation about management's commitments taken on with the "Quality, Environment and Safety Policy", also by using the "@work" portal;

- scheduling regular internal audits to check the organisation's working;

- proposing possible changes to the policies aimed at improving the Group's performance to senior management.

During the year, the QHSE unit carried out a number of audits in line with its annual plan to check the effective application of the QSE system in contracts. The audits mainly covered fully operational contracts and less so those in a start-up phase (where, nevertheless, the unit carried out checks taking part in the deployment programme) or those nearing completion.

The unit performed 10 audits of various contracts.

Support to branch offices was provided through medium to long-term missions (aimed at achieving specific objectives), both based on the QHSE unit's plans and direct requests from the branches.

Environmental protection

Protecting the environment has always been a priority for the Group, formalised since 2002 - among the first companies in Europe - in a specific Environmental Policy, which received ISO 14001 certification in 2007. Since then, the Group has implemented an environmental management system in all its operating companies to ensure that the environmental impacts of their work are adequately identified and mitigated, in response to legislative requirements, contractual requirements and the expectations of the communities affected by our projects.

Specifically, this system complies with Salini Impregilo's policy to protect the environment, not only for the purposes of sustainable development and success in global markets, but also for:

- its strategic priority;

- ongoing improvement in performance and conduct;

- additional information and training for employees;

- the assessment and prior limitation of the effects of its operations on the environment;

- research and development, to identify increasingly sustainable techniques;

- dialogue with employees and local communities, to jointly resolve any contingent environmental issues;

- commitment to involving clients, suppliers and subcontractors in a more correct and evolved environmental management of their products and services.

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

- ongoing improvement of environmental performances;

- utilisation of an internal organisation to circulate and promote the system's guidelines and instructions with all group companies and in building sites, ensuring their correct application;

- developing the capacity to identify and monitor key environmental aspects of its core business, including by setting up special data bases;

- the faster use of the results of technological research, encouraging adoption of increasingly efficient solutions to recycle materials, contain the movement and consumption of raw materials and energy, protect water resources and reduce waste and the clean-up of sites after work.

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

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

During project implementation, the Group adopts specific environmental management plans to monitor the potential effect of all works on the environment. The environmental management system's procedures are applied to all contracts and are constantly assessed and monitored, also through direct audits performed by the parent's QSE unit.

When a new contract is started and based on the work to be carried out, the Group identifies significant environmental aspects, i.e., those aspects that could significantly impact the environment. Their identification and subsequent assessment take place using specific procedures designed by Salini Impregilo's QSE unit, applicable to all contracts.

The significance of environmental impacts is assessed using a methodology prepared considering criteria which are given different weights, depending on their importance. These criteria are:

- the existence of specific regulatory requirements;
- the probability that the event will occur;
- the seriousness for the environment;
- how long the impact will last;
- how difficult it will be to restore the original situation;
- the effects on the Group's reputation.

Once the significant environmental impacts have been identified, the contract's main effects on the different environmental components are analysed:

- atmosphere;
- natural resources and energy consumption;
- surface and underground watercourses;
- soil and subsoil;
- waste generation;
- noise and vibrations;
- biodiversity,

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

Following the significance analysis, an environmental protection plan is prepared for each contract, describing the management and monitoring activities (environmental control plans) for all the environmental components involved.

Atmosphere

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

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

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

Natural resources, energy and greenhouse gas emissions

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

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

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

Energy consumption, both in the form of fossil fuels and electric energy, has a strong impact during construction of infrastructure. Reduction of energy consumption allows a decrease in greenhouse gas emissions and mitigation of the effects of climate change.

Salini Impregilo uses state-of-the-art power rationalisation systems by deploying highly efficient vehicles and equipment, connecting its building site plants to electricity networks rather than diesel generators, carrying out regular maintenance programmes for its vehicles, using energy recovery systems and informing its employees about the importance of energy saving.

The Group also contributes proactively to the fight against climate change with its projects. It builds hydroelectric power plants that generate renewable energy, metro lines that reduce the use of private vehicles encouraging more sustainable mobility and many green building projects.

Information about the Group's greenhouse gas emissions is provided below.

Direct emissions (Scope 1) and indirect emissions (Scope 2 and 3) of greenhouse gases

	Unit	2015	2016*
Direct emissions (Scope 1)	tCO2e	526,032	534,974
Indirect emissions (Scope 2)	tCO2e	34,509	40,858
Other indirect emissions (Scope 3)	tCO2e	129,667	152,347
Total	**tCO2e**	**690,208**	**728,179**
Intensity of greenhouse gas emissions	tCO2e/€m	140	115

* The figures include Lane Industries (acquired on 4 January 2016).

Water environment

The effects of construction of a large-scale work on surface or underground watercourses are never insignificant. The impact varies depending on the type of work. Construction of a bridge or a dam inevitably leads to interference of watercourses. In these cases, Salini Impregilo implements procedures to limit any impacts on water quality as much as possible.

Tunnel boring also unavoidably leads to interference of underground watercourses. This is normal in all tunnel work but may become a critical issue if there are large waterbeds. Salini Impregilo adopts the necessary techniques to prevent any type of contamination.

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

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

Soil and subsoil

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

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

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

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

Waste

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

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

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

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

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

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

Salini Impregilo transfers its hazardous waste to authorised third parties.

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

Noise and vibrations

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

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

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

Vibration is also a feature of work on civil engineering sites. The effects of pressure waves that propagate in the soil can cause damage to buildings or other structures located in the vicinity of the works. During the works, periodic monitoring of both noise and vibration is carried out.

Biodiversity

The performance of infrastructure projects requires the implementation of special protection measures when the sites are adjacent to or within sites of special natural interest, so that construction activities interfere as little as possible with the fauna and flora present. In these situations, the Group commits to preserving and protecting the biological diversity of the areas surrounding its operating sites.

Employee health and safety

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

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

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

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

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

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

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

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

The head office's quality, environment and safety unit carries out periodic audits on specific safety procedures used at group sites and evaluates the application of corporate rules concerning health and safety in the workplace.

The main health and safety products undertaken during the year included:

- agreement and development of a corporate Leadership for Health and Safety project to create a new, shared corporate health and safety culture, fostering awareness by the leadership, harmonising the standards in the different countries in which the Group operates and increasing awareness about the issue. Two pilot projects have been launched at CMT Copenhagen and NWRL Sydney;
- participation in the World Health and Safety Day promoted by the International Labour Organisation (ILO) on 28 April 2016; the Group entered its 20 major

contracts in the world and more than 400 managers attended the HS meeting while over 2,600 workers participated in building site events (link WSG - World Safe Day).

Safety numbers

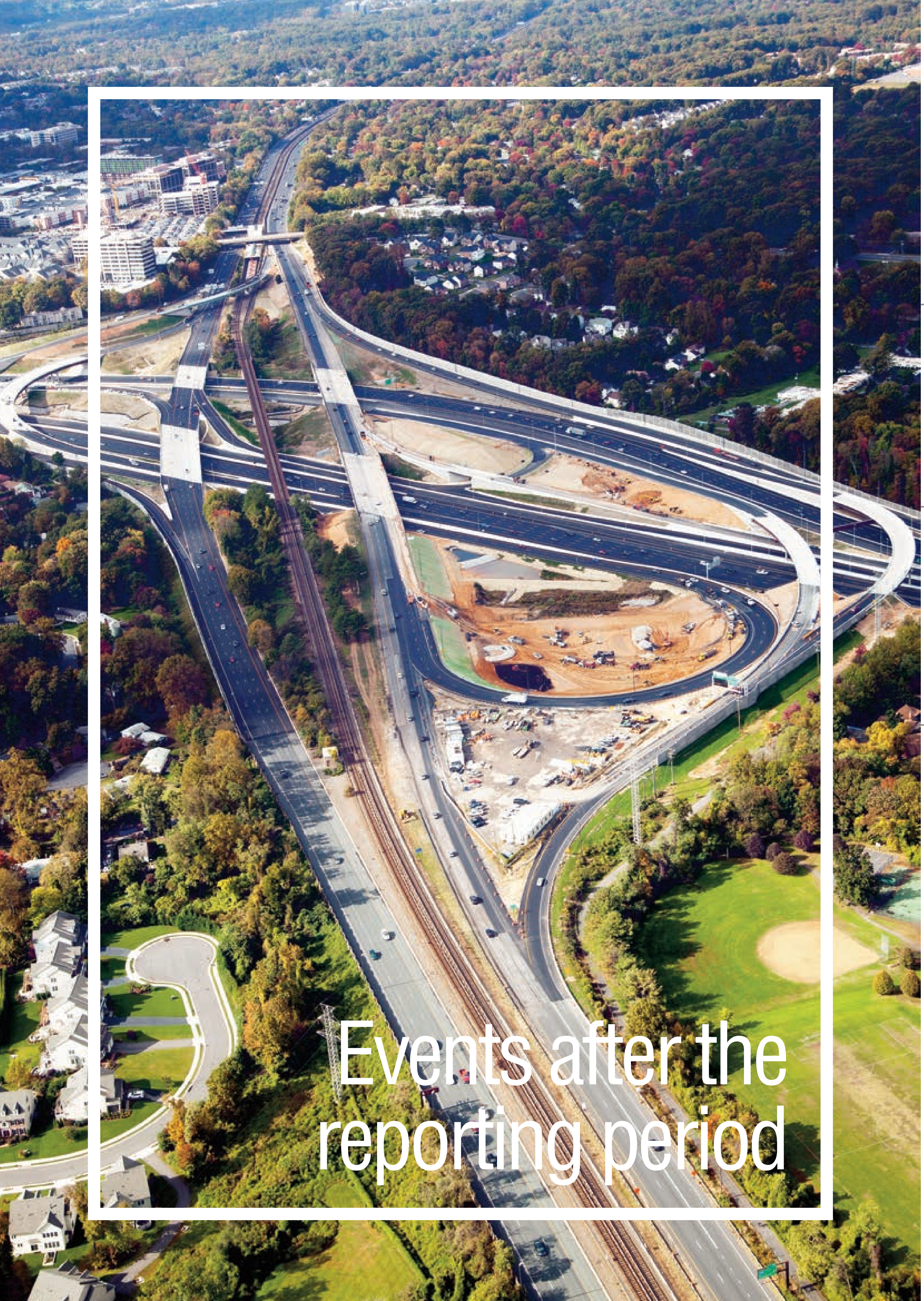
With respect to accident figures, it should be noted that the data analysed also refers to the consolidated entity Salini Impregilo for the period prior to the date of the merger (1 January 2014). The table summarises data and key indicators for the past four years in a single table, considering both employee and subcontractor data.

Indicator/Year	2013*	2014*	2015	2016**
Total Man Hours worked	114,774,287	137,218,465	141,745,857	150,041,526
LTI (Lost Time Injuries) > 3 days lost	612	580	520	474
Number of Lost Workdays > 3 days	16,096	10,371	12,923	13,974
IR - Total Workforce Injury Rate (ILO) = ((LTI>3 days)/Hours Worked) X 200,000	1.09	0.86	0.74	0.65
LDR - Total Workforce Lost Day Rate (ILO) = (LWD >3 days/Hours Worked) X 200,000	28.05	15.12	18.23	18.63

Note: * Comparative data (for 2013 and 2014) were restated, compared to those published in the 2014 Annual Report to align them with those published in the 2014 Sustainability Report with respect to the scope and calculation method.

** The data do not include those related to the projects of Todini Costruzioni Generali, which is no longer part of the Group.

The analysis of the figures shows a rise in the Severity Rate, whereas the LTRIF frequency index continues to decrease.



Events after the reporting period

This section sets out the main events that have taken place since the reporting date and not commented on earlier in this report.

Contract worth USD336 million awarded in Virginia (USA)

Lane has won new orders for €850 million in the first two months of 2017. Specifically, on 1 March 2017, it was awarded a new design-build contract worth €336 million to extend the 395 Express Lanes in Virginia, USA, where Lane has already performed other works. Preliminary work will start in March 2017.

€397 million contract awarded for the first lot of the high speed/capacity Naples-Bari railway section

On 2 March 2017, the Salini Impregilo-Astaldi joint venture was awarded the contract worth €397 million to design and build the Naples-Cancello segment of the high speed/capacity Naples-Bari section.

The works will be performed by Salini Impregilo (lead contractor, 60% share) and Astaldi (40%). The contract signing will take place once the necessary checks required by the tender procedure to ensure that the two joint venturers meet the relevant participation requirements have been completed.

The contract was commissioned by ITALFERR S.p.A. and is to be completed by 2022. It covers the first segment of the Naples-Bari section and is a fundamental part of the overall restructuring of the entire railway line.

COCIV

On 6 March 2017, the Rome prefecture ordered the extraordinary administration of this consortium pursuant to article 32.1.b of Law decree no. 90 of 24 June 2014, converted with amendments by Law no. 114 of 11 August 2014. It appointed an extraordinary commissioner for a six-month period which may be extended.

Outlook

2016 saw consolidation of the ongoing growth trend even though the Group's markets were affected by numerous macroeconomic and political uncertainties, as described in earlier in this Report.

The Group has an excellent order backlog for 2017 in both quantitative and qualitative terms, which will strengthen its leadership position in the large complicated infrastructure sector, confirm its number one position in the water treatment segment and its exceptional track record in the transport sector, especially in the metro, railway and road segments.

The acquisition of Lane at the start of 2016 has strengthened the Group's business model, increased its portfolio diversification and improved its exposure between the advanced and developing countries. This acquisition will provide the Group with considerable opportunities for growth.

Report on corporate governance and the ownership structure

The corporate governance model adopted by Salini Impregilo complies with the principles enshrined in the "Corporate Governance Code for Listed Companies" approved by the corporate governance committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

More information about the corporate governance system pursuant to article 123-bis of the Consolidated Finance Act (Legislative decree no. 58 of 24 February 1998, as subsequently amended) is available in the Report on corporate governance and the ownership structure, published on the parent's website in the governance section (**www.salini-impregilo.com**).

Alternative performance indicators

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

Financial ratios:

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

Performance indicators

1. **Gross operating profit (EBITDA):** this ratio shows the sum of the following items included in the income statement:
   a. Total revenue
   b. Total costs, less amortisation and depreciation

   This can also be shown as the ratio of gross operating profit to total revenue.

2. **Operating profit (EBIT):** the operating profit given in the income statement, being the sum of total revenue and total costs.

3. **Return on sales o R.o.S.:** given as a percentage, shows the ratio of operating profit (as calculated above) to total revenue.

Adjusted income statement and net financial indebtedness

The Group monitors the key figures of Lane Group for management purposes adjusting the IFRS figures prepared for consolidation purposes to present the results of the joint ventures not controlled by Lane which are consolidated on a proportionate basis. These figures ("work under management") show the status of contracts managed directly by Lane or through non-controlling investments in joint ventures.

With respect to the acquisition of Lane Industries Incorporated, the adjusted comparative figures for 2015 have been prepared using the same consolidation scope, combining Salini Impregilo Group's key figures, restated compared to those shown in the 2015 Annual Report to consider the new IFRS 5 scope, with the key figures of Lane Group, which are its consolidated figures at 31 December 2015 prepared in accordance with IFRS.

The net financial indebtedness at 31 December 2015 was calculated by summing the IFRS figures of the Group for 2015 with the IFRS accounting figures of Lane Group and the debt incurred to acquire the US company.

Other information

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

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

Research and development

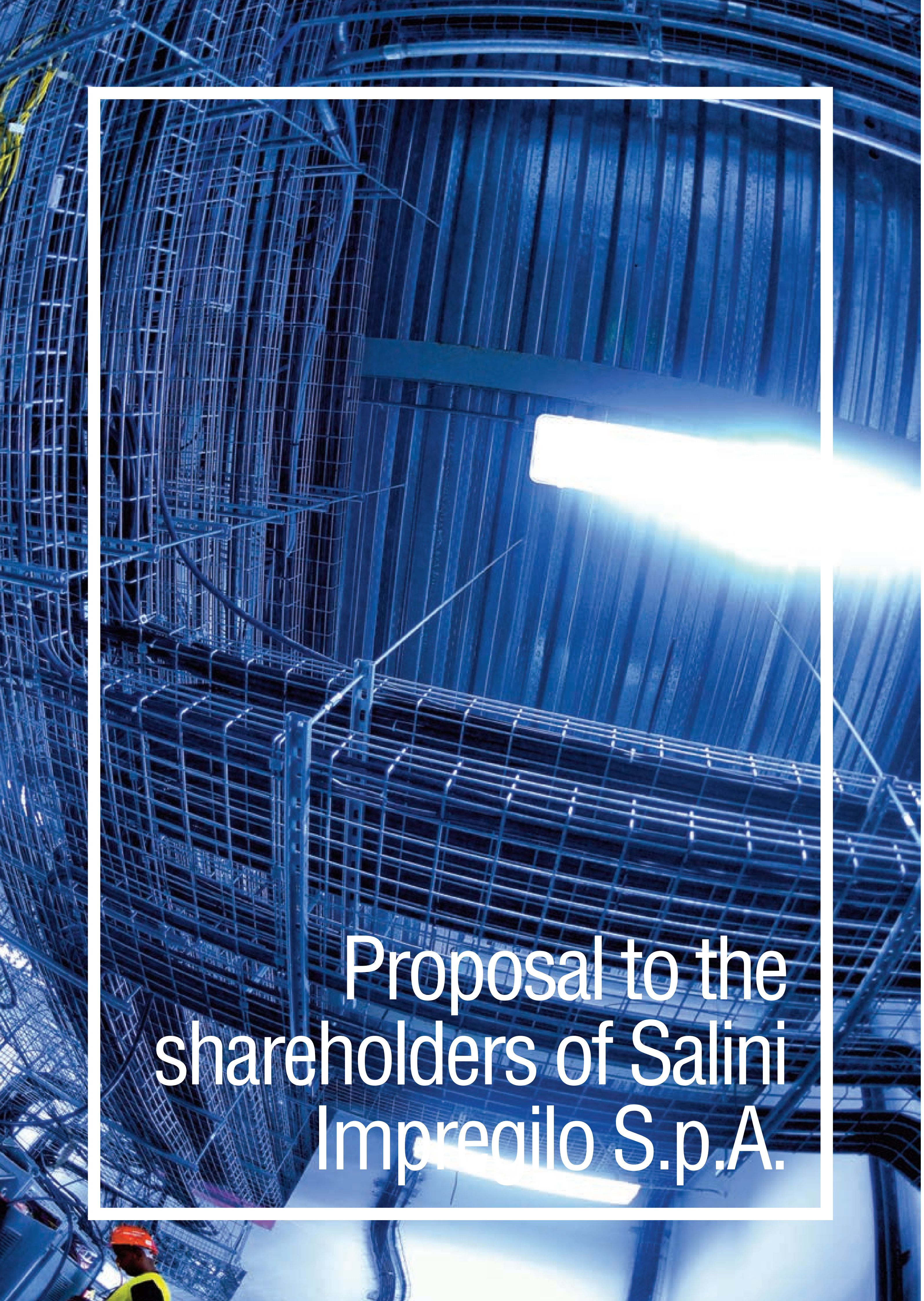
Pursuant to article 2428 of the Italian Civil Code, we note that the Group did not undertake any research and development activities during the year.

Repurchase of treasury shares

The repurchase programme approved by the parent's shareholders in their ordinary meeting of 19 September 2014 started on 6 October 2014. At the reporting date, the parent had repurchased 3,104,377 treasury shares for €7,676,914.46.

Related parties

Reference should be made to Note 39 to the consolidated financial statements and to Note 34 to the separate financial statements at 31 December 2016 for a description of related party transactions.



Proposal to the shareholders of Salini Impregilo S.p.A.

Dear shareholders,

The Separate financial statements of Salini Impregilo S.p.A. at 31 December 2016, prepared for your approval, show a profit for the year of €64,603,085.24, which we propose be allocated as follows:

- €3,230,154.26, equal to 5% of the profit for the year, to the legal reserve;

- €25,920,620.64 gross as a dividend to the holders of ordinary shares, gross of the legal withholdings for each existing share having dividend rights and, therefore, excluding the 3,104,377 own shares held by the parent, equal to €0.053 per share;

- €420,027.66 gross as a dividend to the holders of savings shares, gross of the legal withholdings, equal to €0.26 per share, as per article 33.b) of the by-laws;

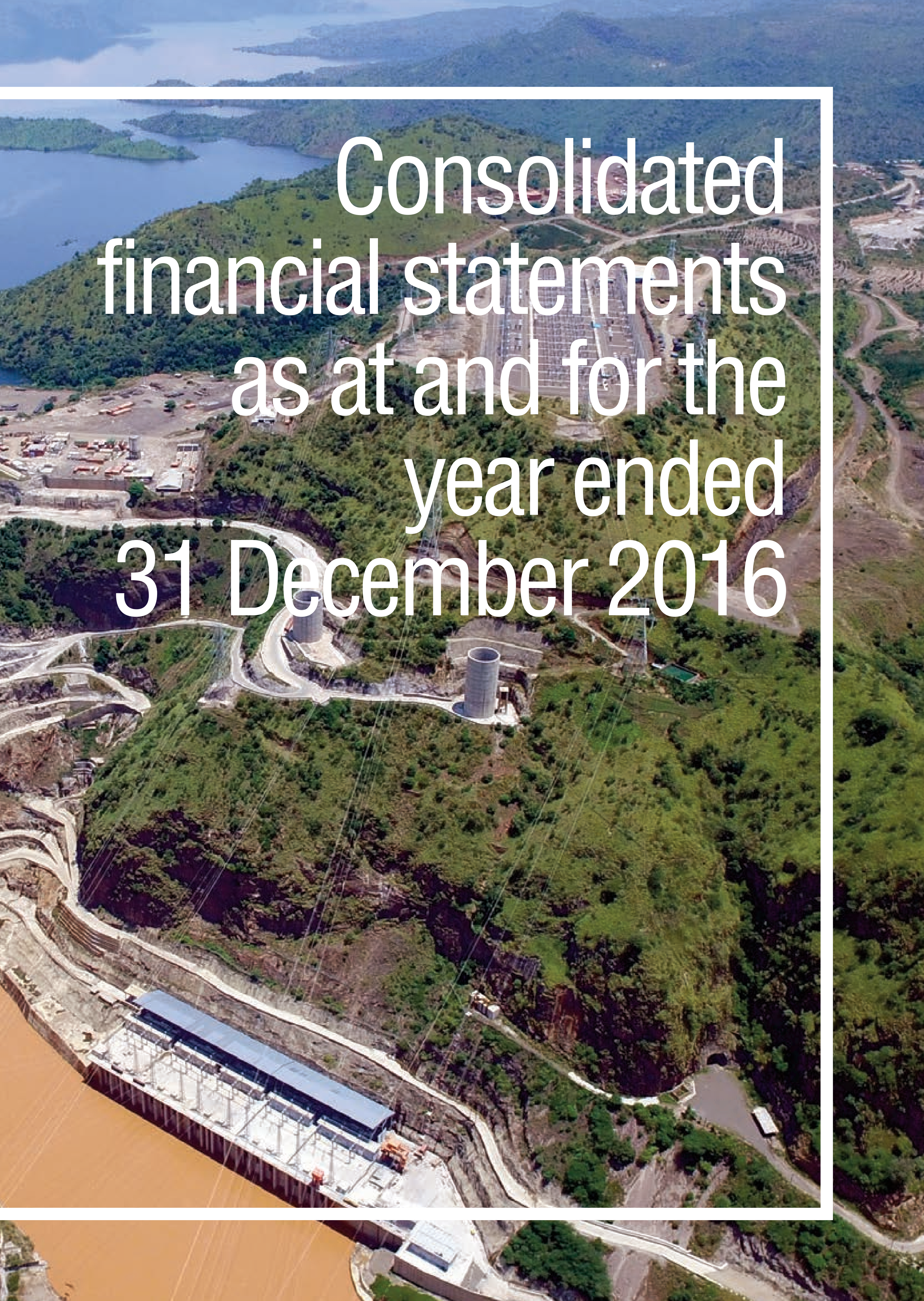
- €35,032,282.68 to be carried forward.

In view of the calendar approved by Borsa Italiana S.p.A., we propose that the aforementioned dividends be distributed on 24 May 2017, with an ex-dividend date of 22 May 2017 (record date of 23 May 2017).

On behalf of the board of directors
Chairman
Alberto Giovannini

(Signed on the original)

Consolidated financial statements as at and for the year ended 31 December 2016



Consolidated financial statements
Statement of financial position

ASSETS (€'000)	Note	31 December 2016	of which: related parties	31 December 2015	of which: related parties
Non-current assets					
Property, plant and equipment	7	803,039		594,365	
Intangible assets	8	168,763		193,821	
Goodwill	9	175,188		-	
Equity investments	10	201,468		131,254	
Derivatives and non-current financial assets	11	62,614	19,005	67,832	19,986
Deferred tax assets	12	121,925		64,064	
Total non-current assets		**1,532,997**		**1,051,336**	
Current assets					
Inventories	13	270,579		268,073	
Contract work in progress	14	2,367,263		1,775,791	
Trade receivables	15	2,359,273	155,629	1,560,684	180,586
Derivatives and other current financial assets	16	323,393	178,392	312,104	162,463
Current tax assets	17	135,987		114,577	
Other current tax assets	17	146,503		142,652	
Other current assets	18	591,271	35,623	518,642	33,882
Cash and cash equivalents	19	1,602,721		1,410,775	
Total current assets		**7,796,990**		**6,103,298**	
Non-current assets held for sale and discontinued operations	20	6,032		147,606	
Total assets		**9,336,019**		**7,302,240**	

EQUITY AND LIABILITIES (€'000)	**Note**	**31 December 2016**	of which: related parties	**31 December 2015**	of which: related parties
Equity					
Share capital		544,740		544,740	
Share premium reserve		120,798		120,798	
Other reserves		96,052		90,163	
Other comprehensive income (expense)		47,088		(24,552)	
Retained earnings		336,406		324,259	
Profit for the year		59,921		60,592	
Equity attributable to the owners of the parent		**1,205,005**		**1,116,000**	
Non-controlling interests		156,326		100,860	
Total equity	**21**	**1,361,331**		**1,216,860**	
Non-current liabilities					
Bank and other loans and borrowings	22	866,362		745,554	
Bonds	23	868,115		396,211	
Finance lease liabilities	24	119,742		79,789	
Non-current derivatives	25	4,429		4,113	
Post-employment benefits and employee benefits	26	91,930		25,412	
Deferred tax liabilities	12	108,493		55,857	
Provisions for risks	27	105,765		106,361	
Total non-current liabilities		**2,164,836**		**1,413,297**	
Current liabilities					
Current portion of bank loans and borrowings and current account facilities	22	398,589	13,707	538,802	9,825
Current portion of bonds	23	18,931		10,203	
Current portion of finance lease liabilities	24	55,281		49,617	
Derivatives and other current financial liabilities	25	2,751		10,685	
Progress payments and advances on contract work in progress	28	2,455,632		1,862,759	
Trade payables	29	2,344,773	111,162	1,630,437	128,757
Current tax liabilities	30	109,991		68,273	
Other current tax liabilities	30	67,589		61,097	
Other current liabilities	31	356,315	13,747	334,198	13,061
Total current liabilities		**5,809,852**		**4,566,071**	
Liabilities directly associated with non-current assets held for sale and discontinued operations	20	-		106,012	
Total equity and liabilities		**9,336,019**		**7,302,240**	

Income statement

(€'000)	Note	2016	of which: related parties	2015 (*)	of which: related parties
Revenue					
Revenue	34	5,760,358	210,096	4,624,066	479,912
Other income	34	123,451	12,529	146,229	21,991
Total revenue		**5,883,809**		**4,770,295**	
Costs					
Purchases	35.1	(1,161,046)	(116)	(815,101)	
Subcontracts	35.2	(1,505,428)		(1,249,957)	(811)
Services	35.3	(1,555,996)	(220,024)	(1,498,977)	(477,721)
Personnel expenses	35.4	(886,237)		(538,764)	
Other operating expenses	35.5	(222,265)	(744)	(162,067)	(19)
Amortisation, depreciation, provisions and impairment losses	35.6	(277,324)	(433)	(237,842)	(2,214)
Total costs		**(5,608,296)**		**(4,502,708)**	
Operating profit (EBIT)		**275,513**		**267,587**	
Financing income (costs) and gains (losses) on equity investments					
Financial income	36.1	44,499	9,625	34,587	8,729
Financial expense	36.2	(146,542)	(361)	(108,336)	(189)
Net exchange rate gains (losses)	36.3	15,537		(16,675)	
Net financing costs		(86,506)		(90,424)	
Net gains on equity investments	37	9,122		335	
Net financing costs and net gains on equity investments		**(77,384)**		**(90,089)**	
Profit before tax (EBT)		**198,129**		**177,498**	
Income tax expense	38	(77,952)		(84,577)	
Profit from continuing operations		**120,177**		**92,921**	
Loss from discontinued operations	20	(20,662)		(10,690)	
Profit for the year		**99,515**		**82,231**	
Profit for the year attributable to:					
Owners of the parent		59,921		60,592	
Non-controlling interests		39,594		21,639	

(*) The 2015 income statement was restated to comply with IFRS 5 given the new disposal scope of Todini Costruzioni Generali Group.

Statement of comprehensive income

(€'000)	Note	2016	2015 (*)
Profit for the year (a)		**99,515**	**82,231**
Items that may be subsequently reclassified to profit or loss, net of the tax effect:			
Exchange rate gains (losses) on the translation of foreign companies' financial statements	21	61,742	(28,339)
Net gains (losses) on cash flow hedges, net of the tax effect	21	7,581	(9,830)
Other comprehensive income (expense) related to equity-accounted investees	21	1,483	(15)
Items that may not be subsequently reclassified to profit or loss, net of the tax effect:			
Net actuarial gains on defined benefit plans	21	4,364	174
Other comprehensive income (expense) (b)		**75,170**	**(38,010)**
Comprehensive income (a) + (b)		**174,685**	**44,221**
Comprehensive income attributable to:			
Owners of the parent		131,261	23,925
Non-controlling interests		43,124	20,296
Earnings per share			
From continuing and discontinued operations	*40*		
Basic		0.12	0.12
Diluted		0.12	0.12
From continuing operations	*40*		
Basic		0.16	0.14
Diluted		0.16	0.14

(*) The 2015 statement of comprehensive income was restated to comply with IFRS 5 given the new disposal scope of Todini Costruzioni Generali Group.

Statement of cash flows

(€'000)	Note	2016	2015 (*)
Cash and cash equivalents	19	1,410,774	1,030,925
Current account facilities	22	(115,615)	(27,711)
Total opening cash and cash equivalents		**1,295,159**	**1,003,214**
Operating activities			
Profit from continuing operations		120,177	92,920
Amortisation of intangible assets	35	34,009	24,563
Depreciation of property, plant and equipment	35	226,812	190,495
Net impairment losses and provisions	35	16,503	22,784
Accrual for post-employment benefits and employee benefits	26	13,878	15,486
Net gains (losses) on the sale of assets		1,877	(1,192)
Deferred taxes	38	(5,761)	33,436
Share of loss of equity-accounted investees	37	(5,104)	(412)
Income taxes	38	83,713	51,141
Net interest paid during the year		88,279	78,153
Other non-monetary items		15,478	14,081
Cash flows generated by operations		**589,861**	**521,454**
Increase in inventories and contract work in progress		(557.589)	(407,531)
Decrease (increase) in trade receivables	15	(633,010)	213,505
(Decrease) increase in progress payments and advances on contract work in progress	28	512,312	(94,658)
Increase in trade payables	29	622,259	160,668
Decrease (increase) in other assets/liabilities		(49,241)	205,779
Total changes in working capital		**(105,269)**	**77,763**
Increase in other items not included in working capital		(56,277)	(90,358)
Interest expense paid		(76,140)	(64,699)
Income taxes paid		(64,742)	(24,925)
Cash flows generated by operating activities		**287,433**	**419,235**
Investing activities			
Net investments in intangible assets	8	(2,422)	(62,815)
Investments in property, plant and equipment	7	(257,632)	(215,386)
Proceeds from the sale or reimbursement value of property, plant and equipment		61,287	38,598
Investments in non-current financial assets and capital transactions	10	(51,159)	(37,412)
Dividends and capital repayments from equity-accounted investees	10	27,270	925
Proceeds from the sale or reimbursement value of non-current financial assets		4,399	(704)
Acquisitions and/or disposals of subsidiaries or business units, net of cash and cash equivalents	(**)	(376,420)	146,701
Cash flows used in investing activities		**(594,677)**	**(130,039)**

(€'000)	Note	2016	2015 (*)
Financing activities			
Dividends distributed	21	(43,655)	(22,921)
Capital injection by non-controlling investors in subsidiaries		(73)	11,295
Increase in bank and other loans	22	3,094,337	1,537,498
Decrease in bank and other loans	22	(2,547,252)	(1,229,818)
Change in other financial assets/liabilities		27,191	(352,983)
Cash flows generated by (used in) financing activities		**530,548**	**(56,879)**
Net cash flow from discontinued operations	19	**(1,180)**	**3,429**
Net exchange rate gains on cash and cash equivalents		**34,140**	**50,370**
Increase in cash and cash equivalents		**256.264**	**291.946**
Cash and cash equivalents	19	1,602,721	1,410,775
Current account facilities	22	(51,297)	(115,615)
Total closing cash and cash equivalents		**1,551,424**	**1,295,160**

(*) The 2015 statement of cash flows was restated to comply with IFRS 5 given the new disposal scope of Todini Costruzioni Generali Group.

(**) The 2015 balance has been reclassified to Investing activities for ease of comparison.

Statement of changes in equity

(€'000)		Share capital	Share premium reserve	Other reserves: Legal reserve	Other reserves: Share capital increase related	Other reserves: Extraordinary and other reserves	Other reserves: Reserve for treasury shares	Other reserves: LTI reserve
As at 1 January 2015	**21**	**544,740**	**120,798**	**100,000**	**(3,970)**	**136**	**(7,677)**	**-**
Allocation of profit and reserves	21	-	-	1,535	-	-	-	-
Dividend distribution	21	-	-	-	-	-	-	-
Change in consolidation scope	21	-	-	-	-	-	-	-
Stock options	21	-	-	-	-	-	-	139
Capital Increase	21	-	-	-	-	-	-	-
Other changes and reclassifications	21	-	-	-	-	-	-	-
Dividend distribution to non-controlling interests	21	-	-	-	-	-	-	-
Profit for the year	*21*	-	-	-	-	-	-	-
Other comprehensive expense	*21*	-	-	-	-	-	-	-
Comprehensive income	*21*	-	-	-	-	-	-	-
31 December 2015	**21**	**544,740**	**120,798**	**101,535**	**(3,970)**	**136**	**(7,677)**	**139**
As at 1 January 2016	**21**	**544,740**	**120,798**	**101,535**	**(3,970)**	**136**	**(7,677)**	**139**
Allocation of profit and reserves	21	-	-	1,786	-	-	-	-
Dividend distribution	21	-	-	-	-	-	-	-
Change in consolidation scope	21	-	-	-	-	-	-	-
Stock options	21	-	-	-	-	-	-	4,103
Capital Increase	21	-	-	-	-	-	-	-
Other changes and reclassifications	21	-	-	-	-	-	-	-
Dividend distribution to non-controlling interests	21	-	-	-	-	-	-	-
Profit for the year	*21*	-	-	-	-	-	-	-
Other comprehensive expense	*21*	-	-	-	-	-	-	-
Comprehensive income	*21*	-	-	-	-	-	-	-
31 December 2016	**21**	**544,740**	**120,798**	**103,321**	**(3,970)**	**136**	**(7,677)**	**4,242**

	Other comprehensive income (expense)								
Total other reserves	Translation reserve	Hedging reserve	Actuarial reserve	Total other comprehensive income	Retained earnings	Profit for the year	Equity attributable to the owners of the parent	Non-controlling interests	Total
88,489	**15,575**	**1,987**	**(5,447)**	**12,115**	**249,988**	**93,773**	**1,109,903**	**76,513**	**1,186,416**
1,535	-	-	-	-	92,238	(93,773)	-	-	-
-	-	-	-	-	(19,983)	-	(19,983)	-	(19,983)
-	-	-	-	-	2,668	-	2,668	(4,306)	(1,638)
139	-	-	-	-	-	-	139	-	139
-	-	-	-	-	-	-	-	11,295	11,295
-	-	-	-	-	(652)	-	(652)	-	(652)
-	-	-	-	-	-	-	-	(2,938)	(2,938)
-	-	-	-	-	-	*60,592*	*60,592*	*21,639*	*82,231*
-	*(26,769)*	*(10,072)*	*174*	*(36,667)*	-	-	*(36,667)*	*(1,343)*	*(38,010)*
-	*(26,769)*	*(10,072)*	*174*	*(36,667)*	-	*60,592*	*23,925*	*20,296*	*44,221*
90,163	**(11,194)**	**(8,085)**	**(5,273)**	**(24,552)**	**324,259**	**60,592**	**1,116,000**	**100,860**	**1,216,860**
90,163	**(11,194)**	**(8,085)**	**(5,273)**	**(24,552)**	**324,259**	**60,592**	**1,116,000**	**100,860**	**1,216,860**
1,786	-	-	-	-	58,806	(60,592)	-	-	-
-	-	-	-	-	(19,983)	-	(19,983)	-	(19,983)
-	-	-	-	-	(26,676)	-	(26,676)	35,562	8,886
4,103	-	-	-	-	-	-	4,103	-	4,103
-	-	-	-	-	-	-	-	(73)	(73)
-	-	-	-	-	-	-	-	525	525
-	-	-	-	-	-	-	-	(23,672)	(23,672)
-	-	-	-	-	-	*59,921*	*59,921*	*39,594*	*99,515*
-	*59,723*	*7,553*	*4,364*	*71,640*	-	-	*71,640*	*3,530*	*75,170*
-	*59,723*	*7,553*	*4,364*	*71,640*	-	*59,921*	*131,561*	*43,124*	*174,685*
96,052	**48,529**	**(532)**	**(909)**	**47,088**	**336,406**	**59,921**	**1,205,005**	**156,326**	**1,361,331**

Notes to the consolidated financial statements

1. Basis of preparation

Salini Impregilo S.p.A. (the “parent” or “Salini Impregilo”) has its registered office in Italy. These consolidated financial statements at 31 December 2016 include the financial statements of the parent and its subsidiaries (the “Group”). The Group, created by the merger of the Salini and Impregilo Groups, is a global player in the large-scale infrastructure sector.

Salini Impregilo Group has prepared its consolidated financial statements at 31 December 2016 on a going concern basis. As required by Regulation 1606/2002 issued by the European Parliament and Council, implemented in Italy by Legislative decree no. 38/2005, these consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union.

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

The accounting policies adopted to draw up these consolidated financial statements at 31 December 2016 are consistent with those used to prepare the 2015 annual consolidated financial statements, to which reference should be made except for the changes summarised in Note 2.

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

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

- DIPRO (fixed), only to be used for imports of basic necessities (i.e., medicines, food, etc.);

- DICOM (floating), to be applied to all commercial transactions.

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

As a result of adoption of the DICOM rate in 2016, the Group recorded a decrease of approximately €1.8 million in the carrying amount of its net assets in local currency. The reduction in its net assets in local currency recognised in previous years amounted to €59 million.

2. Changes in standards

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

- amendments to IFRS 10 - Consolidated financial statements, IFRS 12 - Disclosure of interests in other entities and IAS 28 - Investments in associates and joint ventures about applying the consolidation exemption;

- amendment to IFRS 11 - Joint arrangements for the accounting of acquisitions of interests in joint operations;

- amendment to IAS 1 - Presentation of financial statements for the disclosure initiative;

- amendments to IAS 16 - Property, plant and equipment and IAS 38 - Intangible assets clarifying acceptable methods of depreciation and amortisation;

- amendments to IAS 16 - Property, plant and equipment and IAS 41 - Agriculture about bearer plants;

- amendment to IAS 19 - Employee benefits about employee contributions to defined benefit plans;

- amendments as part of the annual improvements to IFRS cycles 2010-2012 and 2012-2014.

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

This section lists the standards, amendments and interpretations published by the IFRS and endorsed by the European Union but which will become applicable after 31 December 2016:

Standard, amendment or interpretation	Status
IFRS 15 -Revenue from contracts with clients, issued in May 2014, including the deferral of standard's effective date, issued in September 2015	Endorsed in September 2016 and applicable to annual periods beginning on or after 1 January 2018
IFRS 9 - Financial instruments, issued in July 2014	Endorsed in November 2016 and applicable to annual periods beginning on or after 1 January 2018

The Group has not adopted the above standards in advance.

The standards, amendments and interpretations published by the IASB and the International Financial Reporting Standards Interpretations Committee (IFRS-IC) but not yet endorsed by the competent EU bodies at the reporting date are set out below:

Standard, amendment or interpretation	Status
IFRS 14 - Regulatory deferral accounts issued in January 2014	The European Commission has decided not to commence the endorsement process of the draft standard until the final document has been issued
IFRS 16 - Leases issued in January 2016	Endorsement expected by the end of 2017
Amendments to IAS 12 - Recognition of deferred tax assets for unrealised losses issued in January 2016	Endorsement expected during the first half of 2017
Amendments to IAS 7 - Disclosure initiative issued in January 2016	Endorsement expected by the first half of 2017
Clarifications to IFRS 15: Revenue from contracts with clients issued in April 2016	Endorsement expected by the first quarter of 2017
Amendments to IFRS 2 - Classification and measurement of share-based payment transactions, issued in June 2016	Endorsement expected by the third quarter of 2017
Amendments to IFRS 4: Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts, issued in September 2016	Endorsement expected by the third quarter of 2017
Annual Improvements to IFRS Standards 2014-2016 Cycle, issued in December 2016	Endorsement expected by the third quarter of 2017
IFRIC 22 - Foreign currency transactions and advance consideration, issued in December 2016	Endorsement expected by the third quarter of 2017
Amendments to IAS 40: Transfers of investment property issued in December 2016	Endorsement expected by the third quarter of 2017

Adoption of the above standards will not significantly affect the Group's consolidated financial statements, except for IFRS 9, IFRS 15 and IFRS 16, for which brief information is provided below.

The parent has started the process to implement these standards, defining the organisational methods and timing therefor.

During the year, the parent held training courses about IFRS 15 and IFRS 16 in particular for managers of various internal departments (procurement, IT, planning and controls, tax and accounting) who are involved in implementing the new standards.

The Group is currently assessing the effects of adopting these new standards on its consolidated financial statements. Moreover, the new standards will significantly change the disclosures provided in the notes.

IFRS 9 - Financial instruments

The IASB published the final version of IFRS 9 - Financial instruments in July 2014. The standard is applicable to annual reporting periods beginning on or after 1 January 2018. Early adoption is allowed.

IFRS 9 introduces new rules for the classification and measurement of financial instruments, especially financial assets, based on the business model under which they are held and their cash flow characteristics. The standard classifies financial assets into three main categories: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The categories envisaged by IAS 39, i.e., held-to-maturity, loans and receivables and available-for-sale have been eliminated.

The standard introduces the measurement of impairment losses using the expected credit loss model rather than the incurred loss model provided for under IAS 39. The new model entails a significant degree of judgement about the impact of changes in economic factors on the expected credit losses, which are weighted by probability.

IFRS 9 also introduces a new hedge accounting model aligned to the entity's risk management policies. The exemption from application of the fair value measurement to unlisted equity investments has been eliminated. The standard also requires new and more detailed disclosures about hedge accounting, credit risk and expected credit losses.

The standard is applicable to annual reporting periods beginning on or after 1 January 2018 and shall be applied retrospectively, with the possibility to use some simplifications.

IFRS 15 - Revenue from contracts with clients

The IASB issued the new standard in May 2014 to unify in one standard the rules for revenue recognition previously included in several standards and interpretations (including IAS 18 - Revenue, IAS 11 - Contract work in progress and IFRIC 13 - Customer loyalty programmes).

IFRS 15 provides that revenue is to be recognised using a five-step model as set out below:

1. identify the contract with a customer

2. identify the performance obligations (distinct elements that are part of a single contract but are separated for accounting purposes) in the contract

3. determine the transaction price

4. allocate the transaction price to the performance obligations in the contract

5. recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also covers contractual costs, contract modifications and financial statements disclosures.

IFRS 15 is applicable to the annual periods beginning on or after 1 January 2018. Early adoption is allowed. The original version of the standard was approved in September 2016 while some amendments published in the same year should be endorsed by the EU in 2017.

IFRS 16 - Leases

The IASB issued this standard in January 2016. It introduces a single method to account for leases in the financial statements of the lessee, eliminating the distinction between operating and finance leases, so that the lessee recognises an asset for the right to use an underlying asset and a lease liability. The standard includes exemptions when the lease term is 12 months or less or the underlying asset has a low value.

IFRS 16 replaces the current standards on leases, including IAS 17 - Leases, IFRIC 4 - Determining whether an arrangement contains a lease, SIC 15 - Operating leases - Incentives and SIC 27 - Evaluating the substance of transactions in the legal form of a lease.

IFRS 16 is applicable to the annual periods beginning on or after 1 January 2019. Early application is permitted if IFRS 15 has also been applied. Endorsement by the EU is expected in 2017.

3. Non-current assets held for sale and discontinued operations

USW Campania

Based on information that came to light in previous years and like in previous financial statements, the Group decided that the conditions for application of IFRS 5 - Non-current assets held for sale and discontinued operations continued to exist. Therefore, it has recognised the USW Campania project net assets and operations separately in the statement of financial position and income statement.

Due to reasons outside the Group's control, the period for completion of the sale has extended beyond the year allowed by IFRS 5. Despite this, the Group's commitment to finalising the sale as described in the Annual Report remains unchanged. Therefore, the directors have not deemed it necessary to change the accounting treatment of the assets in question as provided for in IFRS 5.9.

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

Todini Group

The parent completed the sale of Todini Costruzioni Generali to Prime System Kz Ltd., set up and organised under Kazakstani law, for about €51 million on 4 April 2016.

In March 2016, before the sale, Todini Costruzioni Generali's assets not sold to third parties were transferred to a newco HCE Costruzioni S.p.A. ("HCE"), which was subsequently sold to Salini Impregilo.

Therefore, at the transaction date, Todini Costruzioni Generali solely consisted of the assets and liabilities of the foreign business unit, i.e., the projects and branches operating in Georgia, Azerbaijan, Belarus and Kazakhstan, including the carrying amount of the investments in the subsidiaries carrying out the relevant projects, JV Todini Takenaka and Todini Central Asia, as well as some operating assets either owned directly by the Group or leased.

The assets transferred to HCE included those belonging to Business unit A - Contracts in Italy, which include the Metrocampania (Naples Alifana and Secondigliano) contracts, the Valico crossing and Naples Sarno River contracts and the plant and machinery at the Lungavilla depot.

The activities that Todini Costruzioni Generali transferred to HCE (Business A) were classified as assets held for sale in the consolidated financial statements at 31 December 2015 based on the expressions of interest received at that date. Given the status of the negotiations, the HCE assets have been classified under continuing operations in the 2016 consolidated financial statements. Therefore, it was necessary to restate the comparative figures for 2015 to be consistent with this approach used in 2016 pursuant to IFRS 5.

Impregilo International Infrastructures NV

At the reporting date, the Group has accrued €6.6 million for this subsidiary's tax disputes related to operations classified as discontinued in previous years.

4. Basis of presentation

The Group's consolidated financial statements include the financial statements of the parent, Salini Impregilo, and the Italian and foreign operating companies controlled directly or indirectly by Salini Impregilo.

The financial statements at 31 December 2016 approved by the internal bodies of the consolidated companies, where applicable, have been used for consolidation purposes.

The financial statements are prepared by adopting the parent's accounting policies. Where necessary, consolidation adjustments are made to make the items affected by different accounting policies consistent.

A list of the companies and other Salini Impregilo Group entities included in the consolidation scope is set out in the annexes with the schedules showing changes therein during the year.

Consolidated financial statements

The Group opted to present its consolidated financial statements at 31 December 2016 in line with previous years as follows:

- Current and non-current assets and current and non-current liabilities are presented separately in the statement of financial position. Current assets and liabilities are those expected to be realised, sold, used or settled in the Group's normal operating cycle, which usually exceeds 12 months. Non-current assets and liabilities include non-current assets, deferred tax assets, employee benefits, deferred tax liabilities and other balances expected to be realised, sold, used or settled after the Group's normal operating cycle, i.e., more than twelve months after the reporting date.

- The income statement gives a classification of costs by nature and shows the profit or loss before "Financing income (costs) and gains (losses) on equity investments" and income taxes. The profit or loss from continuing operations, the profit or loss from discontinued operations and the profit or loss attributable to non-controlling interests and that attributable to the owners of the parent are also presented.

- The statement of comprehensive income shows all non-owner changes in equity.

- The statement of cash flows presents the cash flows from operating, investing and financing activities separately. The indirect method is used.

Basis of consolidation

The consolidated financial statements have been prepared by consolidating the financial statements at 31 December 2016 of Salini Impregilo, the parent, and the Italian and foreign companies which the parent directly or indirectly controls.

Control exists when the Group has the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities. Generally speaking, control is presumed to exist when the Group holds more than half of the voting rights either directly or indirectly.

Entities or companies over which Salini Impregilo has joint control, by virtue of an investment therein or specific contractual arrangements, are consolidated as follows pursuant to IFRS 11:

- on a line-by-line basis according to the investment percentage, if they are joint operations;

- at equity, if they are joint ventures.

Investments in associates are measured using the equity method.

The financial statements used for consolidation are modified (made consistent) and reclassified to comply with the Group's accounting policies in line with the currently applicable IFRS.

The financial statements used are expressed in the functional currency, being the local currency or another currency in which most of the economic transactions and assets and liabilities are denominated.

Financial statements expressed in currencies other than the Euro are translated into Euros by applying the closing rates to the statement of financial position items and the average annual rates to the income statement items, as these approximate the spot rates.

Differences arising from the translation of the opening equity using the closing rates and from the translation of assets and liabilities at the spot rate and the income statement items at the average annual rate are taken to the translation reserve.

The exchange rates used to translate the foreign currency financial statements into Euros are as follows:

Currency	Closing rate 31 December 2016	2016 average rate	Closing rate 31 December 2015	2015 average rate
ZAR South Africa Rand	14.457	16.264484	16.953	14.172251
BRL Brazilian Real	3.4305	3.856143	4.3117	3.700435
COP Colombian Peso	3,169.492188	3,376.933171	3,456.00972	3,048.527066
PEN Nuevo Sol	3.540195	3.735626	3.708331	3.532373
AED United Arab Emirates Dirham	3.869601	4.063441	3.996618	4.073341
ARS Argentine Peso	16.748806	16.342012	14.09723	10.259927
AUD Australian Dollar	1.4596	1.488282	1.4897	1.47766
BGN Bulgarian New Lev	1.9558	1.9558	1.9558	1.955799
DZD Algerian Dinar	116.378965	121.09718	116.702336	111.361305
INR Indian Rupee	71.5935	74.371691	72.0215	71.195605
LYD Libyan Dinar	1.515532	1.530435	1.510124	1.51826
MYR Malaysian Ringgit	4.7287	4.583548	4.6959	4.337333
NGN Nigerian Naira	332.305025	285.446874	216.703013	219.515233
PES Chilean Peso	704.945187	748.476663	772.712673	726.406162
PLN Polish Zloty	4.4103	4.363207	4.2639	4.184118
RUB Russian Ruble	64.3	74.144565	80.6736	68.072032
SAR Saudi Riyal	3.954456	4.151666	4.086239	4.162014
SGD Singapore Dollar	1.5234	1.527539	1.5417	1.525491
TRY Turkish Lira (new)	3.7072	3.343253	3.1765	3.025457
USD US Dollar	1.0541	1.106903	1.0887	1.109512
NAM Namibian Dollar	14.457	16.264484	16.953	14.172251
CHF Swiss Franc	1.0739	1.090155	1.0835	1.067857
GBP British Pound	0.85618	0.819483	0.73395	0.72585
DOP Dominican Peso	49.185993	50.897019	49.502209	49.850272
PKR Pakistani Rupee	110.46968	115.915499	114.117781	113.998882
QAR Qatari Riyal	3.836924	4.029127	3.962868	4.039028
DICOM Venezuela	709.605822	709.605822	217.078221	217.078221

Reference should be made to the information provided earlier about the use of the DICOM (formerly the SIMADI) as the exchange rate for the Venezuelan currency.

When an investment in a consolidated entity is sold, the accumulated gain or loss recognised in equity is released to profit or loss.

The consolidation criteria used to prepare these consolidated financial statements may be summarised as follows:

• Subsidiaries are consolidated on a line-by-line basis, whereby:

- assets and liabilities, costs and revenue shown in the subsidiaries' financial statements are fully recognised, regardless of the size of the investment therein;

- the carrying amount of the investment is eliminated against the Group's share of its equity;

- the main transactions between consolidated entities, including dividends distributed among group companies, are eliminated;

- non-controlling interests are shown separately under equity and their share of the profit or loss for the year is similarly shown separately in the income statement.

• Investments in associates and joint ventures are measured using the equity method whereby the carrying amount of the investment is adjusted to consider:

- the parent's share of the profits or losses of the investee realised after the acquisition date;

- modifications arising from changes in equity of the investee that are not taken to profit or loss as per the relevant IFRS;

- dividends distributed by the investees;

- any greater value paid at acquisition (measured using the same criteria set out in the section on "Business combinations") and managed pursuant to the relevant standard;

- the share of the profit or loss deriving from application of the equity method, which is taken to profit or loss;

- standardisation to comply with the group accounting policies, where necessary.

• Interests in joint ventures that qualify as joint operations are recognised by the investor to the extent of its share of the rights and obligations held.

Dividends, reversals of impairment losses and impairment losses on investments in consolidated companies, gains and losses on the intragroup exchange of investments in consolidated entities are eliminated.

Gains and losses arising from transactions between consolidated companies, which are not realised directly or indirectly through transactions with third parties, are eliminated. Unrealised intragroup losses are recognised when the transaction shows an impairment of the transferred asset.

Business combinations

Business combinations are recognised using the acquisition method set out in IFRS 3 (revised in 2008). Accordingly, the consideration for a business combination is measured at fair value, being the sum of the fair value of the assets acquired and liabilities assumed or incurred by the Group at the acquisition date and the equity instruments issued in exchange for control of the acquired entity. Transaction costs are recognised in profit or loss when incurred.

The contingent consideration, included as part of the transfer price, is measured at acquisition-date fair value. Any subsequent changes in fair value are recognised in profit or loss.

The identifiable assets acquired and the liabilities assumed are recognised at their acquisition-date fair value.

Goodwill is measured as the difference between the aggregate of the consideration transferred, the amount of any non-controlling interests (NCI) and the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree and the net fair value of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the difference is negative, the resulting gain is recognised as a bargain purchase in profit or loss.

NCI can be measured at fair value or at its proportionate share of the fair value of the net assets of the acquiree at the acquisition date. The measurement method is decided on a transaction by transaction basis.

Business combination achieved in stages (step acquisition)

In the case of step acquisitions, the Group's existing investment in the acquiree is measured at fair value on the date that control is obtained. Any resulting adjustments to previously recognised assets and liabilities are recognised in profit or loss. Therefore, the previously held investment is treated as if it had been sold and reacquired on the date that control is obtained.

Transactions involving NCI

Changes to the investment percentage of a subsidiary that does not entail loss of control are treated as equity transactions. Therefore, any differences between the acquisition price and the related share of equity in subsequent acquisitions of investments in entities already controlled by the Group are recognised directly in equity. With respect to partial disposals of an investment in a subsidiary while control is retained, any gain or loss is recognised in equity.

Basis of preparation

The accounting policies adopted to draw up the Group's consolidated financial statements at 31 December 2016 comply with the IFRS and are consistent with those used to prepare the 2015 consolidated financial statements, except for the standards enacted after 1 January 2016 summarised in the section on the "Changes in standards".

Accounting policies

Property, plant and equipment

Salini Impregilo Group has opted to recognise property, plant and equipment at purchase or production cost net of accumulated depreciation and any impairment losses.

Depreciation is calculated on a straight-line basis using rates determined based on the assets' residual possible use. The annual rates are as follows:

Category	Depreciation rate
Land	0%
Buildings	3%
Plant and machinery	from 10% to 20%
Industrial and commercial equipment	from 25% to 40%
Other assets	from 12% to 25%

Land and buildings, plant and machinery with a carrying amount to be recovered mainly through their sale (rather than the asset's continuing use) are measured at the lower of their carrying amount and fair value less costs to sell. Assets held for sale shall be available for immediate sale and their sale shall be highly probable (i.e., the related commitments already exist). Their price shall be reasonable compared to their fair value.

Assets acquired as a result of business combinations are recognised at fair value at the acquisition date and remeasured within a year. Such amount reflects their purchase cost.

After their initial recognition, they are measured at cost, depreciated over their estimated useful lives and shown net of any impairment losses.

When an asset consists of different significant components with different useful lives, the significant components are recognised and subsequently measured separately.

The carrying amount of property, plant and equipment is tested for impairment whenever events or changes in circumstances take place indicating that the carrying amount may not be recovered.

Reference should be made to the section on “Impairment of non-financial assets” for details on impairment testing.

Borrowing costs directly related to the acquisition or construction of an asset are capitalised as part of the cost of the asset, to the extent of its recoverable amount. As established by IAS 23 - Borrowing costs, the Group has applied this method to all qualifying assets.

Borrowing costs are capitalised when the costs of the acquisition of the asset and borrowing costs are incurred, and the activities necessary to bring the asset to a condition for its use have been started.

The costs provided for but not yet paid related to qualifying assets are excluded from the amount to be capitalised.

Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

Moreover, capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Subsequent expenditure is only capitalised if it increases the future economic benefits of the related asset. All other expenditure is expensed when incurred.

Ordinary maintenance costs are fully expensed when incurred. Costs that increase the carrying amount of assets are allocated thereto and depreciated over their residual economic lives.

Dismantlement and restoration costs of assets used for contract work in progress are added to the cost of the related asset and depreciated in line with the depreciation pattern of the asset to which they refer when they are foreseeable and objectively determinable.

Leasehold improvements are classified in the different items of property, plant and equipment on the basis of their nature. They are depreciated over the shorter of the estimated useful life of the relevant asset and the residual term of the lease.

Leased property, plant and equipment

Assets held under finance leases whereby all the risks and rewards of ownership are substantially transferred to the Group are recognised as group assets and classified as property, plant and equipment. The related liability to the lessor is shown under financial liabilities.

The lease payment is split into the interest expense, taken to the income statement, and the principal repayment, offset against the financial liability.

The carrying amount of the leased asset is determined considering its fair value or, if lower, the present value of the minimum future lease payments.

The depreciation method and subsequent measurement are consistent with those applied to non-leased assets.

Leases where the lessor retains all the risks and rewards of ownership are treated as operating leases. The initial negotiation costs incurred for this type of lease increase the value of the related lease and are recognised over the lease term in order to match the revenue generated by the leased asset.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Rights to infrastructure under concession

These rights are covered by IFRIC 12 - Service concession arrangements, issued by the International Financial Reporting Interpretations Committee (IFRIC), which regulates the recognition and measurement of concession arrangements between public sector entities and private sector operators.

It was endorsed by the European Commission with EC regulation 254/2009 dated 25 March 2009 and its application is mandatory for financial statements drawn up under IFRS beginning from the year after which it was endorsed. Therefore, the Group has applied IFRIC 12 since 2010.

The criteria adopted by the Group to apply the interpretation to its concessions are set out below.

Scope and measurement

Scope: IFRIC 12 is applicable to service concession arrangements when the grantor is a public body and the operator is a private entity, when the following conditions are met:

a) the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and

b) the grantor controls – through ownership, beneficial entitlement or otherwise - any significant residual interest in the infrastructure at the end of the term of the arrangement.

Measurement of the revenue arising from the concession arrangement: the operator acts as the service provider (construction and management of the work) and recognises the revenue for the construction and upgrade services in accordance with IAS 11 - Construction contracts and the revenue from management of the infrastructure in line with IAS 18 - Revenue.

The grantor pays the operator a consideration for the construction/upgrade services, to be recognised at fair value, which may consist of rights to:

(a) a financial asset (financial asset model);

(b) an intangible asset (intangible asset model);

(c) both ("mixed" model).

The first model is applicable when the operator has an unconditional contractual right to receive a specified or determinable amount of cash. The second is applicable when the operator acquires the right to charge for use of a public sector asset that it constructs or upgrades.

The amounts are contingent on the extent to which the public uses the service (demand risk). Finally, the third model is applicable when both of the above situations are present. In this case, the intangible asset is determined as the difference between the fair value of the investment made and the present value of the financial asset obtained by discounting the cash flows from the minimum specified amount.

The Group's concession arrangements (via the operators consolidated on a line-by-line or proportionate basis) fall under the intangible asset model except for two immaterial concessions held by the subsidiaries of HCE Costruzioni Generali S.p.A., wholly owned by the parent, which fall under the "mixed model". The financial asset model is applicable to certain equity-accounted associates.

<u>Recognition of the intangible asset</u>: the intangible asset is recognised during construction of the infrastructure. The main identified cases are as follows:

a. *Arrangements that cover the construction of a new infrastructure*: the operator recognises the intangible asset in line with the stage of completion of the construction project. During construction, the operator recognises revenue and costs in line with IAS 11 - Construction contracts.

b. *Arrangements that cover management of an existing infrastructure and its extension or upgrading against which the operator acquires specific additional financial benefits*: the operator recognises an increase in the intangible asset as the construction services are provided for these construction and/or upgrade services to be recognised under IAS 11 - Construction contracts.

c. *Arrangements that cover management of an existing infrastructure and specific obligations to extend or upgrade it against which the operator does not acquire additional specific financial benefits*: at initial recognition, the operator recognises a liability equal to the present value of the forecast outlay for the construction services to be provided in the future with, as a balancing item, an additional component of the intangible asset for the contract consideration, which begins to be amortised.

Contractual obligations for the infrastructure's efficiency levels: given that the operator does not meet the requirements for recognition of the infrastructure as "Property, plant and equipment", the accounting treatment differs depending on the nature of the work carried out and can be spit into two categories: (i) work related to normal maintenance of the infrastructure; (ii) replacement and scheduled maintenance at a future date.

The first category relates to normal ordinary maintenance of the infrastructure, the cost of which is recognised in profit or loss when incurred, also under IFRIC 12. Given that the interpretation does not provide for the recognition of the physical asset but of a right, the second category is recognised in line with IAS 37 - Provisions, contingent liabilities and contingent assets, which requires: (i) recognition of an accrual to a provision in profit or loss; and (ii) recognition of a provision for charges in the statement of financial position.

Amortisation of the intangible asset: amortisation of the intangible asset recognised for the rights acquired under the concession arrangement is calculated in line with paragraph 97 of IAS 38 - Intangible assets: "The amortisation method used shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity. If that pattern cannot be determined reliably, the straight-line method shall be used".

Goodwill and intangible assets with indefinite lives

Goodwill and other intangible assets with indefinite lives are recognised at cost net of impairment losses.

Goodwill acquired as part of a business combination is measured as the difference between the aggregate of the acquisition-date fair value of the consideration considered, the amount of any NCI and the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree, and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill deriving from acquisitions is not amortised. It is tested annually for impairment or whenever conditions arise that presume impairment as per IAS 36 - Impairment of assets.

For impairment testing purposes, goodwill acquired as part of a business combination is allocated at the acquisition date to each of the cash-generating units (or groups of cash-generating units - CGU) that will benefit from the acquisition. The carrying amount of goodwill is monitored at cash-generating unit level for internal management purposes.

Impairment is determined by defining the recoverable amount of the cash-generating unit (or group of units) to which the goodwill is allocated. When the recoverable amount of the CGU (or group of CGUs) is lower than the carrying amount, an impairment loss is recognised. When goodwill is allocated to a CGU (or group of CGUs), the asset of which has been partly disposed of, the goodwill allocated to the disposed of asset is considered to determine any gain or loss deriving from the transaction. In this case, the transferred goodwill is measured using the amounts related to the disposed of asset compared to the asset still held by the unit.

Other intangible assets

Other intangible assets acquired or generated internally are recognised under assets in accordance with IAS 38 - Intangible assets when it is probable that the use of the asset will generate future economic benefits and the cost of the asset can be measured reliably.

Those assets with finite useful lives are measured at acquisition or development cost and amortised on a straight-line basis over their estimated useful lives. Recoverability of their carrying amount is checked by using the criteria set out in the section on “Impairment of non-financial assets”.

The excess of the purchase cost compared to the Group’s share of the net fair value of the business units acquired in the past is classified as other intangible assets and mainly refers to acquisition costs of the business units purchased. The related amortisation is calculated in line with the stage of completion and duration of the work.

Other non-current assets (recognised in Other assets)

Other non-current assets mainly consist of loans and receivables and claims related to completed or nearly completed contracts and companies in liquidation when their liquidation plan provides for the realisation of the assets after twelve months from the reporting date.

These assets are measured at their estimated realisable value, by recognising allowances to adjust their carrying amount accordingly. Claims are only recognised for the amounts matured and that part which is held to be reasonably recoverable. The estimated realisable value is discounted if the time value of money is material depending on when settlement is expected to take place.

Impairment of non-financial assets

If there is any indication that an intangible asset or an item of property, plant and equipment is impaired, the recoverable amount of the asset is estimated to determine the amount of the impairment loss. Goodwill is tested at least annually for impairment.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

If a binding sales agreement does not exist, fair value is estimated using the observable prices of an active market, recent transactions or the best information available to reflect the amount the entity could obtain by disposing of the asset.

Value in use is determined by discounting the estimated future cash flows expected to arise from the continuing use of an asset, net of taxes, and, if reasonably determinable, from its disposal at the end of its useful life. Discounting is applied by using a post-tax discount rate which reflects the current market assessments of the time value of money and the risks specific to the asset.

The assessment is made for individual assets or the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets from its continuing use (cash-generating unit). An impairment loss is recognised when the recoverable amount is lower than the carrying amount.

If the reasons for the impairment loss are no longer valid, the impairment loss (except in the case of goodwill) is reversed and the adjustment is taken to profit or loss as a reversal of impairment losses. A reversal of impairment losses is recognised to the extent of the lower of the recoverable amount and original carrying amount less depreciation/amortisation that would have been recognised had the impairment loss not been recognised.

Inventories of goods

Inventories of goods are measured at the lower of average purchase cost and net realisable value. Cost includes the directly related costs and estimated realisable value is determined using the replacement cost of the asset or similar assets.

Any write-downs are eliminated in subsequent years when the reasons therefor are no longer valid.

Contract work in progress and revenue from construction contracts

Contract work in progress consists of work performed net of progress billings issued to clients. When final payment of the consideration is made, the related progress billings and advances are recognised under “Operating revenue” in the income statement, with the related variation in inventories. The provision for contractual risks directly offsets inventories and is set up to cover possible charges and losses on contracts performed either directly by the company or as part of a joint venture.

Contract work in progress is measured considering the consideration agreed with the customer and the stage of completion of the work.

Revenue related to contract work in progress is recognised using the stage of completion method.

The stage of completion is determined using the cost to cost method whereby the percentage of completion (the ratio between costs incurred and total estimated costs) is applied to the total estimated revenue.

Given the technical complexity, size and length of time involved in completing contracts, the additional considerations are measured before an agreement is reached with the customer. Claims for additional considerations are considered when measuring contract work in progress if they have been substantially approved by the customer, or, if not yet approved by the customer, are supported by appraisals made by third party consultants and/or documentation prepared by contractual bodies (arbitration tribunals, dispute review boards, dispute adjudication boards, etc.).

In the case of events that take place after the reporting date but before the consolidated financial statements are approved, which provide additional information about expected profits or losses on the contract, this additional information is considered when determining the contractual revenue or costs to be incurred to complete the contract and for the recognition of any profits or losses.

When total contract costs exceed total contract revenue, the loss to complete the contract is recognised as an expense immediately.

The contract costs, included in the cost to cost calculation, may be classified as:

- pre-operating costs, which include costs incurred during the start-up stage of the contract, before construction starts, such as the costs of design and specific studies carried out for the contract; organisation and production start-up costs and building site start-up costs. These pre-operating costs are included in the stage of completion calculation and in the cost to cost calculation once they have been incurred. During the initial stage of the contract, they are included in the carrying amount of contract work in progress, if recoverable, without recognising any contract output when the contract profit or loss cannot be reliably estimated;

- contract operating costs, which include those directly attributable to the contract (e.g., materials, subcontracting, labour, amortisation and depreciation, compulsory purchases, any directly attributable borrowing costs, etc.). They are recognised on an accruals basis and included in the calculation of the stage of completion;

- post-operating costs, which include site dismantlement costs generally incurred after the contract has been closed to remove the installations (or entire sites) and to return the machinery or plant to the Group's premises or transfer them to another site. This category also includes losses on abandoned materials and the cost of transporting unused materials. They are included in the contract estimate and, therefore, if incurred during the contract term, they are comprised in the calculation of the progress billings. Therefore, no specific accruals are made to the income statement;

- costs for services to be rendered after completion of the contract, which mainly relate to services rendered after the contract has been completed. They may include assistance and supervision provided in the early stages of use of the plant or scheduled maintenance. If the contract does not include specific additional considerations for these services and the contract may be "closed" for accounting purposes (contracts are usually closed once work is completed and the customer has accepted the end result), the costs to be incurred to render these services when the contract is closed in the accounting records should be estimated and provided for in the specific items. These costs are included in the calculation to determine the contract revenue.

Real estate projects
Closing inventories of real estate projects are those real estate areas developed with a view to selling them. They are measured at the lower of cost and estimated realisable value.

Costs incurred consist of the consideration paid for purchasing the areas and related charges, construction costs and borrowing costs related to the project up to and not exceeding its completion.

Financial assets and liabilities
Measurement and presentation of financial instruments are covered by IAS 39 and IAS 32, respectively. The Group introduced the disclosure required by IFRS 7 in 2007.

The financial instruments used by the Group are classified as follows: financial assets or financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

Financial assets or financial liabilities at fair value through profit or loss
This category includes derivatives that do not meet hedge accounting requirements.

Fair value gains or losses on derivatives in this category are recognised as "Financing income (costs)" in profit or loss when they arise.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are measured at amortised cost, as detailed further on, and any gains or losses arising therefrom are recognised as "Financing income (costs)" in profit or loss.

This category includes the following items:

• *Trade receivables and payables and other assets and liabilities*
Trade receivables and other assets are recognised at amortised cost, net of impairment losses determined on the basis of their estimated recoverable amount calculated by analysing each position and the total non-collection risk.

If the collection date is postponed and exceeds normal collection times for the sector, these receivables are discounted.

All factored receivables that do not meet the requirements for derecognition under IAS 39 continue to be recognised in the Group's consolidated financial statements even when they have been legally transferred. They are thus included as assets and a financial liability of the same amount is recognised.

Trade payables and other liabilities are recognised at amortised cost, allocating interest to the income statement based on the effective interest rate, being the rate that exactly discounts estimated future cash payments through to the carrying amount of the related asset.

• *Cash and cash equivalents*
Cash and cash equivalents comprise cash on hand, demand deposits and other short-term, highly liquid investments with a term of less than three months. This item is shown in the statement of cash flows net of bank borrowings at the reporting date.

• *Loans and borrowings and bonds*
Loans and borrowings and bonds are initially recognised at cost, being the fair value of the consideration received less transaction costs.

After initial recognition, loans are measured at amortised cost, whereby repayments are determined using the effective interest method with a rate which matches, at initial recognition, the expected cash flows with the initial carrying amount.

Loan transaction costs are classified under liabilities decreasing the loan; amortised cost is calculated considering these costs and any discounts or premiums expected at settlement.

The effects arising from the recognition at amortised cost are taken to "Financing income (costs)".

Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity. They are recognised at amortised cost and interest accrued thereon is taken to profit or loss under "Financial income" using the effective interest method.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial instruments that are not classified in the other categories.

They include the following items:

• *Equity investments*
Investments in entities other than subsidiaries, associates, joint operations and joint ventures (reference for which should be made to the section on “Consolidation scope”) are classified as “Equity investments” at the time of their acquisition and are included in the available-for-sale financial assets category required by IAS 39.

Since they mainly relate to consortia and consortium companies of which the Group holds less than 20%, in accordance with IAS 39, such investments are stated as non-current assets measured at cost, adjusted for impairment, since their fair value cannot be determined.

Investments in listed companies belonging to this category are measured at fair value and the related fair value gains or losses are recognised in equity. Material or prolonged decreases in their fair value that are evidence of impairment are, therefore, transferred from equity to profit or loss and offset against the relevant reserve.

Dividend income from such financial instruments is recognised in profit or loss under financial income when the group companies holding the investments are given the right to such dividend.

Fair value of financial instruments
The fair value of financial instruments has been estimated as follows:

- The fair value of financial instruments traded on an active market is based on the market price at the reporting date. This method has been applied especially to listed financial instruments classified as “Available-for-sale financial assets” and financial instruments classified as “Held-to-maturity investments”.

- The fair value of the derivatives classified as “Hedging derivatives” and “Financial assets and financial liabilities at fair value through profit or loss” is measured using the Discounted Cash Flow Model. With respect to interest rate swaps, future cash flows are estimated using the implicit forward rate of the market Euro curve at 31 December 2016 and 2015, while the forward exchange rate market prices at the relevant reporting date are used for currency forward transactions.

- The fair value of loans and receivables is determined, for disclosure purposes in the notes, on the basis of the present value of their future cash flows discounted at a rate equal to the current interest rates applicable in the relevant markets and the average spread agreed by the Group. The fair value measurement of loans takes account of the Group's credit risk and uses the rate curves in the different currencies with reference to the reporting date.

Derecognition of financial assets and liabilities

(a) Financial assets.

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

(i) the contractual rights to the cash flows from the financial asset expire;

(ii) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in full and immediately;

(iii) the Group transfers the contractual rights to receive the cash flows of the asset and has transferred substantially all the risks and rewards of ownership of the financial asset and the related control.

When the Group has transferred the contractual rights to receive the cash flows of the financial asset and has neither transferred nor retained substantially all the risks and rewards or has retained control, it continues to recognise the asset to the extent of its continuing involvement in the asset. Continuing involvement that takes the form of guaranteeing the transferred asset is measured at the lower of the initial carrying amount of the asset and the maximum amount of the consideration that the Group could be required to pay.

(b) Financial liabilities

Financial liabilities are derecognised when the underlying obligation is extinguished, cancelled or settled.

When an existing financial liability is exchanged with another by the same lender at substantially different terms, or the terms of an existing liability are substantially modified, this exchange or modification is treated as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amounts is recognised in profit or loss.

Impairment of financial assets

If there is any indication that a financial asset is impaired, the recoverable amount of the asset is estimated to determine the amount of the impairment loss.

Derivatives and hedging transactions

Salini Impregilo Group has derivatives recognised at fair value when the related agreement is signed and for subsequent fair value changes. The treatment of the related fair value gains or losses changes depending on whether the conditions for hedge accounting are met, as described below.

Salini Impregilo Group has derivatives to hedge currency and financial risks. At the inception of the transaction, it documents the hedging relationship, its risk management and strategy objectives in entering into the transaction, the hedging instrument and hedged item or transaction and the nature of the hedged risk.

Moreover, at the inception of the transaction and thereafter on an ongoing basis, the Group documents whether or not the hedge meets the effectiveness requirements to offset its exposure to changes in the fair value of the hedged item or cash flows attributable to the hedged risk.

Based on the above-mentioned documentation, derivatives used for specific hedging purposes are classified and recognised as follows:

(a) ***Fair value hedge*** - If a derivative is designated as a hedge of exposure to changes in the fair value of an asset or liability due to a specific risk that may affect profit or loss, the gain or loss deriving from the subsequent measurement of the fair value of the hedging instrument is recognised in profit or loss. The gain or loss on the hedged item, related to the hedged risk, changes the carrying amount of this item and is recognised in profit or loss.

(b) ***Cash flow hedge*** - If a derivative is designated as a hedge of exposure to changes in cash flows of an asset or liability or a highly probable transaction that could affect profit or loss, the effective part of the gains or losses on the financial instrument is recognised in equity. The cumulative gain or loss is reclassified from equity to profit or loss in the same period in which the hedged transaction is recognised. The gain or loss related to a hedge or part of a hedge which has become ineffective is taken to profit or loss immediately. If a hedging instrument or a hedging relationship is closed, but the hedged transaction has not yet taken place, the cumulative gains and losses, recognised in equity up to then, are reclassified to profit or loss when the transaction takes place. If it is unlikely the hedged transaction will take place, the unrealised gains and losses recognised in equity are immediately reclassified to profit or loss.

“Hedging purposes” are assessed in strategic terms. When they do not meet the requirements of IAS 39 for hedge accounting, the derivatives are classified as “Financial assets or financial liabilities at fair value through profit or loss”.

Employee benefits

• Defined benefit plans and defined contribution plans

The Group has pension plans for its employees that are classified either as defined benefit plans or defined contribution plans depending on their characteristics. Defined benefit plans include the benefits the employees will receive when they retire and which are usually dependent on one or more factors such as age, years of service and remuneration.

The Group recognises a liability for these defined benefits equal to the present value of its obligation at year end, including any adjustments for unrecognised costs related to past service less the fair value of the plan assets. The Group calculates its liability once a year using the projected unit credit method. Present value is calculated by discounting the future outlays using the interest rate applied to high quality corporate bonds with a currency and term consistent with the currency and estimated term of the post-employment benefit obligations.

Actuarial gains and losses on defined benefit plans arising from changes in the underlying assumptions or in the plan conditions are recognised in other comprehensive income in the period in which they arise. Past service cost is expensed immediately. The Group pays benefits to public and private pension funds on an mandatory, contractual or voluntary basis for the defined contribution plans. The contributions are recognised as personnel expense.

The Group contributes to multi-employer pension plans via its US subsidiaries. These plans pool the assets contributed by the various entities to provide benefits to the employees of more than one entity determining the contribution and benefit levels without regard to the identity of the entity that employs the employees concerned. The Group recognises these plans as defined contribution plans.

• Short-term and long-term benefits

Short-term employee benefits, that is, payable within twelve months of the end of the year in which the employees rendered the service, are recognised as a cost and as a liability for the undiscounted amount of benefits expected to be paid in exchange for that service.

Long-term benefits, such as remuneration to be paid after twelve months of the end of the year in which the employees rendered the service, are recognised as liabilities for an amount equal to the present value of the benefits at the reporting date.

• Post-employment benefits

Post-employment benefits are recognised at the present value of the Group’s liability determined in line with ruling legislation and national and in-house labour agreements. The valuation, based on demographic, financial and turnover assumptions, is carried out by independent actuaries. The gains and losses resulting from the actuarial calculation are recognised in profit or loss if related to service costs and interest expense or in comprehensive income if relating to assets and liabilities.

The 2007 Finance Act and related implementing decrees introduced significant changes to legislation governing Italian post-employment benefits, effective as from 1 January 2007. These include the option given to employees, to be exercised before 30 June 2007, of where to allocate their future benefits.

Specifically, employees can opt to allocate them to selected pension funds or maintain them with the company, in which case, the latter shall pay the contributions to the treasury fund of INPS (the Italian social security institution).

Following these changes, the Italian post-employment benefits accruing after the date of the employees' decision and, in any case, after 30 June 2007, are considered part of a defined contribution plan and treated like all other social security contributions.

• *Share-based payments*
The Group has adhered to the guidelines of IFRS 2 - Share-based payments.

Share-based payments are measured at fair value of the option at the grant date. This amount is recognised in the income statement on a straight-line basis over the vesting period. This treatment is based on an assessment of the stock options that will effectively vest in favour of the qualifying employees. Fair value is determined using the share price at the grant date.

Income taxes
Current taxes are provided for using the enacted tax rates and laws ruling in Italy and other countries in which the Group operates, based on the best estimate of the taxable profit for the year.

Group companies net tax assets and liabilities when this is legally allowed.

Beginning from 1 January 2004, the parent, Salini Impregilo, and 16 of its Italian subsidiaries have joined the national tax consolidation system pursuant to article 117 and subsequent articles of Presidential decree no. 917/86, which is regulated by the specific consolidation mechanisms.

Deferred tax assets and liabilities are calculated on the basis of the temporary differences between the tax base of an asset or liability and its carrying amount. Deferred tax assets are recognised when the Group holds their recovery to be probable.

The carrying amount of deferred tax assets is reviewed at each reporting date and, to the extent necessary, is decreased when it is no longer probable that sufficient taxable profits will be available in the future to use all or part of the related benefit. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively, and are netted at company level if related to taxes that may be offset. If the balance is positive, it is recognised as “Deferred tax assets”, if not, as “Deferred tax liabilities”.

Taxes that could arise from the transfer of undistributed profits by subsidiaries are only calculated when the subsidiary has the positive intention to transfer such profits. In the case of transactions recognised directly in equity, the related deferred tax asset or liability also affects equity.

Provisions for risks and charges
In accordance with IAS 37, the Group makes accruals to provisions for risks and charges when the following conditions exist:

- the Group or a group company has a present obligation (legal or constructive) at the reporting date as a result of a past event where an outflow of resources embodying economic benefits will be required to settle the obligation;

- it is probable that the obligation (through an outflow of resources) will have to be settled;

- a reliable estimate can be made of the amount of the obligation.

When the time value is material and the obligation payment dates can be estimated reliably, the amount recognised as the provision equals the pre-tax future cash flows (i.e., forecast outflows) discounted at a rate that reflects the present market value and risks specific to the liability. The increase in the provision due to discounting is recognised as a financial expense.

When the expected cash flows are included in an estimate range with the same probability of occurrence, the median value is discounted to measure the liability. Provision for restructuring costs is recognised when the parent or relevant group company has approved a detailed formal plan that has been implemented and communicated to the third parties involved.

Translation criteria for foreign currency items and translation of financial statements of consolidated companies or companies measured using the equity method expressed in currencies other than the Euro
The translation criteria for foreign currency items adopted by the Group are as follows:

- foreign currency monetary assets and liabilities are translated at the closing spot rate with any exchange rate gains or losses taken to the income statement;

- non-monetary assets are recognised at historical cost denominated in the foreign currency and translated using the historical exchange rate;

- revenue and costs related to foreign currency transactions are recognised in profit or loss at the exchange rate ruling on the date of the transaction;

- any material effects deriving from changes in exchange rates after the reporting date are disclosed in the notes.

With respect to the translation of financial statements of consolidated companies or companies measured using the equity method and expressed in currencies other than the presentation currency (functional currency), reference should be made to the section on the "Basis of consolidation".

The Group has applied IAS 29 - Financial reporting in hyperinflationary economies for its subsidiaries and associates that prepare their financial statements in a functional currency of a hyperinflationary economy. This standard requires that the financial statements of an entity, whose functional currency is that of a hyperinflationary economy, be translated at the closing spot rate. The statement of financial position items not yet translated into Euros at the reporting date are redetermined using a general price index. All the income statement items are translated into Euros at the exchange rate ruling on the date the revenue and costs were initially recognised.

Non-current assets held for sale and discontinued operations
Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

Assets held for sale are recognised as such when the following events take place:

- signing of a binding sales agreement;

- approval and communication of a formal sales plan by directors.

In order to be correctly measured, the assets shall be:

- available for immediate sale in their present condition;

- subject only to terms that are usual and customary for sales of such assets; and

- the sale must be highly probable and expected to take place within twelve months.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. A discontinued operation is a component of an entity that either has been disposed of or classified as held for sale and that meets any of the following criteria: i) it represents a separate major line of business or geographical area of operations; ii) it is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or iii) it is a subsidiary acquired exclusively with a plan to resell.

The profit or loss from discontinued operations is disclosed separately in the income statement. As required by paragraph 34 of IFRS 5 - Non-current assets held for sale and discontinued operations, the corresponding prior year figures are reclassified accordingly.

Revenue recognition

• *Operating and other revenue*
Revenue is measured to the extent it is probable that the economic benefits will flow to the Group and the related amount can be determined reliably. Revenue from the sale of goods is recognised when the Group has shipped the goods and has transferred all the material risks and rewards of ownership to the buyer. Revenue from construction contracts is recognised as provided for in the related Standard, described below.

When the outcome of a construction contract can be estimated reliably, contract revenue is recognised by reference to the stage of completion of the contract activity at the reporting date based on the ratio of the costs incurred up to the reporting date to the total estimated contract costs, unless this is held to not represent the stage of completion of the contract.

Changes in the contract and price revisions are recognised to the extent that they are reasonably certain.Revenue is recognised only to the extent of contract costs incurred that it is probable will be recovered. Contract costs are recognised as an expense in the year in which they are incurred.

• *Interest income*
Interest income is recognised on an accruals basis, considering the principal and applicable effective interest rate, i.e., the rate that discounts the estimated future inflows over the expected life of the financial asset to return it to its carrying amount.

• *Dividends*
Dividends are recognised when the investors' right to receive payment arises in line with local ruling legislation.

Earnings per share
Basic earnings per share are calculated as the ratio of the profit or loss for the year attributable to the holders of the ordinary shares of the parent to the weighted number of ordinary shares outstanding during the year. Diluted earnings per share are calculated considering the potential diluting effect of

exercise of their rights by the holders of rights that potentially have a diluting effect on shares when calculating the number of outstanding shares.

Operating segments

The operating segments comply with the reporting system provided to group management which is in charge of allocating the resources and assessing the results obtained by the segments.

The Group's management and organisational structure presents the segments according to a geographic breakdown in macro-areas, on the basis of the three segments (Italian, foreign and Lane Group). The intrasegment transfer prices related to the exchange of goods and services are agreed at normal market conditions.

Significant accounting estimates

Preparation of financial statements and the related notes in accordance with the IFRS requires management to make judgements and estimates that affect the carrying amount of assets and liabilities and financial statements disclosures. The estimates are used to:

- recognise goodwill (see section 5 "Business combinations");
- determine amortisation and depreciation (see the "Property, plant and machinery", "Leased property, plant and equipment", "Rights to infrastructure under concession" and "Other intangible assets" paragraphs of the "Accounting policies" section);
- recognise impairment losses (see the "Impairment of non-financial assets" paragraph of the "Accounting policies" section);
- recognise employee benefits (see the "Employee benefits" paragraph of the "Accounting policies" section);
- recognise taxes (see the "Income taxes" paragraph of the "Accounting policies" section);
- recognise provisions for risks and charges (see the "Provisions for risks and charges" paragraph of the "Accounting policies" section);
- determine contract revenue, including claims for additional consideration, total contract costs and the related stage of completion (see the "Contract work in progress and revenue from construction contracts" paragraph of the "Accounting policies" section). A significant part of the Group's activities is typically performed on the basis of contracts which provide that a specific consideration is agreed when the contract is awarded. This implies that the profits on these contracts may undergo change compared to the original estimates depending on the recoverability of greater expenses and/or costs the Group may incur during performance of such contracts.

The actual results may differ from those estimated due to uncertainties underlying the assumptions and the conditions on which the estimates are based. Fundamental assumptions about the future and other reasons for uncertainty when making the estimates at the reporting date that may lead to material adjustments to the carrying amount of the assets and liabilities are described in the specific section of the Directors' report which gives an analysis of the risk areas of each segment.

5. Business combinations

Acquisition of Lane Industries Incorporated

On 4 January 2016, the parent finalised the acquisition of 100% of Lane Industries Incorporated ("Lane Group"). Lane Group is one of the major highway contractors and is the top private asphalt producer in the United States. It is a family-owned business with more than 100 years of experience specialised in civil construction and in the transportation infrastructure sector. The company has three divisions: asphalt production, road projects and other infrastructure projects in both domestic and international markets.

Lane's acquisition represents another step in Salini Impregilo's expansion into the US infrastructure market and will bring significant growth opportunities, increasing the diversification of the portfolio and improving the balance of its exposure between developed and developing markets.

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

The agreed consideration was USD455 million, which generated provisional goodwill of USD238 million (which the Group recognised in its condensed interim consolidated financial statements as at and for the six months ended 30 June 2016 for €229 million).

The following table summarises the provisional carrying amount of goodwill recognised at the acquisition date:

(thousand)	USD	EURO
Acquisition price	**455.5**	**428.8**
Debt repayment	(107.0)	(98.3)
Deferred compensation repayment	(7.8)	(7.1)
Liabilities assumed	**(114.8)**	**(105.4)**
Equity	(121.3)	(111.4)
Equity attributable to non-controlling interests	14.7	13.5
Impairment losses on capitalised borrowing costs	3.8	3.5
Equity - Lane Industries	**(102.8)**	**(94.4)**
Provisional goodwill	**238.0**	**228.9**

The Group determined the fair value of the main assets as part of the PPA procedure as follows:

- *Land*: **market method** (*guideline transactions*);
- *Buildings*: **cost method** (*replacement cost*);
- *Plant and machinery*: **market method** (*guideline transactions*);
- *Quarries*: **income method** (*with-or-without*);
- *Order backlog*: **income method** (*with-or-without*);
- *Workforce not separable from goodwill*: **cost method** (*replacement cost*).

The Group recognised the acquisition costs in the following items:

- **Services**: they include the consultancy fees paid for the Lane acquisition;
- **Financial expense**: they include the cost of the loan recognised in profit or loss using the amortised cost method starting from the loan agreement date.

No contingent liabilities were recognised during the PPA procedure.

Salini Impregilo availed of the option allowed by (revised) IFRS 3 to provisionally allocate the acquisition cost to the fair value of the assets acquired, the liabilities assumed and contingent liabilities. During 2016, the Group finalised the purchase price allocation procedure and reflected its effects retrospectively starting from the acquisition date as per (revised) IFRS 3.

The following table summarises Salini Impregilo's share of the assets and liabilities of Lane Group at the acquisition date and their fair value determined before such date for the PPA procedure:

(€'000)	**Carrying amount**	**Fair value**
Non-current assets	162,242	419,569
of which:		
- Property, plant and equipment	115,088	225,355
- Intangible assets	5,094	8,089
- Goodwill	-	144,065
- Equity investments	42,060	42,060
Inventories	22,147	22,147
Trade receivables	176,078	176,078
Cash and cash equivalents	87,898	87,898
Contract work in progress	22,615	13,863
Other current assets	24,811	61,981
Total assets	**495,791**	**781,535**
Post-employment benefits and employee benefits	83,397	113,418
Deferred tax liabilities	-	15,386
Non-current bank loans and borrowings	95,119	330
Other non-current liabilities	6,363	6,363
Trade payables	106,013	106,013
Other current liabilities	14,908	14,908
Current bank loans and borrowings	2,294	2,294
Progress payments and advances on contract work in progress	76,327	80,560
Total liabilities	**384,421**	**339,273**
Net assets acquired	**111,370**	**442,263**
Less non-controlling interests	(13,489)	(13,489)
Net assets acquired (net of non-controlling interests)	**97,881**	**428,774**

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

(€'000)	
Cash and cash equivalents	87,898
Non-current assets	419,569
Other current assets	274,068
Non-current liabilities	(135,497)
Current liabilities	(203,775)
Total net assets acquired	**442,263**
Less non-controlling interests	(13,489)
Total net assets acquired attributable to the owners of the parent	**428,774**
Less cash acquired	(87,898)
Cash and cash equivalents net of cash acquired and used for the acquisition	**340,876**

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

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

On 21 March 2016, Lane signed an agreement for the acquisition of some assets of Asphalt Roads and Materials Company Inc, active in road construction and asphalt production in Virginia Beach (Virginia). These assets include machinery, equipment, buildings, land, inventories, rights and commitments to complete existing contracts. The acquisition was closed on 4 April 2016 for USD39 million. The assets' carrying amount was USD4.8 million.

The following table shows the assets acquired by Lane at the transaction date and their fair value, calculated definitively after the PPA procedure. The Euro/US dollar exchange rate used on 4 April 2016 was 1.138.

(€'000)	Carrying amount	Fair value
Non-current assets	4,107	33,901
of which:		
- Intangible assets/goodwill		25,167
Current assets		176
Other current assets	175	202
Net assets acquired	**4,282**	**34,279**

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

(€'000)	Carrying amount	Fair value
Inventories		202
Contract work in progress		176
Property, plant and equipment		8,734
Goodwill		25,167
Cash and cash equivalents used in the acquisition		**34,279**

Other business combinations

The 12-month period allowed by the (revised) IFRS 3 to define the PPA procedure expired during the first half of 2016 for the acquisitions of Co.Ge.Fin S.r.l., acquired from the related party Todini Finanziaria, and Seli Tunneling Denmark ApS, acquired from third parties (described in the 2015 Annual Report).
Completion of the above procedure did not identify fair values different to those calculated provisionally and published in the 2015 Annual Report.

Other changes in the consolidation scope

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

(i) Acquisition of Salini Saudi Arabia Co. Ltd

On 23 April 2016, the Group finalised its acquisition of 51% of Salini Saudi Arabia Co. Ltd for SAR421,066 (equivalent to €99,687 using the transaction date exchange rate) from the related party Salini Costruttori S.p.A. and Compagna Gestione Macchinari - CO.GE.MA S.p.A.. The acquiree coordinates the Group's activities in Saudi Arabia. The acquisition has not significantly affected the Group's consolidated financial statements.

(ii) Acquisition of 30% of Consorcio OHL

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

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

On 3 February 2016, the Group completed its sale of 25% of Salini Impregilo S.p.A. - S.A. Healy Company Jose J Chediack S.A. UTE, a SPE set up to construct an underwater effluent diffuser in Buenos Aires, Argentina. Accordingly, it had a 75% interest in this SPE at year end. Pursuant to IFRS 10, the effects of this sale have been recognised directly in equity.

(iv) Transfer of 14% of the joint operation CWG to Salini Saudi Arabia

As per the previously-signed agreements with the Saudi partner, Salini Impregilo transferred 14% of Civil Work Group JV to its subsidiary Salini Saudi Arabia Ltd. Co. (SSA) on 30 November 2016. As a result, it now holds 52% of the joint operation. Pursuant to IFRs 10, the effects of the transfer were recognised directly in equity.

6. Segment reporting

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

As a result, segment reporting is presented according to macro geographical regions, based on the management review approach adopted by senior management, for the three geographical segments: '"Italy", "Abroad" and "LANE Group" (following acquisition of the US Group on 4 January 2016).

Costs relating to activities carried out by the parent, called "Corporate" costs, are attributed to the Italy segment and relate to:

• planning and management of human and financial resources;

- coordination and assistance with administrative, tax, legal/corporate and institutional communications requirements to group companies.

These costs amounted to €158.4 million for 2016 compared to €143.2 million for the previous year.

Management measures the segments' results by considering their operating profit.

The geographical segments are measured based on net invested capital.

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

(€'000)	**Italy (*)**	**Abroad**	**LANE Group**	**Total Group**
Revenue	455,685	4,007,094	1,297,579	5,760,358
Other income	83,894	33,624	5,932	123,451
Total revenue	**539,579**	**4,040,718**	**1,303,512**	**5,883,809**
Costs				
Production costs	(385,963)	(2,939,307)	(897,200)	(4,222,470)
Personnel expenses	(187,148)	(352,469)	(346,621)	(886,237)
Other operating expenses	(61,995)	(150,545)	(9,724)	(222,264)
Provisions and impairment losses	(7,869)	(7,010)	(1,623)	(16,503)
Total costs	**(642,975)**	**(3,449,331)**	**(1,255,167)**	**(5,347,475)**
Gross operating profit (loss) (EBITDA)	**(103,396)**	**591,387**	**48,345**	**536,334**
EBITDA %	*-19.2%*	*14.6%*	*3.7%*	*9.1%*
Amortisation and depreciation	(57,021)	(169,599)	(34,201)	(260,821)
Operating profit (loss) (EBIT)	**(160,418)**	**421,788**	**14,144**	**275,513**
Return on Sales				*4.7%*
Financing income (costs) and gains (losses on equity investments				(77,384)
Profit before tax (EBT)				**198,130**
Income tax expense				(77,952)
Profit from continuing operations				**120,178**
Loss from discontinued operations				(20,662)
Profit for the year				**99,515**

(*) The operating profit includes the costs of the central units and other general costs of €158.4 million.

The figures in the above table for Lane Group are its IFRS-compliant figures and they do not include the non-controlling investments in joint ventures included in the "Work Under Management" figures as presented in the Directors' report.

The Group monitors the key figures of Lane Group for management account purposes adjusting the IFRS figures prepared for consolidation purposes to present the results of the non-subsidiary joint ventures consolidated on a proportionate basis. These figures show the status of contracts managed directly by Lane or through non-controlling investments in joint ventures. Reference should be made to the section on "Initial considerations on the comparability of data" of the Directors' report for more information).

Income statement by geographical segment - 2015 (§)

(€'000)	Italy (*)	Abroad	Total
Revenue	667,449	3,956,617	4,624,066
Other income	74,827	71,402	146,229
Total revenue	**742,276**	**4,028,019**	**4,770,295**
Costs			
Production costs	(563,385)	(3,000,651)	(3,564,036)
Personnel expenses	(165,333)	(373,431)	(538,764)
Other operating expenses	(73,619)	(88,448)	(162,067)
Provisions and impairment losses	(31,020)	8,237	(22,783)
Total costs	**(833,357)**	**(3,454,293)**	**(4,287,650)**
Gross operating profit (loss) (EBITDA)	**(91,081)**	**573,726**	**482,645**
EBITDA %	*-12.3%*	*14.2%*	*10.1%*
Amortisation and depreciation	(40,654)	(174,405)	(215,059)
Operating profit (loss) (EBIT)	**(131,735)**	**399,321**	**267,586**
Return on Sales			*5.6%*
Financing income (costs) and gains (losses) on equity investments			(90,089)
Profit (loss) before tax (EBT)			**177,497**
Income tax expense			(84,576)
Profit (loss) from continuing operations			**92,921**
Loss from discontinued operations			(10,690)
Profit for the year			**82,231**

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

(*) The operating profit includes the costs of the central units and other general costs of €143,3,

Statement of financial position as at 31 December 2016 by geographical segment

(€'000)	Italy	Abroad	LANE Group	Total
Non-current assets	431,911	447,928	468,619	**1,348,457**
Assets held for sale, net	6,032	0	-	**6,032**
Provisions for risks	(83,663)	(16,297)	(5,805)	**(105,765)**
Post-employment benefits and employee benefits	(14,444)	(12,762)	(64,724)	**(91,930)**
Net tax assets (liabilities)	219,177	(73,073)	(27,762)	**118,342**
Working capital	190,899	200,351	45,761	**437,012**
Net invested capital	**749,911**	**546,147**	**416,089**	**1,712,148**
Equity				**1,361,330**
Net financial position				**350,818**
Total financial resources				**1,712,148**

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

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

Statement of financial position

7. Property, plant and equipment

Property, plant and equipment amount to €803.0 million, up from the 31 December 2015 figure by €208.7 million. Their historical cost and carrying amount are given in the following table:

(€'000)	31 December 2016 Cost	Acc. depreciation	Carrying amount	31 December 2015 Cost	Acc. depreciation	Carrying amount
Land	60,107	-	60,107	5,354	-	5,354
Buildings	145,914	(62,920)	82,994	152,726	(74,056)	78,670
Plant and machinery	1,287,576	(733,247)	554,329	1,084,534	(634,156)	450,378
Industrial and commercial equipment	114,007	(98,026)	15,981	112,781	(93,979)	18,802
Other assets	103,439	(47,918)	55,521	57,771	(44,812)	12,959
Assets under const. and payments on account	34,106	-	34,106	28,202	-	28,202
Total	**1,745,149**	**(942,111)**	**803,039**	**1,441,368**	**(847,003)**	**594,365**

Changes during the year are summarised below:

(€'000)	31 December 2015	Increases	Deprec.	(Imp. losses)/Reversals of losses	Reclass.	Disposals	Exchange rate gains (losses) and other changes	Change in consolidation scope	31 December 2016
Land	5,354	376	-	-	-	(793)	1,408	53,763	60,107
Buildings	78,670	21,518	(20,581)	-	(22,173)	(3,970)	1,199	28,330	82,994
Plant and machinery	450,378	210,763	(188,974)	-	25,199	(54,805)	2,963	108,806	554,329
Industrial and commercial equipment	18,802	9,832	(11,429)	-	252	(1,146)	(82)	(248)	15,981
Other assets	12,959	3,941	(5,828)	-	191	(546)	1,190	43,614	55,521
Assets under const. and payments on account	28,202	11,203	-	-	(3,469)	(1,903)	249	(176)	34,106
Total	**594,365**	**257,633**	**(226,813)**	**-**	**-**	**(63,163)**	**6,927**	**234,089**	**803,039**

Prior year changes are summarised below:

(€'000)	31 December 2014	Increases	Deprec.	(Imp, losses)/Reversals of losses	Reclass.	Disposals	Exchange rate gains (losses) and other changes	Change in consolidation scope	31 December 2015
Land	2,014	3,207	-	-	-	-	133	-	5,354
Buildings	68,034	25,692	(18,497)	-	2,926	(4,399)	4,401	514	78,670
Plant and machinery	430,568	166,048	(152,220)	(416)	7,201	(29,721)	(2,757)	31,675	450,378
Industrial and commercial equipment	25,813	14,721	(14,231)	-	(6,508)	(809)	(184)	-	18,802
Other assets	13,229	4,444	(4,342)	(1)	(331)	(535)	20	475	12,959
Assets under const. and payments on account	28,261	1,274	-	-	(419)	(1,942)	356	672	28,202
Total	**567,919**	**215,386**	**(189,290)**	**(417)**	**2,869**	**(37,406)**	**1,969**	**33,336**	**594,365**

The most significant changes include:

- increases of €257.6 million, mainly related to investments for foreign contracts including the Ethiopian branch (€20 million, principally relating to the Gibe IV project), the Riyadh Metro Line 3 (Saudi Arabia) (€10.5 million), the Lima Metro 2 (€9.5 million), Consorzio Collegamenti Integrati Veloci (CO.C.I.V.) (€90.1 million) and the Ruta del Sol project (€51.2 million);

- depreciation for the year of €226.8 million;

- disposals of €63.2 million, principally related to plant and machinery. These disposals mostly refer to contracts nearing completion and the Line North Underground (Qatar) (€15.9 million);

- the change in the consolidation scope, mostly referring to the acquisitions of Lane (€225.3 million) and assets from Asphalt Roads and Materials Company (€8.7 million). These amounts have been calculated using the PPA procedure described in Note 5;

- the closing balance at 31 December 2016 includes leased assets of €203 million recognised under “Buildings” (€0.2 million), “Plant and machinery” (€201.5 million), “Industrial and commercial equipment” (€1.2 million) and “Other assets” (€0.1 million).

8. Intangible assets

Intangible assets amount to €168.8 million, down from the 31 December 2015 figure by €25.1 million. Their historical cost and carrying amount are given in the following table:

	31 December 2016			31 December 2015		
(€’000)	Cost	Acc. amortisation	Carrying amount	Cost	Acc. amortisation	Carrying amount
Rights to infrastructure under concession	72,718	(9,469)	63,249	73,984	(9,098)	64,886
Contract acquisition costs	200,154	(97,511)	102,643	193,923	(66,209)	127,714
Other	8,526	(5,655)	2,871	3,331	(2,110)	1,221
Total	**281,398**	**(112,635)**	**168,763**	**271,238**	**(77,417)**	**193,821**

The rights to infrastructure under concession of €63.2 million decreased compared to the previous year-end balance. Changes of the year are detailed in the following table:

(€’000)	31 December 2015	Increases	Amortisation	Exchange rate losses	Change in consolidation scope	31 December 2016
SA.BRO.M.	43,491	738	-	-	-	44,229
Parking Glasgow	19,452	-	(962)	(1,276)	-	17,214
Mercovia	1,943	543	(382)	(298)	-	1,806
Total	**64,886**	**1,281**	**(1,344)**	**(1,574)**	**-**	**63,249**

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

No indications of impairment were identified during the year and, therefore, the Group did not perform the impairment test.

For comparative purposes, prior year changes are as follows:

(€'000)	31 December 2014	Increases	Amortisation	Exchange rate losses	Change in consolidation scope	31 December 2015
SA.BRO.M.	42,552	939				43,491
Parking Glasgow	19,913		(1,016)	555		19,452
Mercovia	2,915	165	(477)	(660)		1,943
Totale diritti su infrastrutture in concessione	**65,380**	**1,104**	**(1,493)**	**(105)**	**-**	**64,886**

Contract acquisition costs amount to €102.6 million and are analysed in the following table:

(€'000)	31 December 2015	Increases	Amortisation	Exchange rate gains	Change in consolidation scope	31 December 2016
Cociv (Milan-Genoa railway section)	44,366	-	(3,791)	-	-	40,575
Riyadh Metro - Saudi Arabia	56,551	-	(17,719)	-	-	38,832
Iricav Due (Verona-Padua railway section)	12,510	-	-	-	-	12,510
Thessalonica Metro - Greece	1,130	-	(501)	-	-	629
Yarull - Dom. Republic	3,037	-	(32)	-	-	3,005
Vegas Tunnel - USA	307	-	(307)	-	-	-
Gerald Desmond Bridge - USA	5,264	-	(1,715)	-	-	3,549
Stavros Niarchos - Greece	710	-	(710)	-	-	-
Seli Tunnelling Denmark A.p.S.	3,839	-	(2,756)	-	-	1,083
Lane	-	-	(3,590)	19	6,031	2,460
Total	**127,714**	**-**	**(31,121)**	**19**	**6,031**	**102,643**

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

The change in the consolidation scope refers to the acquisition of Lane. The Group calculated this amount using the PPA procedure described in Note 5.

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

Prior year changes are as follows:

(€'000)	31 December 2014	Increases	Amortisation	Disposals	Change in consolidation scope	31 December 2015
Cociv (Milan-Genoa railway section)	48,623	-	(4,257)	-	-	44,366
Riyadh Metro - Saudi Arabia	25,394	38,748	(7,591)	-	-	56,551
Iricav Due (Verona-Padua railway section)	-	12,510	-	-	-	12,510
Thessalonica Metro - Greece	1,202	-	(72)	-	-	1,130
Yarull - Dom. Republic	3,083	-	(46)	-	-	3,037
Vegas Tunnel - USA	4,687	-	(4,380)	-	-	307
Gerald Desmond Bridge - USA	7,235	-	(1,971)	-	-	5,264
Stavros Niarchos - Greece	3,108	-	(2,398)	-	-	710
Seli Tunnelling Denmark A.p.S.	-	-	(1,968)	-	5,807	3,839
Total	**93,332**	**51,258**	**(22,683)**	**-**	**5,807**	**127,714**

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

Other intangible assets amount to €2.9 million, up €1.6 million from the 31 December 2015 figure. Their historical cost and carrying amount are given in the following table:

(€'000)	31 December 2016 Cost	Acc. amortisation	Carrying amount	31 December 2015 Cost	Acc. amortisation	Carrying amount
Industrial patents	74	(60)	14	921	(908)	13
Concessions	64	(64)	-	64	(62)	2
Software	7,292	(4,699)	2,593	1,447	(487)	960
Other	1,095	(831)	264	899	(653)	246
Total	**8,525**	**(5,654)**	**2,871**	**3,331**	**(2,110)**	**1,221**

Changes during the year are set out below:

(€'000)	31 December 2015	Increases	Amortisation	Other changes	Disposals	Exchange rate gains (losses)	Change in consolidation scope	31 December 2016
Industrial patents	13	21	(20)	-	-	-	-	14
Concessions	2	-	-	-	-	(18)	16	-
Software	960	929	(1,333)	-	-	(3)	2,040	2,593
Other	246	191	(174)	-	-	(17)	18	264
Total	**1,221**	**1,141**	**(1,545)**	**-**	**-**	**(4)**	**2,058**	**2,871**

The change in the consolidation scope refers to the acquisition of Lane on 4 January 2016. Reference should be made to Note 5 - Business combinations for more information on the acquisition.

Prior year changes are as follows:

(€'000)	31 December 2014	Increases	Amortisation	Reclassifications	Disposals	Exchange rate gains (losses)	Change in consolidation scope	31 December 2015
Industrial patents	42	-	(29)	-	-	-	-	13
Concessions	4	-	(2)	-	-	-	-	2
Software	954	375	(271)	(61)	-	(37)	-	960
Other	302	29	(85)	-	-	-	-	246
Total	**1,302**	**404**	**(387)**	**(61)**	**-**	**(37)**	**-**	**1,221**

9. Goodwill

Goodwill of € 175.2 million at the reporting date solely relates to the acquisition of Lane Group finalised during the 2016.

Its recognition is detailed in Note 5 - Business combinations.

Changes during the year are set out below:

(€'000)	31 December 2015	4 January 2016 acquisition of Lane	4 April 2016 acquisition of Virginia Beach	Exchange rate gains	31 December 2016
Lane Group	-	144,065	-	3,953	148,018
Asphalt Roads and Materials Co. assets	-	-	25,167	2,003	27,170
Total	**-**	**144,065**	**20,468**	**5,956**	**175,188**

The recoverability of the carrying amounts was checked by comparing Lane Group's net invested capital, which is a separate CGU, with the related recoverable amounts, which are the estimated future cash flows arising from the assets' continuing use discounted to their net present value ("value in use").

The main assumptions adopted to calculate value in use are as follows:

- long-term growth rate of zero on a prudent basis;

- post-tax discount rate: 7.5%.

The Group has adopted the discount rate calculated based on the market cost of money and the asset sector's specific risk (Weighted Avarage Cost of Capital, WACC). Specifically, the Group considered the return rate on long-term government bonds and the average capital structure of a basket of comparable companies.

The CGU's recoverable amount has been calculated using the cash flow projections set out in the 2017-2019 three-year plan prepared and approved by management. The terminal value is based on a sustainable profit assumption, from which stable long-term operating cash flows have been estimated, on a going concern basis.

The Group tested goodwill for impairment at the reporting date, which showed that the CGU's recoverable amount exceeds its carrying amount (net invested capital) by 50%.

Moreover, given the materiality of the above difference, a possible reasonable change in the assumptions described above adopted in the calculation of the recoverable amount (a 0.5% increase or decrease in the growth rate and in the discount rate, respectively), would not lead to a significantly different outcome.

10. Equity investments

Equity investments increased by €70.2 million to €201.5 million.

(€'000)	31 December 2016	31 December 2015	Variation
Investments in subsidiaries	47	124	(77)
Investments in equity-accounted investees	183,509	114,990	68,519
Other investments	17,912	16,140	1,772
Total	**201,468**	**131,254**	**70,214**

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

(€'000)	31 December 2016	31 December 2015
Change in consolidation method	42,087	(9,095)
Capital transactions	51,159	36,739
Acquisitions, capital injections and disinvestments	(4,855)	673
Share of profit of equity-accounted investees	5,545	81
Dividends from equity-accounted investees	(26,855)	(925)
Other changes including change in the translation reserve	3,133	(641)
Total	**70,214**	**26,832**

The change in consolidation method refers to the new consolidation scope with the inclusion of the Lane Group joint ventures measured using the equity method.

"Capital transactions" mainly refer to the subscription of shares of the company that will develop the concession project for the Milan Metro 4 for €3.5 million, the recapitalisation of the SPE Grupo Unido por el Canal (Panama) for €44.7 million and the subscription of additional shares of Gaziantep (Turkey) for €1.9 million.

The Group's share of profit of equity-accounted investees totals €5.5 million, considering also the figures shown in Note 27, detailing the changes in the provision for risks on equity investments. The effect on profit or loss is analysed in Note 37.

The carrying amount of the investment in Ochre Solutions Holdings Ltd was tested for impairment using the English operator's 2017-2038 business plan. Its cash flows were discounted using a rate of 5.3% (2015: 5.7%) to calculate the investment's recoverable amount.

The Group also performed sensitivity analyses considering the potential effect of a change in the reference parameters. The resulting recoverable amount was higher than the investment's carrying amount and, therefore, it was not necessary to recognise an impairment loss.

The Group performed a similar test for Consorcio Agua Azul S.A. based on the Peruvian operator's 2017-2027 business plan. Its cash flows were discounted using a rate of 8.4% (2015: 8.8%).

The Group also performed sensitivity analyses considering the potential effect of a change in the reference parameters. The resulting recoverable amount was higher than the investment's carrying amount, showing that it was not impaired.

Investments in equity-accounted investees and other equity investments
Investments in equity-accounted investees and other equity investments increased by €70.3 million to €201.4 million:

(€'000)	31 December 2016	31 December 2015	Variation
Investments in associates	112,017	103,847	8,170
Investments in jointly controlled entities	86,643	22,831	63,812
Investments in other companies	2,761	4,452	(1,691)
Total	**201,421**	**131,130**	**70,291**

The increase is principally due to the Lane Group joint ventures included this year.

Investments in associates, jointly controlled entities and other companies with a negative carrying amount, provided for in the provision for risks on equity investments (see Note 27), increased to €2.5 million by €0.3 million compared to 31 December 2015.

(€'000)	31 December 2016	31 December 2015	Variation
Investments in associates	(1,744)	(1,691)	(53)
Investments in jointly controlled entities	(415)	0	(415)
Investments in other companies	(367)	(499)	132
Total	**(2,526)**	**(2,190)**	**(336)**

The amount recognised in profit or loss is as follows:

(€'000)	2016	2015	Variation
Investments in associates	646	222	424
Investments in jointly controlled entities	5,964	(103)	6,067
Investments in other companies	(1,201)	343	(1,544)
Total	**5,409**	**462**	**4,947**

The classification of Salini Impregilo Group companies in line with the IFRS referred to earlier was based on the following guidelines:

(i) Paragraphs 5 and 6 of IFRS 10 were adhered to for assessing the existence of control. Group entities were only classified as subsidiaries when the Group has substantial rights over the investee's relevant activities, in exchange for the Group's exposure to variable returns from its involvement with the investee and the Group can use its power over the investee to affect the amount of the variable returns. These requirements are met when the Group holds sufficient voting rights to obtain the majority required in decisions for the governance bodies of the group entities in question.

(ii) Reference was made to paragraphs 4 and 5 of IFRS 11 to assess the existence of joint control. Joint control exists if the majorities required for decision-taking by the governance bodies of the group entities in question require the unanimous vote or qualified majorities that can only be reached with the consent of a specific group of investors.

(iii) With reference to the type of joint arrangements, in view of the fact that all joint arrangements in which the Group participates are structured through separate vehicles, reference was made to paragraph B15 of IFRS 11, analysing in particular the legal form of the separate vehicle and the terms of the contractual agreement. With reference to the situation at 31 December 2016 and 2015, only those entities not incorporated into legal entities and structured as separate vehicles that guarantee transparency of the rights and obligations of the parties are classified as joint operations.

Salini Impregilo Group's activities involve its participation in numerous SPEs that, especially in Italy, use the consortium structure, which works using a cost recharging system. Under IFRS 10 and IFRS 11, these entities have been classified as subsidiaries, associates and joint ventures, according to the guidelines set out above.

Although the investments in the consortium entities classified as associates and joint ventures are measured using the equity method, their revenue is nonetheless presented in the consolidated financial statements, as the parent recognises the contract work in progress while the costs incurred by the entities are recharged to the parent and shown in a single cost item under "Services". Therefore, since the significant effects concerning consortium entities are already shown in the consolidated financial statements, they are not detailed in the following section.

Financial highlights of the significant associates

The group associates at 31 December 2016 that management considers significant for the Group are presented below. Their share capital consists solely of ordinary shares, which the Group holds directly. These companies primarily conduct their business in the country of their incorporation or registration.

	Head office	Registered office (if different to the head office)	Investment %	Nature of the relationship	Measurement method
Consorcio Agua Azul S.A.	Peru	n/a	25.5%	(1)	Equity
Metro de Lima 2 S.A.	Peru	n/a	18.25%	(2)	Equity
Yuma Concessionaria S.A.	Colombia	n/a	48.33%	(3)	Equity

The activities of the above companies are key to the Group's activities. A description of the nature of Salini Impregilo Group's relationship with the above companies is provided below:

(1) The company is held by the sub holding company Impregilo International Infrastructures N.V. and has a concession contract expiring in 2027 for the integrated water cycle in Lima, Peru. The governance system requires majority resolutions and Salini Impregilo's investment percentage means it can be classified as an associate. Information about the concession's term is provided in the paragraph on "Concessions" of the "Abroad" section of the Directors' report.

(2) The company is held directly by the parent and has a concession contract for the “Metro de Lima 2” project (Peru) for the concession, construction and operation of the infrastructure during the 35-year concession expiring in 2049. The paragraph on “Concessions” of the “Abroad” section of the Directors’ report provides a description of this concession. The governance system requires majority resolutions and Salini Impregilo’s investment percentage means it can be classified as an associate.

(3) The company is held directly by Salini Impregilo S.p.A. and has a concession contract for the third motorway lot of the Ruta del Sol project in Colombia. The contract expires in 2036. The section on “Concessions” in the Directors’ report provides a description of this concession. The governance system requires majority resolutions and Salini Impregilo’s investment percentage means it can be classified as an associate. Information about the concession’s term is provided in the paragraph on “Concessions” of the “Abroad” section of the Directors’ report.

The financial information relating to individually significant associates accounted for using the equity method is shown below. In addition, the financial information of the associates is reconciled with the carrying amount of the related investments.

The information shown reflects the carrying amounts in the associates’ financial statements, adjusted to comply with group accounting policies.

Agua Azul (Peru) (€'000)	**31/12/2016**	**31/12/2015**	**Variation**
Non-current assets			
Property, plant and equipment and intangible assets	21,365	22,107	(742)
Other non-current assets	-	2,900	(2,900)
Total non-current assets	**21,365**	**25,007**	**(3,642)**
Current assets			
Cash and cash equivalents and other financial assets	2,746	3,583	(837)
Other current assets	4,313	1,286	3,027
Total current assets	**7,059**	**4,869**	**2,190**
Total assets	**28,424**	**29,876**	**(1,452)**
Equity	**27,021**	**27,473**	**(452)**
Non-current liabilities			
Non-current financial liabilities	-	-	-
Other non-current liabilities	11	-	11
Total non-current liabilities	**11**	**-**	**11**
Current liabilities			
Current financial liabilities		248	(248)
Other current liabilities	1,392	2,155	(763)
Total current liabilities	**1,392**	**2,403**	**(1,011)**
Total liabilities	**28,424**	**29,876**	**(1,452)**

Agua Azul (Peru) (€'000 Group share)	**31/12/2016**	**31/12/2015**
Opening equity	**7,005**	**6,779**
Comprehensive income attributable to the owners of the parent	1,356	992
Dividends distributed	(1,470)	(766)
Capital increases and other variations	-	-
Closing equity	**6,891**	**7,005**
Carrying amount	**6,891**	**7,005**

Agua Azul (Peru) (€'000)	**2016**	**2015**	**Variation**
Revenue	12,488	12,591	(103)
Costs	(6,435)	(6,449)	14
Operating profit	**6,053**	**6,142**	**(89)**
Net financing income (costs)	(112)	45	(157)
Profit before tax	**5,941**	**6,187**	**(246)**
Income tax expense	(1,811)	(1,895)	84
Profit from continuing operations	**4,130**	**4,292**	**(162)**
Other comprehensive income (expense)	1,184	(399)	1,583
Profit for the year	**5,314**	**3,893**	**1,421**

Yuma (Colombia) (€'000)	**31/12/2016**	**31/12/2015**	**Variation**
Non-current assets			
Property, plant and equipment and intangible assets	184,759	141,017	43,742
Other non-current assets	876	-	876
Total non-current assets	**185,635**	**141,017**	**44,618**
Current assets			
Cash and cash equivalents and other financial assets	8,167	2,179	5,988
Other current assets	58,398	61,142	(2,744)
Total current assets	**66,565**	**63,321**	**3,244**
Total assets	**252,200**	**204,338**	**47,862**
Equity	**27,568**	**23,286**	**4,282**
Non-current liabilities			
Non-current financial liabilities	37,517	38,897	(1,380)
Other non-current liabilities	31,421	802	30,619
Total non-current liabilities	**68,938**	**39,699**	**29,239**
Current liabilities			
Current financial liabilities	141,979	130,208	11,771
Other current liabilities	13,715	11,145	2,570
Total current liabilities	**155,694**	**141,353**	**14,341**
Total liabilities	**252,200**	**204,338**	**47,862**

Yuma (Colombia) (€'000 Group share)	**31/12/2016**	**31/12/2015**
Opening equity	**11,253**	**8,868**
Comprehensive income attributable to the owners of the parent	2,071	83
Dividends distributed	-	-
Other comprehensive income	-	2,302
Closing equity	**13,324**	**11,253**
Carrying amount	**13,324**	**11,253**

Yuma (Colombia) (€'000)	**2016**	**2015**	**Variation**
Revenue	77,138	86,714	(9,576)
Costs	(80,234)	(87,199)	6,965
Gross operating loss	**(3,096)**	**(485)**	**(2,611)**
Net financing income	3,497	7,953	(4,456)
Profit before tax	**401**	**7,468**	**(7,067)**
Income tax income/expense	1,643	(2,764)	4,407
Profit from continuing operations	**2,044**	**4,704**	**(2,660)**
Other comprehensive income (expense)	2,239	(4,533)	6,772
Profit for the year	**4,283**	**171**	**4,112**

Metro de Lima 2 S.A. (Peru) (€'000)	**31/12/2016**	**31/12/2015**	**Variation**
Non-current assets			
Property, plant and equipment and intangible assets	291	39,136	(38,845)
Total non-current assets	**291**	**39,136**	**(38,845)**
Current assets			
Cash and cash equivalents and other financial assets	80,304	59,433	20,871
Other current assets	198,987	100,144	98,843
Total current assets	**279,291**	**159,577**	**119,714**
Total assets	279,582	198,713	80,869
Equity	**126,470**	**118,064**	**8,406**
Non-current liabilities			
Other non-current liabilities	3,023	77,877	(74,854)
Total non-current liabilities	**3,023**	**77,877**	**(74,854)**
Current liabilities			
Other current liabilities	150,089	2,772	147,317
Total current liabilities	**150,089**	**2,772**	**147,317**
Total liabilities	**279,582**	**198,713**	**80,869**

Metro de Lima 2 S.A. (Peru) (€'000 Group share)	**31/12/2016**	**31/12/2015**
Opening equity	**21,547**	**8,567**
Comprehensive income attributable to the owners of the parent	1,534	3,065
Capital increases and other variations	-	9,915
Closing equity	**23,081**	**21,547**
Carrying amount	**23,081**	**21,547**

Metro de Lima 2 S.A. (Peru) (€'000)	**2016**	**2015**	**Variation**
Revenue	349,448	181,702	167,746
Costs	(344,596)	(174,363)	(170,233)
Operating profit	**4,852**	**7,339**	**(2,487)**
Net financing income	1,739	208	1,531
Profit before tax	**6,591**	**7,547**	**(956)**
Income tax expense	(2,277)	-	(2,277)
Profit from continuing operations	**4,314**	**7,547**	**(3,233)**
Other comprehensive income	4,091	9,248	(5,157)
Profit for the year	**8,405**	**16,795**	**(8,390)**

Significant restrictions

At the date of preparation of this Report, there were no restrictions on the associates' ability to transfer dividends, repay loans or make advances to the parent.

Contingent liabilities

At the date of preparation of this Report, there were no contingent liabilities related to the Group's investments in associates. Any related risk areas are described in the paragraph on "Concessions" of the "Abroad" section of the Directors' report.

Interests in joint ventures

The most significant joint ventures are listed below:

	Head office	Registered office (if different to the head office)	Investment %	Nature of the relationship	Measurement method
Grupo Unidos Por El Canal S.A.	Panama	n/a	48%	(1)	Equity
AGL JV	United States	n/a	20%	(2)	Equity
Gemma Lane Liberty Partners	United States	n/a	10%	(2)	Equity
Gemma Lane Patriot Partners	United States	n/a	10%	(2)	Equity
Purple Line Transit Constructors LLC	United States	n/a	30%	(2)	Equity
Skanska Granite Lane	United States	n/a	30%	(2)	Equity
I4 Leasing LLC	United States	n/a	30%	(2)	Equity

(1) The company is held directly by Salini Impregilo S.p.A. and is engaged in building the new system of locks on the Panama Canal. Reference should be made to the "Main risk factors and uncertainties" section of the Directors' report on for further information. The governance system requires qualified majority resolutions passed with the favourable vote of two members, including Salini Impregilo.

(2) The joint ventures are held by the newly-acquired sub-holding company Lane and are active in the construction segment. Reference should be made to the Directors' report for additional information.

Financial highlights of the joint ventures

The financial information related to the joint ventures measured using the equity method is set out below with a reconciliation of such information with the carrying amount of the Group's interest in the joint venture as per the shareholder agreements.

The information shown reflects the carrying amounts in the joint venture's financial statements, adjusted to comply with group accounting policies.

Gemma Lane Liberty Partners (€'000)	**31/12/2016**	**31/12/2015**	**Variation**
Non-current assets			
Current assets			
Cash and cash equivalents and other financial assets	4,189	n.a.	n.a.
Other current assets	61	n.a.	n.a.
Total current assets	**4,250**	-	-
Total assets	**4,250**	-	-
Equity	**1,282**	-	-
Non-current liabilities			
Current liabilities			
Other current liabilities	2,968	n.a.	n.a.
Total current liabilities	**2,968**	-	-
Total liabilities	**4,250**	-	-

Gemma Lane Liberty Partners (€'000 Group share)	**31/12/2016**	**31/12/2015**
Opening equity	**1,831**	-
Comprehensive income attributable to the owners of the parent	2,103	n.a.
Dividends distributed	(3,614)	n.a.
Closing equity	**320**	-
Carrying amount	**320**	-

Gemma Lane Liberty Partners (€'000)	**2016**	**2015**	**Variation**
Revenue	31,669	n.a.	n.a.
Costs	(23,203)	n.a.	n.a.
Operating profit	**8,466**	-	-
Profit before tax	**8,466**	-	-
Profit from continuing operations	**8,466**	-	-
Profit for the year	**8,466**	-	-
Other comprehensive expense	(52)	n.a.	n.a.
Profit for the year	**8,414**	-	-

Gemma Lane Patriot Partners (€'000)	**31/12/2016**	**31/12/2015**	**Variation**
Non-current assets			
Current assets			
Cash and cash equivalents and other financial assets	7,642	n.a.	n.a.
Other current assets	-	n.a.	n.a.
Total current assets	**7,642**	-	-
Total assets	**7,642**	-	-
Equity	**1,855**	-	-
Non-current liabilities			
Current liabilities			
Other current liabilities	5,787	n.a.	n.a.
Total current liabilities	**5,787**	-	-
Total liabilities	**7,642**	-	-

Gemma Lane Patriot Partners (€'000 Group share)	**31/12/2016**	**31/12/2015**
Opening equity	**229**	-
Net expense for the year	5,204	n.a.
Dividends distributed	(4,969)	n.a.
Closing equity	**464**	-
Carrying amount	**464**	-

Gemma Lane Patriot Partners (€'000)	**2016**	**2015**	**Variation**
Revenue	72,173	n.a.	n.a.
Costs	(51,434)	n.a.	n.a.
Operating profit	**20,739**	-	-
Profit before tax	**20,739**	-	-
Profit from continuing operations	**20,739**	-	-
Profit for the year	**20,739**	-	-
Other comprehensive income	74	n.a.	n.a.
Profit for the year	**20,813**	-	-

Purple Line Tr. Constr. (Lane) (€'000)	31/12/2016	31/12/2015	Variation
Non-current assets			
Property, plant and equipment and intangible assets	-	n.a.	n.a.
Total non-current assets	**-**	**-**	**-**
Current assets			
Cash and cash equivalents and other financial assets	53,510	n.a.	n.a.
Other current assets	9,067	n.a.	n.a.
Total current assets	**62,577**	**-**	**-**
Total assets	**62,577**	**-**	**-**
Equity	**16,400**	**-**	**-**
Non-current liabilities			
Non-current financial liabilities	289	n.a.	n.a.
Total non-current liabilities	**289**	**-**	**-**
Current liabilities			
Other current liabilities	45,888	n.a.	n.a.
Total current liabilities	**45,888**	**-**	**-**
Total liabilities	**62,577**	**-**	**-**

Purple Line Tr. Constr. (Lane) (€'000 Group share)	31/12/2016	31/12/2015
Opening equity	**-**	**-**
Comprehensive income attributable to the owners of the parent	4,920	n.a.
Dividends distributed	-	n.a.
Closing equity	**4,920**	**-**
Carrying amount	**4,920**	**-**

Purple Line Tr. Constr. (Lane) (€'000)	2016	2015	Variation
Revenue	146,196	n.a.	n.a.
Costs	(130,573)	n.a.	n.a.
Operating profit	**15,623**	**-**	**-**
Net financing costs	(4)	n.a.	n.a.
Profit before tax	**15,619**	**-**	**-**
Profit from continuing operations	**15,619**	**-**	**-**
Profit for the year	**15,619**	**-**	**-**
Other comprehensive income	782	n.a.	n.a.
Profit for the year	**16,401**	**-**	**-**

Skanska Granite Lane (€'000)	31/12/2016	31/12/2015	Variation
Non-current assets			
Property, plant and equipment and intangible assets	51	n.a.	n.a.
Total non-current assets	**51**	-	-
Current assets			
Cash and cash equivalents and other financial assets	138,987	n.a.	n.a.
Other current assets	74,321	n.a.	n.a.
Total current assets	**213,308**	-	-
Total assets	**213,359**	-	-
Equity	**24,021**	-	-
Non-current liabilities			
Non-current financial liabilities	-	n.a.	n.a.
Total non-current liabilities	**-**	-	-
Current liabilities			
Other current liabilities	189,338	n.a.	n.a.
Total current liabilities	**189,338**	-	-
Total liabilities	**213,359**	-	-

Skanska Granite Lane (€'000 Group share)	31/12/2016	31/12/2015
Opening equity	**2,811**	-
Comprehensive income attributable to the owners of the parent	9,816	n.a.
Dividends distributed	(5,421)	n.a.
Closing equity	**7,206**	-
Carrying amount	**7,206**	-

Skanska Granite Lane (€'000)	2016	2015	Variation
Revenue	336,274	n.a.	n.a.
Costs	(305,727)	n.a.	n.a.
Operating profit	**30,547**	-	-
Net financing income	1,173	n.a.	n.a.
Profit before tax	**31,720**	-	-
Profit from continuing operations	**31,720**	-	-
Profit for the year	**31,720**	-	-
Other comprehensive income	1,001	n.a.	n.a.
Profit for the year	**32,721**	-	-

I4 Leasing (Lane) (€'000)	31/12/2016	31/12/2015	Variation
Non-current assets			
Property, plant and equipment and intangible assets	50,155	n.a.	n.a.
Total non-current assets	**50,155**	**-**	**-**
Current assets			
Cash and cash equivalents and other financial assets	12,972	n.a.	n.a.
Other current assets	1,362	n.a.	n.a.
Total current assets	**14,334**	**-**	**-**
Total assets	**64,489**	**-**	**-**
Equity	**62,810**	**-**	**-**
Non-current liabilities			
Current liabilities			
Current financial liabilities	-	n.a.	n.a.
Other current liabilities	1,679	n.a.	n.a.
Total current liabilities	**1,679**	**-**	**-**
Total liabilities	**64,489**	**-**	**-**

I4 Leasing (Lane) (€'000 Group share)	31/12/2016	31/12/2015
Opening equity	**17,969**	**-**
Comprehensive income attributable to the owners of the parent	873	n.a.
Dividends distributed	-	n.a.
Capital increases and other variations	-	n.a.
Closing equity	**18,842**	**-**
Carrying amount	**18,842**	**-**

I4 Leasing (Lane) (€'000)	2016	2015	Variation
Revenue	6,810	n.a.	n.a.
Costs	(6,028)	n.a.	n.a.
Operating profit	**782**	**-**	**-**
Net financing income	59	n.a.	n.a.
Profit before tax	**841**	**-**	**-**
Profit from continuing operations	**841**	**n.a.**	**n.a.**
Other comprehensive income	2,071	n.a.	n.a.
Profit for the year	**2,912**	**-**	**-**

AGL Constructors JV (Lane) (€'000)	**31/12/2016**	**31/12/2015**	**Variation**
Non-current assets			
Property, plant and equipment and intangible assets	26,238	n.a.	n.a.
Total non-current assets	**26,238**	-	-
Current assets			
Cash and cash equivalents and other financial assets	23,950	n.a.	n.a.
Other current assets	50,136	n.a.	n.a.
Total current assets	**74,086**	-	-
Total assets	**100,324**	-	-
Equity	**26,474**	-	-
Non-current liabilities			
Current liabilities			
Current financial liabilities	76	n.a.	n.a.
Other current liabilities	73,774	n.a.	n.a.
Total current liabilities	**73,850**	-	-
Total liabilities	**100,324**	-	-

AGL Constructors JV (Lane) (€'000 Group share)	**31/12/2016**	**31/12/2015**
Opening equity	**7,012**	-
Comprehensive income attributable to the owners of the parent	(19)	n.a.
Dividends distributed	(1,807)	n.a.
Capital increases and other variations	110	n.a.
Closing equity	**5,296**	-
Carrying amount	**5,296**	-

AGL Constructors JV (Lane) (€'000)	**2016**	**2015**	**Variation**
Revenue	286,238	n.a.	n.a.
Costs	(285,811)	n.a.	n.a.
Operating profit	**427**	-	-
Net financing income	(525)	n.a.	n.a.
Profit before tax	**(98)**	-	-
Profit from continuing operations	**(98)**	**n.a.**	**n.a.**
Other comprehensive income	-	n.a.	n.a.
Profit for the year	**(98)**	-	-

Gupc (Panama) (€'000)	**31/12/2016**	**31/12/2015**	**Variation**
Non-current assets			
Property, plant and equipment and intangible assets	48,301	80,079	(31,778)
Total non-current assets	**48,301**	**80,079**	**(31,778)**
Current assets			
Cash and cash equivalents and other financial assets	14,428	30,296	(15,868)
Other current assets	1,420,801	1,357,931	62,870
Total current assets	**1,435,229**	**1,388,227**	**47,002**
Total assets	**1,483,530**	**1,468,306**	**15,224**
Deficit	**(559,114)**	**(492,519)**	**(66,595)**
Non-current liabilities			
Other non-current liabilities	421	1,141	(720)
Total non-current liabilities	**421**	**1,141**	**(720)**
Current liabilities			
Current financial liabilities	508,241	472,832	35,409
Other current liabilities	1,533,982	1,486,852	47,130
Total current liabilities	**2,042,223**	**1,959,684**	**82,539**
Total liabilities	**1,483,530**	**1,468,306**	**15,224**

Gupc (Panama) (€'000 Group share)	**31/12/2016**	**31/12/2015**
Opening deficit	**(189,127)**	**(169,499)**
Comprehensive expense attributable to the owners of the parent	(25,573)	(19,657)
Capital increases and other variations	-	29
Closing deficit	**(214,700)**	**(189,127)**
Loan asset	263,721	211,928
Carrying amount	**49,021**	**22,801**

Gupc (Panama) (€'000)	**2016**	**2015**	**Variation**
Revenue	305,380	913,265	(607,885)
Costs	(329,809)	(895,765)	565,956
Operating profit (loss)	**(24,429)**	**17,500**	**(41,929)**
Net financing costs	(23,490)	(17,727)	(5,763)
Loss before tax	**(47,919)**	**(227)**	**(47,692)**
Income tax expense	(104)	(116)	12
Loss from continuing operations	**(48,023)**	**(343)**	**(47,680)**
Other comprehensive expense	(18,572)	(50,847)	32,275
Loss for the year	**(66,595)**	**(51,190)**	**(15,405)**

The carrying amount of this investment is the balance of the parent's receivable due from the joint venture and the provisions for risks on equity investments set up to reflect the assessment of the losses to complete the contract.

Contingent liabilities

At the date of preparation of this Report, there were no significant contingent liabilities related to the Group's interests in joint ventures. Any related risk areas are described in the paragraph on "Concessions" of the "Abroad" section of the Directors' report and, with respect to GUPC, the paragraph on the "Main risk factors and uncertainties".

Risks associated with the Group's investments in associates and joint ventures

Commitments

The Group has the following commitments vis-à-vis its associates and joint ventures:

(€'000)	31 December 2016	31 December 2015	Variation
Commitments	1,727,707	1,156,741	570,966

The increase is mainly due to guarantees issued on behalf of the non-consolidated joint ventures of Lane Group (€601.4 million), net of the decrease in the guarantees issued on behalf of Pedelombarda S.c.p.A. (€41.1 million), partially offset by the increase in the guarantees issued on behalf of Iricav 2 Consorzio, which is constructing the high speed/capacity Verona - Padua railway section.

Joint operations

The Group is involved in the following main joint operations: CMC - Mavundla - Impregilo (South Africa), Civil Work Group (Saudi Arabia), Arge Tulfes Pfons (Austria) and South Al Mutlaa (Kuwait).

Salini Impregilo S.p.A. has a direct 39.2% interest in CMC - Mavundla - Impregilo, which is engaged in works for the hydroelectric plant in Ingula. The Civil Work Group, which is engaged in the civil works for the Riyadh metro, is directly owned by the parent (52%) and indirectly through Salini Saudi Arabia (for a total of 66%), in which the group has a 51% interest.

The Arge Tulfes Pfons is 49% held directly by Salini Impregilo S.p.A. and is engaged in the construction of the last section of the Brenner-Innsbruck tunnel. The South Al Mutlaa was incorporated during the year and is directly held by Salini Impregilo S.p.A. (55%).

It will construct primary urbanisation works to build a new residential area in a 12 thousand hectares site located 40 km northwest of Kuwait City as part of the South Al Mutlaa Housing Project.

The above operations are governed by joint control arrangements as resolutions of the governing bodies require a unanimous vote. They are structured as separate vehicles, guaranteeing transparency of their rights and obligations with respect to Salini Impregilo S.p.A..

11. Derivatives and non-current financial assets

Non-current financial assets of €62.6 million are analysed in the following table:

(€'000)	31 December 2016	31 December 2015	Variation
Other financial assets	17,877	19,638	(1,761)
Loans and receivables - unconsolidated group companies and other related parties	19,005	19,986	(981)
Loans and receivables - third parties	25,576	28,208	(2,632)
Derivatives	156	-	156
Total	**62,614**	**67,832**	**(5,218)**

The other financial assets include unlisted guaranteed-return securities which mature after one year. They amount to €18.0 million at year end (31 December 2015: €19.6 million) and mainly comprise units in the fund financing Yuma.

Loans and receivables - unconsolidated group companies and other related parties of €19.0 million (31 December 2015, €20 million) mainly relate to loans granted to the UK associates Ochre Holding (€11.3 million) and Impregilo Wolverhampton (€0.7 milioni) and the Swiss associates CSC (€3.8 million) and CEDIV (€3.2 million), owned by Salini Costruttori S.p.A.

Loans and receivables - third parties of €25.6 million decreased by €2.6 million on 31 December 2015 and mainly include:

- €21.5 million related to the concessions of the indirect subsidiaries Corso del Popolo S.p.A. and Piscine dello Stadio S.r.l.;
- €3.7 million due from Prime System as a result of the sale of Todini during the year.

The decrease in loans and receivables - third parties is mainly due to the reclassification of amounts due before 31 December 2017 from Caminos de Las Sierras and the Cordoba provincial authorities and the recognition of the amount due from Prime System, as mentioned above.

"Derivatives" show the reporting-date fair value of the interest rate hedges.

They are broken down below:

(€'000)	31 December 2016
Interest rate swaps - Cash flow hedges	156
Total	**156**

Interest rate hedging derivatives with positive fair value and fair value gains or losses recognised in the hedging reserve

Company	Agreement date	Expiry date	Currency	Notional amoun	Fair value (€)
Lane	10/07/2016	04/08/2021	USD	40,000,000	155,931
Totale					**155,931**

12. Deferred tax assets and liabilities

Deferred tax assets and liabilities amount to €121.9 million and €108.5 million at 31 December 2016, respectively, as shown in the following table:

(€'000)	31 December 2016	31 December 2015	Variation
Deferred tax assets	121,925	64,064	57,861
Deferred tax liabilities	(108,493)	(55,857)	(52,636)

Changes in deferred tax assets and liabilities are set out below:

(€'000)	31 December 2015	Increases	Decreases	Exchange rate gains (losses)	Change in consolidation scope	Change in tax rate	Re-classifications	Other changes	31 December 2016
Deferred tax assets	227,841	28,808	(20,092)	(374)	33,508	-	-	21,739	291,430
Offsetting	(163,778)	-	-	-	-	-	-	(5,727)	(169,505)
Net deferred tax assets	**64,063**	**28,808**	**(20,092)**	**(374)**	**33,508**	**-**	**-**	**16,012**	**121,925**
Deferred tax liabilities	(219,635)	(17,745)	14,791	5,169	(35,409)	-	-	(25,169)	(277,998)
Offsetting	163,778	-	-	-	-	-	-	5,727	169,505
Net deferred tax liabilities	**(55,857)**	**(17,745)**	**14,791**	**5,169**	**(35,409)**	**-**	**-**	**(19,442)**	**(108,493)**

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively, and are netted at company level when this is allowed.

Changes in 2015 were as follows:

(€'000)	31 December 2014	Increases	Decreases	Exchange rate gains (losses)	Change in consolidation scope	Change in tax rate	Re-classifications	Other changes	31 December 2015
Deferred tax assets	215,127	149,184	(82,483)	(202)	(6,943)	(5,856)	2,266	(43,250)	227,843
Offsetting	(76,725)	621	-	-	1,648	-	(621)	(88,702)	(163,779)
Net deferred tax assets	**138,402**	**149,805**	**(82,483)**	**(202)**	**(5,295)**	**(5,856)**	**1,645**	**(131,952)**	**64,064**
Deferred tax liabilities	(157,160)	(149,722)	52,489	501	(8,251)	2,330	(1,655)	41,832	(219,636)
Offsetting	76,725	-	-	-	(1,648)	-	-	88,702	163,779
Net deferred tax liabilities	**(80,435)**	**(149,722)**	**52,489**	**501**	**(9,899)**	**2,330**	**(1,655)**	**130,534**	**(55,857)**

13. Inventories

Inventories total €270.6 million at the reporting date, as shown in the following table:

(€'000)	31 December 2016 Gross amount	Allowance	Carrying amount	31 December 2015 Gross amount	Allowance	Carrying amount	Variation
Real estate projects	22,059	(8,597)	13,462	22,085	(8,597)	13,488	(26)
Finished products and goods	3,475	-	3,475	3,448		3,448	27
Raw materials, consumables and supplies	256,225	(2,583)	253,642	252,666	(1,529)	251,137	2,505
Total	**281,759**	**(11,180)**	**270,579**	**278,199**	**(10,126)**	**268,073**	**2,506**

Real estate projects

Real estate projects amount to €13.5 million, substantially unchanged from the previous year end. They mainly relate to the real estate project of €11.6 million (net of the related allowance of €7.8 million) for the construction of a trade point in Lombardy for which a dispute is pending about the zoning provisions of the area on which the property stands.

Based also on its legal advisors' opinion, the Group deems that the carrying amount can be recovered through the real estate project or, alternatively, through recognition of the damage incurred due to non-authorisation of the zoning of the area by the competent authorities.

Finished products and goods and Raw materials, consumables and supplies

The carrying amount of these items totals €3.5 million and €253.6 million, respectively, and mainly relates to materials and goods to be used for foreign contracts, including those in Ethiopia (€125.0 million), those of Lane Industries Incorporated (€23.5 million), those in Venezuela (€17.6 million), Colombia (€9.9 million) and Nigeria (€7.6 million).

The carrying amount of raw materials, consumables and supplies is net of an allowance of €2.6 million, analysed below:

(€'000)	31 December 2015	Write-downs	Utilisations	Reversals	Other changes	Exchange rate losses	31 December 2016
Allowance - raw materials	(1,529)	(432)	1,961	399	(2,957)	(25)	(2,583)
Total	**(1,529)**	**(432)**	**1,961**	**399**	**(2,957)**	**(25)**	**(2,583)**

Changes in the prior year are shown in the next table:

(€'000)	31 December 2014	Write-downs	Utilisations	Reversals	Other changes	Exchange rate losses	31 December 2015
Allowance - raw materials	(1,553)	(814)	832	-	-	6	(1,529)
Total	**(1,553)**	**(814)**	**832**	**-**	**-**	**6**	**(1,529)**

14. Contract work in progress

Contract work in progress totals €2,367.3 million at the reporting date, up €591.5 million on the previous year-end figure. The increase includes ongoing production calculated using the most recent estimates of the current contracts' profitability.

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

(€'000)	31 December 2016	31 December 2015	Variation
Contract work in progress	34,079,424	27,960,191	6,119,233
Progress payments and advances received (on approved work)	(31,712,161)	(26,184,400)	(5,527,761)
Total	**2,367,263**	**1,775,791**	**591,472**

The most significant work in progress relates to railway work in Venezuela (€270.1 million), the hydroelectric plants in Ethiopia (€115.2 million), the high speed/capacity railway work in Italy (€187.9 million), the hydroelectric, road and civil building works in Nigeria (€64.5 million), the Copenhagen Cityringen Metro in Denmark (€297.6 million), the Doha Metro and the Al Bayt Stadium in Al Khor, Qatar (€216.7 million), the design and construction of motorways in Romania (€102.6 million), the construction of the new metro line as part of the Sydney Metro Northwest Project in Australia (€105.3 million) and work in progress in Libya (€151.2 million).

With respect to the works in Libya, the subsidiary Lidco collected contractual advances in previous years amounting to €182.6 million at the reporting date, recognised as "Advances for contract work in progress" under liabilities in the statement of financial position.

The item shows an increase over 31 December 2015 mainly due to continuation of production on the contracts in Denmark (€152.5 million, due to the Copenhagen Cityringen Metro contract), Qatar (€146.7 million, mainly referred to construction of the Al Bayt Stadium in Al Khor and the Red Line North Underground), Tajikistan (€30.1 million, relating to the construction of an hydroelectric plant), Australia (€91.0 million, to build the Sydney Metro Northwest Project - Design and Construction of Surface and Viaduct Civil Works) and the US (€41.5 million, mainly as a result of the work carried out by Lane).

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

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

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

(€'000)	31 December 2016	31 December 2015	Variation
Italy	453,529	399,625	53,904
EU (excluding Italy)	462,173	247,378	214,795
Non-EU	124,420	106,464	17,956
Asia	75,017	16,310	58,707
Middle East	284,562	115,991	168,571
Africa	458,331	546,857	(88,526)
North America	30,412	613	29,799
Latin America	373,465	328,251	45,214
Oceania	105,354	14,302	91,052
Total	**2,367,263**	**1,775,791**	**591,472**

15. Trade receivables

At 31 December 2016, trade receivables amount to €2,359.3 million, a net increase of €798.6 million compared to 31 December 2015. The item includes receivables of €155.6 million from unconsolidated group companies and other related parties.

It is analysed in the following table:

(€'000)	31 December 2016	31 December 2015	Variation
Third parties	2,203,645	1,380,098	823,547
Unconsolidated group companies and other related parties	155,628	180,585	(24,957)
Total	**2,359,273**	**1,560,683**	**798,590**

Trade receivables - third parties may be broken down as follows:

(€'000)	31 December 2016	31 December 2015	Variation
Trade receivables	2,316,580	1,479,741	836,839
Allowance for impairment	(112,935)	(99,643)	(13,292)
Total	**2,203,645**	**1,380,098**	**823,547**

The balance relates to amounts due from clients for invoices issued and for work performed and approved by clients but still to be invoiced. The net increase is mainly due to a result of the change in the consolidation scope following Lane's acquisition on 4 January 2016 (€176.1 million) and the rise in the Ethiopian branch's trade receivables (€598.5 million). The Ethiopian branch recorded a related increase in trade payables for works performed (€278.4 million). Settlement of the trade receivables and trade payables takes place concurrently on the basis of the agreements between the parties.

The item also includes €228.9 million due to Fibe by the Campania municipalities for its management services provided under contract until 15 December 2005 and the subsequent transition period (reference should be made to the "Main risk factors and uncertainties" section in the Directors' report for more information about this complicated situation and the directors' related assessments.

Retentions amount to €126 million at the reporting date compared to €87.3 million at 31 December 2015.

The allowance for impairment increased by €13.3 million to €112.9 million at the reporting date and includes impairment losses on trade receivables of €58.1 million (mostly for the Venezuelan branch, the Sierra Leone branch and the head office) and on default interest of €54.8 million (mainly related to Fibe).

Impairment losses recognised during the year totalled €20.3 million and are mainly attributable to the Venezuelan branch for delays in payments by clients, described in the paragraph on Venezuela in the section on the "Main risk factors and uncertainties" in the Directors' report.

Changes in the allowance are shown in the next table:

(€'000)	31 December 2015	Impairment losses	Utilisations	Reversals	Change in consolidation scope	Other changes	Exchange rate gains	31 December 2016
Trade receivables	43,817	20,375	(1,272)	(7,671)	2,677	(73)	278	58,130
Default interest	55,826	-	-	(1,073)	-	14	38	54,806
Total	**99,643**	**20,375**	**(1,272)**	**(8,744)**	**2,677**	**(59)**	**316**	**112,936**

Changes in the previous year are as follows:

(€'000)	31 December 2015	Impairment losses	Utilisations	Reversals	Change in consolidation scope	Other changes	Exchange rate gains	31 December 2016
Trade receivables	41,098	5,269	(6,722)	(950)	-	2,999	2,123	43,817
Default interest	59,798	86	(3,079)	-	-	(1,014)	35	55,826
Total	**100,896**	**5,355**	**(9,801)**	**(950)**	**-**	**1,985**	**2,158**	**99,643**

Trade receivables from unconsolidated group companies and other related parties decreased by €25 million to €155.6 million at 31 December 2016.

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

The balance includes €2 million equal to the Group's share of the SPEs' cash and cash equivalents. It is shown in the item "Net financial position with unconsolidated SPEs" in the schedule of the Group's net financial indebtedness.

The decrease is principally attributable to the reduction in the receivable due from the consortium company Metro Blu s.c.r.l. which is involved in constructing Line 4 of the Milan Metro.

16. Derivatives and other current financial assets

At 31 December 2016, this item of €323.4 million (31 December 2015, €312.1 million) includes the following:

(€'000)	31 December 2016	31 December 2015	Variation
Government bonds and insurance shares	6,846	2,815	4,031
Loans and receivables - third parties	138,155	164,693	(26,538)
Loans and receivables - unconsolidated group companies and related parties	178,392	144,596	33,796
Total	**323,393**	**312,104**	**11,289**

The government bonds and insurance shares amount to €6.8 million compared to €2.8 million at 31 December 2015. The item includes unlisted guaranteed-return securities with maturities of less than one year. The increase in the year is principally due to the investment in securities by the Argentine subsidiary Impregilo Healy Ute, which was awarded the Riachuelo contract in Argentina.

Loans and receivables - third parties mainly consist of:

- €67.9 million due from the CAV.TO.MI Consortium related to the amounts paid as a result of the Appeal Court ruling of 23 September 2015. The Group deems this receivable to be recoverable, also based on its legal advisors' opinion and the ongoing negotiations with the counterparty. The section on the "Main risk factors and uncertainties" in the Directors' report provides more information;

- €16.1 million, which is the current portion of the amount due from Prime System Kz Ltd for the sale of Todini Costruzioni Generali S.p.A.;

- €13.5 million due from the Romanian Ministry for Infrastructure and Transportation related to the surety enforced during the year as a result of the disputes with the customer about the Orastie-Sibiu motorway contract. The Group is confident that it will recover this amount, based also on the opinion of its legal advisors assisting it with the disputes. The section on the "Main risks and uncertainties" in the Directors' report provides more information;

- €9.6 million, relating to the subsidiary Impregilo International Infrastructures N.V., which is the current portion of the amount due for the sale of the investment in the Argentine operator Caminos de Las Sierras to the Cordoba provincial authorities (Argentina) in 2010. This amount bears interest at 9.50% and is comprised as follows:

  - the amount due from Caminos de Las Sierras, related to the loan granted by Impregilo International Infrastructures to the Argentine operator in the past, which was restructured as part of the sales agreements. The outstanding balance due within one year at the reporting date is €7.8 million;

  - the amount due from the Cordoba provincial authorities, which also refers to the sale of the investment in Caminos de Las Sierras and amounts to €1.8 million due within one year.

  To date, these amounts have been currently regularly collected in accordance with the related contractual terms.

During the second half of 2016, the Group collected €29.9 million and €18.4 million, which were outstanding at 31 December 2015 due to the surety enforced in 2014 for the delay in the Metro 6 (Chile) works and for the sale of TEEM S.p.A., respectively.

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

- €130.0 million due from Consorzio OIV Tocoma, the SPE in charge of a hydroelectric project in Venezuela;
- €14.4 million due from the owners of Salerno – Reggio Calabria S.c.p.A and Cociv Consortium;
- €6.0 million due from Salini Costruttori S.p.A., principally relating to its participation in the VAT consolidation scheme. At 31 December 2015, this item amounted to €14.5 million;
- €4.3 million due from the SPE Linea M4 S.p.A. for the loan granted to it in January 2016; this SPE was set up to design, build, maintain and operate the M4 line of the Milan metro under concession from the Milan municipality and to provide the related public service.

17. Current tax assets and other current tax assets

Current tax assets amount to €136.0 million as follows:

(€'000)	31 December 2016	31 December 2015	Variation
Direct taxes	53,118	56,387	(3,269)
IRAP	957	863	94
Foreign direct taxes	81,912	57,327	24,585
Total	**135,987**	**114,577**	**21,410**

The 31 December 2016 balance mainly consists of:

- direct tax assets for excess taxes paid in previous years, which the Group has correctly claimed for reimbursement and which bear interest;
- foreign direct tax assets for excess taxes paid abroad by the foreign group companies which will be recovered as per the relevant legislation.

Other current tax assets increased by €3.9 million to €146.5 million at the reporting date as follows:

(€'000)	31 December 2016	31 December 2015	Variation
VAT	129,590	107,035	22,555
Other indirect taxes	16,913	35,617	(18,704)
Total	**146,503**	**142,652**	**3,851**

VAT assets include €93.7 million due from the Italian taxation authorities and €35.9 million from foreign taxation authorities.

18. Other current assets

Other current assets of €591.3 million show an increase of €72.6 million on the previous year end and may be analysed as follows:

(€'000)	31 December 2016	31 December 2015	Variation
Other	275,177	217,636	57,541
Advances to suppliers	197,414	179,268	18,146
Other - unconsolidated group companies and other related parties	35,623	33,882	1,741
Prepayments and accrued income	83,057	87,856	(4,799)
Total	**591,271**	**518,642**	**72,629**

"Other" increased by €57.5 million, mainly due to the different consolidation scope following acquisition of Lane and the larger amounts due from the Group's partners.

Specifically, they include:

- €71.4 million (substantially unchanged from 31 December 2015) due from the public bodies involved in managing the waste emergency in Campania to Fibe. The section on the "USW Campania projects" and related assessments in the section of the Directors' report on the "Main risk factors and uncertainties" provides more information about these projects;

- €37.2 million due from the Argentine Republic as compensation for damage following the favourable award issued on 21 June 2011 and confirmed by the Buenos Aires Arbitration Tribunal on 24 January 2014. This award settled the proceedings commenced by the shareholders of the investee Aguas del Buenos Aires S.A. in liquidation (operator) against the Argentine Republic;

- €55.5 million due from some of the Group's partners of joint ventures around the world, mainly for the works for the housing project in South Al Mutlaa (Kuwait) and hydroelectric works in South Africa;

- €22.1 million related to Lane mainly for insurance policies taken out for key management personnel and a new project being developed in Qatar.

Advances to suppliers increased by €18.1 million over 31 December 2015, due to the advances made for the Tajikistani contract for the construction of a new hydroelectric power plant and the Australian contract for the construction of a railway line in Perth. They were partially offset by the use of advances made in previous years for the metro lines in Copenhagen, Denmark and Doha, Qatar, as well as for road works in Colombia.

Other - unconsolidated group companies and other related parties increased by €1.7 million to €35.6 million, as a result of a reduction in the amount due from OIV Tocoma Consortium, offset by an increase in the amount due from the Argentine investee engaged in the construction of two prisons in the Buenos Aires area.

Prepayments and accrued income of €83.1 million show a decrease of €4.8 million on 31 December 2015. The item mainly consists of insurance premiums, commissions on sureties and other contract costs which will be recognised in profit or loss in future periods based on the stage of completion of the related contracts. The decrease, shown in the following table, is mainly due to the Riyadh Metro Line 3 contract in Saudia Arabia, partly offset by the increase generated by the Australian works on the railway line and Lane's new contracts in America.

This item is summarised in the following table:

(€'000)	31 December 2016	31 December 2015	Variation
Accrued income:			
- Other	409	301	108
Total accrued income	**409**	**301**	**108**
Prepayments:			
- Insurance	43,912	41,024	2,888
- Sureties	5,722	6,180	(458)
- Other contract costs	33,014	40,351	(7,337)
Total prepayments	**82,648**	**87,555**	**(4,907)**
Total	**83,057**	**87,856**	**(4,799)**

19. Cash and cash equivalents

At 31 December 2016, cash and cash equivalents amount to €1,602.7 million, up by €191.9 million, as shown below:

(€'000)	31 December 2016	31 December 2015	Variation
Cash and cash equivalents	1,602,721	1,410,775	191,946

A breakdown by geographical segment is as follows:

(€'000)	31 December 2016	31 December 2015	Variation
Italy	259,273	253,922	5,351
EU (excluding Italy)	101,865	138,975	(37,110)
Non-EU	15,569	26,715	(11,146)
Asia	42,281	33,388	8,893
Middle East	790,000	771,495	18,505
Africa	116,037	65,808	50,229
North America	160,487	45,044	115,443
Latin America	71,209	47,051	24,158
Oceania	46,000	28,377	17,623
Total	**1,602,721**	**1,410,775**	**191,946**

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

The statement of cash flows shows the reason for the increase in the item and changes in current account facilities (Note 22).

Imprepar's deposits include €5.5 million collected by it on behalf of third parties. Parking Glasgow's cash and cash equivalents are tied to specific claims for €0.5 million.

At the reporting date, the cash and cash equivalents attributable to non-controlling interests of the consolidated SPEs amount to €210.5 million and mainly refer to the Red Line North Underground and the Al Bayt Stadium in Al Khor, Qatar.

20. Non-current assets (liabilities) held for sale and discontinued operations and profit from discontinued operations

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

(€'000)	31 December 2016	31 December 2015	Variation
Non-current assets held for sale	6,032	147,606	(141,574)
Liabilities directly associated with non-current assets held for sale	-	(106,012)	106,012
Total	**6,032**	**41,594**	**(35,562)**

The €35.6 million reduction in this caption is due to the sale of Todini Costruzioni Generali to Prime System Kz Ltd on 4 April 2016.

A breakdown of this item is as follows:

31 December 2016 (€'000)	Business unit B Todini	Business unit A HCE (*)	USW Campania	Total
Non-current assets	348	-	5,683	6,032
Non-current assets held for sale	**348**	**-**	**5,683**	**6,032**

31 December 2015 (€'000)	Business unit B Todini	Business unit A HCE (*)	USW Campania	Total
Non-current assets	31,746	545	5,683	37,974
Current assets	80,330	29,302	-	109,632
Non-current assets held for sale	**112,076**	**29,847**	**5,683**	**147,606**
Non-current liabilities	(30,485)	-	-	(30,485)
Current liabilities	(45,679)	(29,849)	-	(75,528)
Liabilities directly associated with non-current assets held for sale	**(76,164)**	**(29,849)**	**-**	**(106,013)**
Total	**35,912**	**(2)**	**5,683**	**41,593**
- including net financial indebtedness	*(7,274)*	*(11,665)*	*-*	*(18,939)*

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

The loss from discontinued operations in 2016 and 2015 is analysed in the following tables:

2016 (€'000)	Business unit B Todini	I INT IN.	USW Campania	Total
Revenue				
Operating revenue	17,359	-	-	17,359
Other revenue	1,522	-	-	1,522
Total	**18,881**	**-**	**-**	**18,881**
Costs				
Costi per servizi	-	-	(1,072)	(1,072)
Other operating expenses	(701)	-	-	(701)
Personnel expense	(17,321)	-	-	(17,321)
Total costs	**(18,022)**	**-**	**(1,072)**	**(19,094)**
Operating profit (loss)	**859**	**-**	**(1,072)**	**(213)**
Financing income (costs) and gains (losses) on equity investments				
Financial income	994	-	-	994
Financial expense	(14,890)	-	-	(14,890)
Net financing costs	(13,896)	-	-	(13,896)
Net financing costs and net gains (losses) on equity investments	**(13,896)**	**-**	**-**	**(13,896)**
Loss before tax	**(13,037)**	**-**	**(1,072)**	**(14,109)**
Income tax expense	-	(6,555)	-	(6,555)
Loss from discontinued operations	**(13,037)**	**(6,555)**	**(1,072)**	**(20,664)**

2015 (€'000)	Business unit B Todini	USW Campania	Total
Revenue			
Operating revenue	179,328	-	179,328
Other revenue	13,363	-	13,363
Total	**192,692**	**-**	**192,692**
Costs			
Raw materials and consumables	(46,536)	-	(46,536)
Subcontracts	(75,946)	-	(75,946)
Services	(24,396)	(542)	(24,938)
Personnel expense	(2,328)	-	(2,328)
Other operating expenses	(16,926)	-	(16,926)
Amortisation, depreciation, provisions and impairment losses	(31,931)	(4,505)	(36,436)
Total costs	**(198,063)**	**(5,047)**	**(203,110)**
Operating loss	**(5,371)**	**(5,047)**	**(10,418)**
Financing income (costs) and gains (losses) on equity investments			
Financial income	28	-	28
Financial expense	(22)	-	(22)
Net exchange rate gains	2,870	-	2,870
Net financing income	2,876	-	2,876
Net gains on equity investments	1	-	1
Net financing income and net gains on equity investments	**2,877**	**-**	**2,877**
Loss before tax	**(2,494)**	**(5,047)**	**(7,541)**
Income tax expense	(3,149)	-	(3,149)
Loss from discontinued operations	**(5,643)**	**(5,047)**	**(10,690)**

21. Equity

Equity increased to €1,361.3 million at 31 December 2016 from €1,216.9 million at the end of 2015 as follows:

(€'000)	31 December 2016	31 December 2015	Variation
Equity attributable to the owners of the parent			
Share capital	544,740	544,740	-
Share premium reserve	120,798	120,798	-
- Legal reserve	103,321	101,535	1,786
- Reserve for share capital increase related charges	(3,970)	(3,970)	-
- Reserve for treasury shares	(7,677)	(7,677)	-
- LTI reserve	4,241	139	4,102
- Extraordinary and other reserves	136	136	-
Total other reserves	96,051	90,163	5,888
Other comprehensive income (expense)			
- Translation reserve	48,529	(11,194)	59,723
- Hedging reserve	(533)	(8,085)	7,552
- Actuarial reserve	(909)	(5,273)	4,364
Total other comprehensive income (expense)	47,087	(24,552)	71,639
Retained earnings	336,406	324,259	12,147
Profit for the year	59,921	60,592	(671)
Equity attributable to the owners of the parent	**1,205,003**	**1,116,000**	**89,003**
Share capital and reserves attributable to non-controlling interests	116,733	79,221	37,512
Profit for the year attributable to non-controlling interests	39,593	21,639	17,954
Share capital and reserves attributable to non-controlling interests	156,326	100,860	55,466
Total equity	**1,361,329**	**1,216,860**	**144,469**

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

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

At 31 December 2016, the parent's fully paid-up share capital amounts to €544,740,000. It comprises 493,798,182 shares, including 492,172,691 ordinary shares and 1,615,491 savings shares, all without a nominal amount.

Savings shares issued pursuant to the law do not carry voting rights, have preference dividend and capital repayment rights and can be bearer shares, subject to the provisions of article 2354.2 of the Italian Civil Code. Upon the shareholder's requests and at their own expense, they can be converted into registered shares and vice versa. Savings shares held by directors, statutory auditors and CEOs are registered. Except when the parent's by-laws or relevant legislation provide for otherwise, savings shares give the holders the same rights as those of ordinary shares.

Holders of savings shares do not have the right to attend the parent's shareholders' meetings or to request that they are called. The special savings shareholders' meeting is regulated by law. When reserves are distributed, the savings shares have the same rights as ordinary shares.

Upon dissolution of the parent, savings shares bear preference rights to capital repayment, up to €5.2 per share. When shares are grouped or split (as well as when capital transactions are carried out and as necessary in order to protect the savings shareholders' rights in the case the shares have nominal value), the above fixed amount shall be adjusted accordingly.

Profit for the year as per the financial statements is allocated as follows:

a) 5% to the legal reserve, up to the legally-required amount;

b) to savings shares, to the extent of 5% of €5.2 per share (i.e., €0.26 per share). If a dividend lower than 5% of €5.2 per share (i.e., €0.26 per share) is paid one year, the difference is taken as an increase in the preferred dividend of the following two years;

c) the residual amount, to all shareholders in such a way as to allocate to savings shares a total dividend which is 2% of €5.2 per share (i.e., €0.104 per share) greater than that distributed to ordinary shares, except when the shareholders decide to allocate an amount to the extraordinary reserves or for other uses.

The reserve for treasury shares is unchanged from 31 December 2015. The Group launched the repurchase programme on 6 October 2014 and has bought back 3,104,377 shares for €7,676,914.46.

The LTI (long term incentive plan) reserve shows the fair value of €4.2 million of this plan rolled out in 2015. The section on the accounting policies describes how the reserve is treated. The following table provides a breakdown of the reserve:

(Euro)	No, of shares	Amount	Start date	End date	Average price	Fair value
Chief executive officer	569,573	2,198,551.78	17/12/2015	30/4/2018	3.8600	965,837.78
Key management personnel	983,286	3,803,350.25	22/12/2015	30/4/2018	3.8680	1,658,437.61
Other managers	958,732	3,708,375.38	22/12/2015	30/4/2018	3.8680	1,617,024.15
Total	**2,511,591**	**9,710,277.41**				**4,241,299.54**

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

(€'000)	2016	2015
Opening balance	(11,194)	15,575
Reclassification to profit or loss	13,171	-
Equity-accounted investees	1,511	228
Increase (decrease)	45,041	(26,997)
Total changes	59,723	(26,769)
Closing balance	**48,529**	**(11,194)**

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

(€'000)	2016	2015
Opening balance	(8,085)	1,987
Reclassification of fair value gains/losses on settled transactions to profit or loss	522	583
Net fair value losses	(3,490)	(10,113)
Change in consolidation scope	628	-
Net exchange rate losses and other changes	9,920	(299)
Net losses for equity-accounted investees	(28)	(243)
Total changes	7,552	(10,072)
Closing balance	**(533)**	**(8,085)**

The actuarial reserve underwent the following changes:

(€'000)	2016	2015
Opening balance	(5,273)	(5,447)
Reclassifications	-	744
Net actuarial gains (losses) recognised in OCI	4,364	(570)
Closing balance	**(909)**	**(5,273)**

Retained earnings

This item may be analysed as follows:

(€'000)	2016	2015
Opening balance	324,259	249,988
Allocation of profit	58,806	92,237
Dividend distribution	(19,983)	(19,983)
Reclassifications	-	(651)
Change in consolidation scope	(26,676)	2,668
Closing balance	**336,406**	**324,259**

Share capital and reserves attributable to non-controlling interests

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

(€'000)	2016	2015
Opening balance	100,860	76,513
Capital increase (decrease)	(73)	11,295
Profit attributable to non-controlling interests	39,594	21,639
Dividend distribution to non-controlling interests	(23,672)	(2,938)
Change in consolidation scope	35,562	(4,306)
Other changes	524	-
Comprehensive expense	3,531	(1,343)
Closing balance	**156,326**	**100,860**

At the reporting date, the Group's significant not wholly owned subsidiaries are:

(€m)	Head office	Business	% of ordinary shares held directly by the parent	% of ordinary shares held by the Group	% of ordinary shares held by non-controlling investors	% of preference shares held by the Group	Non-controlling interests
Salerno-Reggio Calabria S.c.p.A.	Italy	Construction	51%	51%	49%	0%	24.5
Reggio Calabria - Scilla S.c.p.A.	Italy	Construction	51%	51%	49%	0%	17.1
Società Autostrada Broni - Mortara S.p.A. (SA.BRO.M)	Italy	Concessions	60%	60%	40%	0%	10.9
Impregilo-SK E&C-Galfar al Misnad JV	Qatar	Construction	41.25%	41.25%	58.75%	0%	19.4
Lane Industries Incorporated (*)	USA	Construction	100%	100%	n.a.	0%	14.7
Salini Saudi Arabia	Saudi Arabia	Construction	51%	51%	49%	0%	30.4
Other							39.3
Total non-controlling interests							**156.3**

(*) Lane Group has interests in joint operations, mainly Lane-Ds-Ns Consortium (€4.2 million), Lane Corman (€3.3 million), Lane Abrams (€3.8 million) and Lane-National Contracting Jv (Sharjah) (€2.1 million).

A complete list of not wholly-owned subsidiaries is given in the “Consolidation scope” table at the end of these notes.

Summary of financial information of subsidiaries with significant non-controlling interests

Access to the assets of Italian law consortia and consortium companies and foreign SPES and the possibility of using them to settle the Group’s liabilities is generally subject to approval by qualified majorities of the members, in order to protect the operating requirements of their contracts.

The following table summarises the financial information of each company in which the Group has an investment that has significant non-controlling interests:

Salerno-Reggio Calabria S.c.p.A. (€’000)	31 December 2016	31 December 2015	Variation
Statement of financial position			
Assets			
Non-current assets	66	179	(113)
Current assets	247,184	277,753	(30,569)
Total assets	**247,250**	**277,932**	**(30,682)**
Equity and liabilities			
Equity	50,000	50,000	-
Non-current liabilities	17	20	(3)
Current liabilities	197,233	227,912	(30,679)
Total equity and liabilities	**247,250**	**277,932**	**(30,682)**
Income statement	**2016**	**2015**	**Variation**
Revenue	18,567	38,070	(19,503)
Profit before tax	130	459	(329)
Income taxes	(130)	(391)	261
Profitfor the year	**-**	**67**	**(67)**
Comprehensive income	**-**	**68**	**(68)**
Comprehensive income attributable to non-controlling interests	**-**	**33**	**(33)**
Statement of cash flows			**2016**
Net cash flows used in operating activities			(12,479)
Net cash flows used in financing activities			(1,940)
Net increase in cash and cash equivalents and current account overdrafts			**(14,419)**
Opening cash and cash equivalents and current account overdrafts			**25,040**
Closing cash and cash equivalents and current account overdrafts			**10,621**

Reggio Calabria - Scilla S.c.p.A. (€'000)	31 December 2016	31 December 2015	Variation
Statement of financial position			
Assets			
Non-current assets	89	499	(410)
Current assets	123,796	130,760	(6,964)
Total assets	**123,885**	**131,259**	**(7,374)**
Equity and liabilities			
Equity	35,000	35,000	-
Non-current liabilities	299	374	(75)
Current liabilities	88,587	95,885	(7,298)
Total equity and liabilities	**123,886**	**131,259**	**(7,373)**
Income statement	**2016**	**2015**	**Variation**
Revenue	14,963	34,940	(19,977)
Profit before tax	371	262	109
Income taxes	(371)	(262)	(109)
Profit for the year	-	-	-
Comprehensive income	-	-	-
Comprehensive income attributable to non-controlling interests	-	-	-
Statement of cash flows			**2016**
Net cash flows used in operating activities			(19,093)
Net cash flows used in investing activities			(251)
Net cash flows used in financing activities			8,065
Net increase in cash and cash equivalents and current account overdrafts			**(11,279)**
Opening cash and cash equivalents and current account overdrafts			**16,732**
Closing cash and cash equivalents and current account overdrafts			**5,453**

Società Autostrada Broni - Mortara S.p.A. (€'000)	31 December 2016	31 December 2015	Variation
Statement of financial position			
Assets			
Non-current assets	44,229	43,491	738
Current assets	2,127	5,044	(2,917)
Total assets	**46,356**	**48,535**	**(2,179)**
Equity and liabilities			
Equity	27,099	27,128	(29)
Non-current liabilities	19,257	21,407	(2,150)
Total equity and liabilities	**46,356**	**48,535**	**(2,179)**
Income statement	**2016**	**2015**	**Variation**
Revenue	1	1	-
Profit before tax	(55)	(393)	338
Income taxes	25	126	(101)
Profit for the year	**(30)**	**(267)**	**237**
Comprehensive income	**(30)**	**(267)**	**237**
Comprehensive income attributable to non-controlling interests	**(12)**	**(107)**	**95**
Statement of cash flows			**2016**
Net cash flows used in operating activities			(651)
Net cash flows used in financing activities			(2,107)
Net increase in cash and cash equivalents and current account overdrafts			**(2,758)**
Opening cash and cash equivalents and current account overdrafts			**3,552**
Closing cash and cash equivalents and current account overdrafts			**794**

Salini-Kolin-GCF joint venture (Turkey) (€'000)	31 December 2016	31 December 2015	Variation
Statement of financial position			
Assets			
Non-current assets	82	121	(39)
Current assets	13,826	45,902	(32,076)
Total assets	**13,908**	**46,023**	**(32,115)**
Equity and liabilities			
Equity	4	19,202	(19,198)
Non-current liabilities	-	3,038	(3,038)
Current liabilities	13,904	23,783	(9,879)
Total equity and liabilities	**13,908**	**46,023**	**(32,115)**
Income statement	**2016**	**2015**	**Variation**
Revenue	3,145	13,925	(10,780)
Profit before tax	(567)	7,438	(8,005)
Income taxes	3,038	-	3,038
Profitfor the year	**2,471**	**7,438**	**(4,967)**
Other comprehensive income	390	103	287
Comprehensive income	**2,861**	**7,541**	**(4,680)**
Comprehensive income attributable to non-controlling interests	**1,774**	**4,675**	**(2,901)**
Dividends paid to non-controlling interests	**13,676**	**-**	**13,676**
Statement of cash flows			**2016**
Net cash flows used in operating activities			5,772
Net cash flows used in investing activities			(3)
Net cash flows used in financing activities			(19,979)
Net increase in cash and cash equivalents and current account overdrafts			**(14,210)**
Opening cash and cash equivalents and current account overdrafts			**15,573**
Closing cash and cash equivalents and current account overdrafts			**1,363**

Impregilo-SK E&C-Galfar al Misnad J.V. (Qatar) (€'000)	31 December 2016	31 December 2015	Variazione
Statement of financial position			
Assets			
Non-current assets	41,872	74,993	(33,121)
Current assets	294,908	171,645	123,263
Total assets	**336,780**	**246,638**	**90,142**
Equity and liabilities			
Equity	33,060	24,632	8,428
Non-current liabilities	2,276	-	2,276
Current liabilities	301,443	222,006	79,437
Total equity and liabilities	**336,779**	**246,638**	**90,141**
Income statement	**2016**	**2015**	**Variation**
Revenue	427,427	339,719	87,708
Profit before tax	7,257	13,852	(6,595)
Profitfor the year	**7,257**	**13,852**	**(6,595)**
Other comprehensive income	1,172	865	307
Comprehensive income	**8,429**	**14,717**	**(6,288)**
Comprehensive income attributable to non-controlling interests	**4,952**	**8,646**	**(3,694)**
Statement of cash flows			**2016**
Net cash flows used in operating activities			6,313
Net cash flows generated by investing activities			8,213
Net cash flows used in financing activities			42,204
Net increase in cash and cash equivalents and current account overdrafts			**56,730**
Opening cash and cash equivalents and current account overdrafts			**94,219**
Closing cash and cash equivalents and current account overdrafts			**150,949**

Salini Saudi Arabia Ltd Co (€'000)	31 December 2016	31 December 2015	Variation
Statement of financial position			
Assets			
Non-current assets	6,234	-	6,234
Current assets	167,316	-	167,316
Total assets	**173,550**	**-**	**173,550**
Equity and liabilities			
Equity	46,129	-	46,129
Non-current liabilities	32	-	32
Current liabilities	127,389	-	127,389
Total equity and liabilities	**173,550**	**-**	**173,550**
Income statement	**2016**	**2015**	**Variation**
Revenue	30,056	-	30,056
Profit before tax	8,284	-	8,284
Income taxes	(1,086)	-	(1,086)
Profit for the year	**7,198**	**-**	**7,198**
Other comprehensive income	581	-	581
Comprehensive income	**7,779**	**-**	**7,779**
Comprehensive income attributable to non-controlling interests	**3,812**	**-**	**3,812**
Statement of cash flows			**2016**
Net cash flows generated by operating activities			37,726
Net cash flows used in investing activities			(2,844)
Net cash flows generated by financing activities			84,252
Net increase in cash and cash equivalents and current account overdrafts			**119,134**
Closing cash and cash equivalents and current account overdrafts			**119,134**

Reconciliation between equity and profit of Salini Impregilo S.p.A. with consolidated equity and consolidated profit

The following table shows the reconciliation of equity and profit of the parent with

(€'000)	Equity	Profit for the year
Equity and profit for the year of Salini Impregilo S.p.A.	**1,007,428**	**64,603**
Elimination of consolidated investments	(1,053,278)	34,127
Elimination of the provision for risks on equity investments	57,660	83,233
Equity and profit or loss of consolidated companies	1,132,712	(68,796)
Other consolidation entries		
Elimination of dividends of consolidated entities	-	(44,082)
Other consolidation entries	23	363
Gains (losses) on intragroup sales	(4,229)	2,256
Purchase Price Allocation	20,600	(185)
Unrealised net exchange rate gains (losses)	500	(8,255)
Tax effects	19,865	(3,589)
Elimination of national tax consolidation system effects	23,723	248
Equity and profit for the year attributable to the owners of the parent	**1,205,004**	**59,923**
Equity and profit for the year attributable to non-controlling interests	156,325	39,592
Consolidated equity and profit for the year	**1,361,329**	**99,515**

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

Bank and other loans and borrowings decreased by €19.4 million over 31 December 2015 to €1,265.0 million at year end, as summarised below:

(€'000)	31 December 2016	31 December 2015	Variation
Non-current portion			
- Bank and other loans and borrowings	866,361	745,554	120,807
Current portion			
- Current account facilities and other loans	398,589	538,802	(140,213)
Total	**1,264,950**	**1,284,356**	**(19,406)**

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

(€'000)	31 December 2016 Non-current	31 December 2016 Current	31 December 2016 Total	31 December 2015 Non-current	31 December 2015 Current	31 December 2015 Total
Bank corporate loans	753,740	45,031	798,771	667,328	202,733	870,061
Bank constructions loans	82,056	88,886	170,942	38,954	76,520	115,474
Bank concession financing	22,253	19,337	41,590	24,776	21,301	46,077
Financing and loans of companies in liquidation	2,136	-	2,136	2,136	-	2,136
Other financing	5,827	11,937	17,764	7,782	53,036	60,818
Total bank and other loans and borrowings	**866,012**	**165,191**	**1,031,203**	**740,976**	**353,590**	**1,094,566**
Current account facilities	-	51,297	51,297	-	115,615	115,615
Factoring liabilities	349	123,207	123,556	944	58,763	59,707
Loans and borrowings - unconsolidated group companies	-	58,894	58,894	3,634	10,834	14,468
Total	**866,361**	**398,589**	**1,264,950**	**745,554**	**538,802**	**1,284,356**

Bank corporate loans

Bank corporate loans amount to €798.8 million at the reporting date (31 December 2015: €870.1 million) and refer to the parent.

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

The main conditions of the bank corporate loans in place at 31 December 2016 are as follows:

	Company	Interest rate	Expiry date	Note
Bank syndicate - Refinancing Facility A	Salini Impregilo	Euribor	2019	(1)
Bank syndicate - Refinancing Facility B	Salini Impregilo	Euribor	2020	(1)
Banca Popolare dell'Emilia Romagna	Salini Impregilo	Euribor	2019	
Monte dei Paschi di Siena	Salini Impregilo	Fixed	2019	(1)
Banca Popolare di Bergamo	Salini Impregilo	Fixed	2019	
Banca Popolare di Milano	Salini Impregilo	Euribor	2021	(1)
Banca IMI (€102 million)	Salini Impregilo	Euribor	2021	(1)
Banca IMI (€150 million)	Salini Impregilo	Euribor	2020	(1)
Banca del Mezzogiorno	Salini Impregilo	Euribor	2017	

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

During the year, the Group negotiated loans with Banca IMI (€150.0 million and €102.0 million), Monte dei Paschi di Siena (€70.0 million), Banca Popolare di Milano (€50 million) and Banca Popolare di Bergamo (€40.0 million).

The Banca IMI loan of €400.0 million agreed in January 2016 was taken out to acquire Lane Group and the Group repaid it in full after the bond issue described in Note 23.

The non-current portion of the above loans will be repaid at their contractual maturity, based on the following time bands:

(€'000)	Company	Country	Total non-current portion	Due after 13 months but within 24 months	Due after 25 months but within 60 months	Due after 60 months
Banca IMI Refinancing (Facility B)	Salini Impregilo	Italy	162,640	-	162,640	-
Banca IMI (€150 million)	Salini Impregilo	Italy	148,468	-	148,468	-
Banca IMI Refinancing (Facility A)	Salini Impregilo	Italy	126,212	123,440	2,772	-
Banca IMI (€102 million)	Salini Impregilo	Italy	91,630	20,420	71,210	-
Monte dei Paschi di Siena	Salini Impregilo	Italy	119,543	-	119,543	-
Banca Poplare di Milano	Salini Impregilo	Italy	40,344	9,754	30,590	-
Banca Popolare di Bergamo	Salini Impregilo	Italy	39,904	-	39,904	-
BPER	Salini Impregilo	Italy	25,000	12,500	12,500	-
Total			**753,740**	**166,115**	**587,626**	**-**

The fair value of the bank corporate loans, measured as set out in the "Accounting policies" section, is €821.2 million.

Bank construction loans

Construction loans of €170.9 million at 31 December 2016 mainly relate to the contracts in Colombia (€34.3 million), North America (€53.4 million), the Metro B1 contract (€19.9 million) and the contracts in Nigeria (€5.9 million).

The rise is mostly due to the increase recorded for Lane's contracts (€53.4 million) and those in Colombia (€47.6 million) and the decrease on the subsidiary HCE's projects (€10.9 million), the projects in the United Arab Emirates (€10.3 million) and Morocco (€5.9 million).

The conditions of the main construction loans in place at year end may be summarised as follows:

	Company	Country	Interest rate	Expiry date
Banco de Bogotà	Consorzio OHL	Colombia	DTF	2017
Banco Stato del Ticino	CSC	Switzerland	Fixed	2017
UniCredit	Lane Industries	USA	Prime	2021
Doha Bank S.A.	Lane Industries	Qatar	Fixed	2017
Skye Bank	Salini Nigeria	Nigeria	Fixed	2017
Banco de Bogotà	Ariguani	Colombia	IBR	2017
Banca del Mezzogiorno	Metro B1	Italy	Euribor	2019

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

The non-current portion of the above construction loans will be repaid at its contractual maturity, based on the following time bands:

(€'000)	Company	Country	Total non-current portion	Due after 13 months but within 24 months	Due after 25 months but within 60 months	Due after 60 months
Various banks	Lane Industries		33,906	10,189	23,717	-
Various banks	Ancipa	Italy	20,505	20,505	-	-
Banca del Mezzogiorno	Metro B1	Italy	19,895	19,895	-	-
Various banks	Pietrarossa	Italy	6,506	6,506	-	-
Various banks	Diga di Ancipa	Italy	1,232	1,232	-	-
Various banks	Venezuelan branch	Venezuela	12	11	-	-
Total			**82,056**	**58,339**	**23,717**	**-**

The fair value of the construction loans, measured as set out in the "Accounting policies" section, is €171.0 million.

Bank concession financing

At 31 December 2016, bank concession financing amounts to €41.59 million and refers to the Piscine dello Stadio, Corso del Popolo and Parking Glasgow concessions and the Broni-Mortara (SA.BRO.M.) motorway concession.

(€'000)	Company	Currency	Country	31 December 2016 Total loans	Current	Non-current	31 December 2015 Total loans	Current	Non-current
UniCredit	S.A.BRO.M	Euro	Italy	18,152	18,152		20,160	20,160	-
Royal Bank of Scotland	Impregilo Parking Glasgow	Sterling	UK	8,500	363	8,137	10,280	364	9,916
Monte dei Paschi di Siena	Corso del Popolo S.p.A.	Euro	Italy	8,337	529	7,808	8,828	491	8,337
Credito Sportivo	Piscine dello Stadio S.r.l.	Euro	Italy	6,601	293	6,308	6,808	286	6,523
Total				**41,590**	**19,337**	**22,253**	**46,076**	**21,301**	**24,776**

The outstanding financing from Royal Bank of Scotland is included in the construction loans category and is secured by the revenue flows arising from the activities carried out under the related concessions. An interest rate hedge has been agreed for this financing (see Note 25).

The financing agreement includes a number of covenants, all of which the operator had complied with at the reporting date.

The main conditions of the bank concession financing in place at 31 December 2016 are as follows:

	Company	Country	Interest rate	Expiry date
Royal Bank of Scotland	Impregilo Parking Glasgow	GB	Libor	2029
Monte dei Paschi di Siena	Corso del Popolo S.p.A.	Italy	Euribor	2028
Credito Sportivo	Piscine dello Stadio	Italy	IRS	2035
UniCredit	SA.BRO.M.	Italy	Euribor	2017

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

The non-current portion of the above bank concession financing will be repaid at their contractual maturity, based on the following time bands:

(€'000)	Company	Country	Total non-current portion	Due after 13 months but within 24 months	Due after 25 months but within 60 months	Due after 60 months
Royal Bank of Scotland	Impregilo Parking Glasgow	UK	8,137	419	1,381	6,337
Monte dei Paschi di Siena	Corso del Popolo S.p.A.	Italy	7,808	568	1,563	5,676
Credito Sportivo	Piscine dello Stadio S.r.l.	Italy	6,308	229	1,043	5,036
Total			**22,253**	**1,217**	**3,987**	**17,049**

The fair value of the concession financing, measured as set out in the "Accounting policies" section, is €41.2 million.

Financing and loans of companies in liquidation

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

Other financing

This item may be analysed as follows:

			31 December 2016			31 December 2015		
(€'000)	Company	Country	Total other financing	Current	Non-current	Total other financing	Current	Non-current
Cat Finance	Salini Impregilo	Italy	6,977	4,096	2,882	11,996	5,057	6,938
Various	HCE	Italy	3,321	822	2,499	667	193	475
Various	Lane Industries	USA	2,585	2,480	105	-	-	-
Various	Salini Impregilo	Italy	1,677	1,677	-	-	-	-
Various	Ariguani	Colombia	974	974	-	869	869	-
Various	ANM	Riyadh	772	772	-	948	948	-
Bunte	Salini Impregilo	Italy	559	559	-	-	-	-
Various	Imprepar	Italy	393	393	-	413	413	-
Various	Pietrarossa	Italy	343	-	343	343	-	343
Various	Lec Consortium	Libya	113	113	-	150	150	-
Cat Finance	Co.Ge.Ma.	Italy	26	26	-	84	59	25
Various	Inc Algerie	Algeria	22	22	-	-	-	-
Various	Salini Impregilo - Argentine branch	Argentina	5	5	-	-	-	-
Nesma Riyad	Salini Impregilo	Italy	-	-	-	25,076	25,076	-
Bethar Al Amal	Salini Impregilo	Italy	-	-	-	15,303	15,303	-
Sace	Salini Namibia	Namibia	-	-	-	4,112	4,112	-
AFCO	Salini Impregilo - Healy Parsons	Cleveland	-	-	-	841	841	-
Various	Nepalese branch	Nepal	-	-	-	15	15	-
Total			**17,766**	**11,937**	**5,829**	**60,818**	**53,036**	**7,782**

The conditions of the main existing financing may be summarised as follows:

	Company	Country	Interest rate	Expiry date
CAT Finance	Salini Impregilo	Italy	Fixed rate	2019
CAT Finance	Co.Ge.Ma.	Italy	Fixed rate	2019

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

The non-current portion of the above other financing will be repaid at its contractual maturity, based on the following time bands:

(€'000)	Company	Country	Total non-current portion	Due after 13 months but within 24 months	Due after 25 months but within 60 months	Due after 60 months
Cat Finance	Salini Impregilo	Italy	2,882	1,577	1,304	
Cat Finance	Todini	Italy	2,499	690	1,809	
Various banks	Pietrarossa	Italy	343	343		
Various banks	Lane Industries	USA	105	105		
Total			**5,829**	**2,715**	**3,113**	**-**

The fair value of the other financing, measured as set out in the "Accounting policies" section, is €17.9 million.

Current account facilities

Current account facilities decreased by €64.3 million to €51.3 million at the reporting date. The decrease mainly refers to the smaller bank overdrafts of the parent (€37.7 million), the subsidiaries Salini Nigeria (€9.8 million), HCE (€9.1 million), Corso del Popolo S.p.A. (€4.5 million) and Piscine dello Stadio S.c.a.r.l. (€1.9 million).

Factoring liabilities

(€'000)	31 December 2016	31 December 2015	Variation
Salini Impregilo S.p.A. (SACE Factoring S.p.A.)	53,794	43,776	10,018
Impregilo-SK E&C-Galfar al Misnad JV (SACE Factoring S.p.A.)	42,205	-	42,205
Salini Namibia PTY (SACE Factoring S.p.A.)	14,893	-	14,893
Ethiopian Branch (Factorit)	9,957	14,553	(4,596)
Salini Impregilo S.p.A. (UniCredit Pro-soluto)	2,176	-	2,176
Venezuelan Branch (various)	349	944	(595)
Sierra Leone Branch (Factorit)	160	433	(273)
CMT (SACE Factoring S.p.A.)	15	-	15
JV Mukorsi (Factorit)	8	-	8
Total	**123,557**	**59,706**	**63,851**

Factoring liabilities related to the factoring of receivables and increased by €63.8 million, mainly due to the factoring of receivables by the subsidiary Impregilo-SK E&C-Galfar al Misnad J.V. during the second half of the year (€42.2 million) and the increase in the parent's liabilities to SACE Factoring S.p.A. (€10.0 million).

Net financial indebtedness of Salini Impregilo Group

(€'000)	Note (*)	31 December 2016	31 December 2015 (§)	Variation
Non-current financial assets	11	62,458	67,832	(5,374)
Current financial assets	16	323,393	312,104	11,289
Cash and cash equivalents	19	1,602,721	1,410,775	191,946
Total cash and cash equivalents and other financial assets		**1,988,572**	**1,790,711**	**197,861**
Bank and other loans and borrowings	22	(866,361)	(745,554)	(120,807)
Bonds	23	(868,115)	(396,211)	(471,904)
Finance lease liabilities	24	(119,742)	(79,789)	(39,953)
Total non-current indebtedness		**(1,854,218)**	**(1,221,554)**	**(632,664)**
Current portion of bank loans and borrowings and current account facilities	22	(398,589)	(538,802)	140,213
Current portion of bonds	23	(18,931)	(10,203)	(8,728)
Current portion of finance lease liabilities	24	(55,281)	(49,617)	(5,664)
Total current indebtedness		**(472,801)**	**(598,622)**	**125,821**
Derivative assets	16	156	-	156
Derivative liabilities	25	(7,180)	(14,798)	7,618
Net financial position (indebtedness) with unconsolidated SPEs (**)		(5,345)	17,512	(22,857)
Total other financial assets (liabilities)		**(12,369)**	**2,714**	**(15,083)**
Net financial indebtedness - continuing operations		**(350,816)**	**(26,751)**	**(324,065)**
Net financial position (indebtedness) - discontinued operations		-	(18,939)	18,939
Net financial indebtedness including discontinued operations		**(350,816)**	**(45,690)**	**(305,126)**

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

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

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

At 31 December 2016, the Group has net financial indebtedness from continuing operations of €350.8 million (indebtedness of €26.8 million), while its indebtedness from discontinued operations is nil (indebtedness of €18.9 million) following the new IFRS 5 scope.

The increase in the Group's net financial indebtedness is mainly a result of the financing taken out to acquire Lane, which entailed an outlay of €429 million, and to acquire some assets of the US company Asphalt Roads and Material Company Inc. for €33.9 million; partly offset by cash inflows generated in 2016.

Gross indebtedness increased by €512.2 million from 31 December 2015 to €2,332.4 million at the reporting date.

The debt/equity ratio (based on the net financial indebtedness from continuing operations) is 0.26 at group level at the reporting date.

23. Bonds

The outstanding bonds at 31 December 2016 relate to the parent, Salini Impregilo (€887.0 million). They are analysed in the following table:

(€'000)	31 December 2016	31 December 2015	Variation
Non-current portion	868,115	396,211	471,904
Current portion	18,931	10,204	8,727
Total	**887,046**	**406,415**	**480,631**

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

			31 December 2016			31 December 2015		
(€'000)		Expiry date	Nominal amount	Non-current portion (net of related charges)	Current portion (accrued interest)	Nominal amount	Non-current portion (net of related charges)	Current portion (accrued interest)
€400,000,000	6.125%	1 August 2018	283,026	281,385	7,219	406,414	396,211	10,203
€600,000,000	3.75%	24 June 2021	600,000	586,730	11,712	-	-	-
Total			**883,026**	**868,115**	**18,931**	**406,414**	**396,211**	**10,203**

On 23 July 2013, Salini S.p.A. (now part of Salini Impregilo S.p.A.) issued senior unsecured bonds for a nominal amount of €400 million to be redeemed on 1 August 2018, intended for international institutional investors.

The bonds, which have a minimum denomination of €100,000 and an annual gross coupon of 6.125%, were placed with primary international institutional investors at a price of €99.477.

The issue is secured by covenants that establish the requirement for the borrower to maintain certain financial and equity ratios which, at the date of this Annual Report, are fully respected.

On 24 June 2016, the parent announced the placement of bonds with a nominal amount of €428.3 million reserved for institutional investors. They have a fixed rate coupon of 3.75%.

The bonds are listed on the Irish Stock Exchange in Dublin with a redemption date of 24 June 2021. Part of the bonds, with a nominal amount of €128.3

million, was assigned to the holders of the senior unsecured bonds that adhered to the parent's offer. The exchange rate applied to the existing bonds was 109.75%. After the exchange, the outstanding senior unsecured bonds amounted to €283 million.

The parent used the proceeds of €300 million from the new issue, not used for the bond exchange, to repay part of the bridge financing taken out to acquire Lane and commented on in Note 22.

The Group assessed the continuity of the previous bonds (exchanged) with the bonds placed on 24 June 2016. On 11 July 2016, the parent placed more bonds with institutional investors for a total nominal amount of roughly €172 million. The new bonds are part of a single series with the previous €428 million issued on 24 June 2015 and redeemable on 24 June 2021, bringing the total bond issue to €600 million.

The transaction has strengthened the Group's debt profile, extended its average debt repayment dates by more than one year and increased its fixed rate debt component.

The bonds issued in 2016 are backed by covenants that require the parent to maintain certain financial and equity ratios, which at the date of this report are fully respected.

The fair value of the bonds at the reporting date, measured as set out in the "Accounting policies" section, is €947.3 million.

24. Finance lease liabilities

Finance lease liabilities may be broken down as follows at 31 December 2016:

(€'000)	31 December 2016	31 December 2015	Variation
Non-current portion	119,742	79,789	39,953
Current portion	55,281	49,617	5,664

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

At 31 December 2016, the effective average rate ranged between 2% to 5% for the Italian companies.

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

The present value of the minimum future lease payments is €175 million (31 December 2015: €129.4 million) as follows:

(€'000)	31 December 2016	31 December 2015
Minimum lease payments:		
Due within one year	62,110	43,553
Due between one and five years	122,863	92,134
Due after five years	3,607	4,780
Total	**188,580**	**140,467**
Future interest expense	(13,557)	(11,060)
Net present value	**175,023**	**129,407**
The net present value is as follows:		
Due within one year	55,281	49,617
Due between one and five years	116,348	75,418
Due after five years	3,394	4,372
Total	**175,023**	**129,407**

The Group's future commitments for non-cancellable operating leases are as follows:

Estimated commitments for future non-cancellable lease payments (€m) - December 2016

Within one year	Between one and five years	Due after five years	Total
24	52	4	80

The above figures do not reflect the impact that adoption of IFRS 16 from 1 January 2019 could have.

25. Derivatives and other current financial liabilities

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

(€'000)	31 December 2016	31 December 2015
Non-current	4.429	4.113
Current	2.751	10.685
Total	**7.180**	**14.798**

The following table analyses the item:

(€'000)	31 December 2016	31 December 2015
Interest rate swaps - Cash flow hedge	7,096	14,798
Currency swaps - FVTPL	84	-
Total derivatives presented in net financial indebtedness	**7,180**	**14,798**

The following tables set out the characteristics of the derivative liabilities existing at 31 December 2016, showing the company owning the contract and the related fair value at the reporting date:

Interest rate swap - Cash flow hedge: Fair value passivi

Company	Agreement date	Expiry date	Currency	Notional amount	Fair value (€)
Impregilo Parking Glasgow	09/27/2004	30/06/2029	GBP	7,456,299	(2,880,562)
Impregilo Parking Glasgow	06/01/2003	30/06/2029	GBP	810,726	(1,548,629)
Salini Impregilo	11/24/2016	24/02/2017	EUR	75,000,000	(1,333,906)
Salini Impregilo	11/24/2016	24/02/2017	EUR	75,000,000	(1,333,906)
Total					**(7,097,003)**

This category includes derivatives that have been entered into to hedge the Group against interest rate risks and that meet IFRS hedge accounting requirements. To check compliance with these requirements, the effectiveness of the hedges has been verified and confirmed and, therefore, their fair value changes have been recognised in the hedging reserve (see Note 21).

Forward currency purchases and sales - FVTPL

Company	Agreement date	Expiry date	Currency	Notional amount	Fair value (€)
Salini Impregilo S.p.A. (Tajikistan)	11/23/2016	25/01/2017	EUR	20,000,000	162,102
Salini Impregilo S.p.A. (Tajikistan)	11/24/2016	27/01/2017	EUR	13,000,000	22,231
Salini Impregilo S.p.A. (Saudi Arabia)	12/16/2016	31/01/2017	EUR	16,000,000	(107,329)
Salini Impregilo S.p.A. (Saudi Arabia)	12/19/2016	30/01/2017	EUR	12,000,000	(160,574)
Total					**(83,570)**

This category includes derivatives that have been entered into to hedge the Group against currency risks but that do not meet hedge accounting requirements.

26. Post-employment benefits and employee benefits

At 31 December 2016, the Group's liability due to its employees determined using the criteria set out in IAS 19 is €91.9 million.

At 31 December 2016 and 2015, the liability for post-employment benefits is the outstanding amount at the reform effective date, net of benefits paid up to the reporting dates. The liability is considered part of a defined benefit plan under IAS 19 and has, therefore, been subjected to actuarial valuation. The valuation, performed with the assistance of an independent expert, was based on the following rates:

- turnover rate: 7.25%;
- discount rate: 0.45%;
- advance payment rate: 3%;
- inflation rate: 1.5%.

The Group has used the Iboxx AA Corporate index for the Eurozone, which has an average financial duration in line with the fund being valued, to calculate the discount rate.

The balance mainly consists of the liability for Lane Group's defined benefit plan for its full-time employees. This liability is calculated on the basis of the employees' years of service and remuneration and is subjected to an actuarial valuation. Lane Group also provides healthcare cover to retired employees, hired before 31 December 1992 with at least 20 years of service.

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

Changes in the item are as follows:

(in millions of Euros)	31 December 2015	Accruals	Payments	Net actuarial losses	Change in consolidation scope and other changes	Contributions paid to INPS treasury and other funds	31 December 2016
Post-employment benefits and employee benefits	25,412	13,813	(30,663)	(4,364)	90,945	(3,212)	91,931

(in millions of Euros)	31 December 2014	Accruals	Payments	Net actuarial losses	Change in consolidation scope and other changes	Contributions paid to INPS treasury and other funds	31 December 2015
Post-employment benefits and employee benefits	23,320	15,443	(11,892)	(5,536)	570	3,507	25,412

“Net actuarial losses” include the actuarial gains and losses recognised in the actuarial reserve as per the revised IAS 19 while “Change in consolidation scope and other changes” include the effects of the acquisition of Lane Industries on 4 January 2016 as well as exchange rate gains and losses. A 0.25% increase or decrease in the discount rate applied to the calculation of the liability at the reporting date would have had a positive or negative effect of €0.1 million or €0.2 million, respectively.

Lane Construction Corporation Defined Benefit Pension Plan

Through its US subsidiary Lane Industries Inc., the Group contributes to a pension plan that qualifies as a defined benefit plan, The Lane Construction Corporation Defined Benefit Pension Plan, which pays benefits to employees or former employees who met the related vesting conditions when they retire.

The subsidiary also pays benefits to a supplementary pension plan for some senior executives. In addition, it provides employees who have reached retirement age with healthcare benefits. These employees were hired before 31 December 1992 and reached retirement age after at least 20 years’ service and are also beneficiaries of The Lane Construction Corporation Defined Benefit Pension Plan.

A reconciliation between the opening balance (at the subsidiary's acquisition date) and the closing balance of the Group's liability for employee benefits and the plan assets is as follows (€'000):

(€'000)	**Liability for employee benefits**	**Plan assets**	**Variation**
4 January 2016	**200,149**	**(131,549)**	**68,601**
Contribution cost	4,601	-	4,601
Interest	8,757	(6,356)	2,401
Gains on the change in the expected return on the plan assets	-	(3,987)	(3,987)
Net losses on changes in the financial assumptions	6,223	-	6,223
Net gains on changes in the demographic assumptions	(5,148)	-	(5,148)
Net gains from experience	(2,689)	-	(2,689)
Employer contributions	(1,264)	(7,589)	(8,853)
Payments	(4,901)	5,299	397
Healthcare services provided	58	-	58
Exchange rate differences	588	127	715
31 December 2016	**206,374**	**(144,056)**	**62,318**

The following tables show the assumptions used to calculate the liability for employee benefits:

	Pension benefits		Other benefits	
(€'000)	2016	2015	2016	2015
Discount rate	4.49%	4.69%	4.02%	4.47%
Expected rate of return on plan assets	7.25%	7.25%	n.a.	n.a.
Salary increase rate	3.50%	3.50%	n.a.	n.a.

The long-term expected rate of return on plan assets is calculated based on the investments' performance and the plan asset mix over the period the assets are expected to increase in value before final payment.

Assumptions about the rise in healthcare service costs are set out below:

	2016	2015
Annual growth rate	7.00%	7.20%
Ultimate trend rate	4.50%	4.50%
Year in which the ultimate trend rate is expected to be reached	2028	2028

The next table shows how the liability for employee benefits would change if the main assumptions changed:

(€'000)	Variation	Increase	Decrease
Discount rate	1.00%	(27,562)	34,827
Salary increase rate	1% per age bracket	9,969	(8,863)

The following table presents the plan asset categories as a percentage of total invested assets:

(€'000)	31 December 2016	%	04 January 2016	%
Common/collective trusts	143,188	99.40%	130,746	99.39%
Interest-bearing deposits	868	0.60%	389	0.30%
Other	-	-	414	0.31%
Total	**144,056**	**100.00%**	**131,549**	**100.00%**

The plan assets are selected to ensure a combination of returns and growth opportunity using a prudent investment strategy. Investments usually include 35% in fixed income funds, 45% in equity investments (large and small caps) and 20% in international companies. The subsidiary's management regularly revises its objectives and strategies.

A breakdown of the plan assets' fair value by asset category is as follows:

	Listed prices	Other observable significant inputs	Other non-observable significant inputs	31 December 2016
(€'000)	Level 1	Level 2	Level 3	Total
Common/collective trusts	143,188	-	-	143,188
Interest-bearing deposits	868	-	-	868
Total	**144,056**	**-**	**-**	**144,056**

	Listed prices	Other observable significant inputs	Other non-observable significant inputs	4 January 2016
(€'000)	Level 1	Level 2	Level 3	Total
Common/collective trusts	130,746	-	-	130,746
Interest-bearing deposits	389	-	-	389
Other	414	-	-	414
Total	**131,549**	**-**	**-**	**131,549**

The following table shows the estimated undiscounted future payments for employee benefits:

(€'000)	Periods	Pension benefits	Other benefits
	2017	6,493	1,124
	2018	6,704	1,114
	2019	7,238	1,112
	2020	7,729	1,119
	2021	8,154	1,123
	2022-2026	50,645	5,609

Lane pays benefits to multi-employer pension plans, as provided for by national labour agreements for its employees represented by trade unions. The risks of participating in these plans, which involve more than one employer, vary depending on the plan and are borne by each employer as follows:

- the assets contributed by an employer to a multi-employer pension plan may be used to provide benefits to the employees of the other employers involved in the plan;
- if an employer stops contributing to a multi-employer pension plan, its unmet obligations are covered by the other employers participating in the plan;

- if an employer decides to withdraw from a multi-employer pension plan, it may be required to pay the plan an amount calculated considering its possible undercapitalisation at the withdrawal date.

Pension plan	Number	Zone Status (Pension Protection Act) [1] 2016	Zone Status (Pension Protection Act) [1] 2015	Contributions (€'000) 2016	Contributions (€'000) 2015	Plan end date; Presence of "MFA" [2]
IUOE Local 4 Pension Fund	04-6013863; 001	Green	Green	883	825	5/31/2017; No
IUOE Local 98 Benefits Funds	04-6127765; 001	Green	Green	877	893	5/31/2020; No
Operating Engineers' Constr. Ind. and Misc. Pension Fund	25-6135579; 001	Green	Green	749	1,095	12/31/2019; No
Massachusetts Laborers' Pension Fund	04-6128298; 001	Green	Green	576	768	3/31/2017; No
New England Teamsters' Fund	04-6372430; 001	Red	Red	494	474	4/30/2018; No
Western Penn Laborers' District Council Fund	25-6135576; 001	Red	Red	1,310	1,401	12/31/2019; No

Notes to the above table:

1 The "zone status" is based on information received from the plan. Plans in the "red zone" are less than 65% funded, plans in the "orange zone" are between 65% and 80% funded, plans in the "green zone" are more than 80% funded.

2 "MFA" stands for "minimum funding arrangement".

27. Provision for risks

These provisions amount to €105.8 million at the reporting date, as follows:

(€'000)	31 December 2016	31 December 2015	Variation
Provisions for risks on equity investments	2,526	2,190	336
Other provisions	103,239	104,171	(932)
Total	**105,765**	**106,361**	**(596)**

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

Changes in this provision are detailed below:

(€'000)	31 December 2016
Change in consolidation method	
Acquisitions/disinvestments	(456)
Share of profit of equity-accounted investees	441
Dividends from equity-accounted investees	415
Other changes including change in the translation reserve	(64)
Total	**336**

Other provisions comprise:

(€'000)	31 December 2016	31 December 2015	Variation
USW Campania projects	32,760	32,760	-
Provisions set up by Imprepar and its subsidiaries	36,327	36,452	(125)
Ongoing litigation	1,556	9,877	(8,321)
Building segment litigation	795	795	-
Tax and social security litigation	2,240	3,304	(1,064)
Other	29,561	20,983	8,578
Total	**103,239**	**104,171**	**(932)**

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

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

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

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

Changes in the item in the year are summarised below:

(€'000)	31 December 2015	Accruals	Utilisations	Reclassifications	Exchange rate gains (losses)	Discountin and other changes	31 December 2016
Total	**104,171**	**11,046**	**(15,952)**	**-**	**661**	**3,312**	**103,239**

Changes during 2015 are shown in the following table:

(€'000)	31 December 2014	Accruals	Utilisations	Reclassifications	Exchange rate gains (losses)	Discountin and other changes	31 December 2015
Total	**90,833**	**21,646**	**(12,809)**	**4,672**	**(244)**	**73**	**104,171**

Changes of the year comprise:

- accruals of €11 million, mainly related to the parent's head office for labour disputes (€2.3 million), the subsidiary Imprepar (€2.4 million), HCE Group for future costs to dismantle work sites (€3.7 million) and Lane Group (€1.3 million);
- utilisations per €15.9 million, related to the subsidiaries Imprepar, Metro 6 and Consorcio Acueducto Oriental due to the occurrence of the events for which the provision had been set up;
- changes in the consolidation scope of €3.3 million, mainly due to the acquisition of Lane Industries Incorporated on 4 January 2016.

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

28. Progress payments and advances on contract work in progress

This item, included in "Current liabilities", amounts to €2,455.6 million, up €592.9 million on the figure at 31 December 2015. It comprises:

(€'000)	31 December 2016	31 December 2015	Variation
Contract work in progress	(5,384,910)	(4,099,585)	(1,285,325)
Progress payments and advances received (on approved work)	5,976,936	4,211,995	1,764,941
Negative work in progress	**592,026**	**112,410**	**479,616**
Contractual advances	1,863,606	1,750,349	113,257
Total	**2,455,632**	**1,862,759**	**592,873**

Work in progress recognised under liabilities (negative WIP) of €592.0 million is the negative net balance, for each contract, of work performed to date and progress billings and advances.

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

(€'000)	31 December 2016	31 December 2015	Variation
Italy	147,524	114,438	33,086
EU (excluding Italy)	341,552	195,839	145,713
Non-EU	67,384	45,032	22,352
Asia	92,478	23,768	68,710
Middle East	523,676	605,830	(82,154)
Africa	965,076	735,801	229,275
North America	105,667	17,870	87,797
Latin America	129,961	121,630	8,331
Oceania	82,314	2,551	79,763
Total	**2,455,632**	**1,862,759**	**592,873**

The contracts that contributed the most to the negative WIP were those in the US (€105.6 million), Ethiopia for the Koysha dam (€318.9 million), Austria (€18.9 million), Denmark (€14.3 million), Peru (€33.4 million) and Australia (€52.3 million).

The most significant contractual advances, which total €1,863.6 million, relate to the following contracts: the Koysha dam (€85.2 million), Gibe III (€50.0 million) and the Grand Ethiopian Renaissance Dam Project (Gerd) in Ethiopia (€181.5 million), the Copenhagen Cityringer Metro in Denmark (€271.8 million), contracts in Libya (€191.2 million), the Riyadh Metro Line 3 in Saudi Arabia (€265.4 million), projects in Nigeria (€97.7 million), construction of the Ruta del Sol motorway in Colombia (€52.4 million), design and construction of the Red Line North in Doha (€33.5 million), construction of the Al Bayt Stadium in Al Khor City in Qatar (€68.1 million) and the hydroelectric project in Tajikstan (€92.5 million).

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

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

29. Trade payables

Trade payables amount to €2,344.8 million at the reporting date, an increase of €714.4 million on 31 December 2015. They are made up as follows:

(€'000)	31 December 2016	31 December 2015	Variation
Third parties	2,233,611	1,501,680	731,931
Unconsolidated group companies and other related parties	111,162	128,757	(17,595)
Total	**2,344,773**	**1,630,437**	**714,336**

The net increase in trade payables is mainly due to:

- a €137.7 million increase related to the acquisition of Lane Group;
- an increase of €278.4 million related to the Ethiopian branch (see Note 15 about the related rise in trade receivables);
- the other increases are due to progress on the recently started-up contracts in the Middle East and Asia (specifically, the Al Bayt Stadium in Qatar, the Riyadh Metro in Saudi Arabia and the Rogun Hydropower Project in Tajikistan).

Trade payables to unconsolidated group companies and other related parties decreased by €17.5 million to €111.2 million at the reporting date. The item mostly consists of payables from unconsolidated SPEs accrued on work performed by these entities for contracts with Italian and foreign public administrations.

The reduction is principally attributable to the decrease in the payable from the consortium companies Pedelombarda S.c.p.a. and La Quado following completion of the works.

The balance includes €7.4 million equal to the Group's share of the SPEs' cash and cash equivalents. It is shown in the item "Net financial position with unconsolidated SPEs" in the schedule of the Group's net financial indebtedness.

30. Current tax liabilities and other current tax liabilities

Current tax liabilities amount to €110.0 million as follows:

(€'000)	31 December 2016	31 December 2015	Variation
IRES	7,838	9,835	(1,997)
IRAP	2,118	687	1,431
Foreign taxes	100,035	57,751	42,284
Total	**109,991**	**68,273**	**41,718**

"Foreign taxes" include €9.9 million related to a tax dispute involving Impregilo International Infrastructures N.V. (see Note 32 for more information).

Other current tax liabilities of €67.6 million increased by €6.5 million over 31 December 2015. They may be analysed as follows:

(€'000)	31 December 2016	31 December 2015	Variation
Withholdings	643	284	359
VAT	48,062	39,311	8,751
Other indirect taxes	18,884	21,502	(2,618)
Total	**67,589**	**61,097**	**6,492**

31. Other current liabilities

Other current liabilities of €356.3 million (31 December 2015: €334.2 million) comprise:

(€'000)	31 December 2016	31 December 2015	Variation
Social security institutions	23,271	16,233	7,038
Employees	82,206	52,225	29,981
Compensation and compulsory purchases	5,739	7,331	(1,592)
State bodies	115,588	115,588	-
Guarantee deposits	217	198	19
Other	93,963	108,163	(14,200)
Unconsolidated group companies and other related parties	13,747	13,060	687
Accrued expenses and deferred income	21,584	21,400	184
Total	**356,315**	**334,198**	**22,117**

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

"Compensation and compulsory purchases" relate to the high speed/capacity railway contracts; the decrease of €1.6 million principally refers to the Milan - Genoa section.

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

"Other" of €94.0 million (31 December 2015: €108.2 million) decreased by roughly €14.2 million. Such reduction is mainly attributable to the decrease in the liabilities for the motorway project in Slovakia (€3.6 million) and the Red Line project in Doha, Qatar (€6.2 million), as well as the decrease in liabilities for contracts completed or nearing completion, such as the El Quimbo hydroelectric project in Colombia (€5.4 million).

"Unconsolidated group companies and other related parties" of €13.7 million increased by €0.7 million on 31 December 2015.

Accrued expenses and deferred income of €21.6 million include the ten-year post-contract guarantee of €4.1 million and are in line with the previous year end as follows:

(€'000)	31 December 2016	31 December 2015	Variation
Accrued expenses:			
- Commissions on sureties	4,267	3,594	673
- Other	11,138	12,485	(1,347)
Total accrued expenses	**15,405**	**16,079**	**(674)**
Deferred income:			
- Provision of services	6,179	5,321	858
Total deferred income	**6,179**	**5,321**	**858**
Total	**21,584**	**21,400**	**184**

32. Guarantees, commitments, risks and contingent liabilities

Guarantees and commitments

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

- contractual sureties: these total €12,490.8 million (including €4,519.2 million issued directly by Lane Group) and are given to clients as performance bonds, to guarantee advances, withholdings and involvement in tenders for all ongoing contracts. In turn, the group companies has guarantees given by its subcontractors;
- sureties for credit of €352.4 million;
- sureties granted for export credit of €159.3 million;
- other guarantees of €1,372.0 million consisting of guarantees related to customs and tax obligations (€58.4 million) and for other commitments (such as environmental clean-ups and export credit) (€1,313.5 million);
- lien on the shares of the SPE M4 (€1.9 million).

Litigation and contingent liabilities

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

Tax disputes

Salini Impregilo S.p.A.

With respect to the principal dispute with the tax authorities:

- as described in detail in previous reports, the dispute about the assessment notice challenging the tax treatment of impairment losses and losses on the sale of assets recognised by the parent in 2003 is currently before the Supreme Court, following the tax authorities' appeal. The main issue about the sale by Impregilo S.p.A. of its investment in the Chilean operator Costanera Norte SA to Impregilo International Infrastructures NV was cancelled by the Milan Regional Tax Commission on 11 September 2009 (higher assessed tax base of €70 million);

- the parent's appeal about reimbursement of tax assets with a nominal amount of €12.3 million acquired from third parties as part of previous non-recurring transactions is still pending before the Supreme Court;

- a dispute about the technique used to "realign" the carrying amount of equity investments as per article 128 of Presidential decree no. 917/86 (greater assessed tax base of €4.2 million) is still pending before the first level court;

- with respect to another dispute again related to 2005 and the costs of a joint venture set up in Venezuela for which the greater assessed tax base is €6.6 million, the Regional Tax Commission filed its ruling entirely in the parent's favour on 19 May 2015; the tax authorities appealed to the Supreme Court on 28 December 2015 challenging the procedure while stating that the findings do not relate to the appeal. The parent has filed its defence brief;

- the parent was notified of: (i) a payment order from the tax authorities for Icelandic taxes of €4.6 million, which was cancelled after the the first and second level sentences in favour of the parent; and (ii) a payment bill for the same taxes which the parent appealed. It won again both at first and second level. On 18 January 2016, the tax authorities presented their appeal to the Supreme Court and the parent filed its defence brief;

- on 29 December 2016, the parent received two assessment notices for IRES and IRAP purposes covering 2011 and alleging unpaid IRES taxes of €21.2 million and IRAP taxes of €2.9 million. Both these notices were based on a preliminary assessment report issued by the tax police and notified to the parent on 27 September 2016. They refer to: (i) for a minimum part, the alleged applicability of the "transfer price" regulations to sureties given free of charge on behalf of foreign subsidiaries, for which the tax police asserted that the normal commission income would have been €700 thousand; (ii) the non-deductibility of costs of €36.4 million incurred to purchase goods and services to perform works for the Abu Dhabi and

Panama contracts, both of which countries have a preferential tax regime, due to the alleged insufficient evidence that the suppliers carried out commercial activities in those countries and that the related purchases were in Salini Impregilo's effective interest. To date, the parent is negotiating a settlement of the assessments and the terms for their appeal are still open.

With respect to the above pending disputes, after consulting its legal advisors, the parent believes that it has acted correctly and deems that the risk of an adverse ruling is not probable.

Finally, the Milan unit of the tax police is currently performing a tax audit of the IRES, IRAP and VAT paid in 2012.

Icelandic branch

With respect to the completed contract for the construction of a hydroelectric plant in Karanjukar (Iceland), a dispute arose with the Icelandic tax authorities in 2004 about the party required to act as the withholding agent for the remuneration of foreign temporary workers at the building site. Salini Impregilo was firstly wrongly held responsible for the payment of the withholdings on this remuneration, which it therefore paid. Following the definitive ruling of the first level court, the parent's claims were fully satisfied. Nevertheless, the local authorities subsequently commenced a new proceeding for exactly the same issue. The Supreme Court rejected the parent's claims in its ruling handed down in February 2010, which is blatantly contrary to the previous ruling issued in 2007 on the same matter by the same judiciary authority. The parent had expected to be refunded the unduly paid withholdings of €6.9 million (at the original exchange rate).

After the last ruling, the parent took legal action at international level (appeal presented to the EFTA Surveillance Authority on 22 June 2010) and, as far as possible, again at local level as it deems that the last ruling issued by the Icelandic Supreme Court is unlawful both in respect of local legislative and international agreements regulating trade relations between the EFTA countries and international conventions which do not allow application of discriminatory treatments to foreign parties (individuals and companies) working in other EFTA countries. On 8 February 2012, the EFTA Surveillance Authority sent the Icelandic government a communication notifying the infraction of the free exchange of services and requested the government to provide its observations about this. In April 2013, the EFTA Surveillance Authority issued its documented opinion finding the Icelandic legislation to be inconsistent with the regulations covering trade relations between the member countries with respect to the regulations for the above dispute. It asked that Iceland take steps to comply with these regulations. Accordingly, the parent requested the case be re-examined locally and has engaged a leading legal firm to assess whether to take additional action at international level.. Based on the above, Salini Impregilo does not believe objective reasons currently exist to change the valuations made about this dispute.

Imprepar

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

Fibe

As disclosed in previous reports, FIBE has a pending dispute about the local property tax (ICI) on the Acerra waste-to-energy plant.

In January 2013, the subsidiary received tax assessment notices from the Acerra municipality with respect to the waste-to-energy plant, which requested payment of local property tax and relevant penalties for approximately €14.3 million for the years 2009-2011. The amount requested by the Municipality and challenged by FIBE was confirmed as far as its applicability but reduced in terms of its amount and penalties by Naples' Regional Tax Committee, so that the original payment orders issued were cancelled.

Although it believes that it will be able to reverse the ruling through an appeal to the Supreme Court, in 2015, the subsidiary - comforted by its legal advisors - set aside a provision for an amount equal to just the tax plus any accrued interest as a precautionary measure.

Impregilo International Infrastuctures NV

As described in detail in previous reports, the Milan unit of the tax police has completed a tax audit of this subsidiary, based in, and active in the Netherlands since 1999. Its preliminary assessment report, notified to the subsidiary on 12 May 2016, found that it is an Italian resident for tax purposes.

Based on the information available to it taken from the above preliminary assessment report, the subsidiary's reasonings and recent legislation, the tax authorities have assessed a different legal standing for the subsidiary compared to that set out in the preliminary assessment report by the tax police.

The tax authorities have revised the latter's statements and found that the company is not guilty of tax inversion. The authorities notified the Dutch subsidiary of assessment notices which state that the subsidiary worked in Italy through a dependent agent permanent establishment and concurrently decreased the reassessed taxes significantly.

Although the subsidiary does not agree with the tax authorities' findings, it has deemed it appropriate to settle the issue in order to benefit from the lower fines and avoid a long and exhausting dispute. As disclosed in notes 3 and 38, the subsidiary set up a provision for this dispute, including €6,555 thousand for operations now classified as discontinued and €3,359 thousand for current income taxes.

33. Financial instruments and risk management

Classes of financial instruments

The Group's financial instruments are broken down by class in the following table, which also shows their fair value:

Financial assets (€'000) 31 December 2016	Note	Loans and receivables	Financial assets at fair value through profit or loss	Hedging derivatives	Held-to-maturity investments	Available-for-sale financial assets	Total	Fair value
Derivatives and non-current financial assets	11	44,582		156	17,876		62,614	62,614
Trade receivables	15	2,359,273		-	-		2,359,273	2,359,273
Other current financial assets	16	316,547		-	6,846		323,393	323,393
Cash and cash equivalents	19	1,602,721		-	-		1,602,721	1,602,721
Total		**4,323,123**		**156**	**24,722**		**4,348,001**	**4,348,001**

Financial liabilities (€'000) 31 December 2016	Note	Other liabilities at amortised cos	Financial liabilities at fair value through profit or loss	Hedging derivatives	Total	Fair value
Bank and other loans and borrowings	22	1,264,950	-	-	1,264,950	1,287,209
Bonds	23	887,046	-	-	887,046	947,314
Finance lease liabilities	24	175,023	-	-	175,023	175,023
Derivatives and other current financial libalities	25	-	84	7,096	7,180	7,180
Trade payables	29	2,344,773	-	-	2,344,773	2,344,773
Total		**4,671,792**	**84**	**7,096**	**4,678,972**	**4,761,499**

Financial assets (€'000) 31 December 2015	Note	Loans and receivables	Financial assets at fair value through profit or loss	Hedging derivatives	Held-to-maturity investments	Available-for-sale financial assets	Total	Fair value
Derivatives and non-current financial assets	11	48,195			19,637		67,832	67,832
Trade receivables	15	1,560,684			-		1,560,684	1,560,684
Other current financial assets	16	309,289			2,815		312,104	312,104
Cash and cash equivalents	19	1,410,775			-		1,410,775	1,410,775
Total		**3,328,943**			**22,452**		**3,351,395**	**3,351,395**

The note column gives the section in which the relevant item is described.

Financial liabilities (€'000) 31 December 2015	Note	Other liabilities at amortised cos	Financial liabilities at fair value through profit or loss	Hedging derivatives	Total	Fair value
Bank and other loans and borrowings	22	1,284,356		-	1,284,356	1,297,891
Bonds	24	406,414		-	406,414	556,160
Finance lease liabilities	23	129,406		-	129,406	129,400
Derivatives and other current financial liabilities	25	-		14,798	14,798	14,798
Trade payables	29	1,630,437		-	1,630,437	1,630,437
Total		**3,450,613**		**14,798**	**3,465,411**	**3,628,686**

Reference should be made to the section on the accounting policies for information on the fair value measurement of these items. Specifically, the fair value of the items is based on the present value of estimated future cash flows.

Risk management

The Group is exposed to financial risks which encompass all the risks related to capital availability, affected by credit and liquidity management and/or the volatility of market factors such as interest and exchange rates.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk and interest rate risk.

Currency risk

The Group's international presence entails its exposure to the risk of fluctuations in exchange rates of the Euro and the currencies of the various countries in which it operates. Currency risk at 31 December 2016 mainly related to the following currencies:

- US dollar (United States)
- DICOM (Venezuela)
- Dirham (United Arab Emirates)
- Riyal (Qatar)
- Tenge (Kazakhstan)
- Birr (Ethiopia)
- Somoni (Tajikistan)

The Group's currency risk management strategy is essentially based on the following policies:

- agreement of contractual considerations for works and projects in countries with weak currencies using a primarily multi-currency format, in which only a portion of the consideration is expressed in local currency;
- use of portions of the contractual considerations in local currency mainly to cover project expenses to be incurred in that currency;
- analysis of exposure in US dollars on a cumulative and prospective basis with consistent deadlines and setting up forward transactions in the same currency to hedge the Group's net exposure at those deadlines.

Adoption of the above-mentioned policies has contained the Group's exposure to currency risk with respect to the US dollar, the DICOM, the Dirham, the Riyal, the Teng, the Birr and the Somoni.

Had the Euro appreciated or depreciated by 5% against the US dollar at year end, the profit before tax for the year would have been respectively greater or lower by €21.3 million, assuming that all other variables remained constant, mainly due to exchange rate losses (gains) arising from the adjustment of net liabilities in US dollars. A similar change at the end of the previous year would have led to a €12.3 million decrease (increase in the case of depreciation) in the profit before tax for the year.

Had the Euro appreciated or depreciated by 15% against the Venezuelan DICOM at year end, the profit before tax for the year would have been respectively greater or lower by €0.1 million, assuming that all other variables remained constant, mainly due to exchange rate losses (gains) arising from the adjustment of net liabilities in the Venezuelan DICOM. A similar change at the end of the previous year would have led to a €0.6 million decrease (increase in the case of depreciation) in the profit before tax for the year.

Had the Euro appreciated or depreciated by 5% against the UAE Dirham at year end, the profit before tax for the year would have been respectively lower or greater by €0.1 million, assuming that all other variables remained constant, mainly due to exchange rate losses (gains) arising from the adjustment of net assets in the UAE Dirham. A similar change at the end of the previous year would have led to a €0.1 million decrease (increase in the case of depreciation) in the profit before tax for the year.

Had the Euro appreciated or depreciated by 5% against the Qatari riyal at year end, the profit before tax for the year would have been respectively lower or greater by €1.0 million, assuming that all other variables remained constant, mainly due to exchange rate losses (gains) arising from the adjustment of net assets in the Qatari currency. A similar change at the end of the previous year would have led to a €1.5 million decrease (increase in the case of depreciation) in the profit before tax for the year.

Had the Euro appreciated or depreciated by 5% against the Kazakhstani tenge at year end, the profit before tax for the year assuming that all other variables remained constant, would not have been significantly affected by exchange rate losses (gains) arising from the adjustment of net liabilities in the Kazakhstani tenge. A similar change at the end of the previous year would have led to a €0.3 million decrease (increase in the case of depreciation) in the profit before tax for the year.

Had the Euro appreciated or depreciated by 5% against the Ethiopian Birr at year end, the profit before tax for the year would have been respectively lower or greater by €6.5 million, mainly due to exchange rate losses (gains) arising from the adjustment of net assets in the Ethiopian currency. A similar change at the end of the previous year would have led to a €0.9 million decrease (increase in the case of depreciation) in the profit before tax for the year.

Had the Euro appreciated or depreciated by 5% against the Tajikistani Somoni at year end, the profit before tax for the year would have been respectively lower or greater by €1.2 million, assuming that all other variables remained constant, mainly due to exchange rate losses (gains) arising from the adjustment of net assets in the Tajikistani currency. At 31 December 2015, the Group did not have any balances in this currency.

Interest rate risk

Salini Impregilo group has adopted a combined strategy of streamlining group operations by disposing of non-strategic assets, containing debt and hedging interest rate risks on a portion of the non-current structured loans through interest rate swaps (IRSs).

The financial risks arising from market interest rate fluctuations to which the Group is potentially exposed and which are monitored by the relevant company personnel relate to non-current floating rate loans. Such risk is mitigated by interest accrued on short-term investments of liquidity available at the Italian-based consortia and consortium companies and foreign subsidiaries, which are used to support the Group’s operations.

The Group revised its debt structure in 2016, increasing its fixed rate exposure. Had interest rates increased or decreased by an average 75 basis points in 2016, the profit before tax for the year would have been respectively lower or greater by a maximum of €8.0 million (€12.3 million for 2015), assuming that all other variables remained constant and without considering cash and cash equivalents.

The sensitivity test on the interest rate derivative of Impregilo Parking Glasgow was only performed on cash flows settled during the year; fair value was not analysed as the derivative qualifies for hedge accounting and the effects of a change in interest rates would only impact equity.

Credit risk

Credit risk is that deriving from the Group’s exposure to potential losses arising from the clients’ (which are mostly governments or state bodies) non-compliance with their obligations.

Management of this risk is complex, starting as early as the assessment of offers, through a careful analysis of the characteristics of the countries in which the Group’s activities should be carried out and the clients, which are usually state or similar bodies, requesting an offer.

Therefore, this risk can be essentially assimilated to the country risk. An analysis of this risk based on the age of the outstanding amounts is not very meaningful, since the receivables should be assessed together with the related working capital items, especially those reflecting the net exposure to clients (positive and negative work in progress, advances and payments on account) in relation to contract work in progress as a whole.

A breakdown of working capital by geographical segment is set out below:

(€'000)	31 December 2016	31 December 2015
Italy	190,899	1,219,967
Other EU countries	299,340	(87,457)
Other non-EU countries	(38,612)	8,219
America (Lane and other group contracts)	574,307	(170,822)
Asia/Middle East	(490,965)	(590,470)
Africa	(25,685)	152,934
Australia	(72,274)	(55,486)
Eliminations	-	(198,602)
Total	**437,011**	**278,283**

The reconciliation of the reclassified statement of financial position details the items included in working capital.

The Group's exposure to clients, broken down by contract location, is analysed below:

(€'000)	Loans and receivables	Positive WIP	Negative WIP and advances	Total	Allowances
31 December 2016					
Italy	595,076	453,529	(147,524)	901,081	80,639
Other EU countries	66,957	462,173	(341,552)	187,578	432
Other non-EU countries	60,607	124,420	(67,384)	117,643	-
America	488,633	403,877	(235,628)	656,882	22,600
Asia/Middle East	197,914	359,579	(616,154)	(58,661)	1,760
Africa	943,744	458,331	(965,076)	436,999	8,379
Australia	6,342	105,354	(82,314)	29,382	-
Total	**2,359,273**	**2,367,263**	**(2,455,632)**	**2,270,904**	**113,810**
31 December 2015					
Italy	740,818	399,625	(114,438)	1,026,005	78,686
Other EU countries	45,257	247,378	(195,839)	96,796	834
Other non-EU countries	89,063	106,464	(45,032)	150,495	-
America	321,296	328,864	(139,499)	510,661	8,462
Asia/Middle East	81,067	132,301	(629,598)	(416,230)	1,939
Africa	276,849	546,857	(735,801)	87,905	10,185
Australia	6,334	14,302	(2,551)	18,085	-
Total	**1,560,684**	**1,775,791**	**(1,862,758)**	**1,473,717**	**100,106**

The section on the “Main risk factors and uncertainties” of the Directors’ report provides information about country risk for Libya, Venezuela, Nigeria, Ukraine and Turkey.

Liquidity risk

Liquidity risk derives from the risk that the financial resources necessary to meet obligations may not be available to the Group at the agreed terms and deadlines.

The Group’s strategy aims at ensuring that each ongoing contract is financially independent, considering the structure of the consortia and SPEs, which may limit the availability of financial resources to achievement of the related projects. Liquidity management also considers the existence of constraints to the transfer of currency imposed by certain countries. This strategy is strictly monitored centrally.

A breakdown of financial liabilities by composition and due date (based on undiscounted future cash flows) is set out below:

(€'000)	31 December 2017	31 December 2018	31 December 2021	After	Total
Current account facilities	51,297	-	-	-	51,297
Bonds	39,835	322,861	667,562	-	1,030,258
Bank loans and borrowings	534,688	144,232	682,890	49,157	1,410,967
Finance lease liabilities	62,111	70,742	52,121	3,606	188,580
Interest rate derivatives	2,668	-	-	4,429	7,097
Gross financial liabilities	**690,599**	**537,835**	**1,402,573**	**57,192**	**2,688,199**
Trade payables	2,344,773	-	-	-	2,344,773
Total	**3,035,372**	**537,835**	**1,402,573**	**57,192**	**5,032,972**

The prior year end figures are given below for comparative purposes:

(€'000)	31 December 2016	31 December 2017	31 December 2019	After	Total
Current account facilities	115,615	-	-	-	115,615
Bonds	24,567	24,500	412,216	-	461,283
Bank loans and borrowings	532,664	211,797	346,624	138,402	1,229,487
Finance lease liabilities	49,617	28,505	46,911	4,372	129,405
Interest rate derivatives	10,685	-	-	4,113	14,798
Gross financial liabilities	**733,148**	**264,802**	**805,751**	**146,887**	**1,950,588**
Trade payables	1,630,437	-	-	-	1,630,437
Total	**2,363,585**	**264,802**	**805,751**	**146,887**	**3,581,025**

Future interest has been estimated based on the market interest rates at the date of preparation of these consolidated financial statements, summarised in the notes.

Liquidity risk management is mainly based on containing debt and maintaining a balanced financial position. This strategy is pursued by each of the Group's operating companies.

Loans and borrowings and trade payables (net of advances) falling due before 31 March 2017 are compared with the cash and cash equivalents that can be used to meet such obligations in the table below:

(€'000)	Total financial commitments due before 31 March 2017	Cash and cash equivalents	Difference
Salini Impregilo (head office and branches)	158,425	362,833	204,408
Subsidiaries	106,415	262,715	156,300
SPEs	110,901	481,382	370,481
Joint operations	14,732	488,281	473,549
Total	**390,473**	**1,595,211**	**1,204,738**

Fair value measurement hierarchy

IFRS 7 requires that the fair value of financial instruments recognised in the statement of financial position be classified using a fair value hierarchy that reflects the significance of the inputs used to determine fair value. There are three different levels:

- Level 1 - Fair values measured using quoted prices in active markets;
- Level 2 - Fair values measured using valuation techniques for which inputs significant to the fair value measurement are based on observable market data;
- Level 3 - Fair values measured using valuation techniques for which inputs significant to the fair value measurement are based on unobservable market data.

Financial instruments recognised by the Group at fair value are classified at the following levels:

(€'000)	Note	Level 1	Level 2	Level 3
Derivative assets	11	-	156	-
Derivative liabilities	25	-	(7,180)	-
Total		**-**	**(7,024)**	**-**

There were no movements from Level 1 to Level 2 during the year or vice versa.

Income statement

34. Revenue

Revenue for 2016 amounts to €5,883.8 million, up 23% on the previous year:

(€'000)	2016	2015	Variation
Revenue	5,760,358	4,624,066	1,136,292
Other income	123,451	146,229	(22,778)
Total revenue	**5,883,809**	**4,770,295**	**1,113,514**

The €1,113.5 million increase in revenue is mainly due to the business volumes of the subsidiary Lane, acquired by the parent in January 2016, as well as other smaller variations due to continuation of work on several large foreign contracts and the closure of completed contracts.

A breakdown of revenue is given in the following table:

(€'000)	2016	2015	Variation
Works invoiced to clients	5,404,920	4,368,128	1,036,792
Services	226,886	236,462	(9,576)
Sales	128,553	19,476	109,077
Total	**5,760,358**	**4,624,066**	**1,136,292**

Services include revenue of €118.4 million for costs recharged to third party partners of fully consolidated consortia and consortia companies.

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

(€'000)	2016	2015	Variation
Rent and leases	2,387	1,417	970
Staff services	-	123	(123)
Recharged costs	68,855	55,538	13,317
Insurance compensation	659	2,130	(1,471)
Gains on the disposal of non-current assets	7,582	13,933	(6,351)
Prior year income	28,862	24,930	3,932
Other	15,105	48,157	(33,052)
Total	**123,451**	**146,229**	**(22,778)**

35. Costs

Costs for the year amount to €5,608.3 million compared to €4,502.7 million for 2015. They account for 95.3% of revenue.

The item may be broken down as follows:

(€'000)	2016	2015	Variation
Purchases	1,161,046	815,101	345,945
Subcontracts	1,505,428	1,249,957	255,471
Services	1,555,996	1,498,977	57,019
Personnel expenses	886,237	538,764	347,473
Other operating expenses	222,264	162,067	60,197
Amortisation, depreciation, provisions and impairment losses	277,324	237,842	39,482
Total	**5,608,295**	**4,502,708**	**1,105,587**

The increase is mainly due to Lane Group's inclusion in the consolidation scope.

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

35.1 Purchases

The cost of raw materials and consumables incurred in 2016 increased by €345.9 million to €1,161.0 million compared to the previous year:

(€'000)	2016	2015	Variation
Purchases of raw materials and consumables	1,120,191	811,815	308,376
Change in raw materials and consumables	40,856	3,286	37,570
Total	**1,161,047**	**815,101**	**345,946**

The rise in the cost of raw materials and consumables is in line with the increase in revenue thanks to the acquisition of Lane Group and the fact that some large foreign projects (especially in Qatar and Australia) and Italian projects (continuation of the high speed/capacity Milan-Genoa section) are fully operational.

35.2 Subcontracts

Costs of subcontracts increased to €1,505.4 million, up €255.4 million on 2015 as shown in the following table:

(€'000)	2016	2015	Variation
Subcontracts	1,505,428	1,249,957	255,471
Total	**1,505,428**	**1,249,957**	**255,471**

The €255.5 million increase is due to Lane Group's acquisition and the increase for the IS JV's Australian contracts (€17.3 million) partly offset by the reduction in the subcontract costs of the Colombian contract of Constructora Ariguani (the San Roque Ye de Cienaga and Valledupar motorways), the Cityringen project of CMT I/S in Denmark and the Italian Salerno Reggio Calabria contract (nearing completion).

35.3 Services

This item increased to €1,556.0 million, up €57.0 million on the previous year, as shown in the following table:

(€'000)	2016	2015	Variation
Consultancy and technical services	599,639	491,740	107,899
Fees to directors, statutory auditors and independent auditors	13,321	12,637	684
Employee travel costs	5,332	2,780	2,552
Maintenance and testing	32,717	18,538	14,179
Transport and customs	121,093	136,798	(15,705)
Insurance	54,946	61,426	(6,480)
Recharging of costs by consortia	206,942	463,451	(256,509)
Rent and leases	233,911	165,891	68,020
Charge backs	579	305	274
Other	287,517	145,410	142,107
Total	**1,555,997**	**1,498,976**	**57,021**

"Other" increased by €142.1 million over the previous year and includes the cost of temporary workers on CMT IS' Danish contract (Cityringen project) of approximately €165.5 million compared to €69.0 million for 2015, while the remainder mostly relates to utilities, seconded personnel, security and board costs.

"Consultancy and technical services" increased by €107.8 million and mainly consist of the design and construction costs incurred by the SPEs and legal and administrative consultancy fees.

A breakdown of this item is as follows:

(€'000)	2016	2015	Variation
Design and engineering services	399,060	383,168	15,892
Legal, administrative and other services	79,014	68,487	10,527
Testing	1,368	1,493	(125)
Construction	120,197	38,592	81,605
Total	**599,639**	**491,740**	**107,899**

The increase in this item is mainly due to the rise in costs for "Construction" related to the Riyadh Metro Line 3 contract.

35.4 Personnel expenses

Personnel expenses for the year amount to €886.2 million, up by €347.5 million on 2015. The item is made up as follows:

(€'000)	2016	2015	Variation
Wages and salaries	671,272	398,776	272,496
Social security and pension contributions	147,536	75,207	72,329
Post-employment benefits and employee benefits	13,878	15,486	(1,608)
Other	53,551	49,295	4,256
Total	**886,237**	**538,764**	**347,473**

The increase is mostly a result of the acquisition of Lane Group and its roughly 5,000 employees. "Other" mainly relates to termination benefits and reimbursements of travel expenses.

35.5 Other operating expenses

Other operating expenses amount to €222.3 million, up €60.2 million on 2015.

This item is made up as follows:

(€'000)	2016	2015	Variation
Other operating costs	117,520	81,753	35,767
Commissions on sureties	44,896	47,901	(3,005)
Bank charges	15,456	5,272	10,184
Losses on the disposal of property, plant and equipment	9,459	12,741	(3,282)
Other non-recurring costs	9	1	8
Other prior year expense	34,923	14,400	20,523
Other operating expenses	**222,263**	**162,068**	**60,195**

This item's increase is due to the rise in the parent's other operating costs due to the arbitration award with Pizzarotti S.p.A. and assessed fines (Arabian Bemco Contracting and Co.), other charges (settlement due to the waiver of a claim by Co.Ge. Fin S.r.l.) and higher bank charges, also incurred by the parent.

The balance includes higher customs duties on the new Koysha contract in Ethiopia.

Prior year expense includes the out-of-court settlement between the customer and Empresa Constructora Metro 6 Ltda in Chile (see the paragraph in the section on the "Main risk factors and uncertainties" in the directors' report).

35.6 Amortisation, depreciation, provisions and impairment losses

This item of €277.3 million shows an increase of €39.5 million on the balance for the previous year. It may be analysed as follows:

(€'000)	2016	2015	Variation
Impairment losses	14,623	10,592	4,031
Provisions	1,879	12,192	(10,313)
Total provisions and impairment losses, net of the release of provisions	**16,502**	**22,784**	**(6,282)**
Amortisation of intangible assets	1,545	387	1,158
Depreciation of property, plant and equipment	226,812	190,495	36,317
Amortisation of rights to infrastructure under concession	1,344	1,493	(149)
Amortisation of contract acquisition costs	31,121	22,683	8,438
Total amortisation and depreciation	**260,822**	**215,058**	**45,764**
Total	**277,324**	**237,842**	**39,482**

"Provisions and impairment losses" decreased by €6.3 million in 2016.

Specifically, impairment losses of €14.6 million mainly related to the receivables for late payments from Venezuelan clients, described in the paragraph on Venezuela in the section on the "Main risk factors and uncertainties" of the Directors' report.

The provisions of €1.9 million include accruals to the provision for risks, mainly for the parent for the potential costs of disputes in Argentina (€2.3 million), the Kazakistani branch for disputes with the local customer (approximately €1.1 million) and H.C.E. Costruzioni Group for the completion of works in Ukraine (€2.7 million), offset by the release of accruals made in previous years for projects performed in Chile (€3.6 million) and the Dominican Republic (€1.1 million).

Amortisation and depreciation of €260.8 million shows an increase of €45.8 million due to the change in the consolidation scope, following Lane's acquisition, and greater amortisation and depreciation expense for the Riyadh Metro Line 3 project.

36. Net financing costs

Net financing costs amount to €86.5 million compared to €90.4 million for the previous year.

The item may be broken down as follows:

(€'000)	2016	2015	Variation
Financial income	44,499	34,587	9,912
Financial expense	(146,542)	(108,336)	(38,206)
Net exchange rate gains (losses)	15,537	(16,675)	32,212
Net financing costs	**(86,506)**	**(90,424)**	**3,918**

36.1 Financial income

Financial income totalled €44.5 million (2015: €34.6 million) and is made up as follows:

(€'000)	2016	2015	Variation
Interest income on loans and receivables	**2,106**	**2,373**	**(267)**
Gains on securities	**10,315**	**1**	**10,314**
Interest and other income from unconsolidated group companies and other related parties	**9,645**	**8,729**	**916**
Interest and other financial income	**22,433**	**23,484**	**(1,051)**
- Interest income on correspondence accounts	-	6	(6)
- Interest on financing	174	581	(407)
- Bank interest	6,203	4,590	1,613
- Default interest	5,959	9,624	(3,665)
- Financial discounts and allowances	571	527	44
- Other	9,526	8,156	1,370
Total	**44,499**	**34,587**	**9,912**

The €9.9 million increase is due to the recognition of the gain on the sale of foreign currency securities on the US market offset the reduction in default interest due from clients during the year.

Other financial income increased by €1.4 million to €9.5 million and comprises interest income on the life insurance policy for Lane's employees (€2.2 million), reversal of the Salini-Impregilo PPA (€1.6 million) and interest income on loans and receivables of the Argentine operator Caminos de las Sierras (€1.4 million).

36.2 Financial expense

Financial expense totalled €146.5 million (€108.3 million) and is made up as follows:

(€'000)	2016	2015	Variation
Intragroup interest and other expense	**(517)**	**(200)**	**(317)**
Interest and other financial expense	**(146,025)**	**(108,136)**	**(37,889)**
- Bank interest	(74,711)	(53,330)	(21,381)
- Interest on bonds	(35,863)	(29,400)	(6,463)
- Interest on tax liabilities	(1,589)	(1,392)	(197)
- Default interest	(722)	(61)	(661)
- Discounting	(2,822)	(245)	(2,577)
- Bank fees	(4,830)	(3,426)	(1,404)
- Charges on sureties	(1,884)	(1,311)	(573)
- Other loans and borrowings	(2,836)	(3,218)	382
- Factoring and leases	(6,116)	(7,546)	1,430
- Other	(14,652)	(8,207)	(6,445)
Total	**(146,542)**	**(108,336)**	**(38,206)**

Financial expense increased by €38.2 million, mainly due to the rise of €28.6 million in bank interest expense and interest on bonds, as a result of the Group's higher debt following the acquisition of Lane.

"Discounting" mostly relates to the actuarial valuation of Lane Group's employees' pension plan.

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

"Other" includes the loss of €3.8 million on the securities of the Colombian company Yuma Concessionaria S.A.

In addition:

- bank interest of €74.7 million includes the effect of the amortised cost method of €21.7 million, including €13.9 million, which did not entail cash outlays during the year 2016 as it had already been in paid in previous years, and €7.8 million which was paid partly in 2015 and partly in the first half of 2016, but was fully recognised in profit or loss in 2016, in connection with the loan taken out to acquire Lane Group;

- interest on bonds of €35.9 million includes the effect of the amortised cost method for €3.7 million.

36.3 Net exchange rate gains (losses)

The net exchange rate gains amount to €15.5 million (2015: net losses of €16.7 million).

(€'000)	2016	2015	Variation
Net realised exchange rate gains (losses)	2,940	(75,607)	78,547
Net unrealised exchange rate gains	10,622	60,341	(49,719)
Net currency hedging gains (losses)	1,975	(1,409)	3,384
Total	**15,537**	**(16,675)**	**32,212**

The €32.2 million improvement in this item is due to the Euro's appreciation against some foreign currencies, especially the Namibian dollar, the Ethopian Birr and the Sierra Leone currency, as well as the positive exchange rate trends for the activities carried out in Ukraine and Tunisia by HCE Group.

In order to translate its net financial assets in the Venezuelan currency (Bolivar Fuerte, VEF), the Group adopted the official DICOM exchange rate in 2016, compared to the SIMADI rate, which it started to use in 2015.

37. Net gains on equity investments

Net gains on investments came to €9.1 million compared to €0.3 million for the previous year.

The item may be broken down as follows:

(€'000)	2016	2015	Variation
Share of profit (loss) of investees	5,409	(142)	5,551
Dividends	234	431	(197)
Loss on the disposal of equity investments	(365)	-	(365)
Other income	3,844	47	3,797
Total	**9,122**	**336**	**8,786**

The share of profit of investees is €5.4 million, an increase on 2015 mainly due to the change in the consolidation scope following the acquisition of the US group Lane, which balanced the loss recognised by the investee Grupo Unidos por el Canal.

The following table provides a breakdown of this item:

(€'000)	2016	2015	Variation
Share of profit (loss) of investees			
Yuma Concessionaria	988	3,870	(2,882)
Agua Azul	1,053	1,094	(41)
Impregilo Arabia	(620)	(3,209)	2,589
Gupc	(18,440)	(103)	(18,337)
Ochre Holding Solution	(711)	(1,768)	1,057
Wolverhampton	(175)	(80)	(95)
Gaziantep Hastane Saglik	(247)	(496)	249
Interstate Healy JV	(33)	(120)	87
Irina S.r.l. in liquidation	(12)	(437)	425
Metro de Lima Linea 2 S.A.	787	1,377	(590)
Yacilec	(241)	(153)	(88)
Edilfi scrl in liquidation	236	-	236
Edilizia sociale	125	-	125
Montenero scrl	69	-	69
Rimini Fiera S.p.A.	(1,421)	-	(1,421)
Other	(354)	(117)	(237)
Sub-total	**(18,996)**	**(142)**	**(18,854)**
Subsidiaries del Lane Group:			
Agl Constructor JV	(19)	-	(19)
Flatiron Lane JV	1	-	1
Gemma Lane Liberty	2,116	-	2,116
Gemma Lane Patriot	5,185	-	5,185
Fluor Lane 95	2,194	-	2,194
Purple Line	4,685	-	4,685
Skanca Granite Lane JV	9,516	-	9,516
SGL Leasing	252	-	252
Fluor Lane South Caroline	475	-	475
Total Lane Group joint ventures	***24,405***	***-***	***24,405***
Total	**5,409**	**(142)**	**5,551**

38. Income tax expense

The Group's income tax expense for the year is €78.0 million as follows:

(€'000)	2016	2015	Variation
Current taxes (income taxes)	66,510	36,976	29,534
Net deferred tax (income) expense	(5,761)	33,436	(39,197)
Prior year taxes	10,905	9,531	1,374
Total	**71,654**	**79,943**	**(8,289)**
IRAP	6,298	4,634	1,664
Total	**77,952**	**84,577**	**(6,625)**

An analysis and reconciliation of the theoretical income tax rate, calculated under Italian tax legislation, and the effective tax rate are set out below:

	INCOME TAX EXPENSE	
	euro million	%
Profit before tax	**198.1**	
Theoretical tax expense	54.5	27.5%
Effect of permanent differences	(1.0)	(0.5%)
Net effect of foreign taxes	8.2	4.1%
Prior year and other taxes	10.0	5.0%
Total	**71.7**	**36.2%**

The effective tax expense is affected by the following in particular:

- permanent differences;
- the assets for taxes paid abroad by the consolidated companies' branches, recognised to the extent the Group believes the conditions exist for their recovery in Italy in 2016 or subsequent years,
- the taxes paid by the subsidiaries operating abroad, calculated using the related tax rates.

An analysis and reconciliation of the theoretical IRAP tax rate and the effective tax rate are set out below:

	IRAP	
	euro million	%
Operating profit	275.5	
Personnel expenses	886.2	
Revenue	**1,161.7**	
Theoretical tax expense	45.3	3.9%
Tax effect of foreign companies' production	(22.6)	(1.9%)
Tax effect of foreign production	(14.4)	(1.2%)
Tax effect of permanent differences	(2.0)	(0.2%)
Total	**6.3**	**0.5%**

The net deferred tax expense contributes to the consolidated profit for €5.8 million as shown below:

(€'000)

Deferred tax expense for the year	17,745
Utilisation of deferred tax liabilities recognised in previous years	(14,791)
Deferred tax income for the year	(28,808)
Utilisation of deferred tax assets recognised in previous years	20,093
Total	**(5,761)**

39. Related party transactions

Transactions with related parties, as defined by IAS 24, were of an ordinary nature and were carried out with the following counterparties in 2016:

- directors, statutory auditors and key management personnel, solely related to the contracts regulating their positions within the Group;
- associates and joint arrangements; these transactions mainly relate to:
  - commercial assistance with purchases and procurement of services necessary to carry out work on contracts, contracting and subcontracting;
  - services (technical, organisational, legal and administrative), carried out at centralised level;
  - financial transactions, namely loans and joint current accounts as part of cash pooling transactions and guarantees given on behalf of group companies.

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

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

Related party (€'000)	Loans and receivables	Financial assets	Other assets	Trade payables	Financial liabilities	Total revenue	Total costs	Financing income (costs)
C.Tiburtino	27					18		
Casada S.r.l.	36					18	193	
CEDIV S.p.A.	1,722	3,241				18		49
Corso del Popolo Immobiliare S.r.l	3,120							
Dirlan	103					25		
G.A.B.I.RE S.r.l.	1,155	18,001				20		18
Galla Placida	23					19		
Imm. Agricola San Vittorino	65					17		
Infernetto	13					7		
Iniziative Immobiliari Italiane S.p.A.	17			257			1,008	(3)
Madonna dei Monti S.r.l	3			39		11	112	1
Nores	30					7		
Plus	185					30		
Salini Costruttori S.p.A.	110	7,069	11,956		8,062	146	2	(83)
Salini Simonpietro & C.	39					14		
Todini Finanziaria	1,480							
Zeis	12	921		7		256	150	28
Total	**8,140**	**29,232**	**11,956**	**303**	**8,062**	**606**	**1,465**	**10**

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

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

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

In December 2016, the parent SAPA granted Salini Costruttori S.p.A. shares free of charge, which may be converted into Salini Impregilo shares, to Salini Impregilo employees.

Transactions with Directors, Statutory Auditors and Key management personnel are show below:

(€'000)	2016 Fees and remuneration	2016 Total	2015 Fees and remuneration	2015 Total
Directors and statutory auditors	6,311	6,311	10,781	10,781
Key management personnel	5,402	5,402	5,114	5,114
Total	**11,713**	**11,713**	**15,895**	**15,895**

The next table shows the impact of transactions with unconsolidated group companies on the statement of financial position and the income statement (including as a percentage), while their effect on cash flows is shown in the statement of cash flows, when material:

31 December 2016 (€'000)	Non-current loans and receivables (1)	Current loans and receivables (2)	Current liabilities (3)	Revenue	Costs	Financial income	Financial expense
Total - group companies	19,005	369,644	138,616	222,625	221,317	9,625	361
Total financial statements item	1,532,997	7,796,990	5,809,852	5,883,809	5,608,295	44,499	146,542
% of financial statements item	1.2%	4.7%	2.4%	3.8%	3.9%	21.6%	0.2%

31 December 2015 (€'000)	Non-current loans and receivables (1)	Current loans and receivables (2)	Current liabilities (3)	Revenue	Costs	Financial income	Financial expense
Total - group companies	19,986	376,930	151,643	502,009	480,983	8,729	189
Total financial statements item	1,051,336	6,103,298	4,566,071	4,770,295	4,502,708	34,587	108,336
% of financial statements item	1.9%	6.2%	3.3%	10.5%	10.7%	25.2%	0.2%

(1) The percentage of non-current loans and receivables is calculated considering total non-current assets.

(2) The percentage of current loans and receivables is calculated considering total current assets.

(3) The percentage of current liabilities is calculated considering total current liabilities.

40. Earnings per share

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

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

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

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

In October 2014, the parent repurchased 3,104,377 own shares. No shares have been subsequently issued or repurchased.

(€'000)	**2016**	**2015**
Profit from continuing operations	120,176	92,920
Non-controlling interests	(39,592)	(21,638)
Profit earmarked for holders of savings shares	588	588
Profit from continuing operations attributable to the owners of the parent	**80,584**	**71,282**
Profit from continuing and discontinued operations	99,514	82,231
Non-controlling interests	(39,592)	(21,638)
Profit earmarked for holders of savings shares	588	588
Profit from continuing and discontinued operations attributable to the owners of the parent	**60,510**	**61,181**
Average outstanding ordinary shares	489,069	489,069
Average outstanding savings shares	1,615	1,615
Average number of shares	490,684	490,684
Dilutive effect	**2,511**	**-**
Average number of diluted shares	**493,195**	**490,684**
Basic earnings per share (from continuing operations)	**0.16**	**0.14**
Basic earnings per share (from continuing and discontinued operations)	**0.12**	**0.12**
Diluted earnings per share (from continuing operations)	**0.16**	**0.14**
Diluted earnings per share (from continuing and discontinued operations)	**0.12**	**0.12**

41. Events after the reporting date

Contract worth USD336 million awarded in Virginia (USA)

Lane has won new orders for €850 million in the first two months of 2017. Specifically, on 1 March 2017, it was awarded a new design-build contract worth €336 million to extend the 395 Express Lanes in Virginia, USA, where Lane has already performed other works. Preliminary work will start in March 2017.

€397 million contract awarded for the first lot of the high speed/capacity Naples-Bari railway section

On 2 March 2017, the Salini Impregilo-Astaldi joint venture was awarded the contract worth €397 million to design and build the Naples-Cancello segment of the high speed/capacity Naples-Bari section.

The works will be performed by Salini Impregilo (lead contractor, 60% share) and Astaldi (40%). The contract signing will take place once the necessary checks required by the tender procedure to ensure that the two joint venturers meet the relevant participation requirements have been completed.

The contract was commissioned by ITALFERR S.p.A. and is to be completed by 2022. It covers the first segment of the Naples-Bari section and is a fundamental part of the overall restructuring of the entire railway line.

COCIV

On 6 March 2017, the Rome prefecture ordered the extraordinary administration of this consortium pursuant to article 32.1.b of Law decree no. 90 of 24 June 2014, converted with amendments by Law no. 114 of 11 August 2014. It appointed an extraordinary commissioner for a six-month period which may be extended.

42. Significant non-recurring events and transactions

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

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

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

On behalf of the board of directors
Chairman
(Signed on the original)

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

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

Consolidated financial statements of Salini Impregilo Group Intragroup transactions

Assets and liabilities at 31 December 2016

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets
Aegek - Impregilo - Alstom J.V.	-	-	-	-	-
Agua AZ	29,529	-	-	-	29,529
Agua BA	56,867	-	-	-	56,867
Alburni S.c.a.r.l. in liquidation	215	-	-	-	215
ANBAFER S.c.r.l.	28,444	-	-	-	28,444
Arge Haupttunnel Eyholz	5,164,389	-	-	-	5,164,389
Arge Sisto N8	3,386,223	-	-	-	3,386,223
Aurelia 98 S.c.r.l.	-	-	-	-	-
BA.TA. 91 S.c.r.l.	-	-	-	-	-
Barnard	-	-	-	2,056,453	2,056,453
Cagliari 89 S.c.r.l.	2,072,698	-	-	-	2,072,698
Carvalho Pinto	-	-	-	-	-
CE.S.I.F. S.c.p.a.	-	-	-	-	-
Churchill Consortium	1,413	-	-	-	1,413
Churchill Hospital J.V.	2,803	-	-	-	2,803
CMC Consorzio Monte Ceneri lotto 851	1,046,614	-	-	-	1,046,614
Con.Sal. S.c.n.c. in liquidation	-	-	-	-	-
Cons Pizzarotti Todini .Keff-Eddir	3,703,964	664,266	-	-	4,368,230
Cons. A.F.T. in liquidation	740,579	-	-	-	740,579
Cons. Astaldi Federici Todini Kramis	3,730,804	2,959,250	-	-	6,690,054
Consorcio Cigla-Sade	162,227	-	1,530,340	-	1,692,567
Consorcio Contuy Medio	4,371	-	578,046	-	582,417
Consorcio Federici/Impresit/Ice Cochabamba	100,000	-	-	-	100,000
Consorcio Grupo Contuy-Proyectos y Ob. De F.	-	-	-	-	-
Consorcio OIV-TOCOMA	398,907	-	129,990,498	-	130,389,405
Consorcio Serra do Mar	-	-	-	-	-
Consorcio V.S.T. Tocoma	-	-	1,880	-	1,880
Consorcio VIT Tocoma	-	-	3,432,718	-	3,432,718
Consorio.Kallidromo	591,713	86,360	-	-	678,073
Consorzio 201 Quintai	1,307,194	-	-	-	1,307,194
Consorzio 202 Quintai	609,159	-	-	-	609,159
Consorzio Biaschina	42,578	-	-	-	42,578
Consorzio Casertano	263	-	-	-	263
Consorzio CEMS	26,205	-	-	-	26,205
Consorzio Coltun JV	930,500	-	-	-	930,500
Consorzio Consavia S.c.n.c.	3,674	-	-	-	3,674
Consorzio Costral in liquidation	88,057	-	-	-	88,057
Consorzio Costruttori TEEM	79	-	-	-	79

Trade payables	Current portion of bank loans and current account facilities	Other current liabilities	Total liabilities	Net balance
-	-	746	746	(746)
13,234	-	-	13,234	16,295
32,363	-	-	32,363	24,504
-	-	-	-	215
106	-	-	106	28,338
1,676,134	-	-	1,676,134	3,488,255
53,187	-	-	53,187	3,333,036
16,121	-	-	16,121	(16,121)
1,363	-	-	1,363	(1,363)
-	-	-	-	2,056,453
1,894,720	-	5,165	1,899,885	172,813
-	-	7,757	7,757	(7,757)
23,482	-	-	23,482	(23,482)
-	-	-	-	1,413
-	-	389,716	389,716	(386,913)
593,649	-	-	593,649	452,965
-	109,277	-	109,277	(109,277)
10,791,938	-	-	10,791,938	(6,423,708)
529,403	-	-	529,403	211,176
1,403,804	-	-	1,403,804	5,286,250
1,121,692	-	-	1,121,692	570,875
-	-	-	-	582,417
-	100,786	-	100,786	(786)
-	173,648	-	173,648	(173,648)
-	-	1,219,874	1,219,874	129,169,531
400,069	-	-	400,069	(400,069)
316	-	-	316	1,564
-	-	-	-	3,432,718
-	38,232	-	38,232	639,841
-	931,185	-	931,185	376,009
-	-	-	-	609,159
-	-	-	-	42,578
-	-	-	-	263
-	-	-	-	26,205
-	-	-	-	930,500
-	-	-	-	3,674
81,894	-	14,000	95,894	(7,837)
26	-	-	26	53

Assets and liabilities at 31 December 2016

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets
Consorzio CPR 3	7,602	-	-	-	7,602
Consorzio CPR 2	-	-	-	-	-
Consorzio CRS9	180,641	-	-	-	180,641
Consorzio del Sinni	76,976	-	-	-	76,976
Consorzio EPC	854,003	-	342,330	-	1,196,333
Consorzio Felce BP	350,521	-	-	-	350,521
Consorzio Ferrofir	111,038	-	-	-	111,038
Consorzio Galliera Roveredo	1,263,519	-	-	-	1,263,519
Consorzio Imprese Lavori FF.SS. di Saline - FEIC	5,055	-	-	-	5,055
Consorzio infrastruttura area metropolitana	-	-	-	-	-
Consorzio Iniziative Ferroviarie - INFER	3,044	-	-	-	3,044
Consorzio Iricav Due	3,456,762	-	-	-	3,456,762
Consorzio MM4	431,965	-	-	-	431,965
Consorzio MPC	116,201	-	-	-	116,201
Consorzio NOG.MA	-	-	-	-	-
Consorzio Pedelombarda 2	477,369	-	-	-	477,369
Consorzio Piottino	101,786	-	-	-	101,786
Consorzio Portale Vezia	664,240	-	-	-	664,240
Consorzio Probin	1,680,664	-	-	-	1,680,664
Consorzio San Cristoforo	-	-	-	-	-
Consorzio Sarda Costruzioni Generali	7,549	-	-	-	7,549
Consorzio Sardo d'Imprese	-	-	-	-	-
Consorzio SI.VI.CI.CA.	351,340	-	-	-	351,340
Consorzio SIVICICA 3	68,044	-	-	-	68,044
Consorzio Sivicica 4	109,488	-	-	-	109,488
Consorzio Stazione Mendrisio	41,621	-	-	-	41,621
Consorzio TAT-Tunnel Alp Transit Ticino	312,283	-	271,866	863,674	1,447,823
Consorzio TRA.DE.CI.V.	115,977	-	-	-	115,977
Consorzio Tre Esse	-	-	-	-	-
Consorzio Trevi - S.G.F. INC per Napoli	391,351	-	-	-	391,351
Consorzio Umbria Sanità in liquidation	14,807	-	-	-	14,807
Consorzio Venezia Nuova	-	-	-	-	-
Consorzio VIT Caroni Tocoma	-	-	-	-	-
Depurazione Palermo S.c.r.l.	-	-	-	-	-
E.R. Impregilo/Dumez y Asociados para Yaciretê	14,468,364	-	7,403,847	-	21,872,211
Enecor	3,240	-	-	125,382	128,622
Eurolink S.c.p.a.	10,418,747	-	-	-	10,418,747
Executive J.V. Impregilo S.p.A. Terna S.A.	-	-	8,311	-	8,311

Trade payables	Current portion of bank loans and current account facilities	Other current liabilities	Total liabilities	Net balance
24,620	-	-	24,620	(17,018)
201,397	-	-	201,397	(201,397)
-	-	-	-	180,641
-	-	-	-	76,976
359,852	-	-	359,852	836,481
-	232,796	-	232,796	117,725
200,753	-	-	200,753	(89,715)
-	-	-	-	1,263,519
-	-	-	-	5,055
15,976	-	-	15,976	(15,976)
-	-	-	-	3,044
17,469,111	-	-	17,469,111	(14,012,349)
872,041	-	-	872,041	(440,076)
19,923	-	-	19,923	96,278
57,428	-	-	57,428	(57,428)
270,496	-	-	270,496	206,873
48,959	-	-	48,959	52,827
69,055	-	-	69,055	595,185
-	-	-	-	1,680,664
35,859	-	-	35,859	(35,859)
42,524	-	-	42,524	(34,975)
14,501	-	-	14,501	(14,501)
1,978	-	-	1,978	349,362
-	-	-	-	68,044
-	-	-	-	109,488
-	-	-	-	41,621
-	-	1,135,559	1,135,559	312,264
69,689	-	-	69,689	46,288
162,554	-	-	162,554	(162,554)
29,595	-	-	29,595	361,756
-	-	-	-	14,807
6,964	-	-	6,964	(6,964)
-	1,359,475	-	1,359,475	(1,359,475)
-	-	3,615	3,615	(3,615)
50,900	-	10,435,991	10,486,891	11,385,320
-	-	-	-	128,622
16,481,754	-	-	16,481,754	(6,063,007)
-	-	-	-	8,311

Assets and liabilities at 31 December 2016

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets
FE.LO.VI. S.c.n.c.	158,683	-	-	-	158,683
Felce lotto 101	18,696	-	-	-	18,696
G.T.B. S.c.r.l.	309,117	-	-	-	309,117
Galileo S.c.a.r.l.	147,141	-	-	-	147,141
Gaziantep Hastanesi Isletme Ve Bakim Hizmetleri	-	-	2,279	-	2,279
Generalny Wykonawca Salini Polska	9	-	-	-	9
Group. d'entreprises Salini Strabag (Guinea)	-	-	208,953	-	208,953
Grupo Empresas Italianas - GEI	-	-	366,297	-	366,297
GUPC	38,436,778	-	-	-	38,436,778
IGL Arabia	436,220	-	-	-	436,220
Imprese Riunite Genova Irg S.c.r.l.	69,401	-	-	-	69,401
Imprese Riunite Genova Seconda S.c.r.l.	128,442	-	-	-	128,442
Irina S.r.l. in liquidation	62,400	-	-	-	62,400
Isarco S.c.r.l.	3,383,780	-	-	-	3,383,780
Joint Venture Aktor Ate - Impregilo S.p.A.	12,063	-	-	-	12,063
Joint Venture Aktor S.A. - Impregilo S.p.A.	-	-	332	-	332
Joint Venture Impregilo S.p.A. - Empedos S.A. - Ak	1,498,407	-	2,108,561	489,323	4,096,291
Joint Venture Salini-Acciona (Etiopia)	87,152	-	-	-	87,152
KAYI - Salini - Samsung - JV	831,495	-	211,325	-	1,042,820
La Quado S.c.a.r.l.	50,810	-	214,874	-	265,684
Lambro Scrl	173,483	-	134	-	173,617
Line 3 Metro Stations	82,794	-	215,000	-	297,794
M.N. 6 S.c.r.l.	455,204	-	-	-	455,204
Marmore Commessa	-	-	-	14,872	14,872
Maver in liquidation	4,316	-	-	-	4,316
METRO BLU	10,688,241	-	-	-	10,688,241
Metrogenova S.c.r.l.	33,098	-	-	-	33,098
Metropolitana di Napoli S.p.A.	189,622	-	-	-	189,622
Nobiallo in liquidation	-	-	-	245	245
Ochre Holding	-	11,313,740	-	-	11,313,740
Ochre Solutions Ltd	237,276	-	-	-	237,276
Olbia 90 S.c.r.l.	117,471	-	-	-	117,471
Pantano S.C.R.L.	-	-	-	-	-
Passante di Mestre S.c.p.A.	568,457	-	-	-	568,457
Passante Dorico S.p.A.	191,325	-	36,643	-	227,968
Pedelombarda S.c.p.a.	1,578,267	-	-	-	1,578,267
Pedemontana Veneta S.p.A.	75,130	-	240,438	-	315,568
Puentes	10,298,901	-	-	-	10,298,901

Trade payables	Current portion of bank loans and current account facilities	Other current liabilities	Total liabilities	Net balance
-	-	-	-	158,683
-	-	-	-	18,696
95,701	-	-	95,701	213,416
118,050	-	-	118,050	29,091
-	-	-	-	2,279
	-	-	-	9
-	-	-	-	208,953
-	-	-	-	366,297
1,214,819	-	-	1,214,819	37,221,959
903,142	-	-	903,142	(466,922)
314,336	-	-	314,336	(244,935)
-	-	-	-	128,442
-	4,161	-	4,161	58,239
3,274,043	-	-	3,274,043	109,737
-	-	-	-	12,063
-	-	-	-	332
-	-	-	-	4,096,291
-	-	-	-	87,152
-	-	-	-	1,042,820
-	-	-	-	265,684
6,055	-	-	6,055	167,562
-	-	192,203	192,203	105,591
851,833	-	-	851,833	(396,629)
-	-	-	-	14,872
-	-	-	-	4,316
13,741,200	-	-	13,741,200	(3,052,959)
39,814	-	-	39,814	(6,716)
69,003	-	-	69,003	120,619
-	-	-	-	245
-	-	-	-	11,313,740
-	-	-	-	237,276
86,106	-	-	86,106	31,365
1,001	-	-	1,001	(1,001)
65,663	-	-	65,663	502,794
-	-	-	-	227,968
598,895	-	-	598,895	979,372
-	-	-	-	315,568
-	-	-	-	10,298,901

Assets and liabilities at 31 December 2016

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets
RCCF Nodo di Torino S.c.p.a.	104,458	-	39,452	-	143,910
Riviera S.c.r.l.	307,605	-	-	-	307,605
Rupe di Orvieto S.c.a.r.l. in liquidation	49,551	-	-	-	49,551
S. Anna Palermo S.c.r.l.	-	-	-	-	-
S.I.MA. GEST 3 S.c.r.l.	-	-	-	-	-
S.Ruffillo S.c.a.r.l.	-	-	-	-	-
San Benedetto S.c.r.l.	-	-	-	-	-
San Giorgio Caltagirone S.c.r.l.	130,112	-	-	-	130,112
Sarmento S.c.r.l.	49,620	-	509,620	-	559,240
Scat 5 S.c.a.r.l. in liquidation	54,374	-	-	-	54,374
Sclafani S.c.r.l.	393,411	-	-	-	393,411
Sedi S.c.a.r.l.	61,462	57,608	-	-	119,070
SFI leasing	-	-	-	-	-
SHIMMICK	136,592	-	-	7,202,232	7,338,824
Sibar Arge	951,705	-	335,227	-	1,286,932
Sirjo S.c.p.A.	1,870,352	-	-	-	1,870,352
Sistranyac S.A.	912	-	12,043	-	12,955
Sivicica 2	-	-	-	-	-
SO.C.E.T. Societa' Costruttori Edili Toscani	-	-	-	-	-
Società di progetto consortile per azioni M4	455,730	-	-	-	455,730
Soingit S.c.r.l.	230,631	-	-	-	230,631
SPV Linea M4 S.p.a.	250,431	-	4,325,458	-	4,575,889
Stazione Tribunale	-	-	-	-	-
Strade e Depuratori Palermo S.c.r.l.	-	-	-	-	-
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A	3,467	-	10,400	12,496,803	12,510,670
Thessaloniki Metro	-	-	-	-	-
Thessaloniki Metro CW	2,048,526	-	-	417,979	2,466,505
Todedil S.c.a.r.l.	407	-	-	-	407
Valico S.c.a.r.l. in liquidation	1,800	-	-	-	1,800
Variante di Valico	125	-	-	-	125
VE.CO. S.c.r.l.	-	-	-	-	-
Wolverhampton	373,033	682,546	3,966	-	1,059,545
Yacilec	11,569	-	-	-	11,569
Yuma	9,364,820	-	-	-	9,364,820
Total - group companies	**147,488,538**	**15,763,770**	**152,400,838**	**23,666,963**	**339,320,109**

Trade payables	Current portion of bank loans and current account facilities	Other current liabilities	Total liabilities	Net balance
-	-	-	-	143,910
640,417	-	-	640,417	(332,812)
-	-	-	-	49,551
79,816	40,504	-	120,320	(120,320)
162,355	-	-	162,355	(162,355)
17,783,747	-	-	17,783,747	(17,783,747)
45,520	-	26	45,546	(45,546)
-	-	-	-	130,112
-	-	-	-	559,240
-	876	-	876	53,498
-	-	-	-	393,411
15,584	-	-	15,584	103,486
-	-	341,990	341,990	(341,990)
3,741,871	-	-	3,741,871	3,596,953
-	-	-	-	1,286,932
11,069,001	-	-	11,069,001	(9,198,649)
-	-	-	-	12,955
31,725	-	-	31,725	(31,725)
106,287	-	-	106,287	(106,287)
59,172	-	-	59,172	396,558
96,222	96,929	-	193,151	37,480
-	-	-	-	4,575,889
175,662	-	-	175,662	(175,662)
179,665	-	-	179,665	(179,665)
-	-	-	-	12,510,670
619	-	-	619	(619)
2,922	2,557,025	-	2,559,947	(93,442)
10,269	-	-	10,269	(9,862)
-	-	-	-	1,800
-	-	-	-	125
138,527	-	-	138,527	(138,527)
-	-	-	-	1,059,545
-	-	-	-	11,569
-	-	-	-	9,364,820
110,858,472	**5,644,894**	**13,746,642**	**130,250,008**	**209,070,101**

Assets and liabilities at 31 December 2016

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets
C. Tiburtino	26,610	-	-	-	26,610
Casada S.r.l.	35,595	-	-	-	35,595
CEDIV SPA	1,722,081	3,241,000	-	-	4,963,081
Corso del Popolo Immobiliare S.r.l.	3,119,791	-	-	-	3,119,791
Dirlan	102,781	-	-	-	102,781
G.A.B.I.RE. S.r.l.	1,154,730	-	18,001,297	-	19,156,027
Galla Placidia	22,876	-	-	-	22,876
Imm. Agricola San Vittorino	65,031	-	-	-	65,031
Infernetto S.r.l.	13,455	-	-	-	13,455
Iniziative Immobiliari	16,693	-	-	-	16,693
Madonna dei Monti S.r.l.	3,283	-	-	-	3,283
Nores	30,227	-	-	-	30,227
Plus	185,502	-	-	-	185,502
Salini Costruttori	109,872	-	7,068,992	11,956,443	19,135,307
SALINI SIMONPIETRO & C. S.A.P.A.	39,511	-	-	-	39,511
Todini Finanziaria	1,480,410	-	-	-	1,480,410
Zeis	11,863	-	921,200	-	933,063
Total other related parties	**8,140,311**	**3,241,000**	**25,991,489**	**11,956,443**	**49,329,243**
Total	**155,628,849**	**19,004,770**	**178,392,327**	**35,623,406**	**388,649,352**

Trade payables	Current portion of bank loans and current account facilities	Other current liabilities	Total liabilities	Net balance
-	-	-	-	26,610
-	-	-	-	35,595
-	-	-	-	4,963,081
-	-	-	-	3,119,791
-	-	-	-	102,781
-	-	-	-	19,156,027
-	-	-	-	22,876
-	-	-	-	65,031
-	-	-	-	13,455
256,754	-	-	256,754	(240,061)
39,440	-	-	39,440	(36,157)
-	-	-	-	30,227
-	-	-	-	185,502
1	8,062,092	-	8,062,093	11,073,214
-	-	-	-	39,511
-	-	-	-	1,480,410
7,072	-	-	7,072	925,991
303,267	**8,062,092**	**-**	**8,365,359**	**40,963,884**
111,161,739	**13,706,986**	**13,746,642**	**138,615,367**	**250,033,985**

Revenue and costs for 2016

	Revenue	Other revenue and income	Purchases
Aegek - Impregilo - Alstom J.V.	1,760	-	-
Agua AZ	275,067	9,500	-
Agua BA	28,867	330,070	-
ANBAFER S.c.r.l.	7,600	264	-
ANM	-	314,335	-
Arge Haupttunnel Eyholz	92,341	-	-
Arge Sisto N8	5,353,371	-	-
Autopistas del Sol S.A.	-	-	-
Autostrada Al Torun - Strykow	-	-	-
BARNARD	1,205,131	-	-
Carvalho Pinto	1,504,005	-	-
CE.S.I.F. S.c.p.a.	-	-	-
CGMR Gestione materiale Roveredo	295,648	-	-
Churchill Consortium	14,643	-	-
Churchill Hospital J.V.	29,287	-	-
CIVIL WORK	-	5,898,694	-
CMC-MAVUNDLA-IGL JV	-	1,159,192	-
Consorcio Cigla-Sade	266,466	-	-
Consorcio Contuy Medio	594	1,981	-
Consorcio Grupo Contuy-Proyectos y Ob. De F.	43,040	-	-
Consorcio OIV-TOCOMA	444,231	3,800	-
Consorcio Serra do Mar	289	-	-
Consorcio VIT Tocoma	321,251	-	-
Consortium CSC Zuttion	779,706	-	-
Consorzio 201 Quintai	9,383,604	3,800	-
Consorzio 202 Quintai	5,815,512	-	-
Consorzio Biaschina	10,208	-	-
Consorzio CEMS	-	-	-
Consorzio Coltun JV	3,739,985	-	-
Consorzio Costral in liquidation	6,400	2,897	-
Consorzio Costruttori TEEM	-	-	-
Consorzio CPR 3	-	-	-
Consorzio CPR 2	-	-	-
Consorzio EPC	32,581,827	157,924	-
Consorzio Felce BP	14,567	-	-
Consorzio Ferrofir	-	-	-
Consorzio Galliera Roveredo	30,688	-	-
Consorzio Iricav Due	-	124,825	-

Services	Other operating expenses	Amortisation, depreciation, provisions and impairment losses	Financial income	Financial expense
2,506	-	-	-	-
65,260	483	-	-	-
1,791	1,873	330,070	-	-
-	-	-	-	-
375,422	-	-	-	-
-	-	-	-	-
2,774,835	-	-	-	-
-	18,603	-	-	-
739	-	-	-	-
691,849	-	-	-	-
1,871,068	-	-	-	-
733	-	-	-	-
275,543	-	-	-	-
-	-	-	-	-
1,004,548	-	-	-	-
5,916	-	-	-	-
9,868	-	-	-	-
137,362	-	-	56,808	-
34,147	-	-	-	-
1,090,847	-	-	-	-
402,736	-	-	-	-
292,146	-	-	2,908	-
-	-	-	-	-
779,706	-	-	-	-
6,564,528	-	-	-	-
4,953,424	-	-	-	-
31,407	-	-	-	-
61,203	-	-	-	-
2,781,256	-	-	-	-
9,372	-	-	-	-
613	-	-	-	-
17,884	-	-	-	-
54,333	-	-	-	-
1,292,442	303,269	-	12,899	-
-	-	-	-	-
85,179	-	-	-	-
-	-	-	-	-
1,686,209	-	-	-	-

Revenue and costs for 2016

	Revenue	Other revenue and income	Purchases
Consorzio MM4	80,326	231,990	-
Consorzio MPC	1,313,411	-	-
Consorzio NOG.MA	-	-	-
Consorzio Pedelombarda 2	-	3,800	-
Consorzio Piottino	682,528	-	-
Consorzio Portale Vezia	2,433,630	-	-
Consorzio Probin	5,570,270	-	-
Consorzio SI.VI.CI.CA.	-	-	-
Consorzio Sivicica 4	52,370	-	-
Consorzio Stazione Mendrisio	11,605	-	-
Consorzio Umbria Sanità in liquidation	-	-	-
Consorzio VIT Caroni Tocoma	-	-	-
E.R. Impregilo/Dumez y Asociados para Yaciretê	79,305	-	-
Enecor	10,978	-	-
Eurolink S.c.p.A.	57,125	174,289	-
G.T.B. S.c.r.l.	-	9,414	-
Galileo S.c.a.r.l.	7,098	2,897	-
GHAZI JV	-	9,608	-
Groupment Todini Hamilà	-	-	-
Grupo Empresas Italianas - GEI	278,490	-	-
GUP CANAL	5,591,758	234,743	116,445
Healy-Parsons	-	20,483	-
IGL Arabia	611	15,789	-
Isarco S.c.r.l.	138,432	372,839	-
Joint Venture Salini-Acciona (Ethiopia)	-	-	-
JV Todini - Kutaisi	-	-	-
KAYI - Salini - Samsung - JV	-	459,969	-
La Quado S.c.a.r.l.	40,192	1,315	-
Lambro S.c.r.l.	-	16,282	-
Line 3 Metro Stations	25	-	-
Metro Blu	45,327	744,155	-
Metrogenova S.c.r.l.	19,347	-	-
New Cros	-	-	-
Ochre Olding	-	-	-
Ochre Solutions Ltd	49,073	-	-
Passante di Mestre S.c.p.A.	3,500	11,451	-
Passante Dorico S.p.A.	-	118,737	-
Pedelombarda S.c.p.a.	50,000	371,460	-

Services	Other operating expenses	Amortisation, depreciation, provisions and impairment losses	Financial income	Financial expense
992,151	-	-	-	-
888,001	-	-	-	-
21,351	-	-	-	-
11,180	-	-	-	-
692,999	-	-	-	-
1,747,559	-	-	-	-
4,759,874	-	-	-	-
34,399	-	-	-	-
126,129	-	-	-	-
18,763	-	-	-	-
8,394	-	-	-	-
1,368,699	-	-	-	-
2,395,789	-	-	677,146	-
-	279	-	-	-
102,243	-	-	-	-
-	-	-	-	-
5,574	-	-	-	-
-	-	-	-	-
-	-	229,828	-	-
446,074	-	-	-	-
-	-	-	7,299,400	-
-	-	-	-	-
-	-	-	-	-
5,350,969	-	-	-	146,712
651	-	-	-	-
-	-	(3,091)	-	-
-	-	-	-	-
223,008	-	-	-	-
16	-	-	-	-
16,793	-	-	-	-
45,488,908	1,891	-	-	-
799,659	-	-	-	-
90,485	-	-	-	-
-	-	-	1,064,638	-
-	-	-	-	-
334,531	-	-	-	-
-	-	-	-	-
4,001,063	-	-	-	-

Revenue and costs for 2016

	Revenue	Other revenue and income	Purchases
Puentes	19,033	172,730	-
Risalto S.r.l.	4,892	674	-
Riviera S.c.r.l.	-	-	-
S.Ruffillo S.c.a.r.l.	-	-	-
Salini Bulgaria AD	-	-	-
San Giorgio Caltagirone S.c.r.l.	-	2,582	-
SARGE TP	-	116,900	-
Sarmento S.c.r.l.	-	-	-
Sclafani S.c.r.l.	-	2,582	-
Sedi S.c.a.r.l	-	-	-
SFI leasing	2,238,540	-	-
SGF Ecuador	-	-	-
SHIMMICK	45,898,410	-	-
Sibar Arge	3,486,271	-	-
Sirjo S.c.p.A.	-	145,703	-
Sistranyac S.A.	5,728	139	-
Sivicica 2	47,333	-	-
Soci Terzi	-	-	-
Società di progetto consortile per azioni M4	30,000	4,306	-
South Al Mutlaa Joint Venture	-	885,669	-
SPV Linea M4 S.p.A.	-	271,863	-
Stazione Tribunale	-	-	-
Strade e Depuratori Palermo S.c.r.l.	13,790	-	-
TB Metro in liquidation	-	-	-
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A	9,066,185	-	-
Thessaloniki Metro CW	66,596,402	-	-
Todedil S.c.a.r.l	-	-	-
Wolverhampton	3,092,612	-	-
Yacilec	10,872	957	-
Yuma	336,748	-	-
Total - group companies	**209,608,305**	**12,410,608**	**116,445**

Services	Other operating expenses	Amortisation, depreciation, provisions and impairment losses	Financial income	Financial expense
-	-	-	-	-
-	-	-	-	-
143,622	-	-	1,319	-
145,826	-	-	-	-
-	-	2,000	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	18,918	-
-	-	-	1,863	-
115	-	-	-	-
2,342,096	-	-	-	-
3,244	-	-	-	-
45,330,567	-	-	-	-
2,710,073	-	-	-	-
1,127,139	-	-	-	-
-	-	-	-	-
112,369	-	-	-	-
-	-	-	30,073	-
-	-	-	-	-
-	-	-	-	-
-	-	-	219,130	-
41,412	-	-	-	-
8,520	-	-	-	-
-	-	(125,868)	-	-
824,586	-	-	-	-
68,438,335	-	-	-	-
40,525	-	-	-	-
13,198	-	-	16,464	-
-	-	-	-	-
-	414,739	-	-	-
218,561,761	**741,137**	**432,939**	**9,401,566**	**146,712**

Revenue and costs for 2016

	Revenue	Other revenue and income	Purchases
C. Tiburtino	17,482	916	-
Casada S.r.l.	16,768	916	-
CEDIV S.p.A.	17,273	916	-
Dirlan	23,894	916	-
G.A.B.I.RE. S.r.l.	19,318	916	-
Galla Placidia	17,835	916	-
Imm. Agricola San Vittorino	16,388	916	-
Infernetto S.r.l.	6,329	458	-
Iniziative Immobiliari	-	-	-
Madonna dei Monti S.r.l.	9,816	1,234	-
Nores	6,058	458	-
Plus	28,991	916	-
Salini Costruttori	137,923	8,529	-
SALINI SIMONPIETRO & C. S.A.P.A.	14,394	-	-
Zeis	155,264	100,245	-
Total other related parties	**487,733**	**118,252**	**-**
Total	**210,096,038**	**12,528,860**	**116,445**

Services	Other operating expenses	Amortisation, depreciation, provisions and impairment losses	Financial income	Financial expense
-	-	-	-	-
193,436	-	-	-	-
-	-	-	48,615	-
-	-	-	-	-
-	-	-	18,085	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,007,440	-	-	-	2,821
112,390	-	-	1,271	-
-	-	-	-	-
-	-	-	-	-
-	1,642	-	127,883	211,345
-	-	-	-	-
148,642	1,610	-	27,755	-
1,461,908	**3,252**	**-**	**223,609**	**214,166**
220,023,669	**744,389**	**432,939**	**9,625,175**	**360,878**


HIGH COMMISSION FOR THE
DEVELOPMENT OF ARRIYADH
riyadh metro
RMTC
MOVING RIYADH FORWARD

Consolidated financial statements of Salini Impregilo Group
Equity investments

Salini Impregilo Group - Equity investments with positive carrying amounts at 31 December 2016

Investee Company	31 December 2015	Acquisitions	Capital transactions	(Disinvestments and liquidations)	Share of profit or loss of equity-accounted investees
Acqua Campania S.p.A.	9,607				
Agl Jv	-				(19,480)
B.O.B.A.C. S.c.a.r.l.	5,100			(5,100)	
Calpark S.c.p.A.	4,664				
CE.S.I.F. S.c.p.a.	63,460				
Co.Ge.Fin s.r.l. (atti parasociali)	(1)				
Consorcio Agua Azul S.A.	7,005,601				1,052,888
Consorcio Federici/Impresit/Ice Cochabamba	15,818				
Consorzio A.F.T. (in liq.)	15,494				
Consorzio Astaldi Federici Todini Kramis	(5)				
Consorzio Casale Nei	775				
Consorzio CON.SI	516			(516)	
Consorzio Consavia S.c.n.c.	1,714				
Consorzio Costral	9,526				
Consorzio CPR 3	747				
Consorzio CPR 2	37				
Consorzio del Sinni	12,395				
Consorzio Ferrofir	182,569				
Consorzio Ferroviario Milanese	28,276				
Consorzio IECAF	129				
Consorzio Imprese Lavori FF.SS. di Saline - FEIC	5,165				
Consorzio infrastruttura area metropolitana - Metro Cagliari	5,257				(50)
Consorzio Iniziative Ferroviarie - INFER	14,461				
Consorzio Iricav Due	176,060				
Consorzio Libyan Expressway Contractor	5,800				
Consorzio MARC - Monitoraggio Ambientale Regione Campania	2,582				
Consorzio MITECO	4,416			(4,416)	
Consorzio MM4	62,100		2,170		
Consorzio Nazionale Imballaggi - CO.NA.I.	5				
Consorzio NOG.MA	84,000				
Consorzio Pedelombarda 2	4,000				
Consorzio Pizzarotti Todini Keft-Eddir	50,000				
Consorzio Sarda Costruzioni Generali - SACOGEN	2,582				
Consorzio Sardo d'Imprese	1,078				

Reversals of imp. losses/imp.	Dividends from equity-accounted investees	Change in hedging reserve	Change in ROC of equity-accounted investees	Change in ROC of investee recognised in investor's financial statements	Reclassifications	Other changes	31 December 2016
							9,607
	(1,806,843)		144,245		(34,619)	7,011,558	5,294,861
							-
							4,664
							63,460
							(1)
	(1,470,111)		301,980				6,890,358
							15,818
							15,494
							(5)
							775
							-
							1,714
							9,526
							747
							37
							12,395
							182,569
							28,276
							129
							5,165
							5,207
							14,461
							176,060
							5,800
							2,582
							-
							64,270
							5
							84,000
							4,000
							50,000
							2,582
							1,078

Investee Company	31 December 2015	Acquisitions	Capital transactions	(Disinve-stments and liquidations)	Share of profit or loss of equity-accounted investees
Consorzio TRA.DE.CI.V.	12,533				
Consorzio Trevi - S.G.F. INC per Napoli	4,500				
Consorzio Umbria Sanità	3,202				
Consorzio.Kallidromo	1				
Depurazione Palermo S.c.r.l.	3,615				
Emittenti Titoli S.p.A.	10,832				
Empresa Constructora Lo Saldes L..t.d.a.	5,341			(5,341)	
Eurolink S.c.p.a.	16,875,000				
FE.LO.VI. S.c.n.c.	8,392				
Flatiron Lane Jv	-				1,307
Fluor Lane South Carolina	-				473,972
Fluor Lane95 LLC	-				2,193,713
Forum S.c. a r.l.	10,329				
G.T.B. S.c.r.l.	5				
Gaziantep Hastane Saglik	2,669,408		1,883,273		(246,883)
Gemma Lane Liberty Partners	-				2,116,441
Gemma Lane Patriot Partners	-				5,184,780
Golf Pordenone	-				
Grassetto S.p.A.	7,747				
Groupment Sci Sonatro	1				
Grupo Unidos Por El Canal S.A.	22,800,664		44,661,451		(18,440,798)
Healy-Yonkers-Atlas-Gest J.V.	14,800			(14,800)	
I.S.V.E.U.R.-SPA (1%)	34,086				
I_Faber S.p.A.	583,317				
I4 Leasing LLC	-				252,256
Immobiliare Golf Club Castel D'Aviano S.r.l.	62,910				(30,386)
Impregilo Arabia Ltd	3,125,070		1,304,550		(619,743)
Impregilo Wolverhampton Ltd	3,805,934				(174,933)
Inv In Jv- Jordan Bridge	-			(4,719,310)	
Irina S.r.l. in liquidation	308,344				
Isarco S.c.r.l.	41,000				
Istituto per lo Sviluppo Edilizio ed Urbanistico - ISVEUR S.p.A.	22,750		11,336		
Istituto Promozionale per l'Edilizia S.p.A. - Ispredil S.p.A.	330				
Joint Venture Salini-Acciona (Ethiopia)	9,430				
La Quado S.c.a.r.l.	3,500				
Lambro S.c.r.l.	20				
M.N. 6 S.c.r.l.	510				
Manifesto S.p.A.	10,846				

Reversals of imp. losses/imp.	Dividends from equity-accounted investees	Change in hedging reserve	Change in ROC of equity-accounted investees	Change in ROC of investee recognised in investor's financial statements	Reclassifications	Other changes	31 December 2016
							12,533
							4,500
							3,202
							1
							3,615
							10,832
							-
							16,875,000
							8,392
			1,175			32,773	35,255
			23,743				497,715
	(9,490,338)		(114,205)			7,420,185	9,355
							10,329
							5
				(270,175)		(58)	4,035,565
	(3,613,686)		(12,999)			1,830,716	320,472
	(4,968,818)		18,580			229,172	463,714
						14,528	14,528
							7,747
							1
							49,021,317
							-
							34,086
							583,317
			621,223			17,969,500	18,842,979
						(14,883)	17,641
			(14,463)				3,795,414
	(85,123)	(226,093)		153,745			3,473,530
			(74,063)			4,793,373	-
							308,344
							41,000
							34,086
							330
							9,430
							3,500
							20
							510
							10,846

Investee Company	31 December 2015		Capital transactions	(Disinve-stments and liquidations)	Share of profit or loss of equity-accounted investees
Markland S.r.l.	1,269				
Metro de Lima Linea 2 S.A.	21,546,634				787,363
Metrogenova S.c.r.l.	8,257				
Metropolitana di Napoli S.p.A.	313,652				
Nomisma S.p.A.	27,015				
Ochre Solutions Holdings Ltd	5,330,317				(710,947)
Olbia 90 S.c.r.l.	2,531				
PANTANO S.C.R.L.(10,5%)	4,338				
Parco Scientifico e Tecnologico della Sicilia S.c.p.A.	5,165				
Passante di Mestre S.c.p.A.	4,200,000				
Passante Dorico S.p.A.	2,820,000				
Pedelombarda S.c.p.A.	9,400,000				
Pedemontana Veneta S.p.A.	1,280,700				(42,648)
Purple Line Transit Constructors LLC	-				4,685,408
RCCF Nodo di Torino S.c.p.A.	26,856				
Rimini Fiera S.p.A.	3,193,670		(208,940)		(1,420,754)
Risalto S.r.l. RM	23,337			(23,337)	
Risalto S.r.l. RM	77,463			(77,463)	
Riviera S.c.r.l.	6,470				
S. Anna Palermo S.c.r.l.	18,592				
S.Ruffillo S.c.a.r.l.	21,000				
Salini Impregilo - Duha Joint Venture	100				
Salini Saudi Arabia Company Ltd	10,727				
San Benedetto S.c.r.l.	9,622				
Scat 5 S.c.a.r.l.	6,455				
Seveso S.c.a.r.l.	400				
Sirjo S.c.p.A.	3,000,000				
Sistranyac S.A.	149,965				
Skanska Granite Lane	-				9,516,084
Skiarea Valchiavenna S.p.A.	99,740			(1,370)	
Società di Progetto Consortile per Azioni M4	104,040				
SPV Linea M4 S.p.A.	9,941,200		3,504,800		
Stazione Tibunale	8,600				
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A.-Iglys S.A. UTE	3,944				
Todedil S.c.a.r.l.	8,780				
Trasimeno S.c.a.r.l.	3,060			(3,060)	
Variante di Valico scrl (in liquidation)	26,239				
Variante di Valico scrl (in liquidation)	32,828				
VE.CO. S.c.r.l.	2,582				
Yacylec S.A.	76,062				
Yuma Concessionaria S.A.	11,254,529				987,784
	131,254,484	**-**	**51,158,640**	**(4,854,713)**	**5,545,374**

Reversals of imp. losses/imp.	Dividends from equity-accounted investees	Change in hedging reserve	Change in ROC of equity-accounted investees	Change in ROC of investee recognised in investor's financial statements	Reclassifications	Other changes	31 December 2016
							1,269
			746,692				23,080,689
							8,257
							313,652
							27,015
				327,271			4,946,641
							2,531
							4,338
							5,165
							4,200,000
							2,820,000
							9,400,000
							1,238,052
			234,706				4,920,114
							26,856
							1,563,976
							-
							-
							6,470
							18,592
							21,000
							100
						(10,727)	-
							9,622
							6,455
							400
							3,000,000
							149,965
	(5,420,529)		300,345			2,810,542	7,206,442
							98,370
							104,040
							13,446,000
							8,600
							3,944
							8,780
							-
							26,239
							32,828
							2,582
					(76,062)		-
				1,081,992			13,324,305
-	**(26,855,448)**	**(226,093)**	**2,176,959**	**1,292,833**	**(110,681)**	**42,086,679**	**201,468,034**

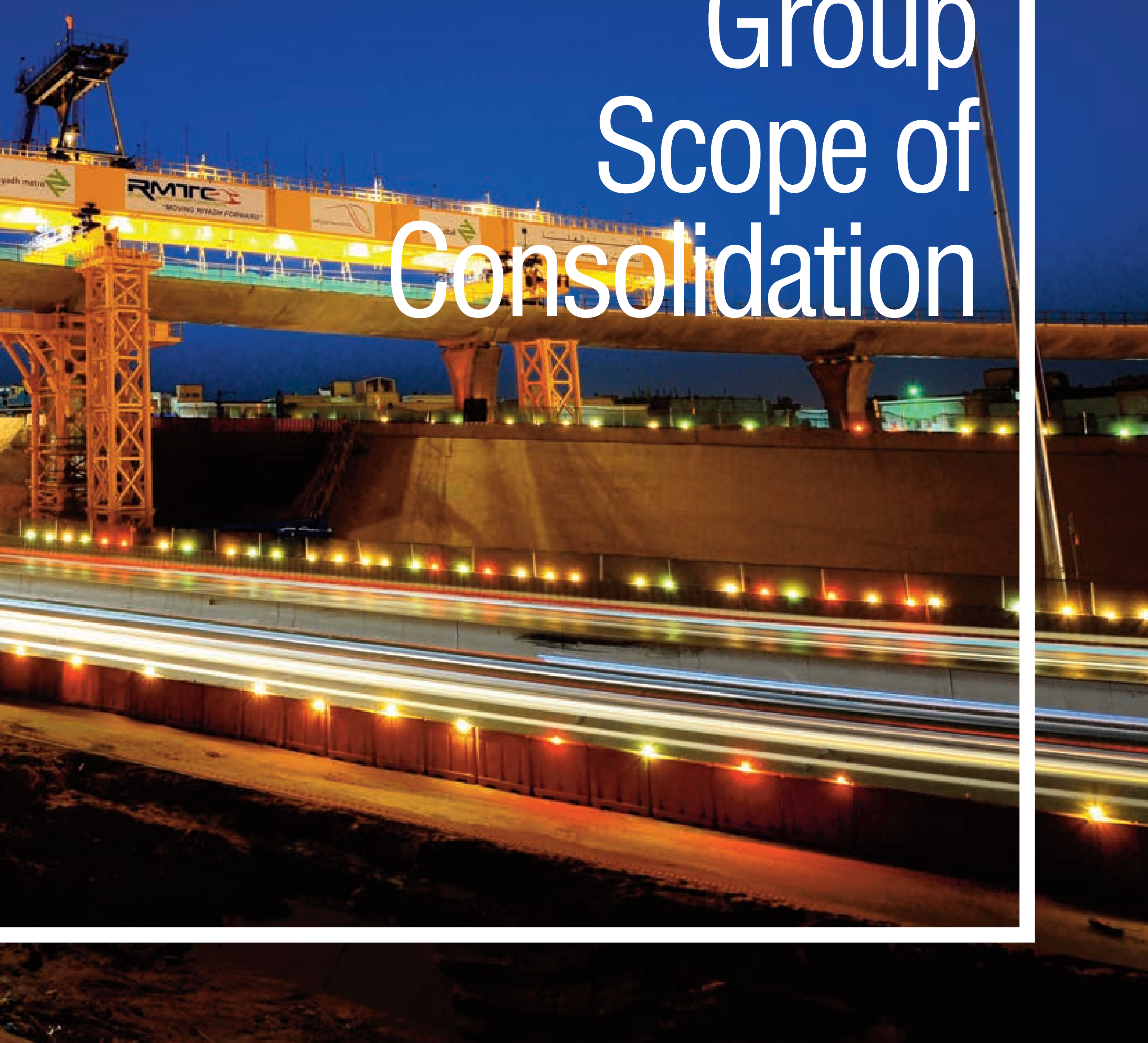
Salini Impregilo Group - Equity investments with negative carrying amounts at 31 December 2016

Investee Company	31 December 2015	Change in consolidation method	Acquisitions	Capital transactions	(Disinve-stments and liquidations)
Cagliari 89 S.c.r.l.	(132,850)				
Con.Sal. S.c.n.c.	(12,428)				
Consorzio Aree Industriali Potentine	(666)				
Consorzio Astaldi Federici Todini Kramis	(953,496)				
Consorzio Edilizia Sociale Industralizzata Lazio - CESIL	(116,927)				116,927
Edilfi S.c.a.r.l. in liquidation	(236,121)				
Fluor Lane LLC	-				
Galileo Scrl	(4,110)				
Imprese Riunite Genova Irg S.c.r.l.	(13,209)				
Interstate Healy Equipment J.V.	(108,145)				
Ital.Sa.Gi. Sp.Z.O.O. (Poland)	(222,489)				222,489
S. Leonardo S.c.r.l.	(1)				
Saces S.r.l.	(116,600)				116,600
San Giorgio Caltagirone S.c.r.l.	(87,001)				
Sclafani S.c.r.l.	(135,866)				
Soingit S.c.r.l.	(50,000)				
Yacilec	-				
Total equity investments with negative carrying amounts	**(2,189,909)**	**-**	**-**	**-**	**456,016**

Share of profit or loss of equity-accounted investees	Other gains (losses) in profit or loss	Dividends from equity-accounted investees	Change in hedging reserve	Change in ROC of equity-accounted investees	Change in ROC of investee recognised in investor's financial statements	Reclassi-fications	31 December 2016
							(132,850)
(49,704)							(62,132)
							(666)
(354,504)							(1,308,000)
							-
236,121							-
		(415,246)					(415,246)
							(4,110)
							(13,209)
(32,529)				(5,179)			(145,853)
							-
							(1)
							-
							(87,001)
							(135,866)
							(50,000)
(240,819)				(6,193)		76,062	(170,950)
(441,435)	**-**	**(415,246)**	**-**	**(11,372)**	**-**	**76,062**	**(2,525,884)**


HIGH COMMISSION FOR THE
DEVELOPMENT OF ARRIYADH

Consolidated financial statements of Salini Impregilo Group Scope of Consolidation



List of companies included in the consolidation scope

Name	Country	Currency	Share/quota capital subscribed
Salini Impregilo S.p.A.	Italy	Euro	544,740,000
A1 Motorway Tuszyn-Pyrzowice lot F Joint Venture	Poland	PLN	
Alia S.c.r.l. (in liq.)	Italy	Euro	10,200
Ancipa S.c.r.l. (in liq.)	Italy	Euro	10,200
Bocoge S.p.A. - Costruzioni Generali	Italy	Euro	1,702,720
CIS Divisione Prefabbricati Vibrocesa Scac - C.V.S. S.r.l. (in liq.)	Italy	Euro	10,000
CO. MAR. S.c.r.l. (in liq.)	Italy	Euro	10,200
Collegamenti Integrati Veloci C.I.V. S.p.A.	Italy	Euro	6,200
Compagnia Gestione Finanziarie - Co.Ge.Fin S.r.l.	Italy	Euro	100,000
Compagnia Gestione Macchinari CO.GE.MA. S.p.A.	Italy	Euro	1,032,000
Congressi 91 S.c.r.l. (in liq.)	Italy	Euro	25,000
Consorcio Acueducto Oriental	Dom.		
Consorcio Impregilo - OHL	Colombia		
Consorcio Impregilo Yarull	Dom.		
Consorzio Alta Velocità Torino/Milano - C.A.V.TO.MI.	Italy	Euro	5,000,000
Consorzio C.A.V.E.T. - Consorzio Alta Velocità Emilia/Toscana	Italy	Euro	5,422,797
Consorzio Caserma Donati (in liq.)	Italy	Euro	300,000
Consorzio Cociv	Italy	Euro	516,457
Consorzio FAT	Italy	Euro	45,900
Consorzio Libyan Expressway Contractor	Italy	Euro	10,000
Consorzio Scilla (in liq.)	Italy	Euro	1,000
Consorzio Torre (in liq.)	Italy	Euro	5,000,000
Consorzio tra le Società Impregilo/Bordin/Coppetti/Icep - CORAV	Italy	Euro	51,129
Consorzio/Vianini lavori/Impresit/Dal Canton/Icis/Siderbeton - VIDIS (in liq.)	Italy	Euro	25,822
Constructora Ariguani SAS	Colombia	COP	100,000,000
Constructora Mazar Impregilo-Herdoiza Crespo	Ecuador		
Construtora Impregilo y Associados S.A.-CIGLA S.A.	Brazil	BRL	7,641,014
Copenaghen Metro Team I/S	Denmark		
Corso del Popolo Engineering S.c.r.l.	Italy	Euro	10,000
Corso del Popolo S.p.A.	Italy	Euro	1,200,000
Costruzioni Ferroviarie Torinesi Duemila S.c.r.l. (in liq.)	Italy	Euro	10,328
CSC Impresa Costruzioni S.A.	Switzerland	CHF	2,000,000
Diga Ancipa S.c.r.l. (in liq.)	Italy	Euro	10,200
Effepi - Finanza e Progetti S.r.l. (in liq.)	Italy	Euro	78,000
Empresa Constructora Angostura L.t.d.a.	Chile	CLP	22,422,000

Investment %	% direct	% indirect	Invest-held by	Method 31/12/2016
100	100			line-by-line
100	94.99	5 0.01	Salini Polska L.t.d. Liability Co HCE Costruzioni S.p.A.	line-by-line
100		100	Imprepar S.p.A.	line-by-line
100		100	Imprepar S.p.A.	line-by-line
100		100	Imprepar S.p.A.	line-by-line
100		100	INCAVE S.r.l.	line-by-line
84.99		84.99	Imprepar S.p.A.	line-by-line
85	85			line-by-line
100	100			line-by-line
100	100			line-by-line
100		80 20	Impresa Castelli S.r.l. Bocoge S.p.A.	line-by-line
67	67			line-by-line
100		100	Impregilo Colombia SAS	line-by-line
70	70			line-by-line
74.69	74.69			line-by-line
75.98	75.98			line-by-line
84.2	84.2			line-by-line
68.25	64	4.25	C.I.V. S.p.A.	line-by-line
100		99 1	Imprepar S.p.A. CO.GE.MA. S.p.A.	line-by-line
58	58			line-by-line
51	51			line-by-line
94.6	94.6			line-by-line
96.97	96.97			line-by-line
60		60	Imprepar S.p.A.	line-by-line
58.22	58.22			line-by-line
70	70			line-by-line
100	100			line-by-line
99.99	99.99			line-by-line
64.71		64.71	HCE Costruzioni S.p.A.	line-by-line
55		55	HCE Costruzioni S.p.A.	line-by-line
100		100	INCAVE S.r.l.	line-by-line
100	100			line-by-line
100		100	Imprepar S.p.A.	line-by-line
100		100	SGF INC S.p.A.	line-by-line
65	65			line-by-line

Name	Country	Currency	Share/quota capital subscribed
Empresa Constructora Metro 6 L.t.d.a.	Chile	CLP	25,000,000
Engeco France S.a.r.l.	France	Euro	15,470
EURL Todini Algerie (in liq.)	Algeria	DZD	5,000,000
Eurotechno S.r.l. (in liq.)	Italy	Euro	26,245
FIBE S.p.A.	Italy	Euro	3,500,000
Fisia - Alkatas Joint Venture	Turkey		-
Fisia Ambiente S.p.A.	Italy	Euro	3,000,000
Fisia Italimpianti S.p.A.	Italy	Euro	7,000,000
Galfar - Salini Impregilo - Cimolai JV	Qatar		-
Generalny Wykonawca Salini Polska - Impregilo - Kobylarnia S.A.	Poland		-
Gestione Napoli S.r.l. (in liq.)	Italy	Euro	10,000
Groupe Mediterraneen di Travaux d'Infrastructures (in liq.)	Algeria	DZD	1,000,000
Groupement Todini - Enaler Autoroute Algeria	Algeria	DZD	1,000,000
Grupo ICT II SAS	Colombia	COP	2,942,980,000
HCE Costruzioni S.p.A.	Italy	Euro	2,186,743
HCE Costruzioni Ukraine LLC	Ukraine	Euro	10,000
I.L.IM. - Iniziative Lombarde Immobiliari S.r.l. (in liq.)	Italy	Euro	10,000
IGLYS S.A.	Argentina	ARS	10,000,000
Impregilo Colombia SAS	Colombia	COP	6,455,000,000
Impregilo International Infrastructures N.V.	Netherlands	Euro	50,000,000
Impregilo Lidco Libya Co	Libya	DL	5,000,000
Impregilo New Cross L.t.d.	GB	GBP	2
Impregilo Parking Glasgow L.t.d.	GB	GBP	1,000
Impregilo-SK E&C-Galfar al Misnad JV	Qatar		-
Impregilo-Terna SNFCC JV	Greece	Euro	100,000
Imprepar-Impregilo Partecipazioni S.p.A.	Italy	Euro	3,100,000
Impresa Castelli S.r.l. (in liq.)	Italy	Euro	10,000
Impresit del Pacifico S.A.	Peru	PEN	35,000
INC - Algerie S.a.r.l.	Algeria	DZD	301,172,000
INCAVE S.r.l. (in liq.)	Italy	Euro	90,000
IS Joint Ventures	Australia		-
Joint Venture Impregilo S.p.A. - S.G.F. INC S.p.A.	Greece		-
Lane Abrams Joint Venture	USA		-
Lane Construction Corporation	USA	USD	991,600
Lane Corman Joint Venture	USA		-
Lane DS - NC Consortium	United Arab		-
Lane Industries Incorporated	USA	USD	1
Lane Infrastructure Inc.	USA	USD	10
Lane International B.V.	USA	USD	18,000
Lane Mideast Contracting LLC	United Arab	AED	300,000
Lane Mideast Qatar LLC	Qatar	QAR	5,000,000
Lane National Contracting Joint Venures	United Arab		-

Investment %	% direct	% indirect	Invest-held by	Method 31/12/2016
100	99.9	0.1	Cigla S.A.	line-by-line
100		99.67 0.33	Imprepar S.p.A. INCAVE S.r.l.	line-by-line
100		100	HCE Costruzioni S.p.A.	line-by-line
100		100	Imprepar S.p.A.	line-by-line
99.998	99.989	0.003	Impregilo Intern. Infrastruc. N.V.	line-by-line
51		51	Fisia Italimpianti S.p.A.	line-by-line
100	100			line-by-line
100	100			line-by-line
40	40			line-by-line
66.68	33.34	33.34	Salini Polska Limited Liability Company	line-by-line
99	24	75	Fisia Ambiente S.p.A.	line-by-line
98		98	HCE Costruzioni S.p.A.	line-by-line
84		84	HCE Costruzioni S.p.A.	line-by-line
100	100			line-by-line
100	100			line-by-line
100	1	99	HCE Costruzioni S.p.A.	line-by-line
100	100			line-by-line
100		98 2	Impregilo Intern. Infrastruc. N.V. INCAVE S.r.l.	line-by-line
100	100			line-by-line
100	100			line-by-line
60	60			line-by-line
100		100	Impregilo Intern. Infrastruc. N.V.	line-by-line
100		100	Impregilo Intern. Infrastruc. N.V.	line-by-line
41.25	41.25			line-by-line
51	51			line-by-line
100	100			line-by-line
100		100	Imprepar S.p.A.	line-by-line
100		100	Imprepar S.p.A.	line-by-line
99.98		99.98	SGF INC S.p.A.	line-by-line
100		100	Imprepar S.p.A.	line-by-line
100	50	50	Salini Australia PTY L.t.d.	line-by-line
100	99	1	SGF INC S.p.A.	line-by-line
51		51	Lane Construction Corporation	line-by-line
100		100	Lane Industries Incorporated	line-by-line
60		60	Lane Construction Corporation	line-by-line
24.5		24.5	Lane Mideast Contracting LLC	line-by-line
100		100	Salini Impregilo - US Holdings Inc.	line-by-line
100		100	Lane Industries Incorporated	line-by-line
100		100	Lane Worldwide Infrastructure Inc.	line-by-line
49		49	Lane International B.V.	line-by-line
49		49	Lane International B.V.	line-by-line
24.99		24.99	Lane Mideast Contracting LLC	line-by-line

Name	Country	Currency	Share/quota capital subscribed
Lane Solid - Tadmur Joint Venture	Qatar		
Lane Worldwide Infrastructure Inc..	USA	USD	10
Lanecon Corporation	USA		
Librino S.c.r.l. (in liq.)	Italy	Euro	45,900
Melito S.c.r.l. (in liq.)	Italy	Euro	77,400
Mercovia S.A.	Argentina	ARS	10,000,000
Metro B S.r.l.	Italy	Euro	20,000,000
Metro B1 S.c.a.r.l.	Italy	Euro	100,000
Perugia 219 S.c.r.l.	Italy	Euro	10,000
PGH L.t.d.	Nigeria	NGN	52,000,000
Pietrarossa S.c.r.l. (in liq.)	Italy	Euro	10,200
Piscine dello Stadio S.r.l.	Italy	Euro	1,100,000
Piscine S.c.r.l.	Italy	Euro	10,000
Reggio Calabria - Scilla S.c.p.A.	Italy	Euro	35,000,000
RI.MA.TI. S.c.a.r.l.	Italy	Euro	100,000
Rivigo JV (Nigeria) L.t.d.	Nigeria	NGN	100,000,000
S. Leonardo Due S.c.r.l. (in liq.)	Italy	Euro	40,800
S. Leonardo S.c.r.l. (in liq.)	Italy	Euro	25,500
S.A. Healy Company	USA	USD	11,320,863
S.G.F. - I.N.C. S.p.A.	Italy	Euro	3,859,680
Salerno-Reggio Calabria S.c.p.A.	Italy	Euro	50,000,000
Salini Impregilo Joint Venture for Mukorsi	Zimbabwe		
Salini Australia PTY L.t.d.	Australia	AUD	4,350,000
Salini Bulgaria A.D.	Bulgaria	BGN	50,000
Salini Hydro L.t.d.	Ireland	Euro	20,000
Salini Impregilo - Duha Joint Venture	Slovakia		
Salini Impregilo - Healy JV (Cleveland)	USA		
Salini Impregilo - NRW Joint Venture	Australia		
Salini Impregilo - Salini Insaat - NTF JV	Turkey		
Salini Impregilo - US Holdings Inc.	USA	USD	1,000
Salini Impregilo S.p.A. - S.A. Healy Company Jose J Chediack S.A. UTE	Argentina	ARS	10,000
Salini India Private L.t.d.	India	INR	93,500,000
Salini Insaat Taahhut Sanayi Ve Ticaret Anonim Sirketi	Turkey	TRY	50,000
Salini Malaysia SDN BHD	Malaysia	MYR	1,100,000
Salini Namibia Proprietary L.t.d.	Namibia	NAD	100
Salini Nigeria L.t.d.	Nigeria	NGN	10,000,000
Salini Polska - Todini - Salini Impregilo - S7 JV	Poland	PLN	
Salini Polska - Todini - Salini Impregilo - Pribex - S3 JV	Poland	PLN	
Salini Polska - Todini - Salini Impregilo - Pribex - S8 JV	Poland	PLN	
Salini Polska L.t.d. Liability Co	Poland	PLN	393,000
Salini Saudi Arabia Company L.t.d.	Saudi Arabia		

Investment %	% direct	% indirect	Invest-held by	Method 31/12/2016
24.5		24.5	Lane Mideast Qatar LLC	line-by-line
100		100	Lane Industries Incorporated	line-by-line
100		100	Lane Construction Corporation	line-by-line
66		66	Imprepar S.p.A.	line-by-line
66.67		66.67	Imprepar S.p.A.	line-by-line
60		60	Impregilo Intern. Infrastruc. N.V.	line-by-line
52.52	52.52			line-by-line
80.7	80.7			line-by-line
55		55	Imprepar S.p.A.	line-by-line
100	100			line-by-line
100		100	Imprepar S.p.A.	line-by-line
70		70	HCE Costruzioni S.p.A.	line-by-line
70		70	HCE Costruzioni S.p.A.	line-by-line
51	51			line-by-line
83.42	83.42			line-by-line
70		70	PGH L.t.d.	line-by-line
60		60	Imprepar S.p.A.	line-by-line
99.99		99.99	Imprepar S.p.A.	line-by-line
100		100	Lane Construction Corporation	line-by-line
100	100			line-by-line
51	51			line-by-line
100	99.9	0,1	Imprepar S.p.A.	line-by-line
100	100			line-by-line
100	100			line-by-line
100	100			line-by-line
75	75			line-by-line
100	60	40	S.A. Healy Company	line-by-line
80	80			line-by-line
85	55	30	Salini Insaat T.S.V.T.A.S.	line-by-line
100	100			line-by-line
75	73	2	S.A. Healy Company	line-by-line
100	95	5	CO.GE.MA. S.p.A.	line-by-line
100	100			line-by-line
100	90	10	CO.GE.MA. S.p.A.	line-by-line
100	100			line-by-line
100	99	1	CO.GE.MA. S.p.A.	line-by-line
100	74.99	25 0.01	Salini Polska L.t.d. Liability Co HCE Costruzioni S.p.A.	line-by-line
95	71.24	23.75 0.01	Salini Polska L.t.d. Liability Co HCE Costruzioni S.p.A.	line-by-line
95	71.24	23.75 0.01	Salini Polska L.t.d. Liability Co HCE Costruzioni S.p.A.	line-by-line
100	100			line-by-line
51	51			line-by-line

Name	Country	Currency	Share/quota capital subscribed
Salini-Kolin-GCF Joint Venture	Turkey	Euro	4,000
San Martino Prefabbricati S.p.A. (in liq.)	Italy	Euro	10,000
Savico S.c.r.l. (in liq.)	Italy	Euro	10,200
Seli Tunneling Denmark A.p.s.	Denmark	DKK	130,000
Società Autostrada Broni - Mortara S.p.A.	Italy	Euro	28,902,600
Società Industriale Prefabbricazione Edilizia del Mediterraneo - S.I.P.E.M. S.p.A. (in liq.)	Italy	Euro	10,000
Sti Abwicklungs Gmbh	Germany	Euro	25,000
Suramericana de Obras Publicas C.A.- Suropca C.A.	Venezuela	VEB	2,874,118,000
Sviluppo Applicazioni Industriali - SAPIN S.r.l. (in liq.)	Italy	Euro	51,480
TB Metro S.r.l. (in liq.)	Italy	Euro	100,000
Todini - Hamila	Tunisia		
Todini Akkord Salini	Ukraine		
Trincerone Ferroviario S.c.r.l. (in liq.)	Italy	Euro	45,900
Vegas Tunnel Constructors	USA		
Vittoria S.c.r.l. (in liq.)	Italy	Euro	20,400
Western Station J.V,	Saudi Arabia		
Arge Tulfes Pfons	Austria	Euro	1,000
Arriyad New Mobility Consortium	Arabia		
Civil Works Joint Ventures	Arabia		
CMC - Mavundla - Impregilo JV	South Africa		
Consorcio Contuy Medio Grupo A C.I. S.p.A. Ghella Sogene C.A., Otaola C.A.	Venezuela		
Consorzio Constructor M2 Lima	Peru		
Ghazi-Barotha Contractors JV	Switzerland		
Impregilo-Healy-Parsons JV	USA	USD	
Kayi Salini Samsung Joint Venture	Turkey	Euro	
Nathpa Jhakri JV	India	USD	1,000,000
Riyadh Metro Line 3	Saudi Arabia	SAD	10,000,000
South Al Mutlaa JV	Kuwait		
Tristar Salini Joint Venture	United Arab		
Aegek-Impregilo-Aslom JV	Greece		
AGL Constructor JV	USA		
Aguas del Gran Buenos Aires S.A. (in liq.)	Argentina	ARS	45,000,000
Aguas del Oeste S.A.	Argentina	ARS	170,000
ANBAFER S.c.r.l. (in liq.)	Italy	Euro	25,500
Arge Haupttunnel Eyholz	Switzerland		
Arge Sisto N8	Switzerland		
Autopistas del Sol S.A.	Argentina	ARS	175,396,394
Barnard Impregilo Healy JV	USA		
C.P.R.2	Italy	Euro	2,066
C.P.R.3	Italy	Euro	2,066
C.U.S. Consorzio Umbria Sanità (in liq.)	Italy	Euro	10,000

Investment %	% direct	% indirect	Invest-held by	Method 31/12/2016
38	38			line-by-line
100		100	Impresa Castelli S.r.l.	line-by-line
100		81 19	Imprepar S.p.A. Sapin S.r.l.	line-by-line
100		100	Impregilo Intern. Infrastruc. N.V.	line-by-line
60	60			line-by-line
100	100			line-by-line
100		100	Impregilo Intern. Infrastruc. N.V.	line-by-line
100	99	1	CSC S.A.	line-by-line
100		100	Imprepar S.p.A.	line-by-line
51	51			line-by-line
100		100	HCE Costruzioni S.p.A.	line-by-line
100	25	75	HCE Costruzioni S.p.A.	line-by-line
60		60	Imprepar S.p.A.	line-by-line
100	40	60	S.A. Healy Company	line-by-line
58		58	Imprepar S.p.A.	line-by-line
51	51			line-by-line
49	49			joint oper.
33.48	33.48			joint oper.
59.14	52	7.14	Salini Saudi Arabia Company L.t.d.	joint oper.
39.2	39.2			joint oper.
36.4	36.4			joint oper.
25.5	25.5			joint oper.
57.8	57.8			joint oper.
65	45	20	S.A. Healy Company	joint oper.
33	33			joint oper.
60	60			joint oper.
66	66			joint oper.
55	55			joint oper.
40	40			joint oper.
45.8	45.8			equity
20		20	Lane Construction Corporation	equity
42.58	16.5	23.72 2.36	Impregilo Intern. Infrastruc. N.V. Iglys. S.A.	equity
33.33		33.33	Iglys S.A.	equity
50		50	Imprepar S.p.A.	equity
36		36	CSC S.A.	equity
50		50	CSC S.A.	equity
19.82		19.82	Impregilo Intern. Infrastruc. N.V.	equity
45	25	20	S.A. Healy Company	equity
	35.97	35.97	Imprepar S.p.A.	equity
	35.97	35.97	Imprepar S.p.A.	equity
31		31	Imprepar S.p.A.	equity

Name	Country	Currency	Share/quota capital subscribed
Cagliari 89 S.c.r.l. (in liq.)	Italy	Euro	10,200
CE.S.I.F. S.c.p.a. (in liq.)	Italy	Euro	250,000
CGR Consorzio Galliera Roveredo	Switzerland		
Churchill Construction Consortium	GB		
Churchill Hospital JV	GB		
CMC - Consorzio Monte Ceneri lotto 851	Switzerland		
Coincar S.A.	Argentina	ARS	40,465,122
Con. Sal S.c.n.c. (in liq.)	Italy	Euro	15,494
Consorcio Agua Azul S.A.	Peru	PEN	69,001,000
Consorcio Carvalho Pinto	Brazil		
Consorcio Cigla-Sade	Brazil		
Consorcio Contuy Medio	Venezuela		
Consorcio Federici/Impresit/Ice Cochabamba	Bolivia	USD	100,000
Consorcio Grupo Contuy-Proyectos y Obras de Ferrocarriles	Venezuela		
Consorcio Normetro	Portugal		
Consorcio OIV-TOCOMA	Venezuela		
Consorcio Serra do Mar	Brazil		
Consorcio V.I.T. - Tocoma	Venezuela		
Consorcio V.I.T. Caroni - Tocoma	Venezuela		
Consorcio V.S.T.	Venezuela		
Consorcio V.S.T. Tocoma	Venezuela		
Consortium CSC Zuttion	Switzerland		
Consorzio 201 Quintai	Switzerland		
Consorzio 202 Quintai	Switzerland		
Consorzio Astaldi-Federici-Todini (in liq.)	Italy	Euro	46,000
Consorzio Astaldi-Federici-Todini Kramis	Italy	Euro	100,000
Consorzio Biaschina	Switzerland		
Consorzio CEMS	Switzerland		
Consorzio CGMR	Switzerland		
Consorzio Coltum	Switzerland		
Consorzio Consavia S.c.n.c. (in liq.)	Italy	Euro	20,658
Consorzio Costruttori Strade Lazio - COSTRAL (in liq.)	Italy	Euro	20,000
Consorzio CRS 9	Switzerland		
Consorzio del Sinni	Italy	Euro	51,646
Consorzio di Riconversione Industriale Apuano - CO.RI.A. S.c.r.l.	Italy	Euro	46,481
Consorzio EPC	Peru		
Consorzio Felce BP	Switzerland		
Consorzio Felce lotto 101	Switzerland		
Consorzio Ferrofir (in liq.)	Italy	Euro	30,987
Consorzio Ferroviario Milanese	Italy	Euro	154,937
Consorzio Imprese Lavori FF.SS. di Saline - FEIC	Italy	Euro	15,494
Consorzio Iniziative Ferroviarie - INFER	Italy	Euro	41,316
Consorzio Iricav Due	Italy	Euro	510,000

Investment %	% direct	% indirect	Invest-held by	Method 31/12/2016
49		49	Sapin S.r.l.	equity
24.18	24.18			equity
37.5		37.5	CSC S.A.	equity
30		30	Impregilo New Cross L.t.d.	equity
50		50	Impregilo New Cross L.t.d.	equity
40		40	CSC S.A.	equity
35	26.25	8.75	Iglys S.A.	equity
30	30			equity
25.5		25.5	Impregilo Intern. Infrastruc. N.V.	equity
40	20	20	Cigla S.A.	equity
50		50	Cigla S.A.	equity
29.04	29.04			equity
25		25	Imprepar S.p.A.	equity
33.33	33.33			equity
13.18	13.18			equity
40	40			equity
40	20	20	Cigla S.A.	equity
35	35			equity
35	35			equity
35		35	Suropca C.A.	equity
30	30			equity
50		50	CSC S.A.	equity
60		60	CSC S.A.	equity
30		30	CSC S.A.	equity
33.34		33.34	HCE Costruzioni S.p.A.	equity
50		50	HCE Costruzioni S.p.A.	equity
33.34		33.34	CSC S.A.	equity
33.4		33.4	CSC S.A.	equity
40		40	CSC S.A.	equity
50		50	CSC S.A.	equity
50		50	Imprepar S.p.A.	equity
70		70	Imprepar S.p.A.	equity
33.33		33.33	CSC S.A.	equity
43.16		43.16	Imprepar S.p.A.	equity
10		10	Imprepar S.p.A.	equity
18.25	18.25			equity
33.34		33.34	CSC S.A.	equity
25		25	CSC S.A.	equity
33.33		33.33	Imprepar S.p.A.	equity
18.26		18.26	Imprepar S.p.A.	equity
33.33		33.33	Imprepar S.p.A.	equity
35		35	Imprepar S.p.A.	equity
34.09	34.09			equity

	Country	Currency	Share/quota capital subscribed
Consorzio Kallidromo	Greece	Euro	8,804
Consorzio MARC - Monitoraggio Ambientale Regione Campania (in liq.)	Italy	Euro	25,822
Consorzio MITECO (in liq.)	Italy	Euro	10,000
Consorzio MM4	Italy	Euro	200,000
Consorzio MPC	Switzerland		
Consorzio NOG.MA (in liq.)	Italy	Euro	600,000
Consorzio Pedelombarda 2	Italy	Euro	10,000
Consorzio Piottino	Switzerland		
Consorzio Pizzarotti Todini-Kef-Eddir.	Italy	Euro	100,000
Consorzio Portale Vezia (CVP Lotto 854)	Switzerland		
Consorzio Probin	Switzerland		
Consorzio Sarda Costruzioni Generali - SACOGEN	Italy	Lit	20,000,000
Consorzio Sardo d'Imprese (in liq.)	Italy	Euro	103,291
Consorzio SI.VI.CI.CA.	Switzerland		
Consorzio SIVICICA 3	Switzerland		
Consorzio SIVICICA 4	Switzerland		
Consorzio Stazione Mendrisio	Switzerland		
Consorzio TAT-Tunnel Alp Transit Ticino, Arge	Switzerland		
Consorzio Trevi - S.G.F. INC per Napoli	Italy	Euro	10,000
Constuctora Embalse Casa de Piedra S.A. (in liq.)	Argentina	ARS	821
Depurazione Palermo S.c.r.l. (in liq.)	Italy	Euro	10,200
E.R. Impregilo/Dumez y Asociados para Yaciretê - ERIDAY	Argentina	USD	539,400
EDIL.CRO S.c.r.l. (in liq.)	Italy	Euro	10,200
Edil.Gi. S.c.r.l. (in liq.)	Italy	Lit	20,000,000
Enecor S.A.	Argentina	ARS	8,000,000
Eurolink S.c.p.A.	Italy	Euro	150,000,000
Executive JV Impregilo S.p.A. Terna S.A. - Alte S.A. (in liq.)	Greece		
FE.LO.VI. S.c.n.c. (in liq.)	Italy	Euro	25,822
Flatiron-Lane JV	USA		
Fluor-Lane 95 LLC	USA		
Fluor-Lane LLC	USA		
Fluor-Lane South Carolina LLC	USA		
Forum S.c.r.l. (in liq.)	Italy	Euro	51,000
Galileo S.c.r.l. (in liq.)	Italy	Euro	10,000
Gaziantep Hastane Sanglik Hizmetleri Isletme Yatrim Joint Stock Company	Turkey	TRY	45,000,000
Gaziantep Hastanesi Isletme Ve Bakim Hizmetleri	Turkey		
Gemma-Lane Liberty Partners	USA		
Gemma-Lane Patriot Partners	USA		
Grupo Empresas Italianas - GEI	Venezuela	VEB	10,000,000
Grupo Unidos Por El Canal S.A.	Panama	USD	1,000,000
Healy-Yonkers-Atlas-Gest JV	USA		
I4 Leasing LLC	USA		
Impregilo Arabia L.t.d.	Saudi Arabia	SAD	40,000,000
Impregilo Wolverhampton L.t.d.	GB	GBP	1,000

Investment %	% direct	% indirect	Invest-held by	Method 31/12/2016
23		23	HCE Costruzioni S.p.A.	equity
10		10	Effepi S.r.l.	equity
44.16	44.16			equity
32.13	32.13			equity
33		33	CSC S.A.	equity
14	14			equity
40	40			equity
25		25	CSC S.A.	equity
50		50	HCE Costruzioni S.p.A.	equity
60		60	CSC S.A.	equity
50		50	CSC S.A.	equity
25		25	Sapin S.r.l.	equity
34.38		34.38	Sapin S.r.l..	equity
25		25	CSC S.A.	equity
25		25	CSC S.A.	equity
25		25	CSC S.A.	equity
25		25	CSC S.A.	equity
25	17.5	7,5	CSC S.A.	equity
45		45	SGF INC S.p.A.	equity
72.93		72.93	Imprepar S.p.A.	equity
50		50	Imprepar S.p.A.	equity
20.75	18.75	2	Iglys S.A.	equity
16.65		16.65	Bocoge S.p.A.	equity
50		50	Imprepar S.p.A.	equity
30		30	Impregilo Intern. Infrastruc. N.V.	equity
45	45			equity
33.33	33.33			equity
32.5		32.5	Imprepar S.p.A.	equity
45		45	Lane Construction Corporation	equity
35		35	Lane Construction Corporation	equity
35		35	Lane Construction Corporation	equity
45		45	Lane Construction Corporation	equity
20	20			equity
40		40	Imprepar S.p.A.	equity
35.5	35.5			equity
50	50			equity
10		10	Lane Construction Corporation	equity
10		10	Lane Construction Corporation	equity
33.33	33.33			equity
48	48			equity
45		45	S.A. Healy Company	equity
30		30	Lane Construction Corporation	equity
50	50			equity
20		20	Impregilo Intern. Infrastruc. N.V.	equity

Name	Country	Currency	Share/quota capital subscribed
Imprese Riunite Genova Irg S.c.r.l. (in liq.)	Italy	Euro	25,500
Imprese Riunite Genova Seconda S.c.r.l. (in liq.)	Italy	Euro	25,000
Impresit Bakolori Plc	Nigeria	NGN	100,800,000
Interstate Healy Equipment JV	USA		
IRINA S.r.l. (in liq.)	Italy	Euro	103,000
Isarco S.c.r.l.	Italy	Euro	10,000
Isibari S.c.r.l.	Italy	Euro	15,300
Joint Venture Aegek-Impregilo-Ansaldo-Seli-Ansaldobreda	Greece		
Joint Venture Aktor Ate - Impregilo S.p.A. (Constantinos)	Greece		
Joint Venture Impregilo S.p.A. - Empedos S.A. - Aktor A.T.E.	Greece		
Joint Venture Terna - Impregilo	Greece		
JV Salini - Secol	Romania		
Kallidromo Joint Venture	Greece	Euro	29,347
La Quado S.c.a.r.l.	Italy	Euro	10,000
Line 3 Metro Stations	Greece		
Metro Blu S.c.r.l.	Italy	Euro	10,000
Metro de Lima Linea 2 S.A.	Peru	PEN	368,808,060
Metrogenova S.c.r.l.	Italy	Euro	25,500
Ochre Solutions Holdings L.t.d.	GB	GBP	20,000
Olbia 90 S.c.r.l. (in liq.)	Italy	Euro	10,200
Pantano S.c.r.l. (in liq.)	Italy	Euro	40,800
Passante di Mestre S.c.p.A. (in liq.)	Italy	Euro	10,000,000
Passante Dorico S.p.A.	Italy	Euro	24,000,000
Pedelombarda S.c.p.A.	Italy	Euro	80,000,000
Pedemontana Veneta S.p.A. (in liq.)	Italy	Euro	6,000,000
Puentes del Litoral S.A. (in liq.)	Argentina	ARS	43,650,000
Purple Line Transit Constructors LLC	USA		
RCCF Nodo di Torino S.c.p.A. (in liq.)	Italy	Euro	102,000
Risalto S.r.l. (in liq.)	Italy	Euro	89,000
Riviera S.c.r.l.	Italy	Euro	50,000
S. Anna Palermo S.c.r.l. (in liq.)	Italy	Euro	40,800
S. Ruffillo S.c.r.l.	Italy	Euro	60,000
Salini Acciona Joint Venture	Ethiopia	Euro	20,000
Salini Strabag Joint Ventures	Guinea	Euro	10,000
San Benedetto S.c.r.l. (in liq.)	Italy	Euro	25,823
San Giorgio Caltagirone S.c.r.l. (in liq.)	Italy	Euro	25,500
SCAT 5 S.c.r.l. (in liq.)	Italy	Euro	25,500
Sclafani S.c.r.l. (in liq.)	Italy	Euro	10,400
SEDI S.c.r.l.	Italy	Euro	10,000
SFI Leasing Company	USA		
Shimmick CO. INC. - FCC CO S.A. - Impregilo S.p.A. -JV	USA		
SI.VI.CI.CA. 2	Switzerland		
Sibar Arge	Switzerland		

Investment %	% direct	% indirect	Invest-held by	Method 31/12/2016
26.3		26.3	Imprepar S.p.A.	equity
26.3		26.3	Imprepar S.p.A.	equity
50.71	50.71			equity
45		45	S.A. Healy Company	equity
36		36	Imprepar S.p.A.	equity
41	41			equity
55		55	Bocoge S.p.A.	equity
26.71	26.71			equity
40	40			equity
66	66			equity
45	45			equity
80	80			equity
23		20.7 2.3	HCE Costruzioni S.p.A. Consorzio Kallidromo	equity
35	35			equity
50	50			equity
50	50			equity
18.25	18.25			equity
35.63	35.63			equity
40		40	Impregilo Intern. Infrastruc. N.V.	equity
24.5		24.5	Sapin S.r.l.	equity
10.5	10.5			equity
42	42			equity
47	47			equity
47	47			equity
21.35	21.35			equity
26	22	4	Iglys S.A.	equity
30		30	Lane Construction Corporation	equity
26		26	INCAVE S.r.l.	equity
100	66.67	33.33	Imprepar S.p.A.	equity
12.94	12.94			equity
71.6	71.6			equity
35	35			equity
50	50			equity
50	50			equity
57		57	Imprepar S.p.A.	equity
33		33	Imprepar S.p.A.	equity
25		25	Imprepar S.p.A.	equity
41		41	Imprepar S.p.A.	equity
34		34	HCE Costruzioni S.p.A.	equity
30	30			equity
30	30			equity
25		25	CSC S.A.	equity
60		60	CSC S.A.	equity

Name	Country	Currency	Share/quota capital subscribed
Sirjo S.c.p.A.	Italy	Euro	30,000,000
Sistranyac S.A.	Argentina	ARS	3,000,000
Skanska-Granite-Lane JV	USA		
Società di Progetto Consortile per Azioni M4	Italy	Euro	360,000
Soingit S.c.r.l. (in liq.)	Italy	Lit	80,000,000
SPV Linea M4 S.p.A.	Italy	Euro	26,700,000
Stazione Tribunale S.c.r.l.	Italy	Euro	20,000
Strade e Depuratori Palermo S.c.r.l. (in liq.)	Italy	Euro	10,200
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A.-Iglys S.A. UTE	Argentina		
Thessaloniki Metro CW JV	Greece		
TM-Salini Consortium	Malaysia		
Todedil S.c.r.l. (in liq.)	Italy	Euro	10,200
Trasimeno S.c.r.l. (in liq.)	Italy	Euro	10,000
Variante di Valico S.c.r.l. (in liq.)	Italy	Euro	90,000
VE.CO. S.c.r.l.	Italy	Euro	10,200
Yacylec S.A.	Argentina	ARS	20,000,000
Yuma Concessionaria S.A.	Colombia	COP	26,000,100,000

Investment %	% direct	% indirect	Invest-held by	Method 31/12/2016
40	40			equity
20.1		20.1	Impregilo Intern. Infrastruc. N.V.	equity
30		30	Lane Construction Corporation	equity
29	29			equity
29.49		29.49	Imprepar S.p.A.	equity
9.63	9.63			equity
43	43			equity
16		16	Imprepar S.p.A.	equity
35	26.25	8.75	Iglys S.A.	equity
42.5	42.5			equity
90	90			equity
85		85	Imprepar S.p.A.	equity
30		30	Imprepar S.p.A.	equity
100	66.67	33.33	Imprepar S.p.A.	equity
25	25			equity
18.67		18.67	Impregilo Intern. Infrastruc. N.V.	equity
48.33	40	8.33	Impregilo Intern. Infrastruc. N.V.	equity

Changes in the consolidation scope

First year of inclusion

Name	Country	Currency	Share/quota capital subscribed
Fisia - Alkatas Joint Venture	Turkey		
HCE Costruzioni S.p.A.	Italy	Euro	2,186,743
Lane Industries Incorporated	USA	USD	1
Salini Impregilo - NRW Joint Venture	Australia		
Salini Impregilo - US Holdings Inc.	USA	USD	1,000
Salini Saudi Arabia Company L.t.d.	Saudi Arabia		
Lane Abrams Joint Venture	USA		
Lane Construction Corporation	USA	USD	991,600
Lane Corman Joint Venture	USA		
Lane DS - NC Consortium	United Arab		
Lane Infrastructure Inc.	USA	USD	10
Lane International B.V.	USA	USD	18,000
Lane Mideast Contracting LLC	United Arab	AED	300,000
Lane Mideast Qatar LLC	Qatar	QAR	5,000,000
Lane National Contracting Joint Venures	United Arab		
Lane Solid - Tadmur Joint Venture	Qatar		
Lane Worldwide Infrastructure Inc.	USA	USD	10
HCE Costruzioni Ukraine LLC	Ukraine	Euro	10,000
South Al Mutlaa JV	Kuwait		

Change in investment percentage

Name	Country	Currency	Share/quota capital subscribed
Consorcio Impregilo - OHL	Colombia		
Salini Impregilo S.p.A. - S.A. Healy Company Jose J Chediack S.A. UTE	Argentina	ARS	10,000
Groupe Mediterraneen di Travaux d'Infrastructures (in liq.)	Algeria	DZD	1,000,000
Civil Works Joint Ventures	Arabia		

Investment %	% direct	% indirect	Invest- held by	Method
51		51	Fisia Italimpianti S.p.A.	line-by-line
100	100			line-by-line
100		100	Salini Impregilo - US Holdings Inc.	line-by-line
80	80			line-by-line
100	100			line-by-line
51	51			line-by-line
51		51	Lane Construction Corporation	line-by-line
100		100	Lane Industries Incorporated	line-by-line
60		60	Lane Construction Corporation	line-by-line
24.5		24.5	Lane Mideast Contracting LLC	line-by-line
100		100	Lane Industries Incorporated	line-by-line
100		100	Lane Worldwide Infrastructure Inc..	line-by-line
49		49	Lane International B.V.	line-by-line
49		49	Lane International B.V.	line-by-line
24.99		24.99	Lane Mideast Contracting LLC	line-by-line
24.5		24.5	Lane Mideast Qatar LLC	line-by-line
100		100	Lane Industries Incorporated	line-by-line
100	1	99	HCE Costruzioni S.p.A.	line-by-line
55	55			Proportionat

Investment %	% direct	% indirect	Invest- held by	Method
100		100	Impregilo Colombia SAS	line-by-line
75	73	2	S.A. Healy Company	line-by-line
98		98	HCE Costruzioni S.p.A.	line-by-line
59.14	52	7.14	Salini Saudi Arabia Company L.t.d.	joint oper.

Change in investors

Name	Country	Currency	Share/quota capital subscribed
S.A. Healy Company	USA	USD	11,320,863
Salini Impregilo - Healy JV (Cleveland)	USA		
Vegas Tunnel Constructors	USA		
Impregilo-Healy-Parsons JV	USA	USD	
Interstate Healy Equipment JV	USA		

Excluded in 2016

Name	Country	Currency	Share/quota capital subscribed
CCTE	Italy	Euro	
Montenero S.c.r.l. (in liq.)	Italy	Euro	10,400
Salini Impregilo Bin Omran JV	Qatar		
Salini USA Inc	USA	USD	20,000
Todini Costruzioni Generali S.p.A.	Italy	Euro	56,907,000
Todini Central Asia	Kazakhstan		
Todini Takenaka Joint Venture	Azerbaijan		

Investment %	% direct	% indirect	Invest- held by	Method
100		100	Lane Construction Corporation	line-by-line
100	60	40	S.A. Healy Company	line-by-line
100	40	60	S.A. Healy Company	line-by-line
65	45	20	S.A. Healy Company	joint oper.
45		45	S.A. Healy Company	equity

Investment %	% direct	% indirect	Invest- held by	Method
100	60	40	ILIM S.r.l.	line-by-line
61.11		61.11	Imprepar S.p.A.	line-by-line
50	50			line-by-line
100	100			line-by-line
100	100			line-by-line
100		100	HCE Costruzioni S.p.A.	line-by-line
60		60	HCE Costruzioni S.p.A.	line-by-line

Statement on the consolidated financial statements

Statement on the consolidated financial statements
pursuant to article 81-ter of Consob regulation no. 11971 of 14 May 1999 and subsequent amendments and integrations

1 Pietro Salini, as chief executive officer, and Massimo Ferrari, as manager in charge of financial reporting, of Salini Impregilo S.p.A., considering the provisions of article 154-bis.3/4 of Legislative decree no. 58 of 24 February 1998, state:

- that the administrative and accounting procedures are adequate given the Group's characteristics; and

- that they were actually applied during 2016 to prepare the consolidated financial statements.

2 No significant issues arose.

3 Moreover, they state that:

3.1 The consolidated financial statements:

a) have been prepared in accordance with the applicable International Financial Reporting Standards endorsed by the European Union pursuant to EC Regulation 1606/2002 of the European Parliament and Council of 19 July 2002;

b) are consistent with the accounting records and entries;

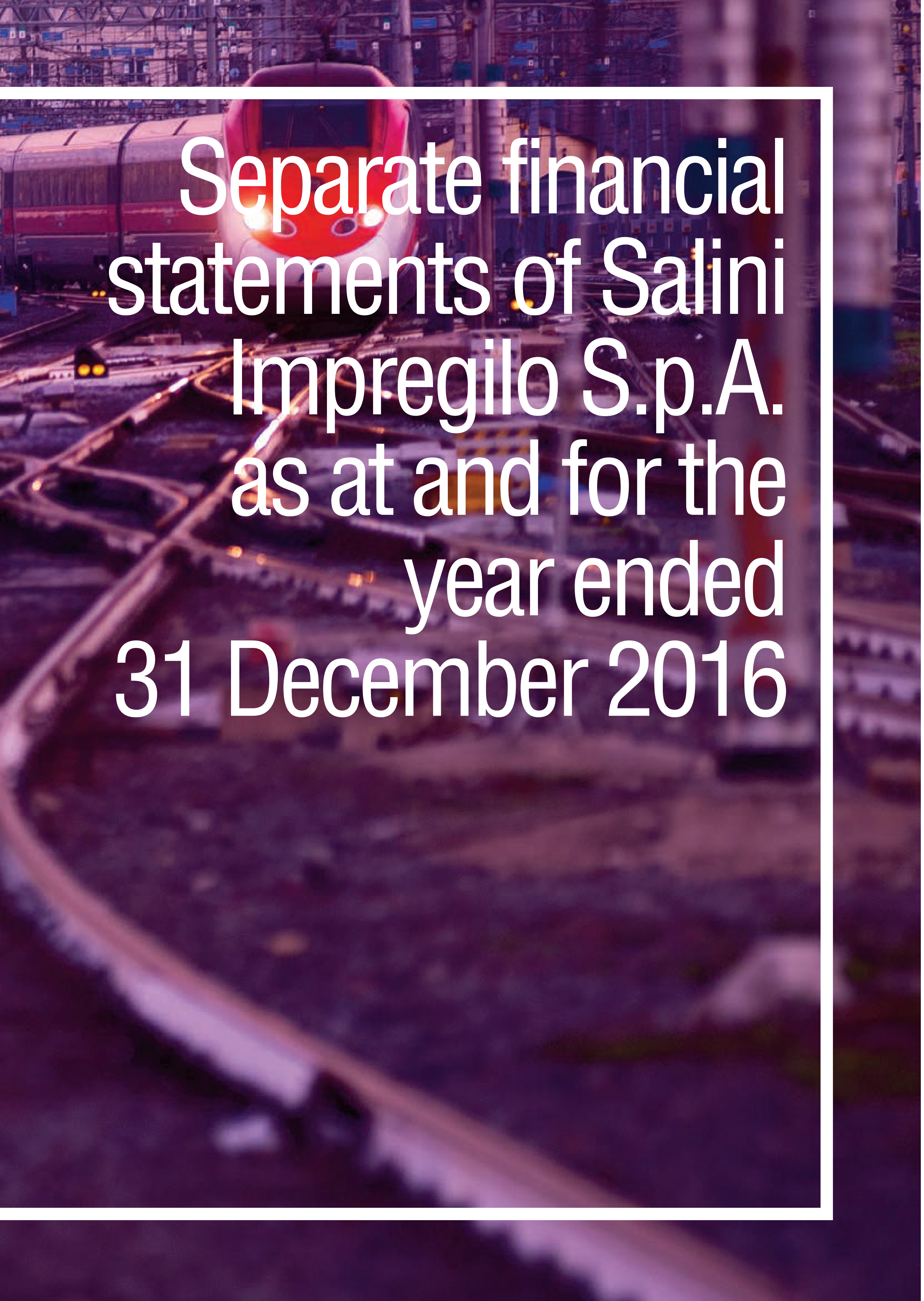
c) are suitable to give a true and fair view of the financial position at 31 December 2016 and the results of operations and cash flows for the year then ended of the Issuer and its consolidated companies;

3.2 The Directors' report includes a reliable analysis of the financial performance and financial position of the Issuer and the consolidated companies, together with information about the key risks and uncertainties to which they are exposed.

Milan, 15 March 2017

Chief Executive Officer
Pietro Salini
(Signed on the original)

Manager in charge
of financial reporting
Massimo Ferrari
(Signed on the original)



Separate financial statements of Salini Impregilo S.p.A. as at and for the year ended 31 December 2016

Statement of financial position

ASSETS (€)	Note	31 December 2016	of which: related parties	31 December 2015	of which: related parties
Non-current assets					
Property, plant and equipment	4	223,394,481		288,955,389	
Intangible assets	5	79,544,247		118,065,769	
Equity investments	6	1,129,844,727		679,599,450	
Non-current financial assets	7	19,800,192		17,630,234	
Deferred tax assets	8	38,892,158		35,760,220	
Total non-current assets		**1,491,475,805**		**1,140,011,062**	
Current assets					
Inventories	9	180,810,401		198,255,365	
Contract work in progress	10	1,010,191,817		938,856,064	
Trade receivables	11	1,714,807,860	713,151,071	1,044,914,133	610,473,289
Derivatives and other current financial assets	12	631,580,939	595,029,064	483,347,299	437,643,125
Current tax assets	13	107,787,617		83,055,835	
Other current tax assets	13	73,948,984		54,809,550	
Other current assets	14	265,593,725	67,339,231	215,530,064	47,028,504
Cash and cash equivalents	15	852,552,022		763,933,169	
Total current assets		**4,837,273,365**		**3,782,701,480**	
Total assets		**6,328,749,170**		**4,922,712,542**	

EQUITY AND LIABILITIES (€)	**Note**	**31 December 2016**	of which: related parties	**31 December 2015**	of which: related parties
Equity					
Share capital		544,740,000		544,740,000	
Share premium reserve		120,798,000		120,798,000	
Other reserves		242,728,023		236,838,700	
Other comprehensive income (expense)		9,516,709		(11,826,217)	
Retained earnings		25,042,273		11,080,964	
Profit for the year		64,603,085		35,730,602	
Total	16	**1,007,428,090**		**937,362,049**	
Non-current liabilities					
Bank and other loans and borrowings	17	756,981,480		675,988,866	
Bonds	18	868,114,580		396,211,387	
Finance lease liabilities	19	47,237,288		67,001,708	
Post-employment benefits and employee benefits	21	12,802,047		12,089,646	
Deferred tax liabilities	8	24,152,011		34,569,609	
Provisions for risks	22	72,076,342		29,884,216	
Total non-current liabilities		**1,781,363,748**		**1,215,745,433**	
Current liabilities					
Current portion of bank loans and borrowings and current account facilities	17	605,879,463	441,430,573	606,594,809	236,182,337
Current portion of bonds	18	18,931,430		10,202,740	
Current portion of finance lease liabilities	19	30,413,597		42,081,174	
Derivatives and other current financial liabilities	20	2,751,382		10,685,476	
Progress payments and advances on contract work in progress	23	1,246,547,473		1,003,417,880	
Trade payables	24	1,415,799,564	679,243,630	899,898,375	520,479,246
Current tax liabilities	25	72,172,437		47,775,377	
Other current tax liabilities	25	15,395,714		30,781,650	
Other current liabilities	26	132,066,272	29,970,258	118,167,579	21,975,604
Total current liabilities		**3,539,957,332**		**2,769,605,060**	
Liabilities directly associated with non-current assets held for sale					
Total equity and liabilities		**6,328,749,170**		**4,922,712,542**	

Income statement

(€)	Note	2016	of which: related parties	2015	of which: related parties
Revenue					
Revenue	29	2,974,147,810	209,240,061	2,913,416,846	423,616,410
Other income	29	102,512,076	64,364,521	113,771,584	70,105,966
Total revenue		**3,076,659,886**		**3,027,188,430**	
Costs					
Purchases	30.1	(372,282,479)	(667,094)	(340,250,868)	(212,587)
Subcontracts	30.2	(432,876,673)	(78,704,926)	(491,807,126)	(2,087,670)
Services	30.3	(1,482,866,987)	(496,649,393)	(1,497,050,126)	(754,402,456)
Personnel expenses	30.4	(274,549,359)	(2,717,230)	(275,492,809)	(1,622,377)
Other operating expenses	30.5	(129,216,409)	(1,031,281)	(69,915,862)	(40,303)
Amortisation, depreciation, provisions and impairment losses	30.6	(140,018,758)	(342,682)	(146,068,235)	(5,970,342)
Total costs		**(2,831,810,665)**		**(2,820,585,026)**	
Operating profit		**244,849,221**		**206,603,404**	
Financing income (costs) and gains (losses) on equity investments					
Financial income	31.1	39,407,871	17,067,548	29,667,421	19,845,483
Financial expense	31.2	(115,493,629)	(5,466,587)	(99,392,862)	(21,206,101)
Net exchange rate gains	31.3	15,266,154		16,092,163	
Net financing costs		(60,819,604)		(53,633,278)	
Net losses on equity investments	32	(56,103,446)		(114,937,598)	
Net financing costs and net losses on investments		**(116,923,050)**		**(168,570,876)**	
Profit before tax		**127,926,171**		**38,032,528**	
Income tax	33	(63,323,086)		(2,301,926)	
Profit for the year		**64,603,085**		**35,730,602**	

Statement of comprehensive income

(€'000)	Note	2016	2015
Profit for the year (a)		**64,603**	**35,731**
- items that may be subsequently reclassified to profit or loss, net of the tax effect:			
Change in the translation reserve		13,470	(10,937)
Net gains (losses) on cash flow hedges, net of the tax effect	16	8,017	(10,667)
- items that may not be subsequently reclassified to profit or loss, net of the tax effect:			
Net actuarial gains (losses) on defined benefit plans	16	(144)	843
Other comprehensive income (expense) (b)		**21,344**	**(20,761)**
Comprehensive income (a) + (b)		**85,947**	**14,970**

Statement of cash flows

(€'000)	Note	2016	2015
Cash and cash equivalents	15	763,933	380,867
Current account facilities	17	(38,915)	(11,436)
Total opening cash and cash equivalents		**725,018**	**369,431**
Operating activities			
Profit for the year		64,603	35,731
Amortisation of intangible assets	30	23,040	17,473
Depreciation of property, plant and equipment	30	101,811	94,681
Net impairment losses and provisions	30	15,168	33,914
Accrual for post-employment benefits and employee benefits	21	6,405	8,901
Net gains on the sale of assets	29 - 30	(5,218)	(4,919)
Deferred taxes	33	(4,619)	32,593
Impairment losses on equity investments	32	101,356	123,437
Income taxes	33	67,942	(30,291)
Net interest paid during the year		72,696	60,001
Other non-monetary items		23,350	6,979
Cash flows generated by operations		**466,534**	**378,500**
Increase in inventories and contract work in progress	9 - 10	(52,622)	(179,190)
Increase in trade receivables	11	(706,103)	(19,292)
Increase in progress payments and on contract work in progress	23	243,150	200,249
Increase in trade payables	24	560,902	42,231
Decrease (increase) in other assets/liabilities		(118,532)	116,984
Total changes in working capital		**(73,204)**	**160,982**
Increase in other items not included in working capital		(18,729)	(73,840)
Interest expense paid		(64,557)	(44,635)
Income taxes		(36,013)	(17,600)
Cash flows generated by operating activities		**274,032**	**403,407**
Investing activities			
Net investments in intangible assets	5	(771)	(51,480)
Investments in property, plant and equipment	4	(69,464)	(119,646)
Proceeds from the sale or reimbursement value of property, plant and equipment		35,109	15,455
Investments in non-current financial assets		(528,341)	(101,618)
Proceeds from the sale or reimbursement value of non-current financial assets	6	50,693	(5,541)
Acquisitions and/or disposals of subsidiaries or business units, net of cash and cash equivalents	(*)	(96,213)	(5,511)
Cash flows used in investing activities		**(608,986)**	**(268,341)**

(*) The 2015 balance has been reclassified to Investing activities for ease of comparison.

(€'000)	Note	2016	2015
Financing activities			
Dividend distribution	16	(19,983)	(19,982)
Increase in bank and other loans	17	2,621,469	1,231,062
Decrease in bank and other loans	17	(2,265,414)	(742,633)
Change in other financial assets/liabilities		107,732	(231,273)
Cash flows generated by financing activities		**443,804**	**237,174**
Net exchange rate gains (losses) on cash and cash equivalents		**17,456**	**(16,653)**
Increase in cash and cash equivalents		**126,305**	**355,587**
Cash and cash equivalents	15	852,552	763,933
Current account facilities	17	(1,230)	(38,915)
Total closing cash and cash equivalents		**851,322**	**725,018**

Statement of changes in equity

(€'000)		Share capital	Share premium reserve	Other reserves: Legal reserve	Share capital increase related charges	Extraor-dinary and other reserves	Treasury shares
As at 1 January 2015	**16**	**544,740**	**120,798**	**100,000**	**(3,970)**	**146,813**	**(7,677)**
Allocation of profit and reserves	16	-	-	1,534	-	-	-
Dividend distribution	16	-	-	-	-	-	-
Stock options	16	-	-	-	-	-	-
Other changes	16	-	-	-	-	-	-
Profit for the year	16	-	-	-	-	-	-
Other comprehensive expense	16	-	-	-	-	-	-
Comprehensive income	16	-	-	-	-	-	-
31 December 2015	**16**	**544,740**	**120,798**	**101,534**	**(3,970)**	**146,813**	**(7,677)**
As at 1 January 2016	**16**	**544,740**	**120,798**	**101,534**	**(3,970)**	**146,813**	**(7,677)**
Allocation of profit and reserves	16	-	-	1,787	-	-	-
Dividend distribution	16	-	-	-	-	-	-
Stock options	16	-	-	-	-	-	-
Profit for the year	16	-	-	-	-	-	-
Other comprehensive income	16	-	-	-	-	-	-
Comprehensive income	16	-	-	-	-	-	-
31 December 2016	**16**	**544,740**	**120,798**	**103,321**	**(3,970)**	**146,813**	**(7,677)**

LTI reserve	Total other reserves	Translation reserve	Hedging reserve	Actuarial reserve	Total other comprehensive income (expense)	Retained earnings	Profit for the year	Equity
		Other comprehensive income						
-	**235,166**	**10,148**	**(18)**	**(1,196)**	**8,934**	**2,656**	**30,693**	**942,987**
-	1,534	-	-	-	-	29,158	(30,693)	(1)
-	-	-	-	-	-	(19,982)	-	(19,982)
139	139	-	-	-	-	-	-	139
-	-	-	-	-	-	(751)	-	(751)
-	-	-	-	-	-	-	*35,731*	*35,731*
-	-	*(10,937)*	*(10,667)*	*843*	*(20,761)*	-	-	*(20,761)*
-	-	*(10,937)*	*(10,667)*	*843*	*(20,761)*	-	-	*14,970*
139	**236,839**	**(789)**	**(10,685)**	**(353)**	**(11,827)**	**11,081**	**35,731**	**937,362**
139	**236,839**	**(789)**	**(10,685)**	**(353)**	**(11,827)**	**11,081**	**35,731**	**937,362**
-	1,787	-	-	-	-	33,944	(35,731)	-
-	-	-	-	-	-	(19,983)	-	(19,983)
4,102	4,102	-	-	-	-	-	-	4,102
-	-	-	-	-	-	-	*64,603*	*64,603*
-	-	*13,470*	*8,018*	*(144)*	*21,344*	-	-	*21,344*
-	-	*13,470*	*8,018*	*(144)*	*21,344*	-	-	*85,947*
4,241	**242,728**	**12,681**	**(2,667)**	**(497)**	**9,517**	**25,042**	**64,603**	**1,007,428**

Notes to the separate financial statements

1. Basis of preparation

Salini Impregilo S.p.A. (the "company") has prepared its 2016 consolidated financial statements on a going concern basis. As required by Regulation no. 1606/2002 issued by the European Parliament and Council, implemented in Italy by Legislative decree no. 38/2005, these separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union at 31 December 2016. They comprise a statement of financial position, an income statement, a statement of comprehensive income, a statement of cash flows, a statement of changes in equity and these notes.

The separate financial statements have been prepared using the historical cost principle, except for those items which are recognised at fair value in accordance with IFRS, as described in the section on the "Accounting policies". The carrying amounts of assets and liabilities, hedged with transactions which qualify for hedge accounting, are adjusted to reflect changes in fair value related to the hedged risks.

The statement of financial position, the income statement and the statement of comprehensive income are presented in Euros, whereas the amounts in the statement of cash flows, the statement of changes in equity and these notes are shown in thousands of Euros, unless stated otherwise.

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

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

- DIPRO (fixed), only to be used for imports of basic necessities (i.e., medicines, food, etc.);

- DICOM (floating), to be applied to all commercial transactions.

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

As a result of adoption of the DICOM rate in 2016, the company recorded a decrease of approximately €1.8 million in the carrying amount of its net assets in local currency. The reduction in its net assets in local currency recognised in previous years amounted to €59 million.

2. Changes in standards

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

- amendment to IFRS 11 - Joint arrangements for the accounting of acquisitions of interests in joint operations;

- amendment to IAS 1 - Presentation of financial statements for the disclosure initiative;

- amendments to IAS 16 - Property, plant and equipment and IAS 38 - Intangible assets clarifying acceptable methods of depreciation and amortisation;

- amendments to IAS 16 - Property, plant and equipment and IAS 41 - Agriculture about bearer plants;

- amendment to IAS 19 - Employee benefits about employee contributions to defined benefit plans;

- amendment to IAS 27 - Separate financial statements for the application of the equity method in separate financial statements;

- amendments as part of the annual improvements to IFRS cycles 2010-2012 and 2012-2014.

Adoption of the above amendments did not significantly affect the company's separate financial statements.

This section lists the standards, amendments and interpretations published by the IFRS and endorsed by the European Union but which will become applicable after 31 December 2016:

The company has not adopted the above standards in advance.

Standard, amendment or interpretation	Status
IFRS 15 - Revenue from contracts with clients, issued in May 2014, including the change to the standard's application date, issued in September 2015	Endorsed in September 2016 and applicable to annual periods beginning on or after 1 January 2018
IFRS 9 - Financial instruments, issued in July 2014	Endorsed in November 2016 and applicable to annual periods beginning on or after 1 January 2018

The standards, amendments and interpretations published by the IASB and the International Financial Reporting Standards Interpretations Committee (IFRS-IC) but not yet endorsed by the competent EU bodies at the reporting date are set out below:

Standard, amendment or interpretation	Status
IFRS 14 - Regulatory deferral accounts issued in January 2014	The European Commission has decided not to commence the endorsement process of the draft standard until the final document has been issued
IFRS 16 - Leases issued in January 2016	Endorsement expected by the end of 2017
Amendments to IAS 12 - Recognition of deferred tax assets for unrealised losses issued in January 2016	Endorsement expected by the first half of 2017
Amendments to IAS 7 - Disclosure initiative issued in January 2016	Endorsement expected by the first half of 2017
Clarifications to IFRS 15: Revenue from contracts with clients issued in April 2016	Endorsement expected by the first quarter of 2017
Amendments to IFRS 2 - Classification and measurement of share-based payment transactions, issued in June 2016	Endorsement expected by the third quarter of 2017
Amendments to IFRS 4: Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts, issued in September 2016	Endorsement expected by the third quarter of 2017
Annual Improvements to IFRS Standards 2014-2016 Cycle, issued in December 2016	Endorsement expected by the third quarter of 2017
IFRIC 22 - Foreign currency transactions and advance consideration, issued in December 2016	Endorsement expected by the third quarter of 2017
Amendments to IAS 40: Transfers of investment property issued in December 2016	Endorsement expected by the third quarter of 2017

Adoption of the above standards will not significantly affect the company's separate financial statements, except for IFRS 9, IFRS 15 and IFRS 16, for which brief information is provided below.

The company has started the process to implement these standards, defining the organisational methods and timing therefor.

During the year, it held training courses about IFRS 15 and IFRS 16 in particular for managers of various internal departments (procurement, IT, planning and controls, tax and accounting) who are involved in implementing the new standards.

The company is currently assessing the effects of adopting these new standards on its financial position and performance. Moreover, the new standards will significantly change the disclosures provided in the notes.

IFRS 9 - Financial instruments

The IASB published the final version of IFRS 9 - Financial instruments in July 2014. The standard is applicable to annual reporting periods beginning on or after 1 January 2018. Early adoption is allowed.

IFRS 9 introduces new rules for the classification and measurement of financial instruments, especially financial assets, based on the business model under which they are held and their cash flow characteristics. The standard classifies financial assets into three main categories. amortised cost, fair value through other comprehensive income and fair value through profit or loss. The categories envisaged by IAS 39, i.e., held-to-maturity, loans and receivables and available-for-sale have been eliminated.

The standard also introduced the measurement of impairment losses using the expected credit loss model rather than the incurred loss model provided for under IAS 39. The new model entails a significant degree of judgement about the impact of changes in economic factors on the expected credit losses, which are weighted by probability.

IFRS 9 also introduced a new hedge accounting model aligned to the entity's risk management policies. The exemption from application of the fair value measurement to unlisted equity investments has been eliminated. The standard also requires new and more detailed disclosure about hedging accounting, credit risk and expected credit losses.

The standard is applicable to annual reporting periods beginning on or after 1 January 2018 and shall be applied retrospectively, with the possibility to use some simplifications.

IFRS 15 - Revenue from contracts with clients

The IASB issued the new standard in May 2014 to unify in one standard the rules for revenue recognition previously included in several standards and interpretations (including IAS 18 - Revenue, IAS 11 - Contract work in progress and IFRIC 13 - Customer loyalty programmes).

IFRS 15 provides that revenue is to be recognised using a five-step model as set out below:

1. identify the contract with a customer;

2. identify the performance obligations (distinct elements that are part of a single contract but are separated for accounting purposes) in the contract;

3. determine the transaction price;

4. allocate the transaction price to the performance obligations in the contract;

5. recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also covers contractual costs, contract modifications and financial statements disclosures.

IFRS 15 is applicable to annual periods beginning on or after 1 January 2018. Early adoption is allowed. The original version of the standard was approved in September 2016 while some amendments published in the same year should be endorsed by the EU in 2017.

IFRS 16 - Leases

The IASB issued this standard in January 2016. It introduces a single method to account for leases in the financial statements of the lessee, eliminating the distinction between operating and finance leases, so that the lessee recognises an asset for the right to use an underlying asset and a lease liability. The standard includes exemptions when the lease term is 12 months or less or the underlying asset has a low value.

IFRS 16 replaces the current standards on leases, including IAS 17 - Leases, IFRIC 4 - Determining whether an arrangement contains a lease, SIC 15 - Operating leases - Incentives and SIC 27 - Evaluating the substance of transactions in the legal form of a lease.

IFRS 16 is applicable to annual periods beginning on or after 1 January 2019. Early application is permitted if IFRS 15 has also been applied. Endorsement by the EU is expected in 2017.

3. Basis of presentation

Separate financial statements

The company opted to present its separate financial statements at 31 December 2016 as follows:

- Current and non-current assets and current and non-current liabilities are presented separately in the statement of financial position. Current assets and liabilities are those expected to be realised, sold, used or settled in the company's normal operating cycle, which usually exceeds 12 months. Non-current assets and liabilities include non-current assets, deferred tax assets, employee benefits, deferred tax liabilities and other balances expected to be realised, sold, used or settled after the company's normal operating cycle, i.e., more than twelve months after the reporting date.

- The income statement gives a classification of costs by nature and shows the profit or loss before "Financing income (costs) and gains (losses) on investments" and income taxes. The statement of comprehensive income shows all non-owner changes in equity.

- The cash flow statement presents the cash flows from operating, investing and financing activities separately. The indirect method is used.

Accounting policies

The accounting policies adopted to draw up the company's separate financial statements at 31 December 2016 comply with the IFRS and are consistent with those used to prepare the 2015 separate financial statements, except for the standards enacted after 1 January 2016, summarised in the section on the "Changes in standards".

Property, plant and equipment

Property, plant and equipment are recognised at purchase or production cost, net of accumulated depreciation and any impairment losses.

Depreciation is calculated on a straight-line basis using rates determined based on the assets' residual possible use. The annual rates are as follows:

Category	Depreciation rate
Land	-
Buildings	3%
Plant and machinery	from 10% to 20%
Industrial and commercial equipment	from 25% to 40%
Other assets	from 12% to 25%

Land and buildings, plant and machinery with a carrying amount to be recovered mainly through their sale (rather than the asset's continuing use) are measured at the lower of their carrying amount and fair value less costs to sell. Assets held for sale shall be available for immediate sale and their sale shall be highly probable (i.e., the related commitments already exist). Their price shall be reasonable compared to their fair value.

The carrying amount of property, plant and equipment is tested for impairment whenever events or changes in circumstances take place indicating that the carrying amount may not be recovered. Reference should be made to the section on “Impairment of non-financial financial assets” for details on impairment testing.

Borrowing costs directly related to the acquisition or construction of an asset are capitalised as part of the cost of the asset, to the extent of its recoverable amount. As established by IAS 23 - Borrowing costs, the company has applied this method to all qualifying assets.

Borrowing costs are capitalised when the costs of the acquisition of the asset and borrowing costs are incurred, and the activities necessary to bring the asset into a condition for its use have been started.

The costs provided for but not yet paid related to qualifying assets are excluded from the amount to be capitalised.

Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

Subsequent expenditure is only capitalised if it increases the future economic benefits of the related asset. All other expenditure is expensed when incurred.

Ordinary maintenance costs are fully expensed when incurred. Costs that increase the carrying amount of assets are allocated thereto and depreciated over their residual economic lives.

Dismantlement and restoration costs of assets used for contract work in progress are added to the cost of the related asset and depreciated in line with the depreciation pattern of the asset to which they refer when they are foreseeable and objectively determinable.

Leasehold improvements are classified in the different items of property, plant and equipment on the basis of their nature. They are depreciated over the shorter of the estimated useful life of the relevant asset and the residual term of the lease.

Leased property, plant and equipment

Assets held under finance leases whereby all the risks and rewards of ownership are substantially transferred to the company are recognised as company assets and classified as property, plant and equipment. The related liability to the lessor is shown under financial liabilities. The lease payment is split into the interest expense, taken to the income statement, and the principal repayment, offset against the financial liability. The carrying amount of the leased asset is determined considering its fair value or, if lower, the present value of the minimum future lease payments.

The depreciation method and subsequent measurement are consistent with those applied to non-leased assets.

Leases where the lessor retains all the risks and rewards of ownership are treated as operating leases. The initial negotiation costs incurred for this type of lease increase the value of the related lease and are recognised over the lease term in order to match the revenue generated by the leased asset. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Other intangible assets

Other intangible assets acquired or generated internally are recognised under assets in accordance with IAS 38 - Intangible assets when it is probable that the use of the asset will generate future economic benefits and the cost of the asset can be measured reliably. Those assets with finite useful lives are measured at acquisition or development cost and amortised on a straight-line basis over their estimated useful lives. Recoverability of their carrying amount is checked by using the criteria set out in the section on “Impairment of non-financial assets”.

The excess of the purchase cost compared to the company’s share of the net fair value of the high capacity business units acquired in the past is classified as intangible assets and mainly refers to acquisition costs of the business units purchased. The related amortisation is calculated in line with the stage of completion and duration of the work.

Equity investments

Investments in subsidiaries and associates and interests in joint ventures are measured at cost and tested regularly for impairment. This test is carried out whenever there is an indication that the investment may be impaired. The method used is described in the section on “Impairment of non-financial assets”. When an impairment loss is required, this is recognised immediately in profit or loss. When the reasons for a previous impairment loss no longer exist, the carrying amount of the investment is restated to the extent of its original cost. Reversals of impairment losses are recognised in profit or loss.

Impairment of non-financial assets

If there is any indication that an intangible asset or an item of property, plant and equipment is impaired, the recoverable amount of the asset is estimated to determine the amount of the impairment loss. Goodwill and other intangible assets with an indefinite life are tested at least annually for impairment.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

If a binding sales agreement does not exist, fair value is estimated using the observable prices of an active market, recent transactions or the best information available to reflect the amount the entity could obtain by disposing of the asset.

Value in use is determined by discounting the estimated future cash flows expected to arise from the continuing use of an asset, net of taxes, and, if reasonably determinable, from its disposal at the end of its useful life. Discounting is applied by using a post-tax discount rate which reflects the current market assessments of the time value of money and the risks specific to the asset.

The assessment is made for individual assets or the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets from its continuing use (cash-generating unit). An impairment loss is recognised when the recoverable amount is lower than the carrying amount.

If the reasons for the impairment loss are no longer valid, the impairment loss (except in the case of goodwill) is reversed and the adjustment is taken to profit or loss as a reversal of impairment losses. A reversal of impairment losses is recognised to the extent of the lower of the recoverable amount and original carrying amount less depreciation/amortisation that would have been recognised had the impairment loss not been recognised.

Inventories of goods

Inventories of goods are measured at the lower of average purchase cost and net realisable value. Cost includes the directly related costs and estimated realisable value is determined using the replacement cost of the assets or similar assets. Any write-downs are eliminated in subsequent years when the reasons therefor are no longer valid.

Contract work in progress and revenue from construction contracts

Contract work in progress consists of work performed net of progress billings issued to clients. When final payment of the consideration is made, the related progress billings and advances are recognised under “Operating revenue” in the income statement, with the related variation in inventories. The provision for contractual risks directly offsets inventories and is set up to cover possible charges and losses on contracts performed either directly by the company or as part of a joint venture.

Contract work in progress is measured considering the consideration agreed with the customer and the stage of completion of the work.

Revenue related to contract work in progress is recognised using the stage of completion method.

The stage of completion is determined using the cost to cost method whereby the percentage of completion (the ratio between costs incurred and total estimated costs) is applied to the total estimated revenue.

Given the technical complexity, size and length of time involved in completing contracts, the additional considerations are measured before an agreement is reached with the customer. Claims for additional considerations are considered when measuring contract work in progress if they have been substantially approved by the customer, or, if not yet approved by the customer, are supported by appraisals made by third party consultants and/or documentation prepared by contractual bodies (arbitration tribunals, Dispute Review Boards, Dispute Adjudication Boards, etc.).

In the case of events that take place after the reporting date but before the separate financial statements are approved, which provide additional information about expected profits or losses on the contract, this additional information is considered when determining the contractual revenue or costs to be incurred to complete the contract and for the recognition of any profits or losses.

When total contract costs exceed total contract revenue, the loss to complete the contract is recognised as an expense immediately.

The contract costs, included in the cost to cost calculation, may be classified as:

- pre-operating costs, which include costs incurred during the start-up stage of the contract, before construction starts, such as the costs of design and specific studies carried out for the contract; organisation and production start-up costs and building site start-up costs. These pre-operating costs are included in the stage of completion calculation and in the cost to cost calculation once they have been incurred. During the initial stage of the contract, they are included in the carrying amount of contract work in progress, if recoverable, without recognising any contract output when the contract profit or loss cannot be reliably estimated;

- contract operating costs, which include those directly attributable to the contract (e.g., materials, subcontracting, labour, amortisation and depreciation, compulsory purchases, any directly attributable borrowing costs, etc.). They are recognised on an accruals basis and included in the calculation of the stage of completion;

- post-operating costs, which include site dismantlement costs generally incurred after the contract has been closed to remove the installations (or entire sites) and to return the machinery or plant to the company’s premises or transfer them to another site. This category also includes losses on materials no longer usable and the related transport costs. They are included in the contract estimate and, therefore, if incurred during the contract term, they are comprised in the calculation of the progress billings. Therefore, no specific accruals are made to the income statement;

- costs for services to be rendered after completion of the contract, which mainly relate to services rendered after the contract has been completed. They may include assistance and supervision provided in the early stages of use of the plant or scheduled maintenance, etc.. If the contract does not include specific additional considerations for these services and the contract may be "closed" for accounting purposes (contracts are usually closed once work is completed and the customer has accepted the end result), the costs to be incurred to render these services when the contract is closed in the accounting records should be estimated and provided for in the specific items. These costs are included in the calculation to determine the contract revenue.

Real estate projects

Closing inventories of real estate projects are those real estate areas developed with a view to selling them. They are measured at the lower of cost and estimated realisable value. Costs incurred consist of the consideration paid for purchasing the areas and related charges, construction costs and borrowing costs related to the project up to and not exceeding its completion.

Financial assets and liabilities

Measurement and presentation of financial instruments are covered by IAS 39 and IAS 32, respectively. The company introduced the disclosure required by IFRS 7 in 2007.

The financial instruments used by the company are classified as follows: financial assets or financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

Financial assets or financial liabilities at fair value through profit or loss

This category includes derivatives that do not meet hedge accounting requirements.

Fair value gains or losses on derivatives in this category are recognised as "Financing income (costs)" in profit or loss when they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are measured at amortised cost, as detailed further on, and any gains or losses arising therefrom are recognised as "Financing income (costs)" in profit or loss.

This category includes the following items:

- Trade receivables and payables and other assets and liabilities

  Trade receivables and other assets are recognised at amortised cost, net of impairment losses determined on the basis of their estimated recoverable amount calculated by analysing each position and the total non-collection risk.

  If the collection date is postponed and exceeds normal collection times for the sector, these receivables are discounted.

  All factored receivables that do not meet the requirements for derecognition under IAS 39 continue to be recognised in the company's separate financial statements even when they have been legally transferred. They are thus included as assets and a financial liability of the same amount is recognised.

  Trade payables and other liabilities are recognised at amortised cost, allocating interest to the income statement based on the effective interest rate, being the rate that exactly discounts estimated future cash payments through to the carrying amount of the related asset.

- Cash and cash equivalents

  Cash and cash equivalents comprise cash on hand, demand deposits and other short-term, highly liquid investments with a term of less than three months. This item is shown in the statement of cash flows net of bank borrowings at the reporting date.

- Loans and borrowings and bonds

  Loans and borrowings and bonds are initially recognised at cost, being the fair value of the consideration received less transaction costs.

After initial recognition, loans are measured at amortised cost, whereby repayments are determined using the effective interest method with a rate which matches, at initial recognition, the expected cash flows with the initial carrying amount.

Loan transaction costs are classified under liabilities decreasing the loan; amortised cost is calculated considering these costs and any discounts or premiums expected at settlement.

The effects arising from the recognition at amortised cost are taken to "Financing income (costs)".

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the company has the positive intention and ability to hold to maturity. They are recognised at amortised cost and interest accrued thereon is taken to profit or loss under “Financial income” using the effective interest method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial instruments that are not classified in the other categories. They mainly relate to consortia and consortium companies of which the company holds less than 20%. In accordance with IAS 39, such investments are stated as non-current assets measured at cost, adjusted for impairment, since their fair value cannot be determined. Dividend income from such financial instruments is recognised in profit or loss under financial income when the company is given the right to such dividend.

Fair value of financial instruments

The fair value of financial instruments has been estimated as follows:

- The fair value of financial instruments traded on an active market is based on the market price at the reporting date. This method has been applied especially to listed financial instruments classified as “Available-for-sale financial assets” and financial instruments classified as “Held-to-maturity investments”.

- The fair value of the derivatives classified as “Hedging derivatives” and “Financial assets and financial liabilities at fair value through profit or loss” is measured using the Discounted Cash Flow Model. With respect to interest rate swaps, future cash flows are estimated using the implicit forward rate of the market Euro curve at 31 December 2016 and 2015, while the forward exchange rate market prices at the relevant reporting date are used for currency forward transactions.

- The fair value of loans and receivables is determined, for disclosure purposes in the notes, on the basis of the present value of their future cash flows discounted at a rate equal to the current interest rates applicable in the relevant markets and the average spread agreed by the company.

Derecognition of financial assets and liabilities

(a) Financial assets

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

I. the contractual rights to the cash flows from the financial asset expire;

II. the company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in full and immediately;

III. the company transfers the contractual rights to receive the cash flows of the asset and has transferred substantially all the risks and rewards of ownership of the financial asset and the related control.

When the company has transferred the contractual rights to receive the cash flows of the financial asset and has neither transferred nor retained substantially all the risks and rewards or has retained control, it continues to recognise the asset to the extent of its continuing involvement in the asset. Continuing involvement that takes the form of guaranteeing the transferred asset is measured at the lower of the initial carrying amount of the asset and the maximum amount of the consideration that the company could be required to pay.

(b) Financial liabilities

Financial liabilities are derecognised when the underlying obligation is extinguished, cancelled or settled.

When an existing financial liability is exchanged with another by the same lender at substantially different terms, or the terms of an existing liability are substantially modified, this exchange or modification is treated as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amounts is recognised in profit or loss.

Impairment of financial assets

If there is any indication that a financial asset is impaired, the recoverable amount of the asset is estimated to determine the amount of the impairment loss.

Derivatives and hedging transactions

The company has derivatives recognised at fair value when the related agreement is signed and for subsequent fair value changes. The treatment of the related fair value gains or losses changes depending on whether the conditions for hedge accounting are met, as described below.

The company has derivatives to hedge currency and financial risks. At the inception of the transaction, it documents the hedging relationship, its risk management and strategy objectives in entering into the transaction, the hedging instrument and hedged item or transaction and the nature of the hedged risk. Moreover, at the inception of the transaction, and thereafter on an ongoing basis, the company documents whether or not the hedge meets the effectiveness requirements to offset its exposure to changes in the fair value of the hedged item or cash flows attributable to the hedged risk.

Based on the above-mentioned documentation, derivatives used for specific hedging purposes are classified and recognised as follows:

(a) ***Fair value hedge*** - If a derivative is designated as a hedge of exposure to changes in the fair value of an asset or liability due to a specific risk that may affect profit or loss, the gain or loss deriving from the subsequent measurement of the fair value of the hedging instrument is recognised in profit or loss. The gain or loss on the hedged item, related to the hedged risk, changes the carrying amount of this item and is recognised in profit or loss.

(b) ***Cash flow hedge*** - If a derivative is designated as a hedge of exposure to changes in cash flows of an asset or liability or a highly probable transaction that could affect profit or loss, the effective part of the gains or losses on the financial instrument is recognised in equity. The cumulative gain or loss is reclassified from equity to profit or loss in the same period in which the hedged transaction is recognised. The gain or loss related to a hedge or part of a hedge which has become ineffective is taken to profit or loss immediately. If a hedging instrument or a hedging relationship is closed, but the hedged transaction has not yet taken place, the cumulative gains and losses, recognised in equity up to then, are reclassified to profit or loss when the transaction takes place. If it is unlikely the hedged transaction will take place, the unrealised gains and losses recognised in equity are immediately reclassified to profit or loss.

“Hedging purposes” are assessed in strategic terms. When they do not meet the requirements of IAS 39 for hedge accounting, the derivatives are classified as “Financial assets or financial liabilities at fair value through profit or loss”.

Employee benefits

Post-employment benefits

Post-employment benefits are recognised at the present value of the company’s liability determined in line with ruling legislation and national and in-house labour agreements. The valuation, based on demographic, financial and turnover assumptions, is carried out by independent actuaries. The gains and losses resulting from the actuarial calculation are recognised in profit or loss if related to service costs and interest expense or in comprehensive income if relating to assets and liabilities.

The 2007 Finance Act and related implementing decrees introduced significant changes to legislation governing Italian post-employment benefits, effective as from 1 January 2007. These include the option given to employees, to be exercised before 30 June 2007, of where to allocate their future benefits. Specifically, employees can opt to allocate them to selected pension funds or maintain them with the company, in which case, the latter shall pay the contributions to the treasury fund of INPS (the Italian social security institution).

Following these changes, the Italian post-employment benefits accruing after the date of the employees' decision and, in any case, after 30 June 2007, are considered part of a defined contribution plan and treated like all other social security contributions.

Share-based payments

The company has adhered to the guidelines of IFRS 2 - Share-based payments.

Share-based payments are measured at fair value of the option at the grant date. This amount is recognised in the income statement on a straight-line basis over the vesting period. This treatment is based on an assessment of the stock options that will effectively vest in favour of the qualifying employees. Fair value is determined using the share price at the grant date.

Income taxes

Current taxes are provided for using the enacted tax rates and laws ruling in Italy and other countries in which the company operates, including through its branches, based on the best estimate of the taxable profit for the year.

Beginning from 2004, the company has joined the national tax consolidation system, as the consolidating party, which is regulated by the conditions set out in agreements drawn up by the participating companies.

The agreements provide that tax losses transferred by the subsidiaries give rise to a benefit for them to the extent to which they would have been able to offset them even if the national tax consolidation system had not existed. Otherwise, the parent benefits, except for a partial payment to the companies transferring the losses, in proportion to the effective use in the national tax consolidation system. Moreover, the smaller taxes paid by Salini Impregilo as a result of its participation in the national tax consolidation system are prudently provided for when it is probable that a benefit for the used tax losses will be paid in the future to the subsidiaries that transferred them.

Deferred tax assets and liabilities are calculated on the basis of the temporary differences between the tax base of an asset or liability and its carrying amount. Deferred tax assets are recognised when the company holds their recovery to be probable.

The carrying amount of deferred tax assets is reviewed at each reporting date and, to the extent necessary, is decreased when it is no longer probable that sufficient taxable profits will be available in the future to use all or part of the related benefit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

In the case of transactions recognised directly in equity, the related deferred tax asset or liability also affects equity.

Provisions for risks and charges

In accordance with IAS 37, the company makes accruals to provisions for risks and charges when the following conditions exist:

- the company has a present obligation (legal or constructive) at the reporting date as a result of a past event where an outflow of resources embodying economic benefits will be required to settle the obligation;

- it is probable that the obligation (through an outflow of resources) will have to be settled;

- a reliable estimate can be made of the amount of the obligation.

When the time value is material and the obligation payment dates can be estimated reliably, the amount recognised as the provision equals the pre-tax future cash flows (i.e., forecast outflows) discounted at a rate that reflects the present market value and risks specific to the liability.

The increase in the provision due to discounting is recognised as a financial expense.

When the expected cash flows are included in an estimate range with the same probability of occurrence, the median value is discounted to measure the liability.

Provision for restructuring costs is recognised when the company has approved a detailed formal plan that has been implemented and communicated to the third parties involved.

Translation criteria for foreign currency items

The translation criteria for foreign currency items adopted by the company are as follows:

- foreign currency monetary assets and liabilities, excluding property, plant and equipment, intangible assets and equity investments measured at cost, are translated at the closing spot rate with any exchange rate gains or losses taken to the income statement;

- property, plant and equipment, intangible assets and equity investments (non-monetary assets) are recognised at historical cost denominated in the foreign currency and translated using the historical exchange rate;

- revenue and costs related to foreign currency transactions are recognised in profit or loss at the exchange rate ruling on the date of the transaction;

- any material effects deriving from changes in exchange rates after the reporting date are disclosed in the notes.

The foreign branches' functional currency is the Euro, as it is the primary currency they use in their operations.

Non-current assets held for sale and discontinued operations

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

Assets held for sale are recognised as such when the following events take place:

- signing of a binding sales agreement;

- approval and communication of a formal sales plan by directors.

In order to be correctly measured, the assets shall be:

- available for immediate sale in their present condition,

- subject only to terms that are usual and customary for sales of such assets, and

- the sale must be highly probable and expected to take place within twelve months.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A discontinued operation is a component of an entity that either has been disposed of or classified as held for sale and that meets any of the following criteria: i) it represents a separate major line of business or geographical area of operations; ii) it is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or iii) it is a subsidiary acquired exclusively with a plan to resell.

The profit or loss from discontinued operations is disclosed separately in the income statement. As required by paragraph 34 of IFRS 5 - Non-current assets held for sale and discontinued operations, the corresponding prior year figures are reclassified accordingly.

Revenue recognition

Revenue is measured to the extent it is probable that the economic benefits will flow to the company and the related amount can be determined reliably.

Revenue from the sale of goods is recognised when the company has shipped the goods and has transferred all the material risks and rewards of ownership to the buyer. Revenue from construction contracts is recognised as provided for in the related Standard, described below.

When the outcome of a construction contract can be estimated reliably, contract revenue is recognised by reference to the stage of completion of the contract activity at the reporting date based on the ratio of the costs incurred up to the reporting date to the total estimated contract costs, unless this is held to not represent the stage of completion of the contract.

Changes in the contract and price revisions are recognised to the extent that they are reasonably certain.

Revenue is recognised only to the extent of contract costs incurred that it is probable will be recovered. Contract costs are recognised as an expense in the year in which they are incurred.

Interest income

Interest income is recognised on an accruals basis, considering the principal and applicable effective interest rate, i.e., the rate that discounts the estimated future inflows over the expected life of the financial asset to return it to its carrying amount.

Dividends

Dividends are recognised when the investors' right to receive payment arises in line with local ruling legislation.

Significant accounting estimates

Preparation of financial statements and the related notes in accordance with the IFRS requires management to make judgements and estimates that affect the carrying amount of assets and liabilities and financial statements disclosures. The estimates are used to:

- determine amortisation and depreciation (see the "Property, plant and machinery", "Leased property, plant and equipment", and "Other intangible assets" paragraphs of the "Accounting policies" section);

- recognise impairment losses (see the “Impairment of non-financial assets” paragraph of the “Accounting policies” section);

- recognise employee benefits (see the “Employee benefits” paragraph of the “Accounting policies” section);

- recognise taxes (see the “Income taxes” paragraph of the “ Accounting policies” section);

- recognise provisions for risks and charges (see the “Provisions for risks and charges” paragraph of the “ Accounting policies” section);

- determine total contract costs and the related stage of completion (see the “Contract work in progress and revenue from construction contracts” paragraph of the “Accounting policies” section). A significant part of the company’s activities is typically performed on the basis of contracts which provide that a specific consideration is agreed when the contract is awarded. This implies that the profits on these contracts may undergo change compared to the original estimates depending on the recoverability of greater expenses and/or costs the company may incur during performance of such contracts.

The actual results may differ from those estimated due to uncertainties underlying the assumptions and the conditions on which the estimates are based.

Fundamental assumptions about the future and other reasons for uncertainty when making the estimates at the reporting date that may lead to material adjustments to the carrying amount of the assets and liabilities are described in the specific section of the Directors’ report which gives an analysis of the risk areas of each segment.

Changes in the scope of the separate financial statements

Joint operations

The company is involved in the following main joint operations: CMC - Mavundla - Impregilo (South Africa), Civil Work Group (Saudi Arabia), Arge Tulfes Pfons (Austria) and South Al Mutlaa (Kuwait).

Salini Impregilo S.p.A. has a 39.2% interest in the first joint operation, which is engaged in works for the hydroelectric plant in Ingula. It has a 52% interest in the second joint operation, which is engaged in the civil works for the Riyadh metro. The third joint operation is 49% held by the company and is engaged in the construction of the last section of the Brenner-Innsbruck tunnel. The fourth was incorporated during the year and is 55% held by Salini Impregilo S.p.A.. It will construct primary urbanisation works to build a new residential area in a 12 thousand hectares site located 40 km northwest of Kuwait City as part of the South Al Mutlaa Housing Project.

The above operations are governed by joint control arrangements as resolutions of the governing bodies require a unanimous vote. They are structured as separate vehicles, guaranteeing transparency of their rights and obligations with respect to Salini Impregilo S.p.A..

As per the previously-signed agreements with the Saudi partner, Salini Impregilo transferred 14% of Civil Work Group to its subsidiary Salini Saudi Arabia Ltd. Co. (SSA) on 30 November 2016 (in which it has a 51% stake). As a result, it now holds 52% of the joint operation instead of the previously-held 66%.

2016 income statement by geographical segment

(€'000)	Italy	Abroad	Total
Revenue	359,576	2,614,572	2,974,148
Other income	28,167	74,345	102,512
Total revenue	**387,743**	**2,688,917**	**3,076,660**

2015 income statement by geographical segment

(€'000)	Italy	Abroad	Total
Revenue	445,524	2,467,893	2,913,417
Other income	51,721	62,050	113,771
Total revenue	**497,245**	**2,529,943**	**3,027,188**

Statement of financial position as at 31 December 2016 by geographical segment

(€'000)	Italy	Abroad	Total
Net non-current assets	500,004	932,780	**1,432,783**
Provision for risks	(65,177)	(6,899)	**(72,076)**
Post-employment benefits and employee benefits	(8,675)	(4,127)	**(12,802)**
Net tax assets (liabilities)	132,908	(23,999)	**108,909**
Working capital	**119,324**	**263,012**	**382,336**
Net invested capital	**678,383**	**1,160,766**	**1,839,149**
Equity			**1,007,428**
Net financial position			**831,721**
Total financial resources			**1,839,149**

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

(€'000)	Italy	Abroad	Total
Net non-current assets	845,394	241,227	**1,086,621**
Provision for risks	(18,267)	(11,617)	**(29,884)**
Post-employment benefits and employee benefits	(9,211)	(2,879)	**(12,090)**
Net tax assets (liabilities)	88,347	(27,849)	**60,498**
Working capital	**1,010,337**	**(651,777)**	**358,560**
Net invested capital	**1,916,600**	**(452,895)**	**1,463,705**
Equity			**937,362**
Net financial position			**526,343**
Total financial resources			**1,463,705**

Statement of financial position

4. Property, plant and equipment

Property, plant and equipment amount to €223.4 million, down from the 31 December 2015 figure by €65.6 million. Their historical cost and carrying amount are given in the following table:

(€'000)	31 December 2016 Cost	Acc. depreciation	Carrying amount	31 December 2015 Cost	Acc. depreciation	Carrying amount
Land	243	-	243	244	-	244
Buildings	45,490	(23,975)	21,516	44,987	(21,075)	23,912
Plant and machinery	571,608	(397,141)	174,466	571,532	(329,904)	241,628
Industrial and commercial equipment	81,228	(76,083)	5,146	80,154	(70,719)	9,435
Other assets	21,186	(14,711)	6,476	20,212	(12,794)	7,418
Assets under const. and payments on account	15,547	-	15,547	6,318	-	6,318
Total	**735,303**	**(511,909)**	**223,394**	**723,447**	**(434,492)**	**288,955**

Changes during the year are summarised below:

(€'000)	31 December 2015	Increases	Deprec.	Imp. losses/ Reversals of imp. losses	Reclass. and other changes	Disposals	Exchange rate gains (losses)	Change in scope	31 December 2016
Land	244	-	-	-	-	-	(1)	-	243
Buildings	23,912	1,437	(3,426)	-	-	(134)	72	(345)	21,516
Plant and machinery	241,628	52,990	(89,084)	-	209	(29,035)	279	(2,521)	174,466
Industrial and commercial equipment	9,435	3,026	(6,843)	-	10	(482)	(1)	-	5,146
Other assets	7,418	1,824	(2,458)	-	(43)	(67)	28	(225)	6,476
Assets under const. and payments on account	6,318	10,187	-	-	(176)	(193)	101	(690)	15,547
Total	**288,955**	**69,464**	**(101,811)**	**-**	**-**	**(29,912)**	**479**	**(3,781)**	**223,394**

The most significant changes include:

- increases of roughly €69.5 million, mainly relating to the Civil Work project in the United Arab Emirates, the Lima Metro 2 project in Chile and, especially, the Koysha project in Ethiopia;
- depreciation for the year of €101.8 million, calculated as described in the "Accounting policies" section;
- disposals of €29.9 million, mainly referring to sales to third parties and the disposal of assets related to Italian contracts;
- the negative balance of €3.8 million in the "Change in scope" column relates to the sale to Salini Saudi Arabia Ltd. of 14% in the joint operation set up for the Riyadh Metro Line 3 contract in Saudi Arabia, as discussed in the "Joint operations" section of Note 3.

The closing balance at 31 December 2016 includes leased assets of €92.5 million recognised under "Plant and machinery" (€91.2 million), "Industrial and commercial equipment" (€1.2 million) and "Other assets" (€0.1 million).

Prior year changes are as follows:

(€'000)	31 December 2014	Increases	Deprec.	Imp. losses/ Reversals of imp. losses	Reclass. and other changes	Disposals	Exchange rate gains (losses)	Change in scope	31 December 2015
Land	245	-	-	-	-	-	(1)	-	244
Buildings	20,267	5,150	(3,130)	-	(407)	(80)	1,599	513	23,912
Plant and machinery	223,913	93,476	(79,204)	(157)	4,962	(3,809)	316	2,131	241,628
Industrial and commercial equipment	13,933	9,758	(9,891)	-	(4,455)	87	3	-	9,435
Other assets	6,859	2,706	(2,456)	(1)	(100)	(186)	121	475	7,418
Assets under const. and payments on account	3,588	2,008	-	-	-	-	50	672	6,318
Total	**268,805**	**113,098**	**(94,681)**	**(158)**	**-**	**(3,988)**	**2,088**	**3,791**	**288,955**

5. Intangible assets

Intangible assets amount to €79.5 million, down €38.5 million from the 31 December 2015 figure. The historical cost and carrying amount of the other intangible assets are given in the following table:

(€'000)	31 December 2016 Cost	Acc. amortisation	Carrying amount	31 December 2015 Cost	Acc. amortisation	Carrying amount
Software	1,454	(526)	928	683	(193)	490
Contract acquisition costs	149,261	(70,645)	78,616	174,657	(57,082)	117,575
Total	**150,715**	**(71,171)**	**79,544**	**175,340**	**(57,275)**	**118,065**

Changes during the year are set out below:

(€'000)	31 December 2015	Increases	Amortis.	Reclass.	Disposals	Exchange rate gains (losses)	Other changes	31 December 2016
Software	490	771	(333)	-	-	-	-	928
Contract acquisition costs	117,575	-	(22,706)	-	(16,253)	-	-	78,616
Total	**118,065**	**771**	**(23,039)**	**-**	**(16,253)**	**-**	**-**	**79,544**

Changes during the previous year are set out below:

(€'000)	31 December 2014	Increases	Amortis.	Reclass.	Disposals.	Exchange rate gains (losses)	Other changes	31 December 2015
Software	316	222	(47)	-	-	(1)	-	490
Contract acquisition costs	83,743	51,258	(17,426)	-	-	-	-	117,575
Total	**84,059**	**51,480**	**(17,473)**	**-**	**-**	**(1)**	**-**	**118,065**

Contract acquisition costs amount to €78.6 million and refer to considerations paid in previous years to purchase the railway high speed/capacity business units and stakes in projects/contracts representing intangible assets with a finite useful life, which are amortised in line with the stage of completion of the related contracts.

A breakdown of and changes in this item are as follows:

(€'000)	31 December 2015	Decreases	Amortisation	31 December 2016
Cociv (Milan - Genoa railway section)	38,251	-	(3,132)	35,119
Riyadh Metro (Saudi Arabia)	56,551	(16,253)	(16,493)	23,805
Thessalonica Metro	1,130	-	(501)	629
Yarull - Dom. Republic	3,037	-	(32)	3,005
Vegas Tunnel - USA	123	-	(123)	-
Gerald Desmond Bridge - USA	5,263	-	(1,715)	3,548
Stavros Niarchos - Greece	710	-	(710)	-
Iricav 2 (Verona - Padua railway section)	12,510	-	-	12,510
Total	**117,575**	**(16,253)**	**(22,706)**	**78,616**

The decrease for the year is due to the sale to the group company Salini Saudi Arabia Ltd. of 14% in the joint operation set up for the Riyadh Metro Line 3 contract in Saudi Arabia, as discussed in the "Joint operations" section of Note 3.

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

Amortisation of the contract acquisition costs is calculated using the stage of completion method of the contracts based on the cost to cost method and considering the related purchase dates.

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

Prior year changes are given below for comparative purposes:

(€'000)	31 December 2014	Increases	Amortisation	31 December 2015
Cociv (Milan - Genoa railway section)	41,847	-	(3,596)	38,251
Riyadh Metro (Saudi Arabia)	25,394	38,748	(7,591)	56,551
Thessalonica Metro	1,202	-	(72)	1,130
Yarull - Dom. Republic	3,083	-	(46)	3,037
Vegas Tunnel - USA	1,875	-	(1,752)	123
Gerald Desmond Bridge - USA	7,234	-	(1,971)	5,263
Stavros Niarchos - Greece	3,108	-	(2,398)	710
Iricav 2 (Verona - Padua railway section)	-	12,510	-	12,510
Total	**83,743**	**51,258**	**(17,426)**	**117,575**

6. Equity investments

Equity investments increased by €450.2 million to €1,129.8 million.

(€'000)	31 December 2016	31 December 2015	Variation
Investments in subsidiaries	978,272	555,940	422,332
Investments in associates	101,458	75,365	26,093
Other investments	50,115	48,294	1,821
Total	**1,129,845**	**679,599**	**450,246**

Changes during the year are summarised below:

(€'000)	31 December 2016	31 December 2015
Capital transactions	84,554	92,601
Acquisitions and capital injections	468,771	9,121
Disinvestments and liquidations	(53,102)	(441)
Impairment losses	(35,682)	(127,443)
Net exchange rate gains	9,095	19,554
Reclassifications	(23,390)	(16,419)
Total	**450,246**	**(23,027)**

The increase in "Capital transactions" mainly refers to Salini Saudi Arabia (€29.9 million), the SPE M4 (€3.5 million), the Colombian company ICT II (€9.9 million) and the SPE Grupo Unidos por el Canal (Panama) (€44.7 million). The latter comprises the payments made during the year, net of the provision for the investment in Grupo Unido por el Canal.

"Acquisitions and capital injections" relate to the capital injection made to Salini Impregilo US Holding (€468.7 million) for the acquisition of control over Lane Group. Reference should be made to the "Business combinations" section of the consolidated financial statements for further details.

"Disinvestments and liquidations" mainly relates to the intragroup sale of the US company Healy SA for €39.9 million, which was sold to Lane Group.

"Reclassifications" principally refer to offsetting of the provision related to certain investees presented under liabilities.

"Impairment losses" mainly relate to the investments in Grupo Unidos Por El Canal S.A. – GUPC (€25.5 million), Grupo ICT II (€2.2 million) and PGH (€1.8 million).

The impairment test of the item “Equity investments”, carried out also to assess the need for any reversals of previously recognised impairment losses, has been performed on an individual basis, considering each investee’s specific operating objectives.

Based on such approach, the item can be analysed as follows:

(€'000)	31 December 2016	31 December 2015	Variation
Investments in SPEs	265,366	246,505	18,861
Other investments	864,479	433,094	431,385
Total	**1,129,845**	**679,599**	**450,246**

Special purpose entities (SPEs) are legal entities set up specifically and solely to carry out construction contracts that Salini Impregilo is not expected to carry out directly and in which it has an interest equal to its share of the tender. These entities have a corporate structure compliant with the clients’ requirements as communicated during the tender procedure and considering the specific legal context of the country in which the contract will be performed.

They are classified depending on whether they are: (i) SPEs, the profit or loss of which are allocated to their venturers in line with their interests as provided for by law (i.e., Italian-based consortia and consortium companies which operate on a “recharges of costs” basis), and (ii) other SPEs for which this allocation is not provided for by law.

Due to the periodic allocation of the contract profit or loss to the venturers, the SPEs in item (i) always substantially reach breakeven point. Any losses recorded in the contracts performed by these entities are recognised by the venturers upon allocation of the contract profits and losses.

For the SPEs in item (ii), the existence of any losses should be considered in the separate financial statements of Salini Impregilo S.p.A. as their contract profit or loss is included in the consolidated financial statements only.

The contracts performed by these SPEs are therefore considered when testing the company’s investment for impairment. Specifically, the SPEs’ financial statements, which include the estimated contract profit or loss and are prepared in accordance with the IFRS as interpreted by the Company’s accounting policies, are considered as they show the entity’s estimated cash flows.

The impairment losses recognised in 2016 in the provision for risks on equity investments adjusted the existing provisions by a modest amount and referred to the SPEs performing the Grupo Unidos por el Canal contract (€25.5 million), Metro 6 Ltda (Chile) contract (€17.6 million) and the works on the Rio Sogamosa hydroelectric plant in Colombia (€2.2 million).

The company completed the sale of Todini Costruzioni Generali to Prime System Kz Ltd., set up and organised under Kazakstani law, for about €51 million on 4 April 2016.

In March 2016, before the sale, Todini Costruzioni Generali's assets not sold to third parties were transferred to a newco HCE Costruzioni S.p.A. ("HCE"), which was subsequently sold to Salini Impregilo.

The assets and liabilities, contributed to HCE, related to the Italian contracts, completed and/or ongoing, the branches in Albania, Argentina, Romania, Tunisia, Algeria, Greece, Dubai, Ukraine and Poland.

An independent third party (Ms. Simona Ardiuni) appraised these assets and liabilities at 31 December 2015 and estimated their value to be not less than €2.2 million, using the simple equity method with an income adjustment.

An impairment loss of €28.5 million on the investment in the new subsidiary HCE Construction S.p.A. was recognised in 2016. It includes the subsidiary's 2016 loss.

Fisia Italimpianti recorded a loss for the year of €3.8 million and equity of the same amount, while the investment's carrying amount is €40.2 million. Its order backlog at the reporting date amounted to €84 million.

The company tested its investment in Fisia Italimpianti for impairment on the basis of the 2017-2021 business plan (the "Plan") approved by the subsidiary's board of directors assisted by independent experts that performed an independent business review. No indicators of impairment were found.

Salini Impregilo used the unlevered version of the discounted cash flow method to calculate the investment's value in use. The main valuation parameters used were:

- Long-term growth rate: 0% (0% in 2015);

- Discount rate (WACC): 11.5% (10.9% in 2015).

The company also performed sensitivity analyses considering the possible effect of changes in the discount rate (+/-0.5%). It did not identify any elements that would have required recognition of an impairment loss.

The directors adopted the following assumptions in the 2017-2021 business plan, used to extrapolate the expected future cash flows assumed for impairment testing purposes:

- assumption about development of demand for projects: the subsidiary's main market is the Middle East, where investments are expected to pick up after the strong contraction seen in recent years. Oil prices drive the local economy and the recent reversal in these prices should facilitate an upturn in business;

- new technologies: the subsidiary plans to expand its offer to include new types of plant for thermal desalination compared to its traditional products. During the year, Fisia Italimpianti participated in important calls to tender for reverse osomis desalination and water treatment projects, including the tender awarded for the Atakoy water treatment plant in Turkey;

- assumptions about new projects: in line with Borsa Italiana's guidelines for the listing of construction companies, the revenue expected to be earned over the plan period is calculated considering each commercial project (based on the tender (if called), production capacity or similar plants), weighted by the entity's capacity to win the tender determined on the base of: i) the probability that a tender will be called; ii) the probability that the entity will win the tender based on its skill set; iii) another prudent parameter applied by management especially to the contracts planned for the last years of the plan.

It cannot be excluded that events may take place in the future that cannot currently be foreseen and that would require changes to the valuations made.

SGF Inc. recorded a loss of €4.9 million for 2016 and a deficit of €0.9 million, while the investment's carrying amount is €13.3 million. Since the company recognised an impairment loss on this subsidiary of €13.3 million, its carrying amount was zeroed.

Fibe recorded a substantial break even result for 2016 and equity substantially in line with its carrying amount.

Given that the subsidiary is inactive and only manages the outstanding disputes related to the USW Campania projects, its assets and liabilities are the main drivers of the value generation process. Accordingly, its carrying amount is in line with its equity at the reporting date.

Salini Impregilo US Holding INC recorded a loss of €6.5 million for 2016 and equity of €442 million, while the investment's carrying amount is €468.7 million.

The investment's recoverable amount has been calculated using the cash flow projections set out in the 2017-2019 three-year plan prepared and approved by management.

The main valuation parameters used were:

- long-term growth rate of zero on a prudent basis;

- post-tax discount rate: 7.5%.

The company has adopted the discount rate calculated based on the market cost of money and the asset sector's specific risk (Weighted Avarage Cost of Capital, WACC). Specifically, the company considered the return rate on long-term government bonds and the average capital structure of a basket of comparable companies.

The CGU's recoverable amount has been calculated using the cash flow projections set out in the 2017-2019 three-year plan prepared and approved by management. The terminal value is based on a sustainable profit assumption, from which stable long-term operating cash flows have been estimated, on a going concern basis.

The company tested goodwill for impairment at the reporting date, which showed that the CGU's recoverable amount exceeds its carrying amount (net invested capital) by 50%.

Moreover, given the materiality of the above difference, a possible reasonable change in the assumptions described above adopted in the calculation of the recoverable amount (a 0.5% increase or decrease in the growth rate and in the discount rate, respectively), would not lead to a significantly different outcome.

The impairment test showed that there was no need to recognise an impairment loss.

Impregilo International Infrastructures NV recorded equity of €172.3 million at the reporting date, while the investment's carrying amount is €170 million. It did not show any indicators of impairment.

As regards the other investments in smaller companies, their carrying amount has been adjusted to Salini Impregilo's share of the investees' net assets as recognised in their financial statements at 31 December 2016. These impairment losses, totalling €31.7 million, specifically affected Salini Australia PTY (€12.1 million) and Impregilo Arabia Ltd (€6.6 million).

7. Non-current financial assets

This item may be broken down as follows:

(€'000)	31 December 2016	31 December 2015	Variation
Other financial assets	15,848	17,412	(1,564)
Loans and receivables - third parties	3,952	218	3,734
Total	**19,800**	**17,630**	**2,170**

The other financial assets decreased by €1.5 million to €15.8 million at the reporting date. They are made up of unlisted guaranteed-return securities which mature after one year. They comprise units in the fund financing Yuma. The decrease is a result of fair value and exchange rate losses.

Loans and receivables - third parties increased by €3.7 million from €0.2 million at 31 December 2015, mainly due to the amount due from Prime System KZ Ltd for its purchase of Todini.

8. Deferred tax assets and liabilities

Deferred tax assets and liabilities amount to €38.9 million and €24.2 million, respectively.

(€'000)	31 December 2016	31 December 2015	Variation
Deferred tax assets	38,892	35,760	3,132
Deferred tax liabilities	(24,152)	(34,570)	10,418

Deferred tax liabilities of €24.2 million include €23.7 million relating to the national tax consolidation scheme.

The provision represents the company's potential liability with its subsidiaries that have transferred their losses as part of the IRES national tax consolidation scheme as per article 117 and subsequent articles of the Consolidated Income Tax Act as per the regulations signed when they joined the scheme.

Changes in deferred tax assets and liabilities are set out below:

(€'000)	31 December 2015	Increases	Decreases	Change in tax rate	Reclassif.	Other	31 December 2016
Deferred tax assets	199,197	25,150	(6,569)	-	-	(9,492)	208,286
Offsetting	(163,437)	-	-	-	-	(5,957)	(169,394)
Net deferred tax assets	**35,760**	**25,150**	**(6,569)**	**-**	**-**	**(15,449)**	**38,892**
Deferred tax liabilities *(excluding those arising from the national tax consolidation scheme)*	(174,542)	(15,599)	1,637	-	-	18,671	(169,833)
Offsetting	163,437	-	-	-	-	5,957	169,394
Net deferred tax liabilities	**(11,105)**	**(15,599)**	**1,637**	**-**	**-**	**24,628**	**(439)**

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively, and are netted when this is allowed.

Changes in 2015 were as follows:

(€'000)	31 December 2014	Increases	Decreases	Change in tax rate	Reclassif.	Other	31 December 2015
Deferred tax assets	132,604	146,748	(76,565)	(5,856)	2,266	-	199,197
Offsetting	(75,077)	621	-	-	(621)	(88,360)	(163,437)
Net deferred tax assets	**57,527**	**147,369**	**(76,565)**	**(5,856)**	**1,645**	**(88,360)**	**35,760**
Deferred tax liabilities	(75,347)	(148,108)	48,237	2,330	(1,654)	-	(174,542)
Offsetting	75,077	-	-	-	-	88,360	163,437
Net deferred tax liabilities	**(270)**	**(148,108)**	**48,237**	**2,330**	**(1,654)**	**88,360**	**(11,105)**

9. Inventories

This item is analysed in the following table:

(€'000)	31 December 2016			31 December 2015			
	Gross amount	Allowance	Carrying amount	Gross amount	Allowance	Carrying amount	Variation
Real estate projects	19,334	(7,772)	11,562	19,334	(7,772)	11,562	-
Finished products and goods	595	-	595	23	-	23	572
Raw materials, consumables and supplies	170,845	(2,192)	168,653	187,297	(627)	186,670	(18,017)
Total	**190,774**	**(9,964)**	**180,810**	**206,654**	**(8,399)**	**198,255**	**(17,445)**

Real estate projects

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

Finished products and goods and Raw materials, consumables and supplies

These captions of €169.2 million (31 December 2015: €186.7 million) mainly comprise goods to be used at foreign work sites, principally in Ethiopia (€124.9 million), Sierra Leone (€6.8 million), Venezuela (€17.6 million) and Saudi Arabia (€7.2 million for the Riyadh Metro Line 3).

10. Contract work in progress

Contract work in progress amounts to €1,010.2 million at year end, up on the previous year-end figure of €938.9 million. The following table shows contract work in progress calculated using the stage of completion method, net of losses realised or estimated at the reporting date and progress billings:

(€'000)	31 December 2016	31 December 2015	Variation
Contract work in progress	20,751,283	19,507,918	1,243,365
Progress payments and advances received (on approved work)	(19,741,092)	(18,569,061)	(1,172,031)
Total	**1,010,191**	**938,857**	**71,334**

The item shows a total increase of €71.3 million over 31 December 2015.

This increase mainly refers to continuation of the industrial activities for the contracts in Tajikistan for the construction of a hydroelectric power plant, in Kuwait for urbanisation works, the Venezuelan and Romanian branches and the high speed/capacity contracts in Italy. It is partly offset by the decrease related to works in Ethiopia.

The key contracts making up contract work in progress at year end are summarised below:

Contract work in progress (€'000)	31 December 2016	31 December 2015	Variation
High speed/capacity	187,919	149,547	38,372
Arabia Civil Work	21,307	35,289	(13,982)
Etiopia Gerd (Mill. Hydro)	4,113	49,481	(45,368)
Etiopia Gibe III	111,131	99,619	11,512
Etiopia Koysha	-	14,932	(14,932)
Kuwait Al Mutlaa	18,941	-	18,941
Metro B1 Bologna/Conca d'Oro and Conca d'Oro/Ionio	63,087	61,967	1,120
Messina Bridge	24,506	23,757	749
Romania	102,556	75,739	26,817
Highway 36	23,657	23,392	265
Salerno - Reggio Calabria Lots 5-6	35,311	35,101	210
South Africa Mavundla	-	46,237	(46,237)
Tajikistan	30,133	-	30,133
Venezuela	270,028	251,285	18,743
Other	117,502	72,511	44,991
Total	**1,010,191**	**938,857**	**71,334**

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

A description of the contracts for which the company has pending disputes and the activities in Libya, Venezuela, Nigeria, Turkey and Ukraine is provided in the section on the "Main risk factors and uncertainties" in the Directors' report.

11. Trade receivables

Trade receivables amount to €1,714.8 million (31 December 2015: €1,044.9 million), of which €713.2 million (31 December 2015: €610.5 million) from group companies and other related parties.

This item may be analysed as follows:

(€'000)	31 December 2016	31 December 2015	Variation
Third parties	1,001,657	434,441	567,216
Unconsolidated group companies and other related parties	713,151	610,473	102,678
Total	**1,714,808**	**1,044,914**	**669,894**

Trade receivables - third parties may be broken down as follows:

(€'000)	31 December 2016	31 December 2015	Variation
Third parties	1,041,109	455,613	585,496
Allowance for impairment	(39,452)	(21,172)	(18,280)
Total	**1,001,657**	**434,441**	**567,216**

Trade receivables - third parties rose by €567.2 million to €1,001.7 million, net of the allowance for impairment of €39.5 million. The balance relates to amounts due from clients for invoices issued and for work performed and approved by clients but still to be invoiced. The increase is mainly a result of the rise in the Ethiopian branch's trade receivables (€598.5 million). The Ethiopian branch recorded a related increase in trade payables for works performed (€278.4 million). Settlement of the trade receivables and trade payables takes place concurrently on the basis of the agreements between the parties.

The impairment losses of €18.7 million mostly relate to the receivables for late payments from Venezuelan clients, described in the paragraph on Venezuela in the section on the "Main risk factors and uncertainties" in the Directors' report.

Changes in the allowance for impairment are shown in the following table:

(€'000)	31 December 2015	Impairment losses	Utilisations	Other Other	Exchange rate gains	31 December 2016
Trade receivables	20,749	18,743	(812)	256	40	38,976
Default interest	423	-	-	14	39	476
Total	**21,172**	**18,743**	**(812)**	**270**	**79**	**39,452**

Changes in the previous year are as follows:

(€'000)	31 December 2014	Impairment losses	Utilisations	Reversals	Change in scope	Other	Exchange rate gains	31 December 2015
Trade receivables	16,606	4,478	(2,842)	-	-	273	2,234	20,749
Default interest	302	86	-	-	-	35	423	
Total	**16,908**	**4,564**	**(2,842)**	**-**	**-**	**273**	**2,269**	**21,172**

Current trade receivables - group companies and other related parties amount to €713.2 million at the reporting date compared to €610.5 million at 31 December 2015. They mainly refer to commercial transactions.

The following table shows the main group companies to which these receivables refer:

(€'000)	31 December 2016	31 December 2015	Variation
Salerno-Reggio Calabria	85,933	94,689	(8,756)
Cociv	139,650	90,316	49,334
Consorzio Cavtomi	74,197	86,654	(12,457)
Grupo Unidos por el Canal	38,404	31,985	6,419
Rc Scilla	31,561	27,523	4,038
Pedelombarda	1,577	21,233	(19,656)
Metro Blu	10,376	19,920	(9,544)
Salini Namibia	15,514	19,085	(3,571)
E.R. Impregilo/Dumez y Asociados para Yaciretê	15,557	14,384	1,173
Eurolink	10,419	10,415	4
Enaler	-	7,263	(7,263)
Passante di Mestre	568	2,214	(1,646)
Fisia Ambiente	1,762	1,713	49
Salini Polska L.t.d.	86,547	6,441	80,106
Lane Group	12,009	-	12,009
Other	189,077	176,638	12,439
Total	**713,151**	**610,473**	**102,678**

"Other" mostly relates to the amounts due from Salini Polska Sp., Salini Nigeria Ltd. and Salini – Impregilo Joint Venture for Mukorsi.

12. Derivatives and other current financial assets

Other current financial assets amount to €631.6 million compared to €483.3 million at 31 December 2015. This item is broken down as follows:

(€'000)	31 December 2016	31 December 2015	Variation
Current loans and receivables - group companies and related parties	595,030	437,643	157,387
Current loans and receivables - third parties	36,319	45,066	(8,747)
Government bonds and insurance shares	232	638	(406)
Total	**631,581**	**483,347**	**148,234**

Current loans and receivables include loans given to group companies and other related parties and third parties.

The balance comprises correspondence current accounts and loans and receivables with group companies and other related parties. A complete list of the transactions is given in the annex "Intragroup transactions" at the end of these notes. They are regulated by contracts. The caption includes a loan of €4.9 million given to Salini Costruttori, which decreased by €7.5 million compared to 31 December 2015.

The caption also includes €36.3 million due from third parties, of which €16.1 million is the current portion of the amounts due from Prime System Kz Ltd for the sale of Todini Costruzioni Generali S.p.A. and €13.5 million is due from the Romanian Ministry of Infrastructure and Transportation related to the surety enforced during the year as a result of the disputes with the customer about the Orastie-Sibiu motorway contract. The company is confident that it will recover this amount, based also on the opinion of its legal advisors assisting it with the disputes. The section on the "Main risks and uncertainties" in the Directors' report provides more information.

The captions decreased during the year as the company collected €29.9 million relating to the work performed for the Metro 6 (Chile) works and €18.4 million (including interest) for the sale of TEEM.

13. Current tax assets and other current tax assets

Current tax assets amount to €107.8 million as follows:

(€'000)	31 December 2016	31 December 2015	Variation
Direct taxes	46,373	44,753	1,620
IRAP	1	23	(22)
Foreign direct taxes	61,414	38,280	23,134
Total	**107,788**	**83,056**	**24,732**

Direct taxes show the taxes already claimed for reimbursement. The foreign direct taxes mainly relate to the Milan head office, the Saudi Arabian branch (€12.0 million) and the US branch (€4.3 million).

The other current tax assets amount to €73.9 million as follows:

(€'000)	31 December 2016	31 December 2015	Variation
VAT	69,927	39,576	30,351
Other indirect taxes	4,022	15,234	(11,212)
Total	**73,949**	**54,810**	**19,139**

14. Other current assets

Other current assets rose by €50.1 million to €265.6 million. They are broken down in the following table:

(€'000)	31 December 2016	31 December 2015	Variation
Other	106,649	57,086	49,563
Advances to suppliers	64,943	52,608	12,335
Other - group companies and other related parties	67,340	47,029	20,311
Prepayments and accrued income	26,662	58,807	(32,145)
Total	**265,594**	**215,530**	**50,064**

"Other" increased by €49.6 million to €106.6 million, mainly due to the larger amounts due from some of the company's partners of joint ventures around the world.

This item includes:

- €37.2 million due from the Argentine Republic as compensation for damage following the favourable award issued on 21 June 2011 and confirmed by the Buenos Aires Arbitration Tribunal on 24 January 2014. This award settled the proceedings commenced by the shareholders of the investee Aguas del Gran Buenos Aires S.A. in liquidation (operator) against the Argentine Republic;

- €55.5 million due from some of the company's partners of joint ventures around the world, mainly relating to works for the Ingula hydroelectric plant (South Africa) and for the housing project in South Al Mutlaa (Kuwait).

Advances to suppliers increased by €12.3 million over 31 December 2015 to €64.9 million, mainly due to the advances made for the Tajikistani contract for the construction of a new hydroelectric power plant.

"Other - group companies and other related parties" increased by €20.3 million to €67.3 million at the reporting date, mainly as a result of the rise in amounts due from the Argentine entities engaged in the environmental restoration and construction of prisons in the Buenos Aires area.

Prepayments and accrued income of €26.7 million show a decrease of €32.1 million on 31 December 2015. The decrease is mainly due to the Riyadh Metro Line 3 contract in Saudi Arabia and consultancy costs incurred in 2015 in connection with the acquisition of Lane by the company and recharged to US Holding Inc. during the year. The remainder mainly consists of insurance premiums, commissions on sureties and other contract costs which will be recognised in profit or loss in future periods based on the stage of completion of the related contracts.

They are broken down in the following table:

(€'000)	31 December 2016	31 December 2015	Variation
Accrued income:			
- Other	19	-	19
Total accrued income	**19**	**-**	**19**
Prepayments:			
- Insurance	9,878	19,921	(10,043)
- Sureties	2,136	3,798	(1,662)
- Other contract costs	14,629	35,088	(20,459)
Total prepayments	**26,643**	**58,807**	**(32,164)**
Total	**26,662**	**58,807**	**(32,145)**

15. Cash and cash equivalents

At 31 December 2016, cash and cash equivalents amount to €852.6 million, up by €88.6 million, as shown below:

(€'000)	31 December 2016	31 December 2015	Variation
Cash and cash equivalents	**852,552**	**763,933**	**88,619**

The balance includes credit bank account balances at the end of the year and the amounts of cash, cheques and valuables at the registered offices, work sites and foreign subsidiaries. Liquidity management is designed to ensure the financial independence of ongoing contracts, considering the structure of the consortia and SPEs, which may limit the availability of financial resources to achievement of the related projects. Liquidity management also considers the existence of constraints to the transfer of currency imposed by certain countries. The statement of cash flows shows the reason for the increase in the item and changes in current account facilities (Note 17).

A breakdown of this item by geographical segment is as follows:

(€'000)	31 December 2016	31 December 2015	Variation
Italy	149,167	54,082	95,085
EU (excluding Italy)	36,989	8,570	28,419
Non-EU	398	2,877	(2,479)
Asia	28,674	3,172	25,501
Middle East	485,449	606,854	(121,405)
Africa	99,435	45,499	53,936
North America	4,200	9,379	(5,178)
South America	37,063	18,236	18,827
Oceania	11,178	15,265	(4,087)
Total	**852,552**	**763,933**	**88,619**

16. Equity

Equity amounts to €1,007.4 million at 31 December 2016 compared to €937.4 million at the end of 2015. Changes of the year in the different equity items are summarised in the schedule attached to the separate financial statements.

(€'000)	31 December 2016	31 December 2015	Variation
Share capital	544,740	544,740	-
Share premium reserve	120,798	120,798	-
- Legal reserve	103,321	101,534	1,787
- Reserve for treasury shares	(7,677)	(7,677)	-
- Reserve for share capital increase related charges	(3,970)	(3,970)	-
- LTI reserve	4,241	139	4,102
- Extraordinary and other reserves	146,813	146,813	-
Total other reserves	242,728	236,839	5,889
- Actuarial reserve	(497)	(353)	(144)
- Translation reserve	12,681	(789)	13,470
- Hedging reserve	(2,667)	(10,685)	8,018
Total other comprehensive income (expense)	9,517	(11,827)	21,344
Retained earnings	25,042	11,081	13,961
Profit for the year	64,603	35,731	28,872
Total	**1,007,428**	**937,362**	**70,066**

In their meeting held on 28 April 2016, the company's shareholders resolved to allocate the profit for 2015 as follows:

- €1,786,530.08, equal to 5% of the profit for the year 2015, to the legal reserve;

- €19,562,732.56 as a dividend to the holders of ordinary shares, equal to €0.04 per share;

- €420,027.66 as a dividend to the holders of savings shares, equal to €0.26 per share;

- €13,961,311.27 to retained earnings.

Disclosures about the individual items are set out below.

Share capital

At 31 December 2016, the company's fully paid-up share capital amounts to €544,740,000. It comprises 493,788,182 shares, including 492,172,691 ordinary shares and 1,615,491 savings shares, all without a nominal amount.

Savings shares issued pursuant to the law do not carry voting rights, have preference dividend and capital repayment rights and can be bearer shares, subject to the provisions of article 2354.2 of the Italian Civil Code. Upon the shareholder's requests and at their own expense, they can be converted into registered shares and vice versa. Savings shares held by directors, statutory auditors and CEOs are registered. Except when the company's by-laws or relevant legislation provide for otherwise, savings shares give the holders the same rights as those of ordinary shares.

Holders of savings shares do not have the right to attend the company's shareholders' meetings or to request that they are called. The special savings shareholders' meeting is regulated by law. When reserves are distributed, the savings shares have the same rights as ordinary shares.

Upon dissolution of the company, savings shares bear preference rights to capital repayment, up to €5.2 per share. When shares are grouped or split (as well as when capital transactions are carried out and as necessary in order to protect the savings shareholders' rights in the case the shares have nominal value), the above fixed amount shall be adjusted accordingly.

Profit for the year as per the financial statements is allocated as follows:

a) 5% to the legal reserve, up to the legally-required amount;

b) to savings shares, to the extent of 5% of €5.2 per share (i.e., €0.26 per share). If a dividend lower than 5% of €5.2 per share (i.e., €0.26 per share) is paid one year, the difference is taken as an increase in the preferred dividend of the following two years;

c) the residual amount, to all shareholders in such a way as to allocate to savings shares a total dividend which is 2% of €5.2 per share (i.e., €0.104 per share) greater than that distributed to ordinary shares, except when the shareholders decide to allocate an amount to the extraordinary reserves or for other uses.

Details on the possible use of equity items and uses in prior years are summarised below:

				Summary of use use in the previous three years	
(€'000)	**Amount**	**Possible use (A, B, C)**	**Available portion**	**To cover losses**	**Other**
Share capital	**544,740**				
Income-related reserves:					
Share premium reserve	120,798	A, B	120,798		
Other reserves:					
Legal reserve	103,321	B	103,321		
Reserve for treasury shares	(7,677)				
Share capital increase related charges	(3,970)				
Unavailable hedging reserve	(2,667)				
Unavailable actuarial reserve	(497)				
Unavailable LTI reserve	4,241				
Translation reserve	12,681				
Negative goodwill	146,813	A, B, C	146,813		
Total other reserves	**252,245**				
Retained earnings	**25,042**	**A, B, C**	**25,042**		
Total	**942,825**		**395,974**		
Non-distributable portion			**276,191**		
Residual distributable portion			**119,783**		

A: capital increase

B: to cover losses

C: dividends

The share premium reserve cannot be distributed until the legal reserve reaches 20% of the share capital.

Other reserves

This item is broken down as follows:

(€'000)	31 December 2016	31 December 2015	Variation
Legal reserve	103,321	101,534	1,787
Negative goodwill	146,813	146,813	-
Reserve for treasury shares	(7,677)	(7,677)	-
LTI reserve	4,241	139	4,102
Reserve for share capital increase related charges	(3,970)	(3,970)	-
Total other reserves	**242,728**	**236,839**	**5,889**

Legal reserve

This reserve underwent the following changes:

(€'000)	
31 December 2015	101,534
Allocation of profit	1,787
31 December 2016	**103,321**

Changes during 2015 are shown in the following table:

(€'000)	
31 December 2014	100,000
Allocation of profit	1,534
31 December 2015	**101,534**

Reserve for treasury shares

The company launched its own treasury repurchase programme on 6 October 2014 and it had bought back 3,104,377 shares for €7,676,914.46 at the reporting date, unchanged from 31 December 2015.

LTI reserve

The LTI (long term incentive plan) reserve shows the fair value of €4.2 million of this plan introduced in 2015. The section on the accounting policies describes how the reserve is treated.

The following table provides a breakdown of this reserve:

(Euro)	No. of shares	Amount	Start date	End date	Average price	Fair value
Chief executive officer	569,573	2,198,551.78	17/12/2015	30/4/2018	3.8600	965,837.78
Key management personnel	983,286	3,803,350.25	22/12/2015	30/4/2018	3.8680	1,658,437.61
Other managers	958,732	3,708,375.38	22/12/2015	30/4/2018	3.8680	1,617,024.15
Total	**2,511,591**	**9,710,277.41**				**4,241,299.54**

Other comprehensive income (expense)

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

(€'000)	
31 December 2015	(788)
Reclassification to profit or loss	902
Increase	12,567
Total changes	13,469
31 December 2016	**12,681**

(€'000)	
31 December 2014	10,148
Decrease	(10,936)
Total changes	(10,936)
31 December 2015	**(788)**

The actuarial reserve underwent the following changes:

(€'000)	
31 December 2015	(353)
Net actuarial losses recognised in OCI	(144)
31 December 2016	**(497)**

Changes during 2015 are shown in the following table:

(€'000)	
31 December 2014	(1,196)
Net actuarial gains recognised in OCI	843
31 December 2015	**(353)**

The hedging reserve underwent the following changes:

(€'000)	
31 December 2015	(10,685)
Reclassification of fair value gains/losses on settled transactions to profit or loss	36
Net fair value losses	(1,939)
Net exchange rate gains and other changes	9,921
31 December 2016	**(2,667)**

Changes during 2015 are shown in the following table:

(€'000)	
31 December 2014	(18)
Net fair value losses	(10,667)
31 December 2015	**(10,685)**

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

Bank and other loans and borrowings and factoring liabilities increased by €80.3 million to €1,362.9 million at the reporting date.

(€'000)	31 December 2016	31 December 2015	Variation
Bank and other loans and borrowings	756,981	675,989	80,992
Current account facilities and other loans	605,879	606,595	(716)
Total	**1,362,860**	**1,282,584**	**80,276**

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

(€'000)	31 December 2016			31 December 2015		
	Non-current	Current	Total	Non-current	Current	Total
Bank corporate loans	753,740	45,031	798,771	667,328	202,733	870,061
Bank construction loans	11	1,081	1,092	777	16,162	16,939
Other financing	2,882	7,108	9,990	6,938	47,172	54,110
Current account facilities	-	1,230	1,230	-	38,915	38,915
Loans and borrowings - group companies	-	485,342	485,342	-	242,850	242,850
Factoring liabilities for receivables factored with recourse	348	66,087	66,435	944	58,763	59,707
Total	**756,981**	**605,879**	**1,362,860**	**675,989**	**606,595**	**1,282,584**

Bank loans

They are broken down in the following table:

(€'000)	Company	Country	31 December 2016 Total loans	Current	Non-current	31 December 2015 Total loans	Current	Non-current
Banca IMI Refinancing (Facility B)	Head office	Italy	163,213	573	162,640	163,645	1,657	161,988
Banca IMI (€150 million)	Head office	Italy	148,882	414	148,467	148,260	463	147,798
Banca IMI Refinancing (Facility A)	Head office	Italy	126,222	9	126,212	249,603	3,145	246,458
Monte dei Paschi	Head office	Italy	119,797	255	119,542	49,735	27	49,708
Banca IMI (€102 million)	Head office	Italy	101,921	10,291	91,630	-	-	-
Banca Popolare di Bergamo	Head office	Italy	40,216	313	39,904	40,001	40,001	-
Banca Popolare di Milano	Head office	Italy	49,873	9,528	40,344	-	-	-
BPER	Head office	Italy	38,052	13,052	25,000	70,434	32,934	37,500
Banca del Mezzogiorno	Head office	Italy	10,576	10,576	-	20,794	10,250	10,543
Banco do Brasil	Head office	Italy	-	-	-	60,060	46,727	13,333
Credit Agricole	Head office	Italy	-	-	-	9,291	9,291	-
Banca Popolare di Lodi	Head office	Italy	20	20	-	9,020	9,020	-
Banca Popolare di Bari	Head office	Italy	-	-	-	15,048	15,048	-
Banca Popolare del Lazio	Head office	Italy	-	-	-	14,002	14,002	-
Revolving	Head office	Italy	-	-	-	20,167	20,167	-
Total bank corporate loans			**798,771**	**45,031**	**753,740**	**870,061**	**202,733**	**667,328**
Various banks	Venezuelan branch	Venezuela	964	953	11	777	-	777
Various banks	Romanian branch	Romania	127	127	-	-	-	-
UNB	United Arab Emirates branch	United Arab Emirates	-	-	-	10,259	10,259	-
BMCE	Moroccan branch	Morocco	-	-	-	5,903	5,903	-
Total bank construction loans			**1,092**	**1,081**	**11**	**16,939**	**16,162**	**777**

The main conditions of the bank loans in place at 31 December 2016 are as follows:

	Company	Interest rate	Expiry date	Note
Bank syndicate - Refinancing Facility A	Salini Impregilo	Euribor	2019	(1)
Bank syndicate - Refinancing Facility B	Salini Impregilo	Euribor	2020	(1)
Banca Popolare dell'Emilia Romagna	Salini Impregilo	Euribor	2019	
Monte dei Paschi di Siena	Salini Impregilo	Fixed	2019	(1)
Banca Popolare di Bergamo	Salini Impregilo	Fixed	2019	
Banca Popolare di Milano	Salini Impregilo	Euribor	2021	(1)
Banca IMI (€102 million)	Salini Impregilo	Euribor	2021	(1)
Banca IMI (€150 million)	Salini Impregilo	Euribor	2020	(1)
Banca del Mezzogiorno	Salini Impregilo	Euribor	2017	

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

The interest rates shown in the table have floating spreads depending on the term and conditions of the financing. The decision to apply the Euribor (1, 2, 3 or 6 months) has been contractually provided for to the benefit of Salini Impregilo.

The non-current portion of the above loans will be repaid at its contractual maturity, based on the following time bands:

(€'000)	Company	Country	Total non-current portion	Due after 13 months but within 24 months	Due after 25 months but within 60 months	Due after 60 months
Banca IMI Refinancing (Facility B)	Salini Impregilo	Italy	162,640	-	162,640	-
Banca IMI (€150 million)	Salini Impregilo	Italy	148,468	-	148,468	-
Banca IMI Refinancing (Facility A)	Salini Impregilo	Italy	126,212	123,440	2,772	-
Banca IMI (€102 million)	Salini Impregilo	Italy	91,630	20,420	71,210	-
Monte dei Paschi di Siena	Salini Impregilo	Italy	119,543	-	119,543	-
Banca Poplare di Milano	Salini Impregilo	Italy	40,344	9,754	30,590	-
Banca Popolare di Bergamo	Salini Impregilo	Italy	39,904	-	39,904	-
BPER	Salini Impregilo	Italy	25,000	12,500	12,500	-
Total bank corporate loans			**753,740**	**166,115**	**587,626**	**-**
Various banks	Venezuelan branch	Italy	11	11	-	-
Total bank construction loans			**11**	**11**	**-**	**-**

The fair value of the bank loans, measured as set out in the "Accounting policies" section, is €822.3 million.

Current account facilities

Current account facilities decreased by €37.7 million to €1.2 million at the reporting date and mainly refer to the head office.

Other financing

Other financing at 31 December 2016 totals €9.9 million, €6.9 million of which payable to Caterpillar Financial for the purchase of plant and machinery for the foreign branches. The fair value of this liability, measured as set out in the "Accounting policies" section, is €10.1 million.

Factoring liabilities

Factoring liabilities amount to €66.4 million at the reporting date and refer to the factoring of invoices by foreign branches in Ethiopia, Venezuela and Sierra Leone.

Net financial indebtedness of Salini Impregilo S.p.A.

(€'000)	Note (*)	31 December 2016	31 December 2015	Variation
Non-current financial assets	7	19,800	17,630	2,170
Current financial assets	12	631,581	483,347	148,234
Cash and cash equivalents	15	852,552	763,933	88,619
Total cash and cash equivalents and other financial assets		**1,503,933**	**1,264,910**	**239,023**
Bank and other loans and borrowings	17	(756,981)	(675,989)	(80,992)
Bonds	18	(868,115)	(396,211)	(471,904)
Finance lease liabilities	19	(47,237)	(67,002)	19,765
Total non-current indebtedness		**(1,672,333)**	**(1,139,202)**	**(533,131)**
Current portion of bank loans and borrowings and current account facilities	17	(605,879)	(606,595)	716
Current portion of bonds	18	(18,931)	(10,203)	(8,728)
Current portion of finance lease liabilities	19	(30,414)	(42,081)	11,667
Total current indebtedness		**(655,224)**	**(658,879)**	**3,655**
Derivative liabilities	20	(2,751)	(10,685)	7,934
Net financial position with unconsolidated SPEs (**)		(5,345)	17,512	(22,857)
Total other financial assets (liabilities)		**(8,096)**	**6,827**	**(14,923)**
Net financial indebtedness including discontinued operations		**(831,720)**	**(526,344)**	**(305,376)**

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

(**) These items show the company's net amounts due from/to consortia and/or consortium companies not controlled by any one entity and operating under a cost recharging system. The balance reflects the company's share of cash and cash equivalents or debt of the SPEs. The items making up these balances are presented under trade receivables and trade payables, respectively, in the separate financial statements.

At 31 December 2016, the company has net financial indebtedness of €831.7 million compared to €526.3 million at the end of the previous year.

The increase is mainly due to the debt taken out to acquire Lane Group, which entailed an outlay of €429 million.

18. Bonds

The outstanding bonds at 31 December 2016 amount to €887.0 million. They are analysed in the following table:

(€'000)	31 December 2016	31 December 2015	Variation
Non-current portion	868,115	396,211	471,904
Current portion	18,931	10,203	8,728
Total	**887,046**	**406,414**	**480,632**

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

		31 December 2016			31 December 2015		
(€'000)	Expiry date	Nominal amount	Non-current portion (net of related charges)	Current portion (accrued interest)	Nominal amount	Non-current portion (net of related charges)	Current portion (accrued interest)
€ 400.000.000 6,125%	1 August 2018	283,026	281,385	7,219	406,414	396,211	10,203
€ 600.000.000 3,75%	24 June 2021	600,000	586,730	11,712	-	-	-
Total		**883,026**	**868,115**	**18,931**	**406,414**	**396,211**	**10,203**

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

On 24 June 2016, the company announced the placement of bonds with a nominal amount of €428.3 million reserved for institutional investors. They have a fixed rate coupon of 3.75%. The bonds are listed on the Irish Stock Exchange in Dublin with a redemption date of 24 June 2021. Part of the bonds, with a nominal amount of €128.3 million, was assigned to the holders of the senior unsecured bonds that adhered to the company's offer. The exchange ratio applied to the existing bonds was 109.75%. After the exchange, the outstanding senior unsecured bonds amounted to €283 million. The Company used the proceeds of €300 million from the new issue, not used for the bond exchange, to repay part of the bridge financing taken out to acquire Lane Group. The company assessed the continuity of the previous bonds (exchanged) with the bonds placed on 24 June 2016. On 11 July 2016, it placed more bonds with institutional investors for a total nominal amount of roughly €172 million. The new bonds are part of a single series with the previous €428 million issued on 24 June 2015 and redeemable on 24 June 2021, bringing the total bond issue to €600 million. The transaction has strengthened the Company's debt profile, extended its average debt repayment dates by more than one year and increased its fixed rate debt component.

The bonds issued in 2016 are backed by covenants that require the company to maintain certain financial and equity ratios, which at the date of this Annual Report are fully respected.

The fair value of the bonds at the reporting date, measured as set out in the "Accounting policies" section, is €947.3 million.

19. Finance lease liabilities

Finance lease liabilities may be broken down as follows at 31 December 2016:

(€'000)	31 December 2016	31 December 2015	Variation
Non-current portion	47,237	67,002	(19,765)
Current portion	30,414	42,081	(11,667)
Total	**77,651**	**109,083**	**(31,432)**

This item includes the principal of minimum lease payments at the reporting date. Liabilities for these leases are guaranteed to the lessor via rights to the leased assets.

The present value of the minimum lease payments is €77.7 million (31 December 2015: €109.1 million) as follows:

(€'000)	31 December 2016	31 December 2015
Minimum lease payments:		
Due within one year	32,324	47,932
Due between one and five years	48,563	68,257
Total	**80,887**	**116,189**
Future interest expense	(3,236)	(7,106)
Net present value	**77,651**	**109,083**
The net present value is as follows:		
Due within one year	30,414	44,185
Due between one and five years	47,237	64,898
Total	**77,651**	**109,083**

The company's total minimum lease payments under non-cancellable operating leases are as follows:

Estimated total minimum lease payments under non-cancellable leases (€m) - December 2016

Within one year	Between one and five years	Due after five years	Total
6	20	0	26

The above figures do not reflect the impact that adoption of IFRS 16 from 1 January 2019 could have.

20. Derivatives and other current financial liabilities

Derivative liabilities amount to €2.8 million and include the reporting-date fair value of the currency and interest rate hedges. They may be broken down as follows:

(€'000)	31 December 2016	31 December 2015
	Liabilities	Liabilities
Interest rate swaps - Cash flow hedges	2,667	10,685
Forward currency purchases and sales - FVTPL	84	-
Total derivatives presented in net financial indebtedness	**2,751**	**10,685**

INTEREST RATE SWAPS - Cash flow hedges
Negative fair values

Company	Agreement date	Expiry date	Currency	Notional amount	Fair Value (€)
Salini Impregilo	24/11/2016	24/02/2017	EUR	75,000,000	(1,333,906)
Salini Impregilo	24/11/2016	24/02/2017	EUR	75,000,000	(1,333,906)
Total					**(2,667,812)**

Forward currency purchases and sales - FVTPL
Negative fair values

Company	Agreement date	Expiry date	Currency	Notional amount	Fair Value (€)
Salini Impregilo S.p.A. (Tajikistan)	23/11/2016	25/01/2017	EUR	20,000,000	162,102
Salini Impregilo S.p.A. (Tajikistan)	24/11/2016	27/01/2017	EUR	13,000,000	22,231
Salini Impregilo S.p.A. (Saudi Arabia)	16/12/2016	31/01/2017	EUR	16,000,000	(107,329)
Salini Impregilo S.p.A. (Saudi Arabia)	19/12/2016	30/01/2017	EUR	12,000,000	(160,574)
Total					**(83,570)**

Interest rate swaps includes derivatives that have been entered into to hedge the company against interest rate risks and that meet IFRS hedge accounting requirements. To check compliance with these requirements, the effectiveness of the hedges have been verified and confirmed and, therefore, their fair value changes have been recognised in the hedging reserve (see Note 16).

Foreign currency purchases and sales include derivatives that have been entered into to hedge the company against currency risks but that do not meet hedge accounting requirements for cash flow hedges.

21. Post-employment benefits and employee benefits

At 31 December 2016, the company's liability due to all its employees determined using the criteria set out in IAS 19 is €12.8 million.

The balance mainly consists of the Italian post-employment benefits (TFR).

At 31 December 2016 and 2015, the liability for post-employment benefits is the outstanding amount at the reform effective date, net of benefits paid up to the reporting dates. The liability is considered part of a defined benefit plan under IAS 19 and has, therefore, been subjected to actuarial valuation. The valuation, performed with the assistance of an independent expert, was based on the following rates:

- turnover rate: 7.25%;
- discount rate: 0.45%;
- advance payment rate: 3%;
- inflation rate: 1.5%.

The company has used the Iboxx AA Corporate index for the Eurozone, which has an average financial duration in line with the fund being valued, to calculate the discount rate.

Changes in the item are as follows:

(€'000)	31 December 2015	Accruals	Payments	Contributions paid to INPS treasury and other funds	Net actuarial gains	Other changes and change in consolidation scope	31 December 2016
Post-employment benefits and employee benefits	12,090	6,404	(5,808)	(2,972)	144	2,944	12,802

(€'000)	31 December 2014	Accruals	Payments	Contributions paid to INPS treasury and other funds	Net actuarial losses	Other changes and change in consolidation scope	31 December 2015
Post-employment benefits and employee benefits	11,322	8,890	(5,835)	(5,295)	(843)	3,851	12,090

The net decrease in post-employment benefits in 2016 is due to both payments made during the year and contributions transferred to the INPS treasury and other funds, as well as the accrual for the year and the actuarial gains and losses recognised in the specific equity reserve, as required by revised IAS 19. Other changes are mainly due to exchange rate differences.

An increase or decrease of 0.25% in the discount rate used to calculate the liability at 31 December 2016 would have had a negative or positive effect of €0.1 million. A similar increase or decrease at 31 December 2015 would have had a negative or positive effect of €0.1 million, respectively.

22. Provisions for risks

At 31 December 2016, these provisions amount to €72.1 million. Changes of the year are as follows:

(€'000)	31 December 2016	31 December 2015	Variation
Provision for risks on equity investments	57,863	17,993	39,870
Other provisions	14,213	11,891	2,322
Total	**72,076**	**29,884**	**42,192**

Changes of the year are as follows:

(€'000)	31 December 2015	Change in scope	Accruals	Utilisations	Other changes	31 December 2016
Provision for risks on equity investments	17,993	-	83,223	(19,735)	(23,618)	57,863
Other provisions	11,891	(164)	3,485	(1,173)	175	14,213
Total	**29,884**	**(164)**	**86,708**	**(20,908)**	**(23,443)**	**72,076**

Prior year changes are given below for comparative purposes:

(€'000)	31 December 2014	Change in scope	Accruals	Utilisations	Other changes	31 December 2015
Provision for risks on equity investments	27,359	-	15,653	-	(25,019)	17,993
Other provisions	9,593	-	2,949	(426)	(225)	11,891
Total	**36,952**	**-**	**18,602**	**(426)**	**(25,244)**	**29,884**

The main changes in the provision for risks on equity investments are detailed below:

(€'000)	31 December 2016	31 December 2015	Variation
Acquisitions (Disinvestments and liquidations)	2,409	5,792	(3,383)
Capital transactions	17,548	190	17,358
Impairment losses	(83,223)	(15,653)	(67,570)
Reclassifications	23,396	19,037	4,359
Total	**(39,870)**	**9,366**	**(49,236)**

Specifically and as disclosed in Note 3 (to which reference should be made), the provision for risks on equity investments includes the impairment losses on investments in certain SPEs for the part that exceeds their carrying amounts. Changes are due to:

- capital transactions of €17.5 million, mainly related to HCE Costruzioni S.p.A. (€12.5 million), SGF INC (€2.2 million) and Salini Bulgaria A.D. (€2.2 million), carried out to cover their losses;

- impairment losses of €83.2 million, mostly related to Empresa Costructora Metro 6 Ltda (€17.6 million), HCE Costruzioni S.p.A. (€28.5 million), SGF INC (€13.3 million) and Salini Australia Pty Ltd (€12 million).

The €2.3 million increase in other provisions is mostly a result of:

(i) accruals of €3.5 million for disputes involving the company related to arbitration hearings about concessions and labour disputes (€2.3 million) and the Kazakhstan branch for a tax audit (€1 million);

(ii) utilisations/releases of €1.2 million, as the events for which the accruals were made took place;

(iii) the change in the scope due to the transfer of the Indian branch during the year.

Other provisions include the following:

(€'000)	31 December 2016	31 December 2015	Variation
Ongoing litigation	9,479	9,286	193
Building segment litigation	795	795	-
Tax and social security litigation	1,500	1,500	-
Other	2,439	310	2,129
Total	**14,213**	**11,891**	**2,322**

The provision for ongoing litigation mainly relates to foreign contracts completed in previous years.

The provision for building segment litigation was originally set up by Impregilo Edilizia e Servizi, merged into Salini Impregilo S.p.A. (then Impregilo S.p.A.) in previous years.

More information is available in the section on the "Main risk factors and uncertainties" in the Directors' report.

23. Progress payments and advances on contract

The item "Advances on contract work in progress" included in "Current liabilities", amounts to €1,246.5 million, up €243.1 million on the figure at 31 December 2015. It comprises:

(€'000)	31 December 2016	31 December 2015	Variation
Contract work in progress	(632,314)	(1,276,255)	643,941
Progress payments and advances received (on approved work)	1,017,533	1,332,678	(315,145)
Negative work in progress	**385,219**	**56,423**	**328,796**
Contractual advances	861,329	946,995	(85,666)
Total	**1,246,548**	**1,003,418**	**243,130**

Contract work in progress recognised under liabilities (negative WIP) of €385.2 million is the negative net balance, for each contract, of work performed to date and progress billings and advances. The main change refers to the Koysha dam in Ethiopia (€318.9 million).

Contractual advances received include the amounts paid by clients as per the related contract and recovered over the contract term.

The following table shows the contribution by key contract:

(€'000)	31 December 2016			31 December 2015			
	Negative WIP	Advances	Total	Negative WIP	Advances	Total	Variation
Saudi Arabia	-	265,384	265,384	-	472,505	472,505	(207,121)
Austria	18,912	-	18,912	32,190	-	32,190	(13,278)
Ethiopia Gerd (Mill. Hydro)	-	181,528	181,528	-	284,951	284,951	(103,423)
Ethiopia Gibe III	-	50,000	50,000	-	50,674	50,674	(674)
Ethiopia Koysha Gibe IV	318,893	85,246	404,139	-	-	-	404,139
Georgia	-	15,979	15,979	-	14,181	14,181	1,798
Italy Metro Blu	-	-	-	6,203	-	6,203	(6,203)
Kuwait El Mutlaa	-	49,157	49,157	-	-	-	49,157
Peru	33,435	-	33,435	8,398	-	8,398	25,037
Poland	-	11,338	11,338	-	-	-	11,338
Qatar	1,255	-	1,255	6,274	1,658	7,932	(6,677)
Romania	-	11,774	11,774	-	14,314	14,314	(2,540)
South Africa Mavundla	6,771	-	6,771	-	32,509	32,509	(25,738)
Tajikistan	-	92,478	92,478	-	-	-	92,478
Venezuela	4,194	-	4,194	592	3,382	3,974	220
Other	1,759	98,445	100,204	2,766	72,821	75,587	24,617
Total	**385,219**	**861,329**	**1,246,548**	**56,423**	**946,995**	**1,003,418**	**243,130**

The item shows a total increase of €243.1 million over 31 December 2015.
The most significant contracts contributing to the negative WIP are those for the Koysha dam in Ethiopia, the Lima M2 in Peru and the Brenner twin railway tunnels between Tulfes and Innsbruck in Austria.
The most significant contractual advances at the reporting date related to the Koysha dam and the Grand Ethiopian Renaissance Dam (Gerd) in Ethiopia (€85.2 million and €181.5 million, respectively), the Riyadh Line 3 in Saudia Arabia (€265.4 million) and the Rogun dam in Tajikstan (€92.5 million).
The Directors' report provides more information about the performance of these contracts and their progress.

24. Trade payables

Trade payables amount to €1,415.8 million (31 December 2015: €899.9 million) and include payables of €679.2 million (up €158.8 million on 31 December 2015) to group companies and other related parties.
The increase of €515.9 million in this caption is analysed in the following table:

(€'000)	31 December 2016	31 December 2015	Variation
Third parties	736,556	379,419	357,137
Group companies and other related parties	679,244	520,479	158,765
Total	**1,415,800**	**899,898**	**515,902**

The €515.9 million increase is principally the sum of:

- an increase of €20.1 million related to the joint operation which is building the Sud Al Mutlaa urban development project (Kuwaiti branch);
- an increase of €9.2 million for the Lietavska-Lucka project (Slovakian branch);
- an increase of €278.4 million, mainly related to the Gibe III and Koysha branches (Ethiopian branch);
- an increase of €9.9 million for the A1F Tuszyn-pyrozowice, S3 - Nowa Sol, S7 - Checiny and S8 - Marki-Radzymin motorway projects (Polish branch);
- the other increases are due to progress on the recently started-up contracts in the Middle East and Asia (specifically, the Al Bayt Stadium in Qatar, the Riyadh Metro Line 3 in Saudi Arabia and the Rogun Hydropower Project in Tajikistan).

Reference should be made to Note 11 in respect to the rise in trade payables for the projects of the Ethiopian branch.

Trade payables to group companies and other related parties increased by €158.7 million to €679.2 million.

The most significant variations are due to:

- an increase of €56.2 million in the payable to COCIV due to the step-up in activities during the year;
- an increase of €27.8 million in the payable to Western Station JV as a result of its inclusion in the Group in 2015;
- an increase of €87.2 million in the payable to Salini Polska which is now operating at full pace.

25. Current tax liabilities and other current tax liabilities

Current tax liabilities amount to €72.2 million as follows:

(€'000)	31 December 2016	31 December 2015	Variation
IRES	259	302	(43)
IRAP	1,661	-	1,661
Foreign taxes	70,252	47,473	22,779
Total	**72,172**	**47,775**	**24,397**

Other current tax liabilities of €15.4 million decreased by €15.4 million over 31 December 2015. They may be analysed as follows:

(€'000)	31 December 2016	31 December 2015	Variation
VAT	2,842	17,901	(15,059)
Other indirect taxes	12,554	12,881	(327)
Total	**15,396**	**30,782**	**(15,386)**

26. Other current liabilities

Other current liabilities of €132.1 million (31 December 2015: €118.2 million) increased by €13.9 million. The composition of this item and changes during the year are shown below:

(€'000)	31 December 2016	31 December 2015	Variation
Social security institutions	7,915	8,427	(512)
Employees	40,958	34,683	6,275
Other	39,067	32,220	6,847
Group companies and other related parties	29,970	21,976	7,994
Accrued expenses and deferred income	14,156	20,862	(6,706)
Total	**132,066**	**118,168**	**13,898**

These liabilities include:

- accrued accounts due to social security institutions and personnel, amounting to €7.9 million and €41.0 million, respectively. The increase mainly relates to the new projects in Saudi Arabia and Ethiopia;
- "Other" of €39.1 million (31 December 2015: €32.2 million); the €6.9 million increase is mainly due to the rise in the liability with the company's partners of the joint venture set up to build the new urban development in South Mutlaa, Kuwait (€3.2 million) and the increase in the payables after the two unfavourable arbitration awards about the works in Romania and Saudi Arabia (€7.8 million) offset by the decrease caused by the settlement of the liabilities following the normal progress of activities by the Slovakian branch (€3.6 million);
- liabilities with group companies and related parties of €29.9 million, which increased by €8.0 million, mainly as a result of the rise in the liability to the investee IS Joint venture in Australia, offset by the reduction in liabilities with joint venturers in Greece.

- accrued expenses and deferred income of €14.2 million, as follows:

(€'000)	31 December 2016	31 December 2015	Variation
Accrued expenses:			
- Other	5,879	9,839	(3,960)
Total accrued expenses	**5,879**	**9,839**	**(3,960)**
Deferred income:			
- Provision of services	8,277	11,023	(2,746)
Total deferred income	**8,277**	**11,023**	**(2,746)**
Total	**14,156**	**20,862**	**(6,706)**

Accrued expenses and deferred income include the ten-year post-contract guarantee of €4.2 million. They mostly consist of portions of costs not yet paid for contract work in progress.

27. Guarantees, commitments, risks and contingent liabilities

Guarantees and commitments

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

- Contractual sureties: these total €7,910.8 million and are given to clients as performance bonds, to guarantee advances, withholdings and involvement in tenders for all ongoing contracts. In turn, the company has guarantees given by its subcontractors.

- Sureties for credit: they amount to €1,045.6 million and relate to subsidiaries (€528.0 million), associates (€298.6 million) and other group companies (€155.2 million). The residual amount of €63.8 million relates to sureties granted on behalf of Salini Impregilo S.p.A.

- Sureties granted for export credit of €159.3 million.

- Other personal guarantees of €51.8 million consisting of guarantees related to customs and tax obligations and other commitments (€1,295.8 million).

- Collateral related to a lien on the remaining shares of the SPE M4 (€1.9 million).

Litigation and contingent liabilities

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

Tax disputes

With respect to the principal dispute with the tax authorities:

- as described in detail in previous reports, the dispute about the assessment notice challenging the tax treatment of impairment losses and losses on the sale of assets recognised by the parent in 2003 is currently before the Supreme Court, following the tax authorities' appeal. The main issue about the sale by Impregilo S.p.A. of its investment in the Chilean operator Costanera Norte SA to Impregilo International Infrastructures NV was cancelled by the Milan Regional Tax Commission on 11 September 2009 (higher assessed tax base of €70 million);

- the company's appeal about reimbursement of tax assets with a nominal amount of €12.3 million acquired from third parties as part of previous non-recurring transactions is still pending before the Supreme Court;

- a dispute about the technique used to "realign" the carrying amount of equity investments as per article 128 of Presidential decree no. 917/86 (greater assessed tax base of €4.2 million) is still pending before the first level court;

- with respect to another dispute again related to 2005 and the costs of a joint venture set up in Venezuela for which the greater assessed tax base is €6.6 million, the Regional Tax Commission filed its ruling entirely in the company's favour on 19 May 2015; the tax authorities appealed to the Supreme Court on 28 December 2015 challenging the procedure while stating that the findings do not relate to the appeal. The company has filed its defence brief;

- the company was notified of: (i) a payment order from the tax authorities for Icelandic taxes of €4.6 million, which was cancelled after the the first and second level sentences in favour of the company; and (ii) a payment bill for the same taxes which the company appealed. It won again both at first and second level. On 18 January 2016, the tax authorities presented their appeal to the Supreme Court and the company filed its defence brief;

- on 29 December 2016, the company received two assessment notices for IRES and IRAP purposes covering 2011 and alleging unpaid IRES taxes of €21.2 million and IRAP taxes of €2.9 million. Both these notices were based on a preliminary assessment report issued by the tax police and notified to the company on 27 September 2016. They refer to: (i) for a minimum part, the alleged applicability of the "transfer price" regulations to sureties given free of charge on behalf of foreign subsidiaries, for which the tax police asserted that the normal commission income would have been €700 thousand; (ii) the non-deductibility of costs of €36.4 million incurred to purchase goods and services to perform works for the Abu Dhabi and Panama contracts, both of which countries have a preferential tax regime, due to the alleged insufficient evidence that the suppliers carried out commercial activities in those countries and that the related purchases were in Salini Impregilo's effective interest. To date, the company is negotiating a settlement of the assessments and the terms for their appeal are still open.

With respect to the above pending disputes, after consulting its legal advisors, the company believes that it has acted correctly and deems that the risk of an adverse ruling is not probable.

Finally, the Milan unit of the tax police is currently performing a tax audit of the IRES, IRAP and VAT paid in 2012.

Icelandic branch

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

28. Financial instruments and risk management

Classes of financial instruments

The company's financial instruments are broken down by class in the following table, which also shows their fair value:

Financial assets (€'000) 31 December 2016	Note	Loans and receivables	Financial assets at fair value through profit or loss	Hedging derivatives	Held-to-maturity investments	Available-for-sale financial assets	Total	Fair Value
Non-current financial assets	7	3,952	-	-	15,848		19,800	19,800
Trade receivables	11	1,714,808	-	-	-		1,714,808	1,714,808
Other current financial assets	12	631,349	-	-	232		631,581	631,581
Cash and cash equivalents	15	852,552	-	-	-		852,552	852,552
Total		**3,202,661**	**-**	**-**	**16,080**		**3,218,741**	**3,218,741**

Financial liabilities (€'000) 31 December 2016	Note	Other liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Hedging derivatives	Totale	Fair Value
Bank and other loans and borrowings	17	1,362,860	-	-	1,362,860	1,385,411
Bonds	18	887,046	-	-	887,046	947,314
Finance lease liabilities	19	77,651	-	-	77,651	77,651
Derivatives	20	2,751	-	-	2,751	2,751
Trade payables	24	1,415,800	-	-	1,415,800	1,415,800
Total		**3,746,108**	**-**	**-**	**3,746,108**	**3,828,927**

Financial assets (€'000) 31 December 2015	Note	Loans and receivables	Financial assets at fair value through profit or loss	Hedging derivatives	Held-to-maturity investments	Available-for-sale financial assets	Total	Fair Value
Non-current financial assets	7	218	-	-	17,412		17,630	17,630
Trade receivables	11	1,044,914	-	-	-		1,044,914	1,044,914
Other current financial assets	12	482,709	-	-	638		483,347	483,347
Cash and cash equivalents	15	763,933	-	-	-		763,933	763,933
Total		**2,291,774**	**-**	**-**	**18,050**		**2,309,824**	**2,309,824**

Financial liabilities (€'000) 31 December 2015	Note	Other liabilities at amortised cos	Financial liabilities at fair value through profit or loss	Hedging derivatives	Total	Fair Value
Bank and other loans and borrowings	17	1,282,584	-	-	1,282,584	1,301,018
Bonds	18	406,414	-	-	406,414	556,160
Finance lease liabilities	19	109,083	-	-	109,083	109,083
Derivatives	20	-	-	10,685	10,685	10,685
Trade payables	24	899,898	-	-	899,898	899,898
Total		**2,697,979**	**-**	**10,685**	**2,708,664**	**2,876,844**

The note column gives the section in which the relevant item is described.

Reference should be made to the section on accounting policies for information on the fair value measurement of these items. The fair value of the above items is based on the present value of estimated future cash flows.

Risk management

Salini Impregilo is exposed to financial risks, including the following:

- ***market risk*** deriving from the company's exposure to interest rate fluctuations and exchange rate fluctuations;
- ***credit risk*** deriving from the company's exposure to potential losses arising from the clients' non-compliance with their obligations;
- ***liquidity risk*** deriving from the risk that the financial resources necessary to meet obligations may not be available at the agreed terms and deadlines.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk and interest rate risk.

Currency risk

Salini Impregilo's international presence entails its exposure to the risk of fluctuations in exchange rates of the Euro and the currencies of the various countries in which it operates. Currency risk at 31 December 2016 mainly related to the following currencies:

- US dollar (United States)
- DICOM (Venezuela)
- Dirham (United Arab Emirates)
- Riyal (Qatar)
- Tenge (Kazakhstan)
- Naira (Nigeria)
- Birr (Ethiopia)
- Somoni (Tajikistan)

The company's currency risk management strategy is essentially based on the following policies:

- agreement of contractual considerations for works and projects in countries with weak currencies using a primarily multi-currency format, in which only a portion of the consideration is expressed in local currency;
- use of portions of the contractual considerations in local currency mainly to cover project expenses to be incurred in that currency;
- analysis of exposure in US dollars on a cumulative and prospective basis with consistent deadlines and setting up forward transactions in the same currency to hedge the company's net exposure at those deadlines.
- Adoption of the above-mentioned policies has contained the company's exposure to currency risk with respect to the US dollar, the DICOM, the Dirham, the Riyal, the Tenge, the Naira, the Birr and the Somoni.

Had the Euro appreciated or depreciated by 5% against the US dollar at year end, the profit before tax for the year would have been respectively lower or greater by €18.0 million, assuming that all other variables remained constant, mainly due to exchange rate gains (losses) arising from the adjustment of net assets in US dollars.

A similar change at the end of the previous year would have led to a €12.4 million decrease (increase in the case of depreciation) in the profit before tax for the year, mainly due to the exchange rate gains (losses) arising from the adjustment of net assets in US dollars.

Had the Euro appreciated or depreciated by 15% against the Venezuelan DICOM at year end, the profit before tax for the year would have been respectively lower or greater by €0.1 million, assuming that all other variables remained constant, mainly due to exchange rate losses (gains) arising from the adjustment of net assets in the Venezuelan currency.

A similar change at the end of the previous year would have led to a €0.6 million decrease (increase in the case of depreciation) in the profit before tax for the year.

Had the Euro appreciated or depreciated by 5% against the UAE Dirham at year end, the profit before tax for the year would have been respectively greater or lower by €0.1 million, assuming that all other variables remained constant, mainly due to exchange rate losses (gains) arising from the adjustment of net liabilities in the UAE dirham.

A similar change at the end of the previous year would have led to a €0.1 million decrease (increase in the case of depreciation) in the profit before tax for the year.

Had the Euro appreciated or depreciated by 5% against the Qatari Riyal at year end, the profit before tax for the year would have been respectively lower or greater by €1.1 million, assuming that all other variables remained constant, mainly due to exchange rate losses (gains) arising from the adjustment of net assets in the Qatari currency.

A similar change at the end of the previous year would have led to a €1.5 million decrease (increase in the case of depreciation) in the profit before tax for the year.

Had the Euro appreciated or depreciated by 5% against the Kazakhstani Tenge at year end, the profit before tax for the year would have been respectively greater or lower by €0.1 million, assuming that all other variables remained constant, mainly due to exchange rate losses (gains) arising from the adjustment of net liabilities in the Kazakhstani Tenge.

A similar change at the end of the previous year would have led to a €0.3 million decrease (increase in the case of depreciation) in the profit before tax for the year.

Had the Euro appreciated or depreciated by 5% against the Nigerian Naira at year end, the profit before tax for the year would have been respectively greater or lower by €0.2 million, assuming that all other variables remained constant, mainly due to exchange rate losses (gains) arising from the adjustment of net assets in the Nigerian currency.

A similar change at the end of the previous year would have led to a €0.8 million decrease (increase in the case of depreciation) in the profit before tax for the year.

Had the Euro appreciated or depreciated by 5% against the Ethiopian Birr at year end, the profit before tax for the year would have been respectively lower or greater by €6.5 million, assuming that all other variables remained constant, mainly due to exchange rate losses (gains) arising from the adjustment of net assets in the Ethiopian currency.

A similar change at the end of the previous year would have led to a €0.9 million decrease (increase in the case of depreciation) in the profit before tax for the year.

Had the Euro appreciated or depreciated by 5% against the Tajikistani Somoni at year end, the profit before tax for the year would have been respectively lower or greater by €1.2 million, assuming that all other variables remained constant, mainly due to exchange rate losses (gains) arising from the adjustment of net assets in the Tajikistani currency. At 31 December 2015, the company did not have any balances in this currency.

Interest rate risk
Salini Impregilo has adopted a combined strategy of streamlining operations by disposing of non-strategic assets, containing debt and hedging interest rate risks on a portion of the non-current structured loans through interest rate swaps (IRSs).

The financial risks arising from market interest rate fluctuations to which the company is potentially exposed and which are monitored by the relevant company personnel relate to medium/long-term floating rate loans. Such risk is mitigated by interest accrued on short-term investments of liquidity available at the Italian-based consortia and consortium companies and foreign subsidiaries, which are used to support the company's operations.

The company has revised its debt structure significantly, increasing its fixed rate exposure. For this reason, had interest rates increased (or decreased) by 75 basis points at year end, the pre-tax profit for the year would have been respectively lower or greater by €4.8 million (€9.8 million for 2015), assuming that all other variables remained constant.

Credit risk
Credit risk is that deriving from the company's exposure to potential losses arising from the clients' (which are mostly governments or state bodies) non-compliance with their obligations.

Management of this risk is complex, starting as early as the assessment of offers, through a careful analysis of the characteristics of the countries in which the company's activities should be carried out and the clients, which are usually state or similar bodies, requesting an offer.

Therefore, this risk can be essentially assimilated to the country risk. An analysis of this risk based on the age of the outstanding amounts is not very meaningful, since the receivables (mostly due from state bodies) should be assessed together with the related working capital items, especially those reflecting the net exposure to clients (positive and negative work in progress, advances and payments on account) in relation to contract work in progress as a whole.

A breakdown of working capital by geographical segment is set out below:

(€'000)	31 December 2016	31 December 2015
Italy	119,324	1,010,337
Other EU countries	95,104	(11,490)
Other non-EU countries	14,818	(8,926)
America	532,337	(150,687)
Asia/Middle East	(387,889)	(385,729)
Rest of the world	(36,035)	150,957
Australia	44,675	(40,526)
Eliminations	-	(205,376)
Total	**382,334**	**358,560**

The reconciliation of the reclassified statement of financial position details the items included in working capital.

Salini Impregilo’s exposure to clients, broken down by contract location, is analysed below:

(€’000)	Trade receivables	Positive WIP	Negative WIP and advances	Total	Allowances
31 December 2016					
Italy	448,778	392,143	(108,045)	732,876	-
Other EU countries	112,410	139,301	(23,228)	228,483	-
Other non-EU countries	12,156	6,204	(15,979)	2,381	-
America	302,786	263,737	(36,579)	529,944	-
Asia/Middle East	82,230	79,612	(409,053)	(247,211)	-
Rest of the world	749,802	129,195	(653,664)	225,333	-
Australia	6,646	-	-	6,646	-
Total	**1,714,808**	**1,010,192**	**(1,246,548)**	**1,478,452**	**-**
31 December 2015					
Italy	550,826	323,665	(242,041)	632,450	-
Other EU countries	27,959	85,145	(28,495)	84,609	-
Other non-EU countries	1,539	-	-	1,539	-
America	250,038	244,794	(11,780)	483,052	-
Asia/Middle East	75,470	61,544	(309,467)	(172,453)	-
Rest of the world	132,768	223,708	(379,445)	(22,969)	-
Australia	6,309	-	(32,190)	(25,881)	-
Total	**1,044,909**	**938,856**	**(1,003,418)**	**980,347**	**-**

The section on the “Main risk factors and uncertainties” of the Directors’ report provides information about country risk for Libya, Venezuela, Nigeria, Ukraine and Turkey.

Liquidity risk

Liquidity risk derives from the risk that the financial resources necessary to meet obligations may not be available to the company at the agreed terms and deadlines.

The company’s strategy aims at ensuring that each ongoing contract is financially independent. This strategy is strictly monitored centrally.

A breakdown of financial liabilities by composition and due date (based on undiscounted future cash flows) is set out below:

(€'000)	31/12/2017	31/12/2018	31/12/2021	After	Total
Current account facilities	1,230	-	-	-	1,230
Bonds	39,835	322,861	667,562	-	1,030,258
Bank and other loans and borrowings	678,570	117,267	643,851	-	1,439,688
Finance lease liabilities	32,324	10,106	38,457	-	80,877
Interest rate derivatives	2,751	-	-	-	2,751
Gross financial liabilities	**754,710**	**450,234**	**1,349,870**	**-**	**2,554,814**
Trade payables	1,415,800	-	-	-	1,415,800
Total	**2,170,510**	**450,234**	**1,349,870**	**-**	**3,970,614**

Future interest has been estimated based on the market interest rates at the date of preparation of these separate financial statements, summarised in the notes.

The prior year figures are given below for comparative purposes:

(€'000)	31/12/2015	31/12/2016	31/12/2019	After	Total
Current account facilities	38,916	-	-	-	38,916
Bonds	24,567	24,500	412,216	-	461,283
Bank and other loans and borrowings	437,641	193,246	341,006	90,313	1,062,206
Finance lease liabilities	42,081	18,652	46,245	-	106,978
Interest rate derivatives	10,685	-	-	-	10,685
Gross financial liabilities	**553,890**	**236,398**	**799,467**	**90,313**	**1,680,068**
Trade payables	899,898	-	-	-	899,898
Total	**1,453,788**	**236,398**	**799,467**	**90,313**	**2,579,966**

Liquidity risk management is mainly based on containing debt and maintaining a balanced financial position.

Loans and borrowings (principal) and trade payables (net of advances) falling due before 31 March 2017 are compared with the cash and cash equivalents that can be used to meet such obligations in the table below.

(€'000)	
Total current financial commitments	2,052,093
of which: due before 31 March 2017	651,063
Cash and cash equivalents	850,997
Difference	**199,934**

Fair value measurement hierarchy

IFRS 7 requires that the fair value of financial instruments recognised in the statement of financial position be classified using a fair value hierarchy that reflects the significance of the inputs used to determine fair value. There are three different levels:

- Level 1 - Fair values measured using quoted prices in active markets;
- Level 2 - Fair values measured using valuation techniques for which inputs significant to the fair value measurement are based on observable market data;
- Level 3 - Fair values measured using valuation techniques for which inputs significant to the fair value measurement are based on unobservable market data.

Financial instruments recognised by the company at fair value are classified as follows:

(€’000)	Nota	Level 1	Level 2	Level 3
Derivative liabilities	20	-	(2,751)	-
Total		**-**	**(2,751)**	**-**

There were no movements from Level 1 to Level 2 during the year or vice versa.

Income statement

29. Revenue

Revenue for 2016 amounts to €3,076.7 million, up 1.6% on the previous year as follows:

(€'000)	2016	2015	Variation
Revenue	2,974,148	2,913,416	60,732
Other income	102,512	113,772	(11,260)
Total	**3,076,660**	**3,027,188**	**49,472**

The rise in revenue is mainly due to several large foreign contracts, including the Red Line North in Qatar and the Riyadh Metro in Saudi Arabia.

A breakdown of revenue is as follows:

(€'000)	2016	2015	Variation
Works invoiced to clients	2,864,366	2,803,181	61,185
Services	99,563	98,006	1,557
Sales	10,219	12,229	(2,010)
Total	**2,974,148**	**2,913,416**	**60,732**

Works invoiced to clients include contractual revenue deriving from production carried out during the year, measured using the stage of completion method.

Services mainly relate to services provided to support group companies.

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

(€'000)	2016	2015	Variation
Other	13,394	28,501	(15,107)
Rent and leases	2,317	2,804	(487)
Staff services	-	7	(7)
Recharged costs	74,925	70,774	4,151
Gains on the disposal of non-current assets and equity investments	5,758	5,003	755
Prior year income	6,118	6,683	(565)
Total	**102,512**	**113,772**	**(11,260)**

30. Costs

Costs for the year amount to €2,831.8 million compared to €2,820.6 million for 2015.

They account for 92.0% of total revenue compared to 93.2% in 2015.

The item may be broken down as follows:

(€'000)	2016	2015	Variation
Purchases	372,282	340,251	32,031
Subcontracts	432,877	491,807	(58,930)
Services	1,482,867	1,497,050	(14,183)
Personnel expenses	274,549	275,493	(944)
Other operating expenses	129,216	69,916	59,300
Amortisation, depreciation, provisions and impairment losses	140,019	146,068	(6,049)
Total	**2,831,810**	**2,820,585**	**11,225**

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

30.1 Purchases

The cost of raw materials and consumables incurred in 2016 increased by €32.0 million to €372.3 million compared to the previous year:

(€'000)	2016	2015	Variation
Purchases of raw materials and consumables	356,484	343,964	12,520
Change in raw materials and consumables	15,798	(3,713)	19,511
Total	**372,282**	**340,251**	**32,031**

The rise in the cost of raw materials and consumables is due to the fact that some foreign projects such as the D1 Motorway Lietavska' Lùcka – Visnove – Dubna Skala in Slovakia and the Riyadh Metro Line 3 are fully operational.

30.2 Subcontracts

Costs of subcontracts decreased to €432.9 million, down €59.0 million on 2015 as summarised in the following table:

(€'000)	2016	2015	Variation
Subcontracts	432,877	491,807	(58,930)
Total	**432,877**	**491,807**	**(58,930)**

The decrease is due mostly due to some large foreign contracts (mainly in Ethiopia), partly offset by the rise in costs for the Riyadh Metro Line 3 contract in Saudi Arabia.

30.3 Services

This item increased to €1,482.9 million, down €14.2 million on the previous year, as shown in the following table:

(€'000)	2016	2015	Variation
Consultancy and technical services	293,411	207,356	86,055
Fees to directors, statutory auditors and independent auditors	9,504	9,748	(244)
Employee travel costs	1,128	1,335	(207)
Maintenance	4,754	4,422	332
Transport and customs	64,034	82,707	(18,673)
Insurance	27,620	36,216	(8,596)
Recharging of costs by consortia	944,471	1,039,064	(94,593)
Rent and leases	85,706	73,757	11,949
Charge backs	40	-	40
Lease payments and expenses	638	305	333
Commercial expenses	1	-	1
Other	51,560	42,140	9,420
Total	**1,482,867**	**1,497,050**	**(14,183)**

"Recharging of costs by consortia" decreased by €94.6 million, mainly due to the variation in costs recharged by consortia and joint ventures.

The item includes costs for the contracts of the Qatari branch (€250.3 million), the Australian branch (€108.4 million) and the Saudi Arabian branch (€60.4 million).

"Consultancy and technical services" increased by €86.1 million and mainly consist of the design and construction costs incurred by the SPEs and legal and administrative consultancy fees.

A breakdown of this item is as follows:

(€'000)	2016	2015	Variation
Design and engineering services	203,101	179,376	23,725
Legal, administrative and other services	16,994	18,776	(1,782)
Testing	380	183	197
Construction	72,936	9,021	63,915
Total	**293,411**	**207,356**	**86,055**

The increase in this item is mainly due to the rise in costs for "Construction" related to the Riyadh Metro Line 3 contract.

Fees to the independent auditors, KPMG S.p.A., and other companies of its network for 2016 are detailed as follows:

(€'000)

Services		Fees
Audit	Salini Impregilo S.p.A.	1,325
Audit	Subsidiaries	1,836
Total audit		**3,161**
Attestation Services	Salini Impregilo S.p.A.	500
Total attestation Services		**500**
Other services	Salini Impregilo S.p.A.	105
Other services	Subsidiaries	118
Total other services		**223**
Total Salini Impregilo Group		**3,884**

30.4 Personnel expenses

Personnel expenses for the year amount to €274.6 million, down by €0.9 million on 2015. The item is made up as follows:

(€'000)	2016	2015	Variation
Wages and salaries	205,377	199,835	5,542
Social security and pension contributions	28,722	31,680	(2,958)
Post-employment benefits	6,414	8,901	(2,487)
Other	34,037	35,077	(1,040)
Total	**274,550**	**275,493**	**(943)**

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

The following table shows the workforce at year end and the related average number:

Employers	31 December 2016	31 December 2015	2016 average
Managers	264	231	248
White collars	3,336	2,705	3,021
Blue collars	17,281	13,810	15,546
Total	**20,881**	**16,746**	**18,815**

30.5 Other operating expenses

Other operating expenses amount to €129.2 million, up €59.3 million on 2015 as follows:

(€'000)	2016	2015	Variation
Other	123,454	64,385	59,069
Non-recurring costs	5,762	5,531	231
Total	**129,216**	**69,916**	**59,300**

The increase in "Other" is mainly due to the Ethiopian branch (€8.4 million) for higher customs duties on the new Koysha contract, CMI (South Africa) (€15.5 million) and for arbitration awards, fines and other items (€24.8 million).

30.6 Amortisation, depreciation, provisions and impairment losses

This item of €140.0 million shows a decrease on the previous year figure of €146.1 million. It may be analysed as follows:

(€'000)	2016	2015	Variation
Impairment losses	11,683	30,965	(19,282)
Provisions	3,485	2,949	536
Total provisions and impairment losses	**15,168**	**33,914**	**(18,746)**
Amortisation of intangible assets	334	47	287
Depreciation of property, plant and equipment	101,811	94,681	7,130
Amortisation of contract acquisition costs	22,706	17,426	5,280
Total amortisation and depreciation	**124,851**	**112,154**	**12,697**
Total	**140,019**	**146,068**	**(6,049)**

"Provisions and impairment losses" decreased by €18.7 million in 2016.

Specifically, impairment losses of €11.7 million mainly related to the receivables for late payments from Venezuelan clients, described in the paragraph on Venezuela in the section on the "Main risk factors and uncertainties" of the Directors' report.

The provision of €3.3 million mainly refers to the disputes in Argentina (€2.3 million) and the Kazakhstani branch for disputes with the local customer (approximately €1.0 million).

Amortisation and depreciation of €124.9 million includes depreciation of €101.8 million, up €7.1 million on the previous year, and amortisation of €22.7 million of contract acquisition costs.

31. Net financing costs

Net financing costs amount to €60.8 million compared to €53.6 million for the previous year.

The item may be broken down as follows:

(€'000)	2016	2015	Variation
Financial income	39,408	29,668	9,740
Financial expense	(115,494)	(99,393)	(16,101)
Net exchange rate gains	15,266	16,092	(826)
Net financing costs	**(60,820)**	**(53,633)**	**(7,187)**

31.1 Financial income

Financial income totalled €39.4 million (2015: €29.7 million) and is made up as follows:

(€'000)	2016	2015	Variation
Interest income on loans and receivables	**2,106**	**2,374**	**(268)**
Gains on securities	**10,315**	**-**	**10,315**
Interest and other income from group companies	**17,067**	**19,845**	**(2,778)**
Interest and other financial income	**9,920**	**7,449**	**2,471**
- Interest on financing	22	2	20
- Bank interest	5,194	3,501	1,693
- Default interest	1,733	2,664	(931)
- Financial discounts and allowances	279	38	241
- Other	2,692	1,244	1,448
Total	**39,408**	**29,668**	**9,740**

The increase on the previous year is mainly due to:

- the increase of €10.3 million in financial income on securities, being the gain on the sale of foreign currency securities on the US market;
- increase of €1.7 million in bank interest, mainly related to a joint venture active in the Middle East and the South African branch;
- decrease of €2.8 million in interest from group companies, namely:

(€'000)	2016	2015	Variation
HCE Costruzioni S.p.A.	3,575	6,571	(2,996)
Consorzio C.A.V.TO.MI	51	204	(153)
Consorzio C.A.V.E.T.	73	23	50
Salini Nigeria L.t.d.	1,383	530	853
SGF-INC S.p.A.	301	453	(152)
Salini Malaysia	354	1,684	(1,330)
Salini Australia	133	151	(18)
SPV Linea M4 S.p.A.	219	-	219
Metro B1	192	225	(33)
Lane companies	381	-	381
Gupc	7,299	6,517	782
Eriday	638	582	56
Co. Ge. Fin. S.r.l.	658	1,143	(485)
Salini Namibia	798	721	77
Other	1,012	1,041	(29)
Total	**17,067**	**19,845**	**(2,778)**

31.2 Financial expense

2016 financial expense increased by €16.1 million to €115.5 million as follows:

(€'000)	2016	2015	Variation
Intragroup interest and other expense	**(5,623)**	**(21,247)**	**15,624**
Interest and other financial expense	**(109,871)**	**(78,146)**	**(31,725)**
- Interest on bank loans and credit account facilities	(53,439)	(35,044)	(18,395)
- Interest on bonds	(35,829)	(25,965)	(9,864)
- Interest on tax liabilities	(1,540)	(1,188)	(352)
- Default interest	(32)	-	(32)
- Discounting	(232)	(131)	(101)
- Bank fees	(2,936)	(2,747)	(189)
- Other loans and borrowings	(83)	(1,155)	1,072
- Factoring and leases	(3,345)	(5,366)	2,021
- Other	(12,435)	(6,550)	(5,885)
Total	**(115,494)**	**(99,393)**	**(16,101)**

Financial expense increased by €16.1 million, mainly due to the rise of €28.3 million in bank interest expense and interest on bonds, as a result of the company's higher debt following the acquisition of Lane.

In addition:

- bank interest of €53.4 million includes the effect of the amortised cost method of €21.7 million (2015: €10.7 million), including €14.0 million, which did not entail cash outlays during the year as it had already been in paid in previous years, and €7.8 million which was paid partly in 2015 and partly in 2016, but was fully recognised in profit or loss in 2016, in connection with the loan taken out to acquire Lane Group;

- interest on bonds of €35.8 million includes the effect of the amortised cost method of €3.7 million (2015: €6.9 million), which did not give rise to cash outlays.

"Other" includes €3.8 million arising from application of the amortised cost method to securities related to the operator in Colombia.

Intragroup interest and other expense of €5.6 million on intragroup transactions decreased by €15.6 million and relate to the following companies:

(€'000)	2016	2015	Variation
Fisia Ambiente	(165)	(5)	(160)
Salini Malaysia	(143)	-	(143)
Impregilo International Infrastructures N.V.	(2,746)	(18,066)	15,320
Healy S.A.	(164)	(112)	(52)
Fisia Italimpianti S.p.A.	(241)	(3)	(238)
Mukorsi Dam	(753)	(150)	(603)
Copenhagen Metro Team I/S	(122)	(2,120)	1,998
Salini Namibia Proprietary L.t.d.	(604)	(494)	(110)
Other	(685)	(297)	(388)
Total	**(5,623)**	**(21,247)**	**15,624**

31.3 Net exchange rate gains

The net exchange rate gains amount to €15.3 million, a slight contraction of €0.8 million on the previous year.

They are due to the Euro's appreciation against some currencies, such as, in particular, the US dollar, the Ethiopian Birr and the Sierra Leone currency. The overall decrease of €0.8 million is mainly a result of the Euro's appreciation against the Ethiopian Birr and the negative performance of the Venezuelan currency and the US dollar.

In order to translate its net financial assets in the Venezuelan currency (Bolivar Fuerte, VEF), the company adopted the official DICOM exchange rate in the year.

(€'000)	2016	2015	Variation
Realised exchange rate gains (losses)	7,526	(79,059)	86,585
Net unrealised exchange rate gains	8,539	96,546	(88,007)
Net currency hedging losses	(799)	(1,395)	596
Total	**15,266**	**16,092**	**(826)**

32. Net losses on equity investments

Net losses on equity investments came to €56.1 million compared to €114.9 million for the previous year. They are made up as follows:

(€'000)	2016	2015	Variation
Impairment losses/Provisions for equity investments	**(118,909)**	**(143,095)**	**24,186**
- Impairment losses/Provisions for equity investments	(118,909)	(143,095)	24,186
Income from equity investments	**62,806**	**28,157**	**34,649**
- Dividends	58,383	28,152	30,231
- Gain on the disposal of equity investments	4,244	-	4,244
- Loss on the disposal of equity investments	(46)	(16)	(30)
- Other income	225	21	204
Total	**(56,103)**	**(114,938)**	**58,835**

Net losses on equity investments mainly reflect the following effects:

- the dividend distribution of €58.4 million authorised in 2016 by the subsidiaries Impregilo International Infrastructures NV (€25 million), Salini Impregilo US Holdings Inc. (€24.8 million) and Salini Kolin Cgf (€8.2 million);
- the fair value and impairment losses of €118.9 million, mainly related to the subsidiaries HCE Costruzioni S.p.A., Empresa Construtora Metro 6 Ltda, SGF INC S.p.A., Grupo Unidos por el Canal and Salini Australia PTY L.t.d.

Note 6 and 22 provides more information about changes in the carrying amounts of the above equity investments.

33. Income tax expense

The company's income tax expense for the year is €63.3 million as follows:

(€'000)	2016	2015	Variation
Current taxes (income taxes)	57,948	29,979	27,969
Net deferred tax (income) expense	(4,619)	32,593	(37,212)
Utilisation of the provision for the national tax consolidation scheme	(67)	(67,182)	67,115
Prior year taxes	4,438	3,552	886
Total	**57,700**	**(1,058)**	**58,758**
IRAP	5,623	3,360	2,263
Total	**63,323**	**2,302**	**61,021**

An analysis and reconciliation of the theoretical income tax rate, calculated under Italian tax legislation, and the effective tax rate are set out below:

(€ Million)	Income tax expense	%
Profit before tax	**127.9**	
Theoretical tax expense	35.2	27.5%
Effect of permanent differences	14.0	10.9%
Net effect of foreign taxes	3.3	2.6%
Prior year and other taxes	5.2	4.1%
Total	**57.7**	**45.1%**

The effective tax expense is affected by the following in particular:

- permanent differences;
- the tax asset for taxes paid abroad by the branches recognised to the extent the company believes the conditions exist for its recovery in Italy in 2016 or subsequent years.

An analysis and reconciliation of the theoretical IRAP tax rate and the effective tax rate are set out below:

(€ Million)	Irap	%
Operating profit	244.8	
Personnel expenses	274.5	
Revenue	**519.3**	
Theoretical tax expense	20.3	3.9%
Tax effect of foreign production	(14.4)	(2.8%)
Tax effect of permanent differences	(0.3)	(0.1%)
Total	**5.6**	**1.1%**

The net deferred tax expense contributes positively to the company’s profit for €4.6 million, specifically for the following items:

(€’000)	
Deferred tax expense for the year	15,599
Utilisation of deferred tax liabilities recognised in previous years	(1,637)
Deferred tax income for the year	(25,150)
Utilisation of deferred tax assets recognised in previous years	6,569
Total	**(4,619)**

34. Related party transactions

Transactions with related parties, as defined by IAS 24, were of an ordinary nature.

Salini Impregilo S.p.A. has been managed and coordinated by Salini Costruttori S.p.A. since 1 January 2014.

Related party transactions carried out during the year involved the following counterparties:

- directors, statutory auditors and key management personnel, solely related to the contracts regulating their positions within the Group;

- associates; these transactions mainly relate to:

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

  - services (technical, organisational, legal and administrative), carried out at centralised level;

  - financial transactions, namely loans and joint current accounts as part of cash pooling transactions and guarantees given on behalf of group companies.

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

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

(€'000)

Related party	Loans and receivables	Financial assets	Other assets	Trade payables	Financial liabilities	Total revenue	Total costs	Financing income (costs)
C.Tiburtino	27	-	-	-	-	18	-	-
Casada S.r.l.	36	-	-	-	-	18	193	-
CEDIV S.p.A.	671	-	-	-	-	18	-	-
Dirlan	103	-	-	-	-	25	-	-
G.A.B.I.RE S.r.l.	67	-	-	-	-	20	-	-
Galla Placidia	23	-	-	-	-	19	-	-
Imm. Agricola San Vittorino	65	-	-	-	-	17	-	-
Infernetto	13	-	-	-	-	7	-	-
Iniziative Immobiliari Italiane S.p.A.	17	-	-	257	-	-	1,008	(3)
Madonna dei Monti S.r.l.	3	-	-	39	-	11	112	1
Nores	30	-	-	-	-	7	-	-
Plus	185	-	-	-	-	30	-	-
Salini Costruttori S.p.A.	31	4,972	-	-	-	146	2	101
Salini Simonpietro & C. S.A.P.A.	40	-	-	-	-	14	-	-
Zeis	12	921	-	-	-	254	150	28
Total	**1,323**	**5,893**	**-**	**296**	**-**	**604**	**1,465**	**127**

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

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

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

Transactions with directors, statutory auditors and key management personnel are shown below:

(€'000)	2016 Fees and remuneration	2016 Total	2015 Fees and remuneration	2015 Total
Directors and statutory auditors	6,311	6,311	10,781	10,781
Key management personnel	5,402	5,402	5,114	5,114
Total	**11,713**	**11,713**	**15,895**	**15,895**

The company's production is carried out mainly through special purpose entities, which, depending on Salini Impregilo's share in their contracts, qualify as subsidiaries or associates. In many cases, they have corporate structures that directly and continuously allocate the profits and losses on contracts to their investors, including by "reallocating costs and fees". They can be considered to be "transparent" considering the original contractual relationship whereby Salini Impregilo, together with the other investors, depending on the type of organisation selected during the tender stage, is the direct counterparty of the customer and the SPE acts in its own name but on behalf of its investors, including vis-à-vis third party suppliers. Accordingly, transactions between Salini Impregilo and the SPEs, in which it has an investment, are not presented in this section but are summarised with other transactions with subsidiaries and associates in the annex "Intragroup transactions - Salini Impregilo S.p.A.".

The next table shows the impact of transactions with the above companies on the statement of financial position and the income statement (including as a percentage), while their effect on cash flows is shown in the statement of cash flows, when material:

(€'000) 31 December 2016	Non-current loans and receivables (1)	Current loans and receivables (2)	Current liabilities (3)	Revenue	Costs	Financial income	Financial expense
Total - group companies		1,375,519	1,150,644	273,605	580,113	17,068	5,467
Total financial statements item	1,491,476	4,837,273	3,539,957	3,076,660	2,831,811	39,408	115,494
% of financial statements item	0.00%	28.4%	32.5%	8.9%	20.5%	43.3%	4.7%

(€'000) 31 December 2015	Non-current loans and receivables (1)	Current loans and receivables (2)	Current liabilities (3)	Revenue	Costs	Financial income	Financial expense
Total - group companies	-	1,095,145	778,637	493,722	764,336	19,845	21,206
Total financial statements item	1,140,011	3,782,702	2,769,605	3,027,189	2,820,585	29,668	99,393
% of financial statements item	0.00%	29.0%	28.1%	16.3%	27.1%	66.9%	21.3%

(1) The percentage of non-current loans and receivables is calculated considering total non-current assets.

(2) The percentage of current loans and receivables is calculated considering total current assets.

(3) The percentage of current liabilities is calculated considering total current liabilities.

Management and coordination

In relation to the requirements of article 2.6.2.11 of the Rules of the Markets organised and managed by Borsa Italiana S.p.A., the company states that all requirements listed in article 37.1 of the Consob Regulation on Markets have been met, as regards the quotation of shares of subsidiaries managed and coordinated by other companies.

In accordance with article 2497-bis of the Italian Civil Code, the key figures from the financial statements of Salini Costruttori S.p.A. at 31 December 2015, the most recently approved financial statements are presented below. These financial statements have been prepared in accordance with the IFRS.

2015 highlights
(€'000)

Income statement	
Revenue	12,880
Operating profit	8,192
Profit before tax	8,341
Profit for the year	7,965
Statement of financial position	
Intangible assets	-
Property, plant and equipment	398
Non-current financial assets	222,626
Total non-current assets	**223,024**
Current assets	140,170
Prepayments and accrued income	297
Total assets	**363,491**
Equity	329,169
Provisions for risks and charges	959
Post-employment benefits	-
Liabilities	33,363
Total liabilities	**363,491**

Salini Costruttori S.p.A. did not have any employees at 31 December 2015.

35. Events after the reporting date

€397 million contract awarded for the first lot of the high speed/capacity Naples-Bari railway section

On 2 March 2017, the Salini Impregilo-Astaldi joint venture was awarded the contract worth €397 million to design and build the Naples-Cancello segment of the high speed/capacity Naples-Bari section.
The works will be performed by Salini Impregilo (lead contractor, 60% share) and Astaldi (40%). The contract signing will take place once the necessary checks required by the tender procedure to ensure that the two joint venturers meet the relevant participation requirements have been completed.

The contract was commissioned by ITALFERR S.p.A. and is to be completed by 2022. It covers the first segment of the Naples-Bari section and is a fundamental part of the overall restructuring of the entire railway line.

Cociv

On 6 March 2017, the Rome prefecture ordered the extraordinary administration of this consortium pursuant to article 32.1.b of Law decree no. 90 of 24 June 2014, converted with amendments by Law no. 114 of 11 August 2014. It appointed an extraordinary commissioner for a six-month period which may be extended.

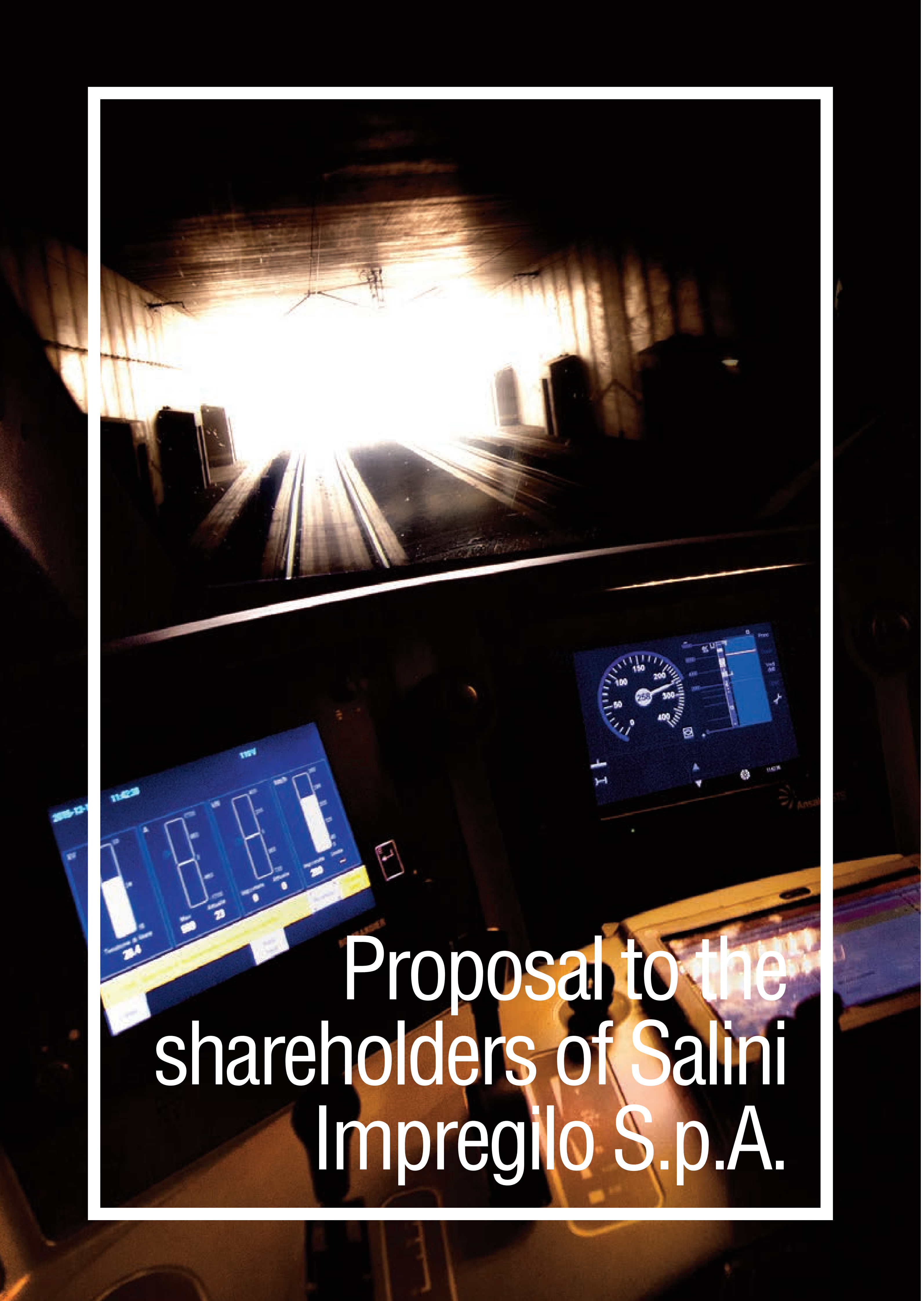
36. Significant non-recurring events and transactions

Apart from the acquisition of Lane and completion of the sale of Todini Costruzioni, as described earlier, the company's financial position, performance and cash flows were not affected by significant non-recurring events and transactions in 2016.

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

During the year, Salini Impregilo did not carry out any atypical and/or unusual transactions, as defined in the above Consob communication no. DEM/6064293[3].

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



Proposal to the shareholders of Salini Impregilo S.p.A.

Dear shareholders,

The separate financial statements of Salini Impregilo S.p.A. at 31 December 2016, prepared for your approval, show a profit for the year of €64,603,085.24, which we propose be allocated as follows:

- €3,230,154.26, equal to 5% of the profit for the year, to the legal reserve;

- €25,920,620.64 gross as a dividend to the holders of ordinary shares, gross of the legal withholdings for each existing share having dividend rights and, therefore, excluding the 3,104,377 own shares held by the parent, equal to €0.053 per share;

- €420,027.66 gross as a dividend to the holders of savings shares, gross of the legal withholdings, equal to €0.26 per share, as per article 33.b) of the by-laws;

- €35,032,282.68 to be carried forward.

In view of the calendar approved by Borsa Italiana S.p.A., we propose that the aforementioned dividends be distributed on 24 May 2017, with an ex-dividend date of 22 May 2017 (record date of 23 May 2017).

On behalf of the board of directors
Chairman
Alberto Giovannini
(Signed on the original)

Separate financial statements of Salini Impregilo Intragroup transactions

Assets and liabilities at 31 December 2016

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets
A1F Tuszyn-Pyrzowice	6,057,662	-	-	-	6,057,662
Adiyan Water Treatment Plant	387,150	-	40,214	-	427,364
Aegek - Impregilo - Alstom J.V.	-	-	-	-	-
Agua AZ	29,529	-	-	-	29,529
Agua BA	21,805	-	-	-	21,805
Alia	9,038	-	273,682	-	282,720
Ancipa S.c.r.l.	27,909	-	-	-	27,909
Angostura	29,924	-	-	-	29,924
Ariguani	3,975,334	-	308,307	-	4,283,641
Aurelia 98 S.c.r.l.	-	-	-	-	-
Autostrada Al Torun - Strykow	-	-	400,596	-	400,596
Barnard	-	-	-	1,676,973	1,676,973
Bocoge	-	-	-	-	-
Carvalho Pinto	-	-	-	-	-
Castelli	-	-	-	-	-
CAVET	297,449	-	3,254,177	-	3,551,626
CAVTOMI	74,196,635	-	-	-	74,196,635
CE.S.I.F. S.c.p.A.	-	-	-	-	-
CFT 2000	-	-	222,128	-	222,128
Cigla	-	-	157,146	-	157,146
CIV	68,143	-	-	-	68,143
CMT IS	4,484,421	-	-	-	4,484,421
Co.Ge.Fin S.r.l.	75,325	-	15,371,462	-	15,446,787
Co.Ge.Ma.	-	-	371,055	-	371,055
COCIV	139,650,128	-	9,033	-	139,659,161
Con.Sal. S.c.n.c. in liquidation	-	-	-	-	-
Congr 91	-	-	-	-	-
CONS. OHL	3,729,894	-	-	-	3,729,894
Consorcio Cigla-Sade	162,227	-	1,530,340	-	1,692,567
Consorcio Contuy Medio	4,371	-	578,046	-	582,417
Consorcio Grupo Contuy-Proyectos y Ob. De F.	-	-	-	-	-
Consorcio OIV-TOCOMA	398,907	-	129,990,498	-	130,389,405
Consorcio Serra do Mar	-	-	-	-	-
Consorcio V.S.T. Tocoma	-	-	1,880	-	1,880
Consorcio VIT Tocoma	-	-	3,432,718	-	3,432,718
Consorzio 201 Quintai	3,800	-	-	-	3,800
Consorzio Casertano	263	-	-	-	263

Trade payables	Bank and other loans	Current portion of bank loans and current account facilities	Other current liabilities	Total liabilities	Net balance
7,472,253	-	13,377,775	-	20,850,028	(14,792,366)
-	-	-	-	-	427,364
-	-	-	746	746	(746)
13,234	-	-	-	13,234	16,295
32,363	-	-	-	32,363	(10,558)
-	-	-	-	-	282,720
-	-	-	-	-	27,909
-	-	302,435	-	302,435	(272,511)
3,637	-	-	-	3,637	4,280,004
16,121	-	-	-	16,121	(16,121)
-	-	-	-	-	400,596
-	-	-	-	-	1,676,973
-	-	2,280,694	-	2,280,694	(2,280,694)
-	-	-	7,757	7,757	(7,757)
-	-	51,617	-	51,617	(51,617)
641,151	-	-	-	641,151	2,910,475
14,821,925	-	8,215,900	-	23,037,825	51,158,810
23,482	-	-	-	23,482	(23,482)
-	-	-	-	-	222,128
-	-	-	-	-	157,146
-	-	3,328,659	-	3,328,659	(3,260,516)
-	-	135,813,875	-	135,813,875	(131,329,454)
-	-	-	-	-	15,446,787
1,295,364	-	-	-	1,295,364	(924,309)
185,489,958	-	-	-	185,489,958	(45,830,797)
-	-	109,277	-	109,277	(109,277)
-	-	6,462	-	6,462	(6,462)
161,390	-	-	-	161,390	3,568,504
-	-	-	-	-	1,692,567
-	-	-	-	-	582,417
-	-	173,648	-	173,648	(173,648)
-	-	-	1,219,874	1,219,874	129,169,531
400,069	-	-	-	400,069	(400,069)
-	-	-	-	-	1,880
-	-	-	-	-	3,432,718
-	-	-	-	-	3,800
-	-	-	-	-	263

Assets and liabilities at 31 December 2016

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets
Consorzio Costral in liquidation	82,975	-	-	-	82,975
Consorzio Costruttori TEEM	79	-	-	-	79
Consorzio EPC	854,003	-	342,330	-	1,196,333
Consorzio Iricav Due	3,359,599	-	-	-	3,359,599
Consorzio MM4	431,965	-	-	-	431,965
Consorzio NOG.MA	-	-	-	-	-
Consorzio Pedelombarda 2	477,369	-	-	-	477,369
Consorzio San Cristoforo	-	-	-	-	-
Consorzio TAT-Tunnel Alp Transit Ticino	44,214	-	271,866	863,674	1,179,754
Consorzio TRA.DE.CI.V.	115,977	-	-	-	115,977
Consorzio VIT Caroni Tocoma	-	-	-	-	-
Constr. of Inn. Sout. Expre. (ISEX)	62,450	-	10,941	-	73,391
Constructora Mazar Impregilo-Herdoiza Crespo	-	-	-	209,284	209,284
Corav	-	-	-	-	-
Corso del Popolo	81,050	-	-	-	81,050
Corso del Popolo Engineering	694,962	-	1,029,250	-	1,724,212
CSC	38,800	-	-	-	38,800
Dev. Engin. infras. to Idu ind. area and Kar res. dist. Ab	515	-	24,837	-	25,352
Diga Ancipa S.c.r.l.	8,264	-	-	-	8,264
District 1 Development	251,020	-	6,895	-	257,915
Donati	215,258	-	-	-	215,258
E.R. Impregilo/Dumez y Asociados para Yaciretê	15,557,343	-	7,403,847	-	22,961,190
Eurolink S.c.p.A.	10,418,747	-	-	-	10,418,747
Eurotech	-	-	28,778	-	28,778
Executive J.V. Impregilo S.p.A. Terna S.A.	-	-	8,311	-	8,311
Fibe	1,412,693	-	14,925,039	-	16,337,732
Fisia - Alkatas J.V.	7,217	-	-	-	7,217
Fisia Ambiente S.p.A.	1,779,389	-	-	-	1,779,389
FISIA Italimpianti S.p.A.	406,496	-	-	-	406,496
G. W. Trans. to Fed. Cap. Ter. Lot A Dam and Aa. W.	623,568	-	33,620	-	657,188
G.T.B. S.c.r.l.	309,117	-	-	-	309,117
Galfar Salimp Cimolai JV	4,066,434	-	-	3,822,754	7,889,188
Galileo S.c.a.r.l.	52,040	-	-	-	52,040
Gaziantep Hastanesi Isletme Ve Bakim Hizmetleri	-	-	2,279	-	2,279
Gestione Napoli	-	-	17,520	-	17,520
Grecia	-	-	81,544	-	81,544
Group. d'entreprises Salini Strabag (Guinea)	-	-	208,953	-	208,953
Grupo Empresas Italianas - GEI	-	-	366,297	-	366,297

Trade payables	Bank and other loans	Current portion of bank loans and current account facilities	Other current liabilities	Total liabilities	Net balance
-	-	-	-	-	82,975
26	-	-	-	26	53
359,852	-	-	-	359,852	836,481
17,469,111	-	-	-	17,469,111	(14,109,512)
872,041	-	-	-	872,041	(440,076)
57,428	-	-	-	57,428	(57,428)
270,496	-	-	-	270,496	206,873
35,609	-	-	-	35,609	(35,609)
-	-	-	1,135,559	1,135,559	44,195
69,689	-	-	-	69,689	46,288
-	-	1,359,475	-	1,359,475	(1,359,475)
-	-	-	-	-	73,391
-	-	-	-	-	209,284
-	-	138,236	-	138,236	(138,236)
-	-	-	-	-	81,050
-	-	-	-	-	1,724,212
23,190	-	-	-	23,190	15,610
-	-	-	-	-	25,352
-	-	-	-	-	8,264
-	-	-	-	-	257,915
180,966	-	7,654	-	188,620	26,638
50,900	-	-	9,476,360	9,527,260	13,433,930
16,476,682	-	-	-	16,476,682	(6,057,935)
-	-	-	-	-	28,778
-	-	-	-	-	8,311
-	-	-	-	-	16,337,732
-	-	-	-	-	7,217
24,016	-	9,756,403	-	9,780,419	(8,001,030)
6,661	-	10,929,302	-	10,935,963	(10,529,467)
742,218	-	-	-	742,218	(85,030)
95,701	-	-	-	95,701	213,416
120,979	-	-	-	120,979	7,768,209
-	-	-	-	-	52,040
-	-	-	-	-	2,279
-	-	-	-	-	17,520
-	-	-	-	-	81,544
-	-	-	-	-	208,953
-	-	-	-	-	366,297

Assets and liabilities at 31 December 2016

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets
GUPC	38,403,890	-	-	-	38,403,890
HCE Italia Altre	484	-	675,937	-	676,421
HCE Sede	2,766,288	-	163,511,850	-	166,278,138
Healy	275,492	-	1,082,432	-	1,357,924
Impregilo International Infrastructures N.V.	102,858	-	-	-	102,858
ICT II	3,530,872	-	-	-	3,530,872
IGL Arabia	436,220	-	-	-	436,220
IGL Sas	604,095	-	-	-	604,095
IGL-SK-Galfar	11,652,159	-	6,450,486	13,637,325	31,739,970
Iglys	432	-	506	-	938
Imprefeal	-	-	77	-	77
Impregilo-Healy UTE	384,526	-	247,247	12,098,871	12,730,644
Imprepar	59,851	-	4,817,633	-	4,877,484
INC Algeria	-	-	-	-	-
Incave	11	-	-	-	11
IS JV	5,752,137	-	57,733,787	-	63,485,924
Isarco S.c.r.l.	2,171,794	-	-	-	2,171,794
Joint Venture Aktor Ate - Impregilo S.p.A.	12,063	-	-	-	12,063
Joint Venture Aktor S.A. - Impregilo S.p.A.	-	-	332	-	332
Joint Venture Impregilo S.p.A. - Empedos S.A. - Ak	1,498,407	-	2,108,561	-	3,606,968
Joint Venture Salini-Acciona (Etiopia)	87,152	-	-	-	87,152
JV Todini - Akkord - Salini	6,859,726	-	7,656,944	-	14,516,670
JV_IGL_SGF	1,227,313	-	8,055,536	-	9,282,849
KAYI - Salini - Samsung - JV	1,241,035	-	315,410	-	1,556,445
La Quado S.c.a.r.l.	50,810	-	214,874	-	265,684
Lambro S.c.r.l.	173,483	-	134	-	173,617
Lane Construction Corporation	-	-	413,443	-	413,443
Lane Industries Incorporated	938,925	-	-	-	938,925
Librino	3,615	-	-	-	3,615
Libyan LEC	944,053	-	31,236	-	975,289
Lidco	491,376	-	-	-	491,376
Line 3 Metro Stations	82,794	-	215,000	-	297,794
M.N. 6 S.c.r.l.	455,204	-	-	-	455,204
Metro 6	1,900	-	33,245,239	-	33,247,139
Metro B S.r.l.	-	-	-	-	-
Metro B1	6,899,399	-	3,276,545	-	10,175,944
Metro Blu	10,375,856	-	-	-	10,375,856
Metrogenova S.c.r.l.	33,098	-	-	-	33,098

Trade payables	Bank and other loans	Current portion of bank loans and current account facilities	Other current liabilities	Total liabilities	Net balance
584,226	-	-	-	584,226	37,819,664
-	-	1,168	-	1,168	675,253
1,936,995	-	-	-	1,936,995	164,341,143
17,498,263	-	2,049,141	-	19,547,404	(18,189,480)
-	-	122,671,445	-	122,671,445	(122,568,587)
350,923	-	636,809	-	987,732	2,543,140
834,224	-	-	-	834,224	(398,004)
-	-	-	-	-	604,095
1,852,739	-	-	-	1,852,739	29,887,231
59,520	-	9,905	-	69,425	(68,487)
-	-	-	-	-	77
-	-	600,601	462,683	1,063,284	11,667,360
-	-	134,296	-	134,296	4,743,188
122,577	-	-	-	122,577	(122,577)
-	-	29,157	-	29,157	(29,146)
-	-	-	7,404,626	7,404,626	56,081,298
3,233,685	-	-	-	3,233,685	(1,061,891)
-	-	-	-	-	12,063
-	-	-	-	-	332
-	-	-	-	-	3,606,968
-	-	-	-	-	87,152
-	-	-	-	-	14,516,670
4,840	-	-	1,850,111	1,854,951	7,427,898
-	-	-	-	-	1,556,445
-	-	-	-	-	265,684
6,055	-	-	-	6,055	167,562
21,659	-	-	-	21,659	391,784
-	-	-	-	-	938,925
-	-	-	-	-	3,615
615,660	-	-	-	615,660	359,629
212,235	-	14,156,423	-	14,368,658	(13,877,282)
-	-	-	192,203	192,203	105,591
851,833	-	-	-	851,833	(396,629)
-	-	199,037	-	199,037	33,048,102
-	-	-	7,878,000	7,878,000	(7,878,000)
35,474,773	-	-	-	35,474,773	(25,298,829)
11,368,197	-	-	-	11,368,197	(992,341)
39,814	-	-	-	39,814	(6,716)

Assets and liabilities at 31 December 2016

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets
Metropolitana di Napoli S.p.A.	189,622	-	-	-	189,622
Millennium Park	421	-	1,259	-	1,680
New Cros	23,958	-	2,306,758	-	2,330,716
Nigeria Cultural Centre and Mill. Tower	274,012	-	456,635	-	730,647
Pantano S.c.r.l.	-	-	-	-	-
Passante di Mestre S.c.p.A.	568,457	-	-	-	568,457
Passante Dorico S.p.A.	191,325	-	36,643	-	227,968
Pedelombarda S.c.p.A.	1,577,268	-	-	-	1,577,268
Pedemontana Veneta S.p.A.	75,130	-	240,438	-	315,568
Perugia 219	73,851	-	17,066	-	90,917
PGH L.t.d.	76,422	-	4,019,172	-	4,095,594
Pietrarossa S.c.r.l.	8,264	-	-	-	8,264
Piscine dello Stadio	25,119	-	-	-	25,119
Piscine dello Stadio S.c.r.l.	18,537	-	-	-	18,537
Puentes	10,296,631	-	-	-	10,296,631
RC Scilla	31,560,915	-	740,623	-	32,301,538
Rimati	40,494	-	-	-	40,494
Riviera S.c.r.l.	307,605	-	-	-	307,605
Rivigo	153,865	-	-	-	153,865
S Leonardo Due	-	-	1,107	-	1,107
S Martin	8,013	-	-	-	8,013
S. Anna Palermo S.c.r.l.	-	-	-	-	-
S.I.MA. GEST 3 S.c.r.l.	-	-	-	-	-
S.Ruffillo S.c.a.r.l.	-	-	-	-	-
S3 - Nowa Sol	28,722,488	-	-	-	28,722,488
S7 - Checiny	32,319,398	-	-	-	32,319,398
S8 - Marki - Radzymin	18,342,506	-	-	-	18,342,506
SA_RC	85,932,616	-	-	-	85,932,616
Sabrom	101,543	-	-	-	101,543
Salimp Cleveland	499,829	-	4,288,243	-	4,788,072
Salini Australia	135,872	-	3,997,022	-	4,132,894
Salini Bulgaria	29,926	-	-	-	29,926
Salini Bulgaria AD	-	-	148,664	-	148,664
Salini Impregilo - NRW Joint Venture	869,499	-	-	-	869,499
Salini Impregilo - Salini Insaat - NTF J.V - Branch	2,992,625	-	26,554,000	-	29,546,625
Salini India Private	518,117	-	-	-	518,117
Salini Ins.Taah.San.Ve Tik. Anonim Sirketi	-	-	208,510	-	208,510
Salini Kolin Cgf Joint Venture	-	-	-	790,568	790,568

Trade payables	Bank and other loans	Current portion of bank loans and current account facilities	Other current liabilities	Total liabilities	Net balance
69,004	-	-	-	69,004	120,618
-	-	-	-	-	1,680
53,338	-	-	-	53,338	2,277,378
-	-	-	-	-	730,647
1,001	-	-	-	1,001	(1,001)
65,663	-	-	-	65,663	502,794
-	-	-	-	-	227,968
68,114	-	-	-	68,114	1,509,154
-	-	-	-	-	315,568
-	-	-	-	-	90,917
11,917	-	-	-	11,917	4,083,677
-	-	-	-	-	8,264
-	-	-	-	-	25,119
-	-	-	-	-	18,537
-	-	-	-	-	10,296,631
52,501,940	-	-	-	52,501,940	(20,200,402)
246,674	-	-	-	246,674	(206,180)
640,417	-	-	-	640,417	(332,812)
-	-	-	-	-	153,865
-	-	-	-	-	1,107
-	-	-	-	-	8,013
79,816	-	40,504	-	120,320	(120,320)
162,355	-	-	-	162,355	(162,355)
17,783,747	-	-	-	17,783,747	(17,783,747)
28,474,739	-	-	-	28,474,739	247,749
36,719,837	-	-	-	36,719,837	(4,400,439)
22,172,863	-	7,029,000	-	29,201,863	(10,859,357)
104,351,576	-	-	-	104,351,576	(18,418,960)
-	-	251,855	-	251,855	(150,312)
-	-	70,497	-	70,497	4,717,575
-	-	-	-	-	4,132,894
-	-	-	-	-	29,926
-	-	-	-	-	148,664
-	-	25,012,466	-	25,012,466	(24,142,967)
-	-	-	-	-	29,546,625
-	-	-	-	-	518,117
-	-	-	-	-	208,510
-	-	-	-	-	790,568

Assets and liabilities at 31 December 2016

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets
Salini Malaysia Head Office	2,110,814	-	3,548,125	-	5,658,939
Salini Namibia	15,514,187	-	17,690,269	-	33,204,456
Salini Nigeria L.t.d.	11,903,324	-	38,792,336	-	50,695,660
Salini Polska Sp.	1,104,667	-	-	-	1,104,667
Salini Saudi Arabia Company L.t.d.	16,014	-	1,077,695	-	1,093,709
Salini-Impregilo US Holdings Inc	8,886,840	-	-	-	8,886,840
San Giorgio Caltagirone S.c.r.l.	5,165	-	-	-	5,165
Sapin	-	-	-	-	-
Sarmento S.c.r.l.	4,200	-	509,620	-	513,820
Scilla	-	-	-	-	-
Sclafani S.c.r.l.	5,164	-	-	-	5,164
SFI leasing	-	-	-	-	-
SGF INC	51,087	-	8,676,660	-	8,727,747
SHIMMICK	136,592	-	-	7,202,232	7,338,824
Sipem	-	-	500,532	-	500,532
Sirjo S.c.p.A.	1,799,299	-	-	-	1,799,299
Sistranyac S.A.	-	-	42	-	42
SNFCC	1,146,767	-	-	6,529,905	7,676,672
SO.C.E.T. Società Costruttori Edili Toscani	-	-	-	-	-
Società di progetto consortile per azioni M4	455,730	-	-	-	455,730
SPV Linea M4 S.p.A.	250,431	-	4,325,458	-	4,575,889
Stazione Tribunale	-	-	-	-	-
Suleja Minna Dualisation	26,402	-	12,447	-	38,849
Suropca	-	-	-	-	-
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A	-	-	10,400	9,372,415	9,382,815
Thessaloniki Metro	-	-	-	-	-
Thessaloniki Metro CW	2,048,526	-	-	418,079	2,466,605
Todini Filiale Dubai	8,540,415	-	-	-	8,540,415
Todini Filiale Tunisia	32,121	-	-	-	32,121
Tokwe Mukorsi Dam	67,280,550	-	-	-	67,280,550
Torre	19,860	-	-	-	19,860
Trincerone Ferroviario	-	-	4,255	-	4,255
Ucraina Kiev-chop	76,124	-	-	-	76,124
VE.CO. S.c.r.l.	-	-	-	-	-
Vegas	1,408,153	-	-	129,781	1,537,934
Vittoria	3,615	-	-	-	3,615
Western Station JV	247,700	-	215,613	8,727,211	9,190,524
Yarull	4,391	-	-	1,860,159	1,864,550
Yuma	336,748	-	-	-	336,748
Total group companies	**711,827,990**	**-**	**589,136,390**	**67,339,231**	**1,368,303,611**

Trade payables	Bank and other loans	Current portion of bank loans and current account facilities	Other current liabilities	Total liabilities	Net balance
498,000	-	-	-	498,000	5,160,939
-	-	-	349	349	33,204,107
-	-	-	-	-	50,695,660
216,586	-	5,275	-	221,861	882,806
650,668	-	26,469,733	-	27,120,401	(26,026,692)
-	-	545,464	-	545,464	8,341,376
-	-	-	-	-	5,165
-	-	8,755	-	8,755	(8,755)
-	-	-	-	-	513,820
3,706,028	-	-	-	3,706,028	(3,706,028)
-	-	-	-	-	5,164
-	-	-	341,990	341,990	(341,990)
239,713	-	-	-	239,713	8,488,034
3,741,871	-	-	-	3,741,871	3,596,953
-	-	-	-	-	500,532
11,069,001	-	-	-	11,069,001	(9,269,702)
-	-	-	-	-	42
-	-	-	-	-	7,676,672
106,287	-	-	-	106,287	(106,287)
46,240	-	-	-	46,240	409,490
-	-	-	-	-	4,575,889
175,662	-	-	-	175,662	(175,662)
-	-	-	-	-	38,849
-	-	834,849	-	834,849	(834,849)
-	-	-	-	-	9,382,815
619	-	-	-	619	(619)
2,922	-	2,557,025	-	2,559,947	(93,342)
-	-	-	-	-	8,540,415
-	-	-	-	-	32,121
13,219,201	-	52,046,455	-	65,265,656	2,014,894
5,239,574	-	-	-	5,239,574	(5,219,714)
-	-	-	-	-	4,255
-	-	-	-	-	76,124
138,527	-	-	-	138,527	(138,527)
-	-	-	-	-	1,537,934
-	-	-	-	-	3,615
54,188,738	-	-	-	54,188,738	(44,998,214)
10,068	-	219,301	-	229,369	1,635,181
-	-	-	-	-	336,748
678,947,436	**-**	**441,430,573**	**29,970,258**	**1,150,348,267**	**217,955,344**

Assets and liabilities at 31 December 2016

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets
C. Tiburtino	26,610	-	-	-	26,610
Casada S.r.l.	35,595	-	-	-	35,595
CEDIV S.p.A.	671,516	-	-	-	671,516
Dirlan	102,781	-	-	-	102,781
G.A.B.I.RE. S.r.l.	67,448	-	-	-	67,448
Galla Placidia	22,876	-	-	-	22,876
Imm. Agricola San Vittorino	65,031	-	-	-	65,031
Infernetto S.r.l.	13,455	-	-	-	13,455
Iniziative Immobiliari	16,693	-	-	-	16,693
Madonna dei Monti S.r.l.	3,283	-	-	-	3,283
Nores	30,227	-	-	-	30,227
Plus	185,502	-	-	-	185,502
Salini Costruttori	30,690	-	4,971,474	-	5,002,164
SALINI SIMONPIETRO & C. S.A.P.A.	39,511	-	-	-	39,511
Zeis	11,863	-	921,200	-	933,063
Total other related parties	**1,323,081**	**-**	**5,892,674**	**-**	**7,215,755**
Total	**713,151,071**	**-**	**595,029,064**	**67,339,231**	**1,375,519,366**

Trade payables	Bank and other loans	Current portion of bank loans and current account facilities	Other current liabilities	Total liabilities	Net balance
-	-	-	-	-	26,610
-	-	-	-	-	35,595
-	-	-	-	-	671,516
-	-	-	-	-	102,781
-	-	-	-	-	67,448
-	-	-	-	-	22,876
-	-	-	-	-	65,031
-	-	-	-	-	13,455
256,754	-	-	-	256,754	(240,061)
39,440	-	-	-	39,440	(36,157)
-	-	-	-	-	30,227
-	-	-	-	-	185,502
-	-	-	-	-	5,002,164
-	-	-	-	-	39,511
-	-	-	-	-	933,063
296,194	**-**	**-**	**-**	**296,194**	**6,919,561**
679,243,630	**-**	**441,430,573**	**29,970,258**	**1,150,644,461**	**224,874,905**

Revenue and costs for 2016

	Revenue	Other revenue and income	Purchases
A1F Tuszyn-Pyrzowice	-	399,707	-
Adiyan Water Treatment Plant	-	687	-
Aegek - Impregilo - Alstom J.V.	1,760	-	-
Agua Azul	275,067	9,500	-
Agua BA	-	330,070	-
Alia	-	1,808	-
Ancipa S.c.r.l.	-	14,737	-
Angostura	24,118	16,419	-
ANM	-	314,335	-
Ariguani	2,806,204	80,104	-
Barnard	675,184	-	-
Bocoge	54,153	2,803	-
Carvalho Pinto	793,182	-	-
Castelli	-	-	-
CAVET	19,916	232,648	-
CAVTOMI	104,695	89,639	-
CE.S.I.F. S.c.p.A.	-	-	-
CFT 2000	-	-	-
Cigla	-	-	-
CIV	56,200	11,943	-
Civil Work	-	5,898,164	-
CMC-MAVUNDLA-IGL JV	-	1,159,192	-
CMT IS	4,352,907	1,540,141	-
Co.Ge.Fin S.r.l.	10,887	2,897	-
Co.Ge.Ma.	249,584	169,378	-
COCIV	412,041	1,930,269	-
COMAR	-	-	-
Congr 91	-	-	-
CONS. OHL	1,019,932	42,184	-
Consorcio Cigla-Sade	-	-	-
Consorcio Contuy Medio	594	1,981	-
Consorcio Grupo Contuy-Proyectos y Ob. De F.	43,040	-	-
Consorcio OIV-TOCOMA	444,231	3,800	-
Consorcio Serra do Mar	289	-	-
Consorcio VIT Tocoma	321,251	-	-
Consorzio 201 Quintai	-	3,800	-
Consorzio Costral in liquidation	6,400	2,897	-
Consorzio Costruttori TEEM	-	-	-

Subcontracts	Services	Personnel expense	Other operating expenses	Amortisation, depreciation, provisions and impairment losses	Financial income	Financial expense
-	7,020,843	-	-	-	-	-
-	-	-	-	-	-	-
-	2,506	-	-	-	-	-
-	65,260	-	483	-	-	-
-	-	-	1,873	330,070	-	-
-	-	-	-	-	10,159	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	209,592	-	-	-	-	-
-	5,250	-	-	-	3,453	-
-	416,950	-	-	-	-	-
-	-	-	-	-	-	60,890
-	990,527	-	-	-	-	-
-	-	-	-	-	-	705
-	1,552,947	-	-	-	72,988	-
-	728,443	-	8	-	51,534	50,450
-	733	-	-	-	-	-
-	-	-	-	-	8,252	-
-	-	-	-	-	1,919	8,218
-	-	-	-	-	256	98,229
-	5,916	-	-	-	-	-
-	9,868	-	-	-	-	-
-	-	-	-	-	80,435	121,903
-	-	-	-	-	657,731	-
-	2,570,592	-	-	-	55,555	25,529
-	199,024,232	-	-	-	-	22,152
-	-	-	-	-	974	-
-	-	-	-	-	-	149
-	-	-	-	-	-	-
-	-	-	-	-	56,808	-
-	34,147	-	-	-	-	-
-	1,090,847	-	-	-	-	-
-	402,736	-	-	-	-	-
-	212,564	-	-	-	2,908	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	613	-	-	-	-	-

Revenue and costs for 2016

	Revenue	Other revenue and income	Purchases
Consorzio EPC	32,581,827	157,924	-
Consorzio FAT	5,397	2,173	-
Consorzio Iricav Due	-	123,575	-
Consorzio MM4	80,326	231,990	-
Consorzio NOG.MA	-	-	-
Consorzio Pedelombarda 2	-	3,800	-
Consorzio VIT Caroni Tocoma	-	-	-
Constr. of Inn. Sout. Expre. (ISEX)	-	14	-
Corav	-	-	-
Corso del Popolo	20,545	2,897	-
Corso del Popolo Engineering	13,808	2,897	-
CSC	-	38,800	-
Diga Ancipa S.c.r.l.	-	4,132	-
District 1 Development	-	758	-
Donati	-	-	-
E.R. Impregilo/Dumez y Asociados para Yaciretê	-	-	-
Eurolink S.c.p.A.	57,125	174,289	-
Eurotech	-	-	-
Fibe	74,216	334,926	-
Fisia - Alkatas J.V.	-	7,217	-
Fisia Ambiente S.p.A.	29,184	2,878	-
FISIA Italimpianti S.p.A.	188,072	148,101	-
G. W. Trans. to Fed. Cap. Ter. Lot A Dam and Aa. W.	2,639	7,296	-
G.T.B. S.c.r.l.	-	9,414	-
Galfar Salimp Cimolai JV	-	4,750,610	-
Galileo S.c.a.r.l.	7,098	2,897	-
Ghazi JV	-	9,608	-
Grupo Empresas Italianas - GEI	278,490	-	-
GUPC	5,560,439	234,743	80,616
HCE Italia Altre	-	106,331	-
HCE Sede	3,365,541	645,656	-
Healy	271,006	122,059	113
I INT IN	-	531,119	-
ICT II	806,106	98,076	-
IGL Arabia	611	15,789	-
IGL Sas	604,095	-	-
IGL-SK-Galfar	4,373,684	13,578,596	-
Iglys	-	12	-

Subcontracts	Services	Personnel expense	Other operating expenses	Amortisation, depreciation, provisions and impairment losses	Financial income	Financial expense
-	1,292,442	-	303,269	-	12,899	-
-	-	-	-	-	-	-
-	1,686,209	-	-	-	-	-
-	992,151	-	-	-	-	-
-	21,351	-	-	-	-	-
-	11,180	-	-	-	-	-
-	1,368,699	-	-	-	-	-
-	-	-	-	-	-	-
-	5,420	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	26,801	-
-	-	-	9,965	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	5,872	-	-	-	-	176
-	2,170,518	-	-	-	638,929	-
-	76,080	-	-	-	-	-
-	-	-	-	-	1,068	-
-	-	-	-	-	-	16,844
-	-	-	-	-	-	-
-	9,798	-	1,264	-	-	165,377
-	5,464	-	-	-	-	241,353
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	53,100	18,542	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	446,074	-	-	-	-	-
-	-	-	-	-	7,299,400	-
-	-	-	-	-	3,331,010	45,137
-	89,400	12,520	-	-	243,999	106
-	4,485,316	1,863,234	1,850	-	21,800	163,712
-	-	-	-	-	-	2,746,053
-	-	-	-	-	-	-
373,562	-	-	-	-	-	-
-	-	-	-	-	-	-
-	93,841	-	-	-	-	-
-	228,162	-	-	-	-	-

Revenue and costs for 2016

	Revenue	Other revenue and income	Purchases
Impregilo-Healy UTE	1,695,300	51,200	-
Imprepar	196,586	830,867	-
Incave	11	-	-
IS JV	698,056	9,209,831	-
Isarco S.c.r.l.	93,402	250,391	-
Joint Venture Salini-Acciona (Etiopia)	-	-	-
JV Todini - Kutaisi	-	-	-
JV Todini - Akkord - Salini	-	-	-
KAYI - Salini - Samsung - JV	-	686,521	-
La Quado S.c.a.r.l.	40,192	1,315	-
Lambro S.c.r.l.	-	-	-
Lane Construction Corporation	-	-	-
Lane Industries Incorporated	938,925	-	-
Librino	-	1,808	-
Libyan LEC	135,200	2,800	-
Lidco	648	5,900	-
Line 3 Metro Stations	25	-	-
Metro 6	-	5,700	-
Metro B1	-	213,066	-
Metro Blu	45,327	703,637	-
Metrogenova S.c.r.l.	19,347	-	-
Metropolitana di Napoli S.p.A.	-	-	-
Millennium Park	-	5,950	-
New Cros	-	20,758	-
Nigeria Cultural Centre and Mill. Tower	-	996	-
Passante di Mestre S.c.p.A.	3,500	11,451	-
Passante Dorico S.p.A.	-	118,737	-
Pedelombarda S.c.p.A.	50,000	371,460	-
Perugia 219	7,147	2,897	-
PGH L.t.d.	-	3,403	-
Pietrarossa S.c.r.l.	-	4,132	-
Piscine dello Stadio	17,692	2,897	-
Piscine Dello Stadio S.c.a.r.l.	-	21,183	-
Piscine dello Stadio S.c.r.l.	12,297	2,897	-
Puentes	-	172,730	-
RC Scilla	28,323	141,568	-
Rimati	-	-	-
Risalto S.r.l.	4,892	674	-

Subcontracts	Services	Personnel expense	Other operating expenses	Amortisation, depreciation, provisions and impairment losses	Financial income	Financial expense
-	-	-	-	-	327,375	-
-	-	-	1	-	-	-
-	-	-	-	-	-	404
-	-	86,839	-	-	-	-
-	5,284,268	-	-	-	-	146,712
-	651	-	-	-	-	-
-	-	-	-	(3,091)	-	-
-	-	-	-	-	56,944	-
-	-	-	-	-	-	-
-	223,008	-	-	-	-	-
-	16	-	-	-	-	-
152,248	-	-	-	-	380,526	-
-	-	-	-	-	103	-
-	-	-	-	-	-	-
-	155,767	-	-	-	-	-
-	-	-	-	-	-	-
-	16,793	-	-	-	-	-
-	7,074	-	-	-	-	-
-	2,804,176	-	-	-	191,954	35,279
-	45,272,290	-	-	-	-	-
-	799,659	-	-	-	-	-
-	-	-	8	-	-	-
-	-	-	-	-	-	-
-	165,938	-	-	-	-	-
-	-	-	-	-	-	-
-	334,531	-	-	-	-	-
-	-	-	-	-	-	-
-	3,849,396	-	-	-	-	-
-	-	-	-	-	235	-
-	-	-	-	-	68,352	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	6,067,910	-	-	-	-	-
-	345,886	-	-	-	-	-
-	-	-	-	-	-	-

Revenue and costs for 2016

	Revenue	Other revenue and income	Purchases
Riviera S.c.r.l.	-	-	-
Rivigo	-	12,469	-
S Leonardo Due	-	-	-
S Leonar	-	5,165	-
S.Ruffillo S.c.a.r.l.	-	-	-
S3 - Nowa Sol	-	668,936	-
S7 - Checiny	-	1,283,115	-
S8 - Marki - Radzymin	-	555,537	-
Sa.Co.Lav. S.c.a r.l.	5,291	674	-
SA_RC	28,170	127,037	-
Sabrom	47,662	42,603	-
Salimp Cleveland	481,950	97,461	-
Salini Australia	-	20,838	-
Salini Bulgaria	-	-	-
Salini Bulgaria AD	-	-	-
Salini Impregilo - NRW Joint Venture	-	7,251,688	-
Salini Impregilo - Salini Insaat - NTF J.V - Branch	-	1,074,636	-
Salini Ins.Taah.San.Ve Tik. Anonim Sirketi	-	2	-
Salini Kolin Cgf Joint Venture	-	252,000	-
Salini Malaysia Head Office	1,916,883	312,874	67,746
Salini Namibia	2,952,685	2,645,069	-
Salini Nigeria L.t.d.	4,835,451	57,879	-
Salini Polska Sp.	1,109,757	24,970	-
Salini Saudi Arabia Company L.t.d.	-	336,803	-
SAMA S.c.a.r.l. in liquidation	5,291	674	-
San Giorgio Caltagirone S.c.r.l.	-	2,582	-
SARGE TP	-	111,316	-
Sarmento S.c.r.l.	-	-	-
Scilla	-	-	-
Sclafani S.c.r.l.	-	2,582	-
SFI leasing	2,238,540	-	-
SGF INC	267,071	284,135	-
SGF-FL VEN	504	-	-
SHIMMICK	45,898,410	-	-
Sirjo S.c.p.A.	-	145,703	-
SNFCC	1,424,245	41,500	-
Società di progetto consortile per azioni M4	30,000	4,306	-
South Al Mutlaa Joint Venture	-	885,669	-

Subcontracts	Services	Personnel expense	Other operating expenses	Amortisation, depreciation, provisions and impairment losses	Financial income	Financial expense
-	143,622	-	-	-	1,319	-
-	-	-	-	-	-	-
-	-	-	-	-	41	-
-	-	-	-	-	-	-
-	145,826	-	-	-	-	-
-	23,900,510	-	-	-	-	-
-	30,777,565	-	-	-	-	-
-	19,297,627	-	-	-	-	-
-	14,649	-	-	-	-	661
-	9,009,615	-	-	-	-	-
-	-	-	-	-	-	940
-	334	11,188	-	-	-	-
-	4,762	42,356	-	-	133,114	-
-	-	-	-	-	54,289	-
-	-	-	-	2,000	-	-
-	-	-	-	-	-	-
-	3,277	-	-	-	-	-
-	1,548	-	-	-	28,117	-
-	-	-	-	-	-	-
-	254,878	119,883	323	-	354,742	142,964
-	-	-	-	-	798,227	603,792
-	-	-	-	-	1,383,434	-
-	-	540,140	-	-	15,503	-
-	630,449	22,528	708,985	-	-	-
-	7,686	-	-	-	-	1,010
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	18,918	-
-	73,059	-	-	-	-	-
-	-	-	-	-	-	-
-	2,342,096	-	-	-	-	-
-	103,311	-	-	-	300,748	-
-	-	-	-	-	-	-
-	45,330,567	-	-	-	-	-
-	1,127,139	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Revenue and costs for 2016

	Revenue	Other revenue and income	Purchases
SPV Linea M4 SpA.	-	271,863	-
Stazione Tribunale	-	-	-
Suleja Minna Dualisation	173	112	-
Suropca	-	-	-
TB Metro in liquidation	7,737	2,897	-
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A	9,066,185	-	-
Thessaloniki Metro CW	66,596,402	-	-
Tokwe Mukorsi Dam	6,116,122	209,534	518,619
Torre	-	-	-
Trincerone Ferroviario	-	-	-
Vegas	1,408,153	-	-
Vittoria	-	1,808	-
Western Station JV	-	1,052,694	-
Yarull	184	8,589	-
Yuma	336,748	-	-
Total ICP Branch	**208,752,328**	**64,248,169**	**667,094**
C. Tiburtino	17,482	916	-
Casada S.r.l.	16,768	916	-
CEDIV S.p.A.	17,273	916	-
Dirlan	23,894	916	-
G.A.B.I.RE. S.r.l.	19,318	916	-
Galla Placidia	17,835	916	-
Imm. Agricola San Vittorino	16,388	916	-
Infernetto S.r.l.	6,329	458	-
Iniziative Immobiliari	-	-	-
Madonna dei Monti S.r.l.	9,816	1,234	-
Nores	6,058	458	-
Plus	28,991	916	-
Salini Costruttori	137,923	8,529	-
SALINI SIMONPIETRO & C. S.A.P.A.	14,394	-	-
Zeis	155,264	98,345	-
Total other related parties	**487,733**	**116,352**	**-**
Total	**209,240,061**	**64,364,521**	**667,094**

Subcontracts	Services	Personnel expense	Other operating expenses	Amortisation, depreciation, provisions and impairment losses	Financial income	Financial expense
-	-	-	-	-	219,130	-
-	39,548	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	11,635
-	-	-	-	13,703	25,248	-
-	824,586	-	-	-	-	-
-	68,438,335	-	-	-	-	-
-	-	-	-	-	-	753,386
-	3,490	-	-	-	-	-
-	-	-	-	-	158	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
78,179,116	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
78,704,926	**495,187,485**	**2,717,230**	**1,028,029**	**342,682**	**16,937,355**	**5,463,766**
-	-	-	-	-	-	-
-	193,436	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,007,440	-	-	-	-	2,821
-	112,390	-	-	-	1,271	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	1,642	-	101,167	-
-	-	-	-	-	-	-
-	148,642	-	1,610	-	27,755	-
-	**1,461,908**	**-**	**3,252**	**-**	**130,193**	**2,821**
78,704,926	**496,649,393**	**2,717,230**	**1,031,281**	**342,682**	**17,067,548**	**5,466,587**

Separate financial statements of Salini Impregilo Equity investments

Equity investments at 31 December 2016 - Salini Impregilo S.p.A.

Name	Investment %	Registered office	Amount Salini Impregilo S.p.A. 01/01/2016 (€)
Subsidiaries, associates and jointly controlled entities			
Agba - Aguas Gran B Aires Sa in liq (Argentina)	16.504	Milan	-
Arriyadh New Mobility Consortium (Arabia)	33.480	Saudi Arabia	-
Cao - Consorcio Acueducto Oriental (Rep Dominicana)	67.000	Santo Domingo	-
Carvalho Pinto Consorzio	20.000	Brazil	-
Caserma Donati Consorzio	84.200	Milan	240,000
Cavet Consorzio	75.983	Pianoro	4,113,464
CavToMi Consorzio	74.690	Milan	3,688,621
CCT Consorzio Costruttori TEEM	0.001	Milan	-
Cesif S.c.p.A. in liq.	24.175	Cavriago	63,460
Cigla Constructora Sa (Brasile)	100.000	Sao Paulo	738,778
Civ S.p.A.	85.000	Milan	18,040,477
Civil Works Jv (Arabia)	52.000	Saudi Arabia	-
Cociv Consorzio	64.000	Genoa	330,532
Coincar Sa (Argentina)	26.250	Argentina	-
Conai Consorzio Nazionale Imballaggi	1.000	Milan	5
Consi Consorzio	2.273	Pordenone	516
Consorzio EPC	18.250	Italy	-
Constructora Ariguani Sas (Colombia)	100.000	Colombia	19,849
Constructora Mazar Consorcio (Ecuador)	70.000	Ecuador	-
Contuy Ferrocarriles Consorcio (Venezuela)	33.329	Venezuela	-
Contuy Medio Consorcio (Venezuela)	29.040	Venezuela	-
Corav Consorzio	96.970	Milan	51,563
Empresa Constructora Metro 6 L.t.d.a. (Cile)	100.000	Chile	-
Eriday Ute (Impregilo - Dumez) (Argentina)	18.750	Argentina	-
Eurolink S.c.p.A.	45.000	Rome	16,875,000
Gestione Napoli S.r.l. in liq.	24.000	Genoa	-
Ghazi Barotha Contractors Jv (Pakistan)	57.800	Pakistan	-
Grupo ICT Sas	100.000	Colombia	-
GTB S.c.a.r.l.	0.010	Naples	5
Impregilo Civilcad Ingco (Rep Dominicana)	70.000	Dom. Republic	-
Impregilo Rizzani de Eccher Jv (Svizzera)	67.000	Switzerland	-
Impregilo Yarul Consorcio (Rep Dominicana)	70.000	Dom. Republic	-

Increases in the year	N	Decreases in the year	N	Amount Salini Impregilo S.p.A. 31/12/2016 (€)	Share of carrying amount	Diff. between investment, net of uncalled-up share/quota capital, and equity	Date of equity
56,358	O	-		56,358	-	(56,358)	
-		-		-	-	-	31/12/2016
-		-		-	-	-	31/12/2016
-		-		-			
-		-		240,000	252,600	12,600	31/12/2016
6,941	O	(10,374)	N	4,110,030	4,110,030	0	31/12/2016
46,793	O	(11,877)	N	3,723,537	3,722,623	(914)	31/12/2016
-		-		-	-	-	
-		-		63,460	-	(63,460)	
(738,778)	C	-		-	(456,610)	(456,610)	31/12/2016
(5,100,000)	E	-		12,940,477	13,157,782	217,304	31/12/2015
-		-		-	9,697,226	9,697,226	31/12/2015
-		-		330,532	330,532	-	31/12/2016
-		-		-	-	-	
-		-		5	-	(5)	
-		(516)	I	-	-	(5)	
-		-		-			
15,002	E	-		34,851	2,093,569.44	2,058,718.22	31/12/2015
-		-		-	209,284	209,284	31/12/2016
-		-		-	-	-	
-		-		-	-	-	
-		-		51,563	49,579.79	(1,983.56)	31/12/2016
-		-		-	25,745,945	25,745,945	31/12/2016
-		-		-	-	-	
-		-		16,875,000	16,875,000	-	31/12/2015
-		-		-	(10,700)	(10,700)	31/12/2014
-		-		-	1,872,273	1,872,273	31/12/2016
3,216,178	O,C	(2,226,238)	N	989,940	3,594,009	2,604,069	31/12/2015
-		-		5	-	(5)	
100	A	-		100	-	-	
-		-		-	-	-	
-		-		-	1,302,112	1,302,112	31/12/2016

Equity investments at 31 December 2016 - Salini Impregilo S.p.A.

Name	Investment %	Registered office	Amount Salini Impregilo S.p.A. 01/01/2016 (€)
Subsidiaries, associates and jointly controlled entities			
Impresit Bakolori Plc (Nigeria)	50.707	Nigeria	-
Iricav Due Consorzio	34.090	Rome	175,566
Isarco S.c.a.r.l.	41.000	Bressanone	41,000
JV Salini - Secol	80.000	Romania	
La Quado S.c.a.r.l.	35.000	Milan	3,500
Lambro S.c.a.r.l.	0.010	Milan	20
LEC Libyan Expressway Contractors Consorzio	58.000	Milan	5,800
Markland S.r.l. in liq.	1.900	Milan	1,269
Metroblu S.c.a.r.l.	50.000	Milan	-
Metro de Lima Linea 2 Sa (Perù)	18.250	Peru	18,481,628
Metro Riyadh Line 3	66.000	Saudi Arabia	-
Metrogenova S.c.a.r.l.	35.627	Genoa	8,257
Miteco Consorzio	44.160	Castelnovo (RE)	4,416
MM4 Consorzio	32.130	Milan	62,100
MN - Metropolitana di Napoli S.p.A.	5.176	Naples	313,652
MN 6 S.c.a.r.l.	1.000	Naples	510
Nogma Consorzio	14.000	Venice	84,000
Normetro Ace (Portogallo)	2.120	Portugal	-
Normetro Consorcio (Portogallo)	13.180	Portugal	-
Passante di Mestre S.c.p.A.	42.000	Venice	4,200,000
Passante Dorico S.p.A.	47.000	Milan	2,820,000
Pedelombarda 2 Consorzio (CP2)	40.000	Milan	4,000
Pedelombarda S.c.p.A.	47.000	Milan	9,400,000
Pedemontana Veneta S.p.A. in liq.	21.350	Verona	1,280,700
PGH L.t.d. (Nigeria)	100.000	Nigeria	2,082,611
Puentes del Litoral Sa in concorso prev (Argentina)	22.000	Argentina	-
Reggio Calabria Scilla S.c.p.A.	51.000	Rome	17,850,000
Riviera S.c.a.r.l.	12.940	Naples	6,470
S8 Jv (Polonia)	71.240	Poland	-
S3 Jv (Polonia)	71.240	Poland	-
Sabrom - Soc Autostrada Broni Mortara S.p.A.	60.002	Milan	17,342,000
Salerno Reggio Calabria S.c.p.A.	51.000	Rome	25,500,000
Salini Australia Pty L.t.d. (Australia)	100.000	Australia	2,820,463
Salini Impregilo Duha Jv (Slovacchia)	75.000	Slovakia	-
Salini - Impregilo Joint Venture for Mukorsi	99.900	Zimbabwe	-
Salini Insaat Ntf Jv (Turchia)	55.000	Turkey	-
Salini Namibia Proprietary L.t.d. (Namibia)	100.000	Namibia	358
Sant'Anna Palermo S.c.a.r.l. in liq.	71.600	Palermo	18,592
Scilla Consorzio in liq.	51.000	Palmi	510

Increases in the year	N	Decreases in the year	N	Amount Salini Impregilo S.p.A. 31/12/2016 (€)	Share of carrying amount	Diff. between investment, net of uncalled-up share/quota capital, and equity	Date of equity
-		-		-	-	-	
-		-		175,566	176,060	494	31/12/2014
-		-		41,000	41,000	-	31/12/2015
-		-		-			
-		-		3,500	3,500	-	31/12/2016
-		-		20	-	(20)	
-		-		5,800	5,800	-	31/12/2015
-		-		1,269	-	(1,269)	
-		-		-	45,340	45,340	31/12/2016
-		-		18,481,628	-	(18,481,628)	
-		-		-			
-		-		8,257	9,200	943	31/12/2014
-		(4,416)	I	-	234	234	30/06/2016
2,170	E	-		64,270	64,260	(10)	31/12/2015
-		-		313,652	1,664,660	1,351,008	31/12/2013
-		-		510	-	(510)	
-		-		84,000	-	(84,000)	
-		-		-	-	-	
-		-		-	-	-	
-		-		4,200,000	4,200,000	-	31/12/2016
-		-		2,820,000	11,255,288	8,435,288	31/12/2015
-		-		4,000	4,000	-	31/12/2015
-		-		9,400,000	9,400,000	-	31/12/2015
-		(42,648)	N	1,238,052	1,279,036	40,984	31/12/2013
-		(1,799,883)	N	282,728	282,728	-	31/12/2016
-		-		-	-	-	
-		-		17,850,000	17,850,000	-	31/12/2015
-		-		6,470	-	(6,470)	
-		-		-	-	-	
-		-		-	-	-	
-		-		17,342,000	16,277,493	(1,064,507)	31/12/2015
-		-		25,500,000	25,500,000	-	31/12/2015
(2,820,463)	C	-		-	9,249,797	9,249,797	31/12/2016
-		-		-	-	-	
-		-		-			
-		-		-	-	-	
-		-		358	4,434,872	4,434,514	31/12/2016
-		-		18,592	-	(18,592)	
-		-		510	510	-	31/12/2016

Equity investments at 31 December 2016 - Salini Impregilo S.p.A.

Name	Investment %	Registered office	Amount Salini Impregilo S.p.A. 01/01/2016 (€)
Subsidiaries, associates and jointly controlled entities			
Sima Gest 3 S.c.a.r.l. in liq.	0.010	Zola Pedrosa	5
Sipem - Soc Ind Prefabbr Edilizia Medit S.r.l. in liq.	100.000	Assoro	-
Sirjo S.c.p.A.	40.000	Rome	3,000,000
SP M4 - Soc di Progetto M4 S.c.p.A.	29.000	Milan	104,040
SPV Linea M4 S.p.A.	9.690	Milan	9,941,200
Stazione Tribunale	43.000	Italy	8,600
Salini Impregilo Bin Omran Jv	50.000	Qatar	-
South Al Mutlaa J.V.	55.000	Kuwait	
TAT - Tunnel Alp Transit Consorzio (Svizzera)	17.500	Switzerland	-
TE - Tangenziale Esterna S.p.A. (ex STP)	3.750	Milan	100
TM Salini Consortium	90.000		-
Todini Impregilo Almaty Khorgos Jv (Kazakistan)	0.010	Kazakhstan	-
Torre Consorzio	94.600	Milan	4,730,000
Tradeciv Consorzio	8.058	Naples	12,533
Transmetro Ace (Portogallo)	5.000	Portugal	-
Impregilo Healy Parsons Jv	45.000	Argentina	-
Veco S.c.a.r.l.	25.000	Venice	2,582
Yuma Concesionaria Sa (Colombia)	40.000	Colombia	6,351,551
Western Station J.V,	51.000	Saudi Arabia	
Metro B S.r.l.	52.520	Rome	10,504,000
Metro B1 S.c.a.r.l.	80.700	Rome	1,952,940
RI.MA.TI. S.c.a.r.l.	83.420	Rome	699,420
Copenaghen Metro Team I/S	99.990	Denmark	16,922,452
Salini Insaat Taahhut Sanayi Ve Ticaret Anonim Sirketi	100.000	Turkey	872,608
Salini Impregilo - Salini Insaat - NTF J.V - Legal	55.000	Turkey	-
Salini Impregilo - NRW Joint Venture	80.000	Australia	
Salini-Kolin-GCF Joint Venture	38.000	Turkey	-
Todini Akkord Salini	25.000	Ukraine	2,054,820
Forum S.c.r.l. (in liq.)	20.000	Rome	10,329
Risalto S.r.l. (in liq.)	66.670	Rome	77,463
Variante di Valico S.c.r.l. (in liq.)	66.670	Rome	32,828
Compagnia Gestione Finanziarie - Co.Ge.Fin S.r.l.	100.000	Rome	14,850,505
San Ruffillo S.c.a.r.l.	35.000	Rome	21,000
Gaziantep Hastane Sanglik Hizmetleri Isletme Yatrim Joint Stock Company	35.500	Turkey	3,644,991
Gaziantep Hastanesi Isletme Ve Bakim Hizmetleri	50.000	Turkey	-
Salini Acciona Joint Venture	50.000	Ethiopia	9,430
Salini Strabag Joint Ventures	50.000	Guinea	-
Grupo Unidos Por El Canal S.A.	48.000	Panama	22,800,664
I.S.V.E.U.R. S.p.A.	1.000	Rome	34,086
Pantano S.c.r.l.	10.500	Rome	4,338
Equity investments - SPEs			**245,312,181**

Increases in the year	N	Decreases in the year	N	Amount Salini Impregilo S.p.A. 31/12/2016 (€)	Share of carrying amount	Diff. between investment, net of uncalled-up share/quota capital, and equity	Date of equity
-		-		5	-	(5)	
-		-		-	(398,412)	(397,308)	31/12/2015
-		-		3,000,000	3,000,000	-	31/12/2014
-		-		104,040	104,040	-	31/12/2015
3,504,800	E	-		13,446,000	-	(13,446,000)	
-		-		8,600			
-		-		-			
-		-		-			
-		-		-	-	-	
-		-		100	-	(100)	
-		-		-	-	-	
-		-		-			
-		-		4,730,000	4,730,000	-	31/12/2016
-		-		12,533	-	(12,533)	
-		-		-	-	-	
-		-		-	-	-	
-		-		2,582	-	(2,582)	
-		-		6,351,551	9,814,329	3,462,778	31/12/2015
-		-		-			
-		(1,334,144)	N	9,169,856	1,414,241	(7,755,614)	31/12/2015
-		-		1,952,940	1,952,940	-	31/12/2015
-		-		699,420	699,418	(2)	31/12/2015
-		-		16,922,452	39,439,056	22,516,604	31/12/2016
(872,608)	C	-		-	194,578	194,578	31/12/2016
-		-		-	2,485,794	2,485,794	31/12/2016
-		-		-			
-		-		-	1,555	1,555	31/12/2016
-		(1,045,204)	N	1,009,616	1,009,616	-	31/12/2016
-		-		10,329	10,329	-	31/12/2016
2,176	I	(79,639)	I	-	31,394	31,394	29/11/2016
-		-		32,828	52,485	19,657	31/12/2014
-		-		14,850,505	12,990,574	(1,859,931)	31/12/2015
-		-		21,000	21,000	-	31/12/2013
1,883,273	E	-		5,528,264	-	(5,528,264)	31/12/2014
7,648	A	-		7,648			
-		-		9,430	-	(9,430)	
-		-		-	-	-	
51,764,396	E,Q	(25,543,743)	N	49,021,317	-	(49,021,318)	
-		-		34,086	-	(34,086)	
-		-		4,338	4,338	-	31/12/2014
50,973,987		**(32,098,682)**		**264,187,486**	**261,846,667**	**(2,333,075)**	

Equity investments at 31 December 2016 - Salini Impregilo S.p.A.

Name	Investment %	Registered office	Amount Salini Impregilo S.p.A. 01/01/2016 (€)
CSC Impresa Costruzioni Sa (ex Magnenat) (Svizzera)	100.000	Switzerland	25,727,553
Con. Sal S.c.n.c. (in liq.)	30.000	Italy	
Emittenti Titoli S.p.A.	0.244	Milan	10,832
Fibe S.p.A. (impegno ripian 100%)	99.989	Naples	39,840,780
Fisia Italimpianti S.p.A.	100.000	Genoa	40,219,435
Fisia Ambiente S.p.A. (ex Fisia Italimpianti)	100.000	Genoa	21,580,565
Golf Pordenone S.r.l.	0.387	Pordenone	-
Healy Company Sa (Chicago)	100.000	USA	39,998,486
HCE Costruzioni S.p.A.	100.000	Rome	
HCE Costruzioni Ukraine LLC	1.000	Ukraine	583,317
Ilim Iniziative Lombarde Immobiliari S.r.l. in liq.	100.000	Milan	3,834,610
Immobiliare Golf Club Castel d'Aviano S.p.A.	0.444	Aviano	62,910
Impregilo Arabia L.t.d.	50.000	Saudi Arabia	6,004,779
Impregilo Colombia Sas	100.000	Colombia	12,094,597
Impregilo International Infrastructures Nv (Olanda)	100.000	Netherlands	170,000,000
Impregilo Lidco Co	60.000	Libya	1,785,000
Imprepar - Impregilo Partecipazioni S.p.A.	100.000	Milan	45,941,191
Rimini Fiera S.p.A.	2.089	Rimini	3,193,670
SGF - INC S.p.A.	100.000	Milan	6,600,000
Skiarea Valchiavenna S.p.A.	0.977	Madesimo	99,740
Suropca - Suramericana de Obras Ca (Venezuela)	99.000	Venezuela	1,311,051
Compagnia Gestione Macchinari CO.GE.MA. S.p.A.	100.000	Rome	2,059,428
SA.CO.LAV. S.c.r.l. (in liq.)	100.000	Rome	10,329
SA.MA. S.c.a.r.l. (in liq.)	99.000	Rome	40,904
TB Metro S.r.l. (in liq.)	51.000	Rome	35,754
Todini Costruzioni Generali S.p.A.	100.000	Rome	8,907,301
Salini Bulgaria A.D.	100.000	Bulgaria	-
Salini Impregilo - US Holdings Inc.	100.000	USA	-
Salini Saudi Arabia Company L.t.d.	51.000	Saudi Arabia	-
Salini Hydro L.t.d.	100.000	Ireland	302,153
Salini Polska L.t.d. Liability Co	100.000	Poland	2,239,580
Salini Rus L.t.d. Liability Company.	99.000	Russia	-
Salini India Private L.t.d.	95.000	India	-
Salini Malaysia SDN BHD	90.000	Malaysia	610,468
Salini Nigeria L.t.d.	99.000	Nigeria	-
Equity investments - Other companies			**433,094,432**

Increases in the year	N	Decreases in the year	N	Amount Salini Impregilo S.p.A. 31/12/2016 (€)	Share of carrying amount	Diff. between investment, net of uncalled-up share/quota capital, and equity	Date of equity
-		-		25,727,553	30,270,991	4,543,438	31/12/2015
-		-		-			
-		-		10,832	-	(10,832)	
-		-		39,840,780	39,836,398	(4,382)	31/12/2015
-		-		40,219,435	7,167,592	(33,051,843)	31/12/2015
-		-		21,580,565	31,797,565	10,217,000	31/12/2015
14,528	C	-		14,528			
-		(39,998,486)	G	-	55,025,252	55,025,252	31/12/2014
-		-		-			
-		-		583,317	1,333,107	749,790	31/12/2014
1,022,130	G	(4,856,740)	G	-	3,910,889	3,910,889	14/04/2016
(14,528)	C	(30,386)	N	17,995	-	(17,995)	
(2,068,611)	E,C	-		3,936,167	140,753	(3,795,414)	31/12/2016
-		-		12,094,597	11,804,945	(289,652)	31/12/2015
-		-		170,000,000	202,915,000	32,915,000	31/12/2015
-		-		1,785,000	840,774	(944,226)	31/12/2015
-		-		45,941,191	50,920,505	4,979,314	31/12/2015
-		(1,629,693)	N	1,563,977	3,221,670	1,657,693	31/12/2013
(6,600,000)	C	-		-	1,756,130	1,756,130	31/12/2015
-		(1,370)	N	98,370	-	(98,370)	
-		(383,742)	N	927,309	927,309	-	31/12/2016
-		(1,541,881)	N	517,547	1,299,950	782,403	31/12/2015
-		(10,329)	I	-	13,263	13,263	25/10/2016
-		(40,904)	I	-	58,836	58,836	25/10/2016
-		-		35,754	(762,117)	(797,871)	31/12/2015
190,202,035	O,H	(199,109,336)	N,H	-	23,667,376	23,667,376	31/12/2014
-		-		-			
468,662,593	A	-		468,662,593			
30,297,941	A,E,O	-		30,297,941			
-		(289,266)	N	12,887	302,154	289,267	31/12/2015
(2,239,580)	C	-		-	(338,775)	(338,775)	31/12/2016
-		-		-	(863,996)	(863,996)	31/12/2014
-		-		-	(487,333)	(487,333)	31/12/2015
-		-		610,468	26,166,267	25,555,799	31/12/2015
-		-		-	24,744,805	24,744,805	31/12/2016
679,276,507		**(247,892,134)**		**864,478,806**	**515,669,308**	**150,165,563**	

Equity investments at 31 December 2016 - Salini Impregilo S.p.A.

Name	Investment %	Registered office	Amount Salini Impregilo S.p.A. 01/01/2016 (€)
Subsidiaries, associates and jointly controlled entities			
Abu Dhabi - Tristar Salini Jv	40.000	Abu Dhabi	-
Argent - Eriday Ute (Impregilo - Dumez)	9.875	Argentina	-
Argent - Impregilo Healy Ute	73.000	Argentina	678,530
Argent - Impregilo Iglys Techint Ezeiza Ute (Carceles)	26.250	Argentina	3,944
Australia - IS Jv	50.000	Australia	-
Austria - Arge Tulfes Pfons	49.000	Austria	-
Brasile - Serra do Mar Consorcio	20.000	Brazil	-
Cile - Empresa Angostura L.t.d.a. (valore carico in Sede)	65.000	Chile	436,890
Cile - Empresa Constructora Lo Saldes L.t.d.a.	35.000	Chile	5,341
Cile - Empresa Constructora Metro 6 L.t.d.a.	99.900	Chile	17,131
Grecia - Aegek Igl Altom Transport Jv	45.800	Greece	-
Grecia - Aktor Impregilo Jv (Agios Constantinos) (Strada)	40.000	Greece	-
Grecia - Aktor Impregilo Jv (Metropolitana)	0.100	Greece	-
Grecia - Executive Impregilo Terna Iris Jv in liq	33.333	Greece	-
Grecia - Igl Sgf Jv (ex Empedos - ex Gnomon Tcgc) (Canale/Tunnel)	99.000	Greece	-
Grecia - Igl Terna SNFCC Jv (Centro Niarchos)	51.000	Greece	51,000
Grecia - Impregilo Empedos Aktor Jv	66.000	Greece	-
Grecia - Line 3 Metro Stations Jv	50.000	Greece	-
Grecia - Terna Impregilo Jv (Tram)	45.000	Greece	-
Grecia - Thessaloniki Metro CW Jv	42.500	Greece	-
Grecia - Thessaloniki Metro Jv (Aegek)	26.710	Greece	-
India - Nathpa Jhakri Jv	60.000	India	-
Perù - Consorcio Constructor M2 Lima	25.500	Peru	-
Polonia - Al Motorway Tuszyn Pyrzowice Lot F Jv	94.990	Poland	-
Polonia - salini Polska Impregilo Todini S7 jv	74.990	Poland	-
Polonia - Generalny Wykonawca Salini Impregilo Kobylarnia Jv	33.340	Poland	-
Qatar - Impregilo SK Galfar Jv	41.250	Qatar	-
Qatar - Galfar Salini Impregilo Cimolai	40.000	Qatar	-
Sudafrica - CMC Mavundla Impregilo Jv	39.200	South Africa	-
Usa - Barnard Impregilo Healy Jv	25.000	USA	-
Usa - Impregilo Healy Parsons Jv	45.000	USA	-
Usa - Salini Impregilo Healy Jv	30.000	USA	-
Usa - SFI Leasing Company Jv	30.000	USA	-
Usa - Shimmick FCC Impregilo Jv	30.000	USA	-
Usa - Vegas Tunnel Constructors Jv	40.000	USA	-
Venez - Contuy Medio Grupo A Consorcio	36.400	Venezuela	-
Venez - GEI Grupo Empresas Italianas Consorcio	33.333	Venezuela	-
Venez - OIV Tocoma Consorcio	40.000	Venezuela	-

Increases in the year	N	Decreases in the year	N	Amount Salini Impregilo S.p.A. 31/12/2016 (€)	Share of carrying amount	Diff. between investment, net of uncalled-up share/quota capital, and equity	Date of equity
-		-		-	-	-	
-		-		-	-	-	
-		(9,060)	I	669,470	835,533	166,063	13/12/2014
-		-		3,944	0	(3,944)	
-		-		-	7,404,626	7,404,626	31/12/2016
-		-		-	181,292	181,292	31/12/2016
-		-		-	-	-	31/12/2016
-		-		436,890			
-		(5,341)	I	-	-	(436,890)	
-		-		17,131		(17,131)	
-		-		-	-	-	
-		-		-	-	-	
-		-		-	-	-	
-		-		-	-	-	
-		-		-	1,850,111	1,850,111	31/12/2016
-		-		51,000	6,579,866	6,528,866	31/12/2016
-		-		-	-	-	
-		-		-	-	-	
-		-		-	-	-	
-		-		-	-	-	
-		-		-	-	-	
-		-		-	201,480	201,480	31/12/2016
-		-		-	-	-	
-		-		-			
-		-		-			
-		-		-	-	-	
-		-		-	13,637,281	13,637,281	31/12/2016
-		-		-			
-		-		-	32,153,775	32,153,775	31/12/2015
-		-		-	1,187,662	1,187,662	30/06/2016
-		-		-	5,066,180	5,066,180	31/12/2016
-		-		-	-	-	
-		-		-	341,990	341,990	31/12/2016
-		-		-	7,202,232	7,202,232	31/12/2016
-		-		-	1,021,610	1,021,610	30/06/2016
-		-		-	38,882	38,882	31/12/2016
-		-		-	-	-	
-		-		-	-	-	

Equity investments at 31 December 2016 - Salini Impregilo S.p.A.

Name	Investment %	Registered office	Amount Salini Impregilo S.p.A. 01/01/2016 (€)
Venez - VIT Caroni Tocoma Consorcio	35.000	Venezuela	-
Venez - VIT Tocoma Consorcio	35.000	Venezuela	-
Venez - VST Tocoma Consorcio	30.000	Venezuela	-
Investments in branches - SPEs			**1,192,837**
Total			**679,599,450**

Summary of variations in equity investments	
Incorporations and subscriptions	A
Acquisitions and increases in investments	B
Transfer	C
Capital increases	D
Capital injections for capital increases	E
Reimbursement of share/quota capital	F
Intragroup sales	G
Sales to third parties	H
Liquidations	I
Reclassifications due to change in investment % or other changes	L
Reversals of impairment losses to the extent of previously recognised impairment losses	M
Impairment losses	N
Reconstitution of share/quota capital to cover losses	O
Revaluations	P
Exchange rate gains (losses)	Q
Cancellations due to mergers	R
Reclassifications of equity investments with a negative carrying amount	S
PPA valuation	T
Total	

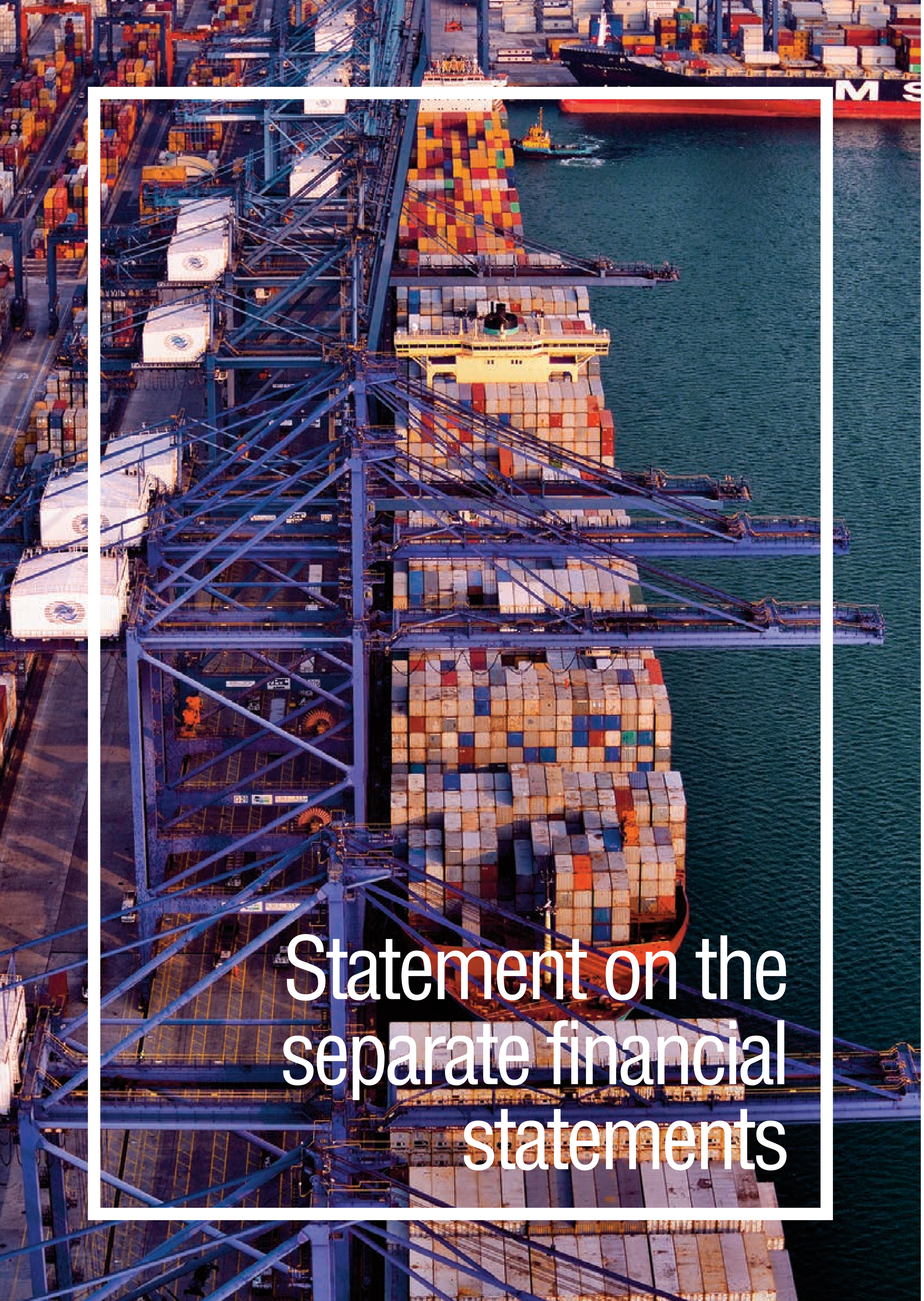
Increases in the year	N	Decreases in the year	N	Amount Salini Impregilo S.p.A. 31/12/2016 (€)	Share of carrying amount	Diff. between investment, net of uncalled-up share/quota capital, and equity	Date of equity
-		-		-	-	-	
-		-		-	-	-	
-		-		-			
-		**(14,401)**		**1,178,436**	**77,702,521**	**76,524,085**	
730,250,494		**(280,005,216)**		**1,129,844,728**	**855,218,496**	**224,356,574**	
468,771,001		-					
-		-					
(23,395,413)		-					
-		-					
74,224,849		-					
-		-					
1,022,130		(44,855,227)					
190,202,035		(199,109,336)					
2,176		(359,145)					
-		-					
-		-					
-		(35,681,509)					
10,328,946		-					
-		-					
9,094,768		-					
-		-					
-		-					
-		-					
730,250,493		**(280,005,216)**					

Equity investments at 31 December 2016 - Salini Impregilo S.p.A.

Name	Investment %	Registered office	Amount Salini Impregilo S.p.A. 01/01/2016 (€)
Subsidiaries, associates and jointly controlled entities, consolidated, with negative carrying amount			
Cigla Constructora Sa (Brasile)	100.000	Brazil	-
Empresa Constructora Metro 6 L.t.d.a. (Cile)	99.900	Chile	(8,135,821)
Grupo ICT II Sas (Colombia)	100.000	Colombia	(6,750,822)
Grupo Unidos por el Canal (Panama)	48.000	Panama	-
HCE Costruzioni S.p.A.	100.000	Rome	-
Impregilo Arabia L.t.d.	50.000	Saudi Arabia	
Impregilo Colombia Sas	100.000	Colombia	-
PGH L.t.d. (Nigeria)	100.000	Nigeria	-
Salini Australia Pty L.t.d.	100.000	Australia	-
Salini Bulgaria A.D.	100.000	Bulgaria	(2,299,595)
Salini India Private L.t.d.	95.000	India	(451,124)
Salini Impregilo Insaat Jv	55.000	Turkey	
Salini Insaat Taahut Sanayi Ve Ticaret	100.000	Turkey	
Salini - Impregilo Joint Venture for Mukorsi	99.900	Zimbabwe	(120,966)
Salini Polska L.t.d. Liability Co	100.000	Poland	
SGF - INC S.p.A.	100.000	Milan	
Sipem Soc Ind Pref Edil Medit S.r.l. in liq.	100.000	Italy	
Risalto S.r.l. (in liq.)	66.670	Rome	-
Variante di Valico S.c.r.l. (in liq.)	66.670	Rome	-
Con. Sal S.c.n.c. (in liq.)	30.000	Rome	(12,428)
ITALSAGI SPZOO	33.000	Poland	(222,489)
Total investments in subsidiaries, associates and jointly controlled entities - consolidated, with negative carrying amount			**(17,993,244)**

Summary of variations in equity investments	
Incorporations and subscriptions	A
Acquisitions and increases in investments	B
Transfer	C
Capital increases	D
Capital injections for capital increases	E
Reimbursement of share/quota capital	F
Intragroup sales	G
Sales to third parties	H
Liquidation	I
Reclassifications due to change in investment % or other changes	L
Reversals of impairment losses to the extent of previously recognised impairment losses	M
Impairment losses	N
Reconstitution of share/quota capital to cover losses	O
Revaluations	P
Merger	Q
Cancellations due to mergers	R
Reclassifications of equity investments with a negative carrying amount	S
PPA valuation	T
Total	

Increases in the year	N	Decreases in the year	N	Amount Salini Impregilo S.p.A. 31/12/2016 (€)	Share of carrying amount	Diff. between investment, net of uncalled-up share/quota capital, and equity share	Date of equity
738,778	C	(1,195,388)	N	(456,610)	-	-	Transfer to positive
-		(17,606,749)	N	(25,742,570)		-	
6,750,822	C	-		-	(4,276,294)	(4,276,294)	31/12/2014
-		-		-	-	-	
14,686,743	A,O	(28,500,000)	N	(13,813,257)			
3,373,162	C	(3,513,915)	N	(140,753)			
-		-		-	-	-	Transfer to positive
-		-		-	-	-	Transfer to positive
2,820,463	C	(12,070,260)	N	(9,249,797)			
2,198,215	O	(7,103)	N	(108,484)	(2,125,048)	(700,241)	31/12/2014
-		(18,744)	N	(469,867)	(487,333)	(17,467)	31/12/2014
-		(2,485,794)	N	(2,485,794)			
1,522,608	O,C	(1,717,186)	N	(194,578)			
-		-		(120,966)	-	-	
2,239,580	C	(2,578,533)	N	(338,953)			
8,800,000	O,C	(13,300,000)	N	(4,500,000)			
-		(179,604)	N	(179,604)			
-	C	-		-	-	-	
-		-		-	52,485	19,657	31/12/2014
-		(49,708)	N	(62,136)	-	222,489	
-		222,489	I	-	-	-	
43,130,370		**(83,000,494)**	**-**	**(57,863,368)**	**(195,667,360)**	**1,392,467**	
-		-					
-		-					
2,186,743		-					
-		-					
23,395,413		-					
-		-					
-		-					
-		-					
-		-					
-		-					
-		222,489					
-		-					
-		-					
-		(83,222,983)					
17,548,215		-					
-		-					
-		-					
-		-					
-		-					
-		-					
43,130,370		**(83,000,494)**					



Statement on the separate financial statements

Statement on the separate financial statements
pursuant to article 81-ter of Consob regulation no. 11971 of 14 May 1999 and subsequent amendments and integrations

1 Pietro Salini, as chief executive officer, and Massimo Ferrari, as manager in charge of financial reporting, of Salini Impregilo S.p.A., considering the provisions of article 154-bis.3/4 of Legislative decree no. 58 of 24 February 1998, state:

- that the administrative and accounting procedures are adequate given the company's characteristics; and

- that they were actually applied during 2016 to prepare the separate financial statements.

2 No significant issues arose.

3 Moreover, they state that:

3.1 The separate financial statements:

a) have been prepared in accordance with the applicable International Financial Reporting Standards endorsed by the European Union pursuant to EC Regulation 1606/2002 of the European Parliament and Council of 19 July 2002;

b) are consistent with the accounting records and entries;

c) are suitable to give a true and fair view of the financial position and results of operations of the Issuer.

3.2 The Directors' report includes a reliable analysis of the financial position and results of operations of the Issuer, together with information about the main risks and uncertainties to which it is exposed.

Milan, 15 March 2017

Chief executive officer
Pietro Salini
(Signed on the original)

Manager in charge
of financial reporting
Massimo Ferrari
(Signed on the original)

Reports

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
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PEC kpmgspa@pec.kpmg.it

(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Salini Impregilo S.p.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of the Salini Impregilo Group (the "group"), which comprise the statement of financial position as at 31 December 2016, the income statement and the statements of comprehensive income, cash flows and changes in equity for the year then ended and notes thereto.

Directors' responsibility for the consolidated financial statements

The parent's directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Independent auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA Italia) promulgated pursuant to article 11 of Legislative decree no. 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as at 31 December 2016 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Emphasis of matters

Without modifying our opinion, we bring your attention to the following matters:

— the directors have described the significant litigation and exposures to countries with risk and/or uncertainty profiles. Reference should be made to the "Main risk factors and uncertainties" section of the directors' report and the notes to the consolidated financial statements;

— the directors have described the methods used to restate the figures as at and for the year ended 31 December 2015 presented for comparative purposes. Reference should be made to that disclosed in the "Introductory comments of the compatibility of data" section of the directors' report and the notes to the consolidated financial statements.

Report on other legal and regulatory requirements

Opinion on the consistency of the directors' report and certain information presented in the report on corporate governance and ownership structure with the consolidated financial statements

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion, as required by the law, on the consistency of the directors' report and the information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98, which are the responsibility of the parent's directors, with the consolidated financial statements. In our opinion, the directors' report and the information presented in the report on corporate governance and ownership structure referred to above are consistent with the consolidated financial statements of the Salini Impregilo Group as at and for the year ended 31 December 2016.

Milan, 5 April 2017

KPMG S.p.A.

(signed on the original)

Paola Maiorana
Director of Audit

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
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(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Salini Impregilo S.p.A.

Report on the separate financial statements

We have audited the accompanying separate financial statements of Salini Impregilo S.p.A. (the "company"), which comprise the statement of financial position as at 31 December 2016, the income statement and the statements of comprehensive income, cash flows and changes in equity for the year then ended and notes thereto.

Directors' responsibility for the separate financial statements

The company's directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Independent auditors' responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA Italia) promulgated pursuant to article 11 of Legislative decree no. 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of separate financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the separate financial statements.

Salini Impregilo S.p.A.
Independent auditors' report
31 December 2016

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate financial statements give a true and fair view of the company's financial position as at 31 December 2016 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Emphasis of matter

Without modifying our opinion, we bring your attention to the disclosures provided by the directors about the significant litigation and exposures to countries with risk and/or uncertainty profiles. Reference should be made to the "Main risk factors and uncertainties" section of the directors' report and the notes to the separate financial statements.

Other matters

As required by the law, the company disclosed the key figures from the latest financial statements of the company that manages and coordinates it in the notes to its own separate financial statements. Our opinion on the separate financial statements of Salini Impregilo S.p.A. does not extend to such data.

Report on other legal and regulatory requirements

Opinion on the consistency of the directors' report and certain information presented in the report on corporate governance and ownership structure with the separate financial statements

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion, as required by the law, on the consistency of the directors' report and the information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98, which are the responsibility of the company's directors, with the separate financial statements. In our opinion, the directors' report and the information presented in the report on corporate governance and ownership structure referred to above are consistent with the separate financial statements of Salini Impregilo S.p.A. as at and for the year ended 31 December 2016.

Milan, 5 April 2017

KPMG S.p.A.

(signed on the original)

Paola Maiorana
Director of Audit

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS OF SALINI IMPREGILO S.p.A. PURSUANT TO ARTICLE 153 OF LEGISLATIVE DECREE NO. 58/1998

Dear shareholders,

Pursuant to the ruling legislation covering public companies listed on regulated markets and in accordance with the Italian Civil Code requirements, we inform you that we performed the supervisory activities required of us during 2016.

We have prepared this report for the shareholders of Salini Impregilo S.p.A. (the "company") called upon to approve, inter alia, the financial statements as at and for the year ended 31 December 2016. It presents our activities performed in 2016 and up until the date hereof, as required by the ruling legislation.

Our term of office, which started with our appointment by the shareholders on 30 April 2014, expires with the shareholders' meeting called to approve the above-mentioned financial statements.

******

Based on our work performed during the year and considering the guidelines set out by Consob (the Commission for Listed Companies and the Stock Exchange) in its communications, we note the following:

-we monitored compliance with the law and bylaws;

-we took part in the shareholders' meetings, as well as all the meetings of the board of directors held during the year and obtained regular information from the directors on the activities and key transactions performed by the company, including through its subsidiaries, as disclosed in the directors' report, to which reference should be made;

-pursuant to article 19.1 of Legislative decree no. 39/2010, we monitored (i) the financial reporting system; (ii) the effectiveness of the internal controls, internal audit and risk management; (iii) the legally-required audit of the annual separate and consolidated financial statements; and (iv) the independence of the auditors engaged to perform the legally-required audit, especially as regards the provision of non-audit services.

-pursuant to article 19.3 of Legislative decree no. 39/2010, we obtained the report from the independent auditors engaged to perform the legally-required audit on its findings and, specifically, the lack of any weaknesses in internal controls and risk management with respect to financial reporting;

-we actively took part in meetings of the executive committee (up until its dissolution as approved by the board on 15 September 2016), the control and risk committee and the remuneration and appointment committee, both set up pursuant to the Code of Conduct for Listed Companies, as well as the related party transactions committee, set up in accordance with Consob regulation no. 17221/2010. We also obtained information from the supervisory body set up as per Legislative decree no. 231/2001, about its activities carried out, including at the subsidiaries;

-we acknowledged preparation of the remuneration report as per article 123-ter of Legislative decree no. 58 of 24 February 1998 (the "Consolidated Finance Act") and article 84-quater of Consob regulation no. 11971/1999, and the report on corporate governance and the ownership structure as per article 123-bis of the Consolidated Finance Act and have no comments to make;

-we checked compliance with the laws and regulations about the preparation and format of financial statements, verifying the suitability of the impairment tests (in terms of the method used) and the consistency of the 2016 Directors' report.

We note the following key events and transactions which took place in 2016:

- completion of the acquisition of the US company Lane Industries Incorporated;
- sale of Todini Costruzioni Generali S.p.A. to Prime System KZ Ltd for €51 million;
- approval of the 2016-2019 business plan by the directors and its presentation to the financial community;

- the refinancing transaction achieved with the issue of bonds and an exchange offer, placing bonds with a total nominal amount of €171,736,000 reserved for institutional investors on the Irish Stock Exchange and consolidated in a single series with the previously issued bonds of €428,264,000 issued on 24 June 2016 and redeemable on 24 June 2021.

Following the investigations into the Cociv Consortium, on 6 March 2017, the Rome prefecture ordered the extraordinary administration of this consortium pursuant to article 32.1.b of Law decree no. 90 of 24 June 2014, converted with amendments by Law no. 114 of 11 August 2014. It appointed an extraordinary commissioner for a six-month period which may be extended. Reference should be made to the information provided about this in the Directors' report.

With respect to the specific supervisory and control activities performed, we have the following comments.

1. Significant financial or capital transactions

The directors informed us periodically about the operations and key transactions undertaken by the company and its subsidiaries. They also described such operations and transactions in their report, to which reference is made, with details of their characteristics and effects.

We obtained adequate information about them in order to be in a position to reasonably believe that they comply with the law, the by-laws and principles of correct administration and that they are not imprudent, risky or contrary to the resolutions taken by the shareholders or such that would compromise the company's assets.

Transactions in which the directors or other related parties have an interest are subjected to the transparency procedures required by the ruling legislation.

2. Atypical and/or unusual transactions, intragroup transactions or related party transactions

We did not identify nor were we informed by the directors, independent auditors or internal audit supervisor about any atypical and/or unusual transactions carried out with third parties, related parties or other group companies.

Information about the main intragroup transactions and transactions with other related parties performed in 2016 together with a description of their characteristics and effects are provided in the notes to the separate financial statements of Salini Impregilo S.p.A. and to the Group's consolidated financial statements.

3. Adequacy of information provided in the Directors' report about atypical and/or unusual transactions, intragroup transactions or related party transactions

The directors described the day-to-day transactions carried out during the year with group companies and related parties in the notes to the separate financial statements to which reference should be made, also for details about their characteristics and financial effects.

They did not identify any critical issues with respect to their suitability and compliance with the company's interests.

4. Comments on and proposals about the findings and emphasis of matter paragraphs in the independent auditors' reports

The independent auditors, KPMG S.p.A. issued its reports on 5 April 2017 pursuant to articles 14 and 16 of Legislative decree no. 39/2010 on the separate and consolidated financial statements at 31 December 2016 of the company and its group, respectively, prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed by the European Union. The reports state that the separate and consolidated financial statements at 31 December 2016 have been prepared in accordance with the IFRS and give a true and fair view of the financial position, results of operations and cash flows of the company and the Group, respectively.

The independent auditors' reports include emphasis of matter paragraphs to which reference should be made. We agree with these emphasis of matter paragraphs.

5. Complaints as per article 2408 of the Italian Civil Code, actions taken by the board of statutory auditors and related outcome

During the year, three communications were received from the same shareholder. After investigating them, assisted by the internal audit department and other competent offices, we did not identify information that needed to be reported to the shareholders.

6. Reports presented, actions taken by the board of statutory auditors and related outcome

No other reports apart from those mentioned in point 5 were received during the year.

7. Engagement of independent auditors and related fees

We obtained evidence from the independent auditors about the recorded fees paid to them and their network entities for services related to 2016 as follows (in Euros):

Fees		Audit
Audit of the separate financial statements (*)		883,852
Audit of the consolidated financial statements		210,000
Review of the condensed interim financial statements		231,000
Total ordinary audit activities		**1,324,852**
Other services		
Audit of the financial statements of the Italian subsidiaries		442,358
Attestation services		502,625
Other services		105,000
Total other services		**1,049,983**
Total		**2,374,836**

*** Includes €259,852 for audit services provided to the company's foreign branches by the KPMG network foreign entities and checks during the year that the company's accounts were kept properly and that the accounting entries accurately reflected its operations.**

8. Assignment of other engagements to parties related to the independent auditors

We noted that the company recorded the following additional fees paid to companies or professional firms part of the KPMG international network for the following engagements (in Euros):

Company / Tax and legal firm of the international network	**Service provided**	**Amount**
KPMG network	Audit services to foreign group companies	1,393,347
KPMG network	Other attestation, administrative and tax advisory services	115,138
Total		**1,508,485**

We received a statement from KPMG S.p.A. confirming that, considering its services provided, it maintained its independent status and objectivity vis-à-vis the company and its group throughout the year.

9. Legally-required opinions

During the year, we expressed our favourable opinion on the following resolutions taken by the board of directors:

- remuneration package for the internal audit supervisor;
- dissolution of the executive committee;
- definition of the variable remuneration of the CEO and other key management personnel;
- issue of bonds reserved for institutional investors;
- the 2016 remuneration policy.

10. Frequency of attendance at company body meetings

We attended 17 meetings of the board of directors, three of the executive committee (until its dissolution), 15 of the risk and control committee, eight of the remuneration and appointment committee and one of the related party transactions committee during the year. We held 12 meetings.

During 2017 and up to the date of this report, we attended four meetings of the board of directors, five meetings of the risk and control committee, four meetings of the remuneration and appointment committee and one meeting of the related party transactions committee. We have met four times so far this year.

We also attended the shareholders' meeting of 28 April 2016 and the meeting of the holders of savings shares of 24 May 2016.

11. Compliance with correct administration standards

We have no comments to make about compliance with such standards based on our work.

12. Adequacy of the organisational structure

We believe that the company's organisational structure is adequate given its size and type of activities.

We also checked the adequacy of the organisation structure of the company's key subsidiaries, focusing on their internal controls and risk management.

13. Adequacy of internal controls and risk management

We supervised the adequacy of the internal controls and risk management as follows:

a) we regularly obtained information about the activities carried out during the meetings of the risk and control committee, meetings with the internal audit supervisor, the compliance supervisor, the group risk officer and the heads of the other departments involved from time to time; we also obtained the related documentation;

b) we participated regularly in the activities of the risk and control committee set up in line with the Code of Conduct for Listed Companies;

c) we reviewed the internal audit reports on the internal units of both the branches and head office and the working of the Group's internal controls and risk management; we also monitored the implementation of remedial actions identified as a result of the internal audit;

d) we reviewed the internal audit report on the internal controls and risk management;

e) we reviewed the reports of the compliance department on the prevention, monitoring and management of the risk of non-compliance with the law and anti-corruption regulations;

f) we reviewed the supervisory body's reports required by Legislative decree no. 231/2001, which summarise its activities for the year, and met the body members.

We also:

a) acknowledge the set up of the corporate social responsibility unit;

b) acknowledge the board of directors' positive assessment of the adequacy and effective working of internal controls and risk management in 2016.

We did not identify any critical situations or facts during our work that would have led us to believe that the company's internal controls or risk management were inadequate during the year.

To the extent of our duties, we also deem that the company's organisational, management and control model as per Legislative decree no. 231/2001 and the anti-corruption model, which are regularly updated, are suitable to prevent the crimes covered by the aforesaid Legislative decree, based also on the information provided by the chairperson of the supervisory body.

14. Adequacy of the administrative and accounting system and its reliability

To the extent of our duties, we monitored the adequacy of the administrative and accounting system and its ability to correctly show the company's operations by:

a) obtaining information from the manager in charge of financial reporting and the different department heads;

b) participating in the activities of the risk and control committee;

c) reviewing the reports prepared by the internal audit supervisor on the adequacy of the administrative and accounting procedures pursuant to Law no. 262/05 as per the annual mandate assigned by the manager in charge of financial reporting;

d) meeting the independent auditors;

e) reviewing internal documents and analysing the independent auditors' findings.

We did not identify any critical situations or facts during our work that would have led us to believe that the company's administrative and accounting system was inadequate and/or unreliable during the year.

15. Adequacy of the instructions given to subsidiaries

We believe that the instructions issued by the company to its subsidiaries pursuant to article 114.2 of the Consolidated Finance Act are adequate to ensure compliance with the legal disclosure requirements.

16. Issues which arose during meetings with the independent auditors

No issues arose during the meetings with the independent auditors, held in accordance with article 150 of the Consolidated Finance Act.

17. Compliance with the Code of Conduct of the Corporate Governance Committee of Listed companies

Pursuant to article 149.1.c-bis of the Consolidated Finance Act, we monitored the correct implementation of the corporate governance rules established by the Code of Conduct for Listed Companies adhered to by the company.

In accordance with the Consolidated Finance Act, the company has prepared its report on corporate governance and the ownership structure.

We checked the correct application of the criteria and procedures used by the board of directors to assess the independence of its members.

We verified that all the statutory auditors continued to meet the independence criteria established by the Code of Conduct throughout 2016.

18. Assessment of the supervisory activities

As noted, no reprehensible behaviour, omissions or irregularities were noted during our work that would require communication to the competent bodies.

19. Proposals to the shareholders

Based on our work performed during the year, we have no reason to object to approval of the financial statements at 31 December 2016, the Directors' report as presented by the board of directors or the proposal about the allocation of the profit for the year set out therein.

Milan, 5 April 2017

Board of Statutory Auditors

Alessandro Trotter – Chairperson

Teresa Cristiana Naddeo – Statutory auditor

Gabriele Villa – Statutory auditor

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

Produced by Corporate Identity and Communication Department

Design, Layout and Printing

PRC PROMOZIONE RICERCHE CONSULENZE prcsrl.com

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