

(Translation from the Italian original which remains the definitive version)

Interim financial report

30 June 2018

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Salini Impregilo S.p.A. Company managed and coordinated 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

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Company officers

Board of directors (i)

Chairperson
Deputy Chairman
Chief executive officer
Directors

Alberto Giovannini
Nicola Greco
Pietro Salini
Marina Broqi
Giuseppina Cabaldo
Mario Giuseppe Cattaneo
Roberto Cera
Maria Raffaella Leone
Geert Linnebank
Giacomo Marazzi
Ferdinando Parente
Franco Passacantando
Laudomia Pucci
Alessandro Salini
Grazia Volo

Risk and control committee

Chairperson

Mario Giuseppe Cattaneo
Marina Broqi
Giuseppina Cabaldo
Nicola Greco
Franco Passacantando

Compensation and nominating committee

Chairperson

Marina Broqi
Geert Linnebank
Laudomia Pucci

Committee for related-party transactions

Chairperson

Ferdinando Parente
Giuseppina Cabaldo
Geert Linnebank
Giacomo Marazzi

Board of statutory auditors (ii)

Chairperson
Standing statutory auditors

Substitute statutory auditors

Giacinto Gaetano Sarubbi
Alessandro Trotter
Teresa Cristiana Naddeo
Piero Nodaro
Roberto Cassader

Independent auditors (iii)

KPMG S.p.A.

- (i) Appointed by the shareholders on 30 April 2018; in office until approval of the financial statements as at and for the year ending 31 December 2020.
- (ii) Appointed by the shareholders on 27 April 2017; in office until approval of the financial statements as at and for the year ending 31 December 2019.
- (iii) Engaged by the shareholders on 30 April 2015; term of engagement from 2015 to 2023.

Key events of the period

Lane Industries Inc.

Enhancement of Lane Industries Inc.'s Plants & Paving division

On 12 June 2018, Lane Industries Inc.'s board of directors resolved to sell the Plants & Paving division. Accordingly, it appointed advisors to assist with the assessment of its disposal.

This resolution has its basis in the Group's objective to consolidate its growth strategy in the US large infrastructure business sector by disposing of non-core assets and freeing up resources for possible investment in the US in the Group's core business

It is currently assessing offers received from major US and European groups.

Key projects acquired in the six months

Contract awarded in Paris worth approximately €200 million

On 19 March 2018, Salini Impregilo Group won a contract worth approximately €200 million to extend a Paris metro line to the Orly airport, southeast of the French capital. This contract marks the Group's entry into the Grand Paris Express, a project that will revolutionise the public transport system of Paris and its extensive suburbs by 2030.

Salini Impregilo and its French joint venture partner have been awarded one of the four sections.

Approximate USD180 million contract in South Carolina (USA)

On 23 March 2018, the group company, The Lane Construction Corporation, won a design & build contract worth approximately USD180 million to widen Interstate 85 (I-85) in Cherokee Country, South Carolina, USA.

Directors' report - Part I

Financial highlights

The following table shows the Group's adjusted key financial indicators for the first six months of 2018 and the corresponding period of the previous year.

Adjustments are not provided for by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Union. The Group deems that these adjusted figures and data provide information useful to management and investors to assess the Group's performance and compare it to other companies active in the same sector. They also provide an additional picture of the results excluding elements that are unusual or atypical.

As a result, at 30 June 2018, the Group has adjusted its IFRS accounting figures to reflect the inclusion of the results of joint ventures not controlled by Lane Group, which are consolidated on a proportionate basis.

The subsequent section on "Initial considerations on the comparability of data" provides more information and details on the following reconciliation of the key adjusted figures.

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

Adjusted reclassified statement of profit or loss of Salini Impregilo Group

	1st half 2017 adjusted			1st half 2018 adjusted		
	Salini Impregilo Group (*)	Joint ventures not controlled by Lane (**)	Total adjusted	Salini Impregilo Group	Joint ventures not controlled by Lane (**)	Total adjusted
(in millions of Euros)						
Revenue	2,721.4	130.1	2,851.5	2,514.6	109.6	2,624.2
Gross operating profit (EBITDA)	271.7	7.6	279.3	202.4	7.5	209.8
<i>Gross operating profit margin (EBITDA) %</i>	<i>10.0%</i>	<i>5.9%</i>	<i>9.8%</i>	<i>8.0%</i>	<i>6.8%</i>	<i>8.0%</i>
Operating profit (EBIT)	129.4	7.6	137.0	108.6	7.5	116.1
<i>R.o.S. %</i>	<i>4.8%</i>	<i>5.9%</i>	<i>4.8%</i>	<i>4.3%</i>	<i>6.8%</i>	<i>4.4%</i>
Net financing costs	(85.8)	-	(85.8)	(15.1)	-	(15.1)
Net gains (losses) on equity investments	9.6	(7.6)	2.0	11.3	(7.5)	3.8
Profit before tax (EBT)	53.3	-	53.3	104.8	-	104.8
Income tax expense	(20.4)	-	(20.4)	(40.9)	-	(40.9)
Profit from continuing operations	32.9	-	32.9	63.9	-	63.9
Loss from discontinued operations	(5.8)	-	(5.8)	(9.3)	-	(9.3)
Non-controlling interests	(16.0)	-	(16.0)	10.3	-	10.3
Profit for the period attributable to the owners of the parent	11.1	-	11.1	64.9	-	64.9

(*) Reclassified IFRS statement of profit or loss of Salini Impregilo Group restated to comply with IFRS 5 and IFRS 15. More information is available in the “Initial considerations on the comparability of data” section.

(**) 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 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. The figures in the “Joint ventures not controlled by Lane” column of the first half of 2017 have been restated after application of IFRS 15.

Adjusted revenue for the period is €2,624.2 million compared to €2,851.5 million for the corresponding period of 2017. It includes revenue of the unconsolidated joint ventures of Lane of €109.6 million and €130.1 million, respectively. The main factors contributing to the adjusted revenue are some large projects and, specifically, Lane’s ongoing projects, the Ethiopian projects, the Rogun dam in Tajikistan, Line 3 of the Riyadh metro in Saudi Arabia as well as the Meydan One Mall project in Dubai, United Arab Emirates.

Adjusted revenue for the first six months of 2017, restated using constant exchange rates, would have been approximately €2,625.7 million, substantially in line with the reporting period¹.

¹The exchange effect on revenue for the first six months of 2017 was calculated by applying the average exchange rate for the reporting period to contract revenue accrued in the former period in currencies other than the Euro assuming, for contracts with consideration in more than one currency, revenue in such currencies accordingly.

The adjusted gross operating profit amounts to €209.8 million (€279.3 million) while the adjusted operating profit comes to €116.1 million (€137.0 million). The decrease in the adjusted gross operating profit is mainly due to the performance of foreign currencies against the Euro.

The adjusted gross operating profit is equal to 8.0% of revenue (9.8%) and the adjusted R.o.S. is 4.4% (4.8%).

Net financing costs approximate €15.1 million compared to €85.8 million for the corresponding period of the previous year. The item comprises financial expense of €53.8 million (€72.9 million), partly offset by financial income of €23.7 million (€35.9 million) and net exchange gains of €15 million (net losses of €48.9 million).

The reduction of €19.1 million in net financing costs is mostly due to the debt refinancing transaction finalised in the second half of 2017, which led to a decrease in bank loans and borrowings against the issue of bonds at more favourable interest rates to those previously applied. In addition, the Group recognised interest expense on the settlement of a tax bill received by the Ethiopian branch in the first six months of the previous year.

Net exchange gains of €15 million show a significant increase of €63.8 million on the corresponding period of 2017, mainly as a result of the Euro's performance against the US dollar and the Ethiopian birr, unlike the trend in the first six months of the previous year.

Adjusted net gains on equity investments amount to €3.8 million compared to €1.8 million for the corresponding period of 2017 thanks to the better results of the equity-accounted investees.

The adjusted profit before tax amounts to €104.8 million, an improvement on the balance of €53.3million for the corresponding period of 2017.

The adjusted income tax expense amounts to €40.9 million (€20.4 million) and the tax rate is 39% (38%).

The loss from discontinued operations amounts to €9.3 million (€5.8 million) and comprises the loss made by the Plants & Paving division (€9 million) and costs of the USW Campania business unit (€0.3 million).

Non-controlling interests amount to a loss of €10.3 million (profit of €16.0 million), mainly due to events affecting some projects that have nearly been completed.

Performance

This section presents the Group's reclassified statement of profit or loss and statement of financial position and a breakdown of its financial position at 30 June 2018. It also provides an overview of the main changes in the Group's financial position and results of operations compared to the corresponding period of the previous year.

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 gives a definition of the financial statements indicators used to present the Group's financial position and results of operations for the six months.

Initial considerations on the comparability of data

The Group's statement of profit or loss figures for the first six months of 2017 and its net financial indebtedness at 31 December 2017 have been adjusted.

The effects of application of IFRS 5 and IFRS 15 on the comparative figures in the Group's reclassified statement of profit or loss and its reclassified statement of financial position are shown below.

Reclassified statement of profit or loss for the six months ended 30 June 2017

(€'000)	1st half 2017 Published	Effects of IFRS 15	Reclassifications IFRS 5	1st half 2017 Restated
Total revenue	2,930,291	2,154	(211,067)	2,721,378
Operating expenses	(2,653,815)	122	204,031	(2,449,664)
Gross operating profit (EBITDA)	276,476	2,276	(7,036)	271,714
Gross operating profit margin (EBITDA) %	9.4%	105.7%	3.3%	10.0%
Amortisation, depreciation, provisions and impairment losses	(146,915)	(4,584)	9,178	(142,321)
Operating profit (EBIT)	129,561	(2,308)	2,142	129,393
Return on Sales %	4.4%	-107.1%	-1.0%	4.8%
Financing income (costs) and gains (losses) on equity				
Net financing costs	(85,777)	-	-	(85,777)
Net gains on equity investments	9,611	33	-	9,644
Net financing costs and net gains on equity investments	(76,166)	33	-	(76,133)
Profit before tax (EBT)	53,395	(2,275)	2,142	53,260
Income tax expense	(20,824)	(1,893)	2,338	(20,378)
Profit from continuing operations	32,571	(4,168)	4,480	32,882
Loss from discontinued operations	(1,280)	1	(4,480)	(5,761)
Profit before non-controlling interests	31,291	(4,167)	-	27,121
Non-controlling interests	(14,651)	(1,357)		(16,006)
Profit for the period attributable to the owners of the parent	16,640	(5,524)	-	11,115

Reclassified statement of financial position at 31 December 2017

(€'000)	31 December 2017 Published	Effects of IFRS 15	31 December 2017 Restated
Non-current assets	1,120,308	81,701	1,202,009
Goodwill	155,179	-	155,179
Net non-current assets held for sale	5,683	-	5,683
Provisions for risks	(101,531)	7,149	(94,382)
Post-employment benefits and employee benefits	(85,723)	(1)	(85,724)
Net tax assets	260,674	38,034	298,708
- Inventories	240,976	-	240,976
- Contract work in progress	2,668,103	(1,178,027)	1,490,076
- Progress payments and advances on contract work in progress	(2,518,557)	931,058	(1,587,499)
- Loans and receivables (**)	1,901,334	(19,525)	1,881,809
- Liabilities (**)	(2,144,810)	-	(2,144,810)
- Other current assets	616,549	(123)	616,426
- Other current liabilities	(330,289)	1	(330,288)
Working capital	433,306	(266,616)	166,690
Net invested capital	1,787,896	(139,733)	1,648,163
Equity attributable to the owners of the parent	951,386	(136,896)	814,490
Non-controlling interests	133,898	(2,837)	131,061
Equity	1,085,284	(139,733)	945,551
Net financial indebtedness	702,612	-	702,612
Total financial resources	1,787,896	(139,733)	1,648,163

(**) This item shows liabilities of €18.6 million classified in net financial indebtedness and related to the Group's net amounts due from/to consortia and 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.

Starting from 1 January 2018, the Group's financial reporting is prepared in accordance with the new IFRS 9 - Financial instruments and IFRS 15 - Revenue from contracts with customers. Furthermore, following the resolution passed by Lane's directors to sell its Plants & Paving division, the Group has prepared a disposal plan and, given the ongoing negotiations, has ascertained that the conditions for classification of this division in the item "Non-current assets held for sale and discontinued operations" in line with the guidance of IFRS 5 are met.

The notes to the condensed interim consolidated financial statements (section on the "Changes in standards") describe the content of the new standards and the effects of their application.

Group performance

The following table shows the Group's reclassified IFRS statement of profit or loss.

Table 1 - Reclassified statement of profit or loss

	Note (*)	1st half 2017	1st half 2018	Variation
(€'000)		(S)		
Revenue from contracts with customers		2,596,381	2,370,029	(226,352)
Other income		124,997	144,599	19,602
Total revenue and other income	31	2,721,378	2,514,628	(206,750)
Operating expenses	32	(2,449,664)	(2,312,274)	137,390
Gross operating profit (EBITDA)		271,714	202,354	(69,360)
Gross operating profit margin (EBITDA)%		10.0%	8.0%	
Amortisation, depreciation, provisions and impairment losses	32.6	(142,321)	(93,795)	48,526
Operating profit (EBIT)		129,393	108,559	(20,834)
Return on Sales %		4.8%	4.3%	
Financing income (costs) and gains (losses) on equity investments				
Net financing costs	33	(85,777)	(15,077)	70,700
Net gains on equity investments	34	9,644	11,343	1,699
Net financing costs and net gains on equity investments		(76,133)	(3,734)	72,399
Profit before tax (EBT)		53,260	104,825	51,565
Income tax expense	35	(20,378)	(40,882)	(20,504)
Profit from continuing operations		32,882	63,943	31,061
Loss from discontinued operations	18	(5,761)	(9,262)	(3,501)
Profit before non-controlling interests		27,121	54,681	27,560
Non-controlling interests		(16,006)	10,258	26,264
Profit for the period attributable to the owners of the parent		11,115	64,939	53,824

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

(S) The reclassified IFRS statement of profit or loss figures for the six months ended 30 June 2017 have been restated to comply with IFRS 5 and the new IFRS 15.

Revenue

Total revenue for the period is €2,514.6 million (€2,721.4 million), including €2,268.1 million earned abroad (€2,496.2 million), of which €357.1 million in the US (€438.7 million) and €246.5 million in Italy (€225.2 million).

The decrease in revenue is mostly due to the performance of foreign currencies against the Euro and completion of contracts, partly offset by the continuation of work for other large foreign projects.

“Other income” mostly refers to contract work in progress and industrial activities and related works not directly related to contracts with customers.

Operating profit

The gross operating profit for the period amounts to €202.4 million (€271.7 million). The gross operating profit margin is 8%. The decrease in the gross operating profit is mainly due to the performance of foreign currencies against the Euro.

Amortisation, depreciation, provisions and impairment losses of €93.8 million (€142.3 million) decreased due to the impairment losses recognised in the first six months of 2017. Reference should be made to note 32.6 of the notes to the condensed interim consolidated financial statements for more information.

The operating profit amounts to €108.6 million for the period (€129.4 million), showing a decrease on the corresponding period of the previous year.

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

The Group recorded net financing costs of €15.1 million (€85.8 million) while net gains on equity investments amount to €11.3 million (€9.6 million).

Net financing costs of €30.1 million (€36.9 million) include financial income of €23.7 million and financial expense of €53.8 million. The €6.8 million reduction in this item is due to the following:

- a €19 million decrease in interest and other financial expense as a result of the debt restructuring transaction finalised during the second half of 2017, which led to a reduction in bank loans and borrowings against the issue of bonds at more favourable interest rates to those previously applied. Moreover, the Group recognised interest expense arising on a tax bill notified to the Ethiopian branch during the first half of 2017 which was settled during the year;
- a €12.2 million reduction in financial income, mainly attributable to the smaller interest on receivables from mostly foreign customers.

Net exchange gains of €15 million (net losses of €48.9 million) mainly arose on the Euro's performance vis-à-vis the US dollar and Ethiopian birr.

The increase of €1.7 million in net gains on equity investments reflects the higher profits for the period recognised by the equity-accounted investees.

Income tax expense

The income tax expense for the period is €40.9 million (€20.4 million).

The effective tax rate is 39% (38%) calculated using the tax rate expected to be applied to the annual profit using estimates updated at 30 June 2018.

Loss from discontinued operations

The loss from discontinued operations amounts to €9.3 million (€5.8 million) and comprises the loss made by the Plants & Paving division (€9 million) and costs of the USW Campania business unit (€0.3 million).

Non-controlling interests

Non-controlling interests amount to a loss of €10.3 million (profit of €16.0 million), mainly due to events affecting some projects that have nearly been completed.

The Group's financial position

The following table shows the Group's reclassified IFRS statement of financial position:

Table 2 - Reclassified statement of financial position

(€'000)	Note (*)	31 December 2017 (\$)	30 June 2018	Variation
Non-current assets	5-6-8	1,202,009	959,341	(242,668)
Goodwill	7	155,179	73,462	(81,717)
Net non-current assets held for sale	18	5,683	354,522	348,839
Provisions for risks	25	(94,382)	(93,613)	769
Post-employment benefits and employee benefits	24	(85,724)	(81,166)	4,558
Net tax assets	10-15-28	298,708	337,313	38,605
- Inventories	11	240,976	207,817	(33,159)
- Contract assets	12	1,490,076	1,547,114	57,038
- Contract liabilities	26	(1,587,499)	(1,239,617)	347,882
- Loans and receivables (**)	13	1,881,809	1,940,870	59,061
- Liabilities (**)	27	(2,144,809)	(2,262,691)	(117,882)
- Other current assets	16	616,426	674,261	57,835
- Other current liabilities	29	(330,289)	(333,327)	(3,038)
Working capital		166,691	534,427	367,737
Net invested capital		1,648,164	2,084,286	436,123
Equity attributable to the owners of the parent		814,491	866,625	52,134
Non-controlling interests		131,061	110,202	(20,859)
Equity	19	945,552	976,827	31,275
Net financial indebtedness		702,612	1,107,459	404,847
Total financial resources		1,648,164	2,084,286	436,122

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

(**) This item shows liabilities of €28.3 million classified in net financial indebtedness and related to the Group's net amounts due from/to consortia and 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 Group's exposure to the SPEs was shown under "Liabilities" for €18.6 million at 31 December 2017.

(§) The statement of financial position figures at 31 December 2017 have been restated to reflect application of IFRS 15.

Net invested capital

This item increased by €436.1 million on the previous year end to €2,084.3 million at 30 June 2018. The main changes are due to the factors listed below.

Non-current assets

Non-current assets decreased by €242.7 million. They may be analysed as follows:

(€'000)	31 December 2017	30 June 2018	Variation
Property, plant and equipment	675,277	490,123	(185,154)
Intangible assets	210,053	198,078	(11,975)
Equity investments	316,679	271,140	(45,539)
Total non-current assets	1,202,009	959,341	(242,668)

Property, plant and equipment decreased by €185.2 million, mostly as a result of:

- reclassifications of €151.5 million of non-current assets belonging to the Plants & Paving division to non-current assets held for sale;
- depreciation of the period of €78.6 million;
- disposals of €28.1 million; partly offset by
- investments of €68.8 million, mostly for the Milan - Genoa section of the high speed/capacity railway project in Italy and the projects in Tajikistan as well as investments made for Lane Group's contracts.

Intangible assets show a net decrease of €11.9 million mainly due to amortisation.

The €45.5 million decrease in equity investments is chiefly a result of the following factors:

- reclassification of the investment in Autopista del Sol (€81.7 million) to non-current assets held for sale;
- the increase in the Grupo Unidos Por el Canal investment after payments of €19.9 million;
- the increase in equity-accounted investments following recognition of the Group's share of their profits for the period of €11.1 million.

Goodwill

The item relates entirely to the acquisition of Lane Group. The decrease of €76.4 million is due to reclassification of the goodwill attributable to the Plants & Paving division to non-current assets held for sale pursuant to IFRS 5.

Net non-current assets held for sale

Net non-current assets held for sale at 30 June 2018 amount to €354.5 million and comprise:

- the Plants & Paving division's net assets of €311.7 million;
- the investment in Autopista del Sol of €81.7 million;
- the net assets of the USW Campania projects of €5.7 million.

Reference should be made to note 18 to the condensed interim consolidated financial statements for more information.

Provisions for risks

These provisions of €93.6 million decreased by €0.8 million over 31 December 2017.

Post-employment benefits and employee benefits

This item amounts to €81.2 million and shows a decrease of €4.6 million compared to 31 December 2017.

Net tax assets

The following table provides a breakdown of this item:

(€'000)	31 December 2017	30 June 2018	Variation
Deferred tax assets	172,400	197,730	25,330
Deferred tax liabilities	(29,733)	(17,019)	12,714
Net deferred tax assets	142,667	180,711	38,044
Current tax assets	133,040	135,420	2,380
Current tax liabilities	(96,839)	(83,935)	12,904
Net current tax assets	36,201	51,485	15,284
Other current tax assets	164,651	143,577	(21,074)
Other current tax liabilities	(44,811)	(38,460)	6,351
Net other current tax assets	119,840	105,117	(14,723)
Net tax assets	298,708	337,313	38,605

The increase in this item is mostly due to the reclassification of Lane Group's deferred tax liabilities related to its Plants & Paving division as provided for by IFRS 5.. More information is available in note 18 to the condensed interim consolidated financial statements.

Working capital

Working capital increased by €367.7 million from €166.7 million at 31 December 2017 to €534.4 million at the reporting date.

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

- Inventories decreased by €33.2 million to €207.8 million due to the use of materials for the Group's main contracts and the effects of reclassifying the Plants & Paving division's inventories of €19.8 million to non-current assets held for sale.

- Contract work in progress amounts to €1,547.1 million (€1,490.1 million) and refers to Italian contracts (€286.5 million) and foreign contracts (€1,260.6 million, of which Lane: €44.5 million).

The increase of €57.0 million in this item reflects the production progress calculated using the most recent estimates of the ongoing projects' profitability.

- Contract liabilities amount to €1,239.6 million, down €347.9 million on 31 December 2017, due chiefly to the reduction of €189.8 million in contract advances for the Rogun Hydropower contract in Tajikistan and the projects in Ethiopia and Saudi Arabia.
- Receivables increased by €59.1 million. The item includes amounts due from third parties of €1,810.3 million (€1,747.6 million) and unconsolidated group companies and other related parties of €130.6 million (€134.3 million). The increase is principally a result in the rise in amounts due from third parties, mostly due to the higher amounts due for the contracts in Saudi Arabia, the high speed/capacity Milan - Genoa railway section contracts as well as the customers' acceptance of amounts due, partly offset by the reclassification of the Plants & Paving division's receivables to non-current assets held for sale.
- Current liabilities increased by €117.9 million and include liabilities with third parties of €2,164.9 million (€2,046.4 million) and unconsolidated group companies and other related parties of €97.7 million (€98.5 million).

The increase in this item is mainly due to the higher amounts due to third party suppliers of €118.7 million, mostly related to the contracts in the United Arab Emirates and Greece, partly offset by the reclassification of the Plants & Paving division's liabilities to non-current liabilities associated with non-current assets held for sale.

Other assets increased by €57.8 million, chiefly as a result of changes in advances to suppliers, mainly for the contracts in Qatar, the United States and the United Arab Emirates..

Net financial indebtedness

Table 3 - Net financial indebtedness of Salini Impregilo Group

The following table shows the Group's net financial indebtedness at 30 June 2018 and 31 December 2017:

(€'000)	Note (*)	31 December 2017 (\$)	30 June 2018	Variation
Non-current financial assets	9	188,468	205,579	17,111
Current financial assets	14	94,308	129,138	34,830
Cash and cash equivalents	17	1,320,192	1,064,326	(255,866)
Total cash and cash equivalents and other financial assets		1,602,968	1,399,043	(203,925)
Bank and other loans and borrowings	20	(457,467)	(436,227)	21,240
Bonds	21	(1,084,426)	(1,086,276)	(1,850)
Finance lease liabilities	22	(81,310)	(69,866)	11,444
Total non-current indebtedness		(1,623,203)	(1,592,369)	30,834
Current portion of bank loans and borrowings and current account facilities	20	(311,002)	(531,104)	(220,102)
Current portion of bonds	21	(302,935)	(305,042)	(2,107)
Current portion of finance lease liabilities	22	(48,567)	(50,364)	(1,797)
Total current indebtedness		(662,504)	(886,510)	(224,006)
Derivative assets	9	226	734	508
Derivative liabilities	23	(1,480)	(45)	1,435
Net financial position with unconsolidated SPEs (**)		(18,618)	(28,312)	(9,694)
Total other financial liabilities		(19,872)	(27,623)	(7,751)
Net financial indebtedness - continuing operations		(702,611)	(1,107,459)	(404,848)
Net financial indebtedness including discontinued operations		(702,611)	(1,107,459)	(404,848)

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

(**) This item shows the Group's net amounts due from/to unconsolidated consortia and 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 condensed interim consolidated financial statements.

(§) The statement of financial position figures at 31 December 2017 have been restated to reflect application of IFRS 15.

At 30 June 2018, the Group has net financial indebtedness from continuing operations of €1,107.5 million (€ 702.6 million).

The increase in the Group's net financial indebtedness is mainly due to the smaller cash and cash equivalents and the rise in financial indebtedness.

Gross indebtedness increased by €202.9 million from 31 December 2017 to €2,507.2 million at the reporting date.

The debt/equity ratio (based on the net financial indebtedness from continuing operations) is 1.13 at group level at the reporting date.

Salini Impregilo S.p.A. has given guarantees of €266.7 million in favour of unconsolidated group companies securing bank loans.

Directors' report - Part II

Order backlog

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

(Share in millions of Euros)

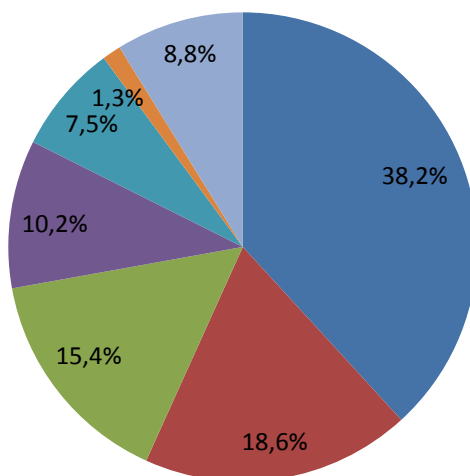
Area	Residual order backlog at 30 June 2018	Percentage of total
Italy	12,772.9	38.2%
Africa	6,208.5	18.6%
Asia	5,153.1	15.4%
Americas (excluding Lane)	3,415.4	10.2%
Europe	2,513.9	7.5%
Oceania	433.1	1.3%
Abroad	17,724.0	53.1%
Lane (*)	2,945.4	8.8%
Total	33,442.3	100.0%

(*) Lane Group's order backlog includes the Plants & Paving division.

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

Breakdown of the order backlog 30 June 2018

■ Italy ■ Africa ■ Asia (excluding Lane) ■ Americas (excluding Lane) ■ Europe ■ Oceania ■ Lane (*)



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's 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 customers. 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 highly probable.

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.

The above measurement method differs from the method used to prepare the disclosure on performance obligations yet to be satisfied in accordance with IFRS 15 as set out in the note 31 to the condensed interim consolidated financial statements. Specifically, the main contract revenue included in the order backlog and not considered in the notes includes:

- revenue from concession contracts as it is earned mainly by equity-accounted investees;
- revenue from the joint ventures not controlled by Lane Group and measured using the equity method;
- income from cost recharges attributable to non-controlling members of Italian consortia classified as "Other income".

- contracts signed with customers that do not meet all the criteria of IFRS 15.9 at the reporting date;
- revenue of the Plants & Paving division following its reclassification as per IFRS 5.

Performance by geographical segment

Lane operating segment

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

Macroeconomic scenario

The US economy continues to grow with positive development prospects. According to the IMF's most recent forecasts of July 2018, its growth is forecast at 2.9% and 2.7% in 2018 and 2019, respectively. They reflect stronger-than-expected economic growth last year, more consolidated foreign demand and the macroeconomic impact expected from the tax reform recently approved by Congress. Specifically, the reduction in the corporate income tax rate from 35% to 21% should stimulate short-term economic development and also relaunch investments. These more positive growth estimates also consider the increase in public spending thanks to the bipartisan budget act approved in February 2018.

The growth rate's stability since 2009 has enabled consolidation of one of the longest expansionary periods for the US economy to date.

The construction and infrastructure sector has also benefited from this positive trend and expected new investments. According to the IHS Markit April 2018 report, North America is classified as the safest region in the world for construction investments. The growth outlook for infrastructure investments in this region continues to be positive with an increase of 3% for 2018 and an average increase of around 2% per annum in the period from 2017 to 2022, making it the segment with the highest growth rate.

Encouraging signs have been seen at both federal and individual state level. Roughly 50% of the funds for the construction of roads and motorways comes from federal funds provided for by the FAST Act, which matches the funding put together by the states or local communities. The Trump Administration has prioritised the construction of infrastructure during its mandate and, in August 2017, announced projects worth more than USD1,000 billion will be rolled out before 2027 in the energy and transport sectors (President Trump announced that this amount had been increased to €1,500 billion in his State of the Union address in January 2018). This increase in investments has been flanked by the reform to simplify building permits to make the construction of roads, bridges and energy infrastructures easier and faster. If these projects go ahead, they will be accompanied by the structural investments included in the budgets already prepared by the individual states.

(Share in millions of Euros)

Project	Residual order backlog at 30 June 2018	Percentage of completion
North-East Boundart Tunnel	440.6	7.5%
Purple Line	415.6	20.5%
I-4 Ultimate	230.7	56.4%
I-395 Express Lane	210.5	23.3%
Other	1,648.0	
Total (*)	2,945.4	

(*) The order backlog includes the Plants & Paving division.

Purple Line - Maryland

In March 2016, Purple Line Transit Partners j.v., 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 project includes the construction of 21 stations along a 16-mile alignment, mainly above ground between New Carrollton and Bethesda, north of Washington DC. Lane Construction is involved in the construction work with a 30% share.

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. The operator subsequently assigned the works to a joint venture comprising Skanska (40%, leader), Granite (30%) and Lane Construction (30%).

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

I-395 Express Lane - Virginia

On 1 March 2017, Lane won a new design-build contract worth USD336 million (decreased to approximately USD320 million as a result of contract modifications) to extend the I-395 Express Lanes in Virginia by about eight miles between Fairfax and Arlington.

Work started at the end of 2017 and included demolition of existing structures, excavation work, drainage, placing of sound barriers and many traffic deviations.

North-East Boundart Tunnel - Washington D.C.

In July 2017, the Lane and Salini Impregilo joint venture won the design & build contract for the mechanised excavation of an 8.2 km tunnel and related works in Washington D.C. worth USD580 million. The works are part of the clean rivers project for the Anacostia River. The customer issued the notice to proceed in September 2017 and the design and procurement stages are now underway. Construction work has also started.

Outlook for 2018

The US construction segment is a core market for the Group. During the first six months of 2018, it acquired the following projects:

- widening of I-85 in South Carolina worth approximately USD182 million (100% Lane);
- interchange improvements of I-264 in Virginia worth approximately USD105 million (100% Lane)

The Group's reference market in the US should offer a pipeline of possible calls to tender worth USD23 billion in the three years from 2018 to 2020 in the following sectors:

- roughly 40% highways and bridges, mainly in the south-east, north-east and California;
- roughly 20% in high speed railway projects in the south-west;
- roughly 20% in tunnel works in the north-east and California;
- the remaining 20% in airports, the water and energy sectors and traditional railways.

The Group will also monitor developments for additional opportunities in the market worth another USD60 billion.

Abroad

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

Macroeconomic scenario

Based on the IMF's most recent estimates (July 2018), global GDP should increase to an estimated 3.9% in 2018 and 2019, in line with the previous forecasts published in January and April. The growth pace of the advanced economies should continue to be brisk during this and next year while that of the emerging and developing economies should consolidate.

Market conditions are generally positive despite the recent volatility seen in the stock markets, bolstered by the accommodative monetary policies implemented to date by the ECB and, partly, the Federal Reserve as well as the US government's expansionary tax policy. However, the changes in monetary policies recently announced by the central banks could steadily erode the currently favourable economic conditions in the midterm and lead to a potential slow-down in growth of the developed economies. In addition, the protectionist trade policies communicated recently by several countries could adversely affect the global economy's performance.

At regional level, the outlook for the emerging economies in Asia, the developing European economies and certain Middle East countries is positive but it is more uncertain and includes a deceleration in growth for Latin America and Sub-Saharan Africa. The US economy will continue to be one of the best performing areas, assisted by strong internal demand and the recently-introduced expansionary tax policy.

The prospects for the global construction sector continue to be good. According to the April 2018 IHS Markit report, investments in infrastructure are expected to increase by 5% in 2018 and this segment will see the greatest growth followed by residential construction. A breakdown by region shows that spending in infrastructure is forecast to increase the most in the Asia Pacific area (6%), followed by the Middle East and Africa (4%), Western Europe (2%) and Latin America (estimated growth rate of 3% after a drop in 2017).

Construction

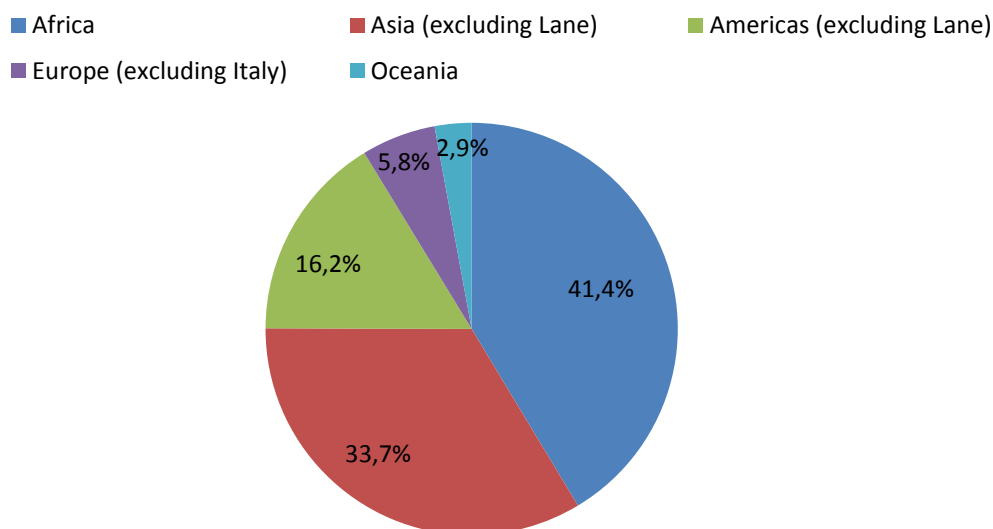
The order backlog for the foreign construction segment is as follows:

(Share in millions of Euros)

Area	Residual order backlog at 30 June 2018	Percentage of total
Africa	6,208.5	41.4%
Asia	5,053.9	33.7%
Americas (excluding Lane)	2,435.3	16.2%
Europe (excluding Italy)	875.4	5.8%
Oceania	433.1	2.9%
Total	15,006.3	100.0%

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

Breakdown of the order backlog 30 June 2018



Australia

Market

The construction sector is a driving force of the Australian industry and contributes roughly 9% to the country's GDP.

The Australian Bureau of Statistics estimates that the population will go from the current 24 million residents to 42 million by 2061. The Australian economy has been driven and will continue to be driven by greater residential construction closely tied to the far-reaching public spending plan for infrastructure.

The Australian Industry Group expects that the annual growth in road projects in 2018 and 2019 will be approximately 21% while that of the railway projects will be around 19%.

The most recent federal budgets include public works spending of around AUD75 billion (roughly €50 billion) to be allocated for railways, roads and transport in the ten-year period from 2018 to 2027.

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.

Sydney Metro Northwest Project

In December 2013, Transport for New South Wales awarded Impregilo-Salini Joint Venture the contract, worth approximately AUD700 million (including the additional consideration), for the Sydney Metro Northwest Project

- Design and Construction of Surface and Viaduct Civil Works. Most of the works were delivered in December 2017.

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.

Unforeseen costs have been incurred and the contractor has accordingly presented its request for additional consideration. The costs are included in the measurement of work in progress for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

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

(Share in millions of Euros)

Project	Residual order backlog	Percentage of completion
Forrestfield Airport Link	433.1	42.3%
Total	433.1	

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 2018

The Group deems that the Australian market is fundamental for its growth strategy and has presented bids for several potential contracts which are worth over AUD\$10 billion.

Tajikistan

Market

This country's GDP grew in the period to 7% while the inflation rate decreased to 1.7% in May. The local currency held its ground against the US dollar and the Euro in the first six months of 2018 after depreciating considerably in 2017.

Exports increased by 73% in 2017 compared to the corresponding period of 2017 while imports decreased 14%.

The Rogun Hydropower Project assigned to the group is of fundamental importance to boost the country's economic growth over the next few years with the export of electrical energy generated by the hydroelectric power plant. Accordingly, in September 2017, Tajikistan successfully placed bonds worth USD500 million with foreign investors to increase the amount earmarked in the national budget for the Rogun dam.

During the period, the country's government commenced talks with its counterparties of the surrounding countries to sign agreements for the sale of electrical energy after the plant reaches the early generation stage, (when electrical energy will be provided although at a lower output than when the project has been completed).

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

(Share in millions of Euros)

Project	Residual order backlog	Percentage of completion
Rogun Hydropower Project	1,400.8	19.9%
Total	1,400.8	

Rogun Hydropower Project

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 (split into four functional lots). The Group, with a 100% share, has been assigned the first executive lot (Lot 2) 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.

Work has continued and the early generation phase is expected to commence before the end of 2018.

Unforeseen costs have been incurred and the Group has accordingly presented its request for additional consideration. The costs are included in the measurement of work in progress for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Outlook for 2018

To complete financing of the project, the government has already approved, inter alia, the issue of bonds for USD1 billion (an additional USD500 million to those already placed). During 2018 and depending on the availability of the above-mentioned financing, other lots should be assigned to the Group in accordance with the signed framework agreement.

Saudi Arabia

Market

The Saudi market continues to be of great interest to Salini Impregilo.

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

(Share in millions of Euros)

Project	Residual order backlog	Percentage of completion
Riyadh National Guard Military	1,089.4	0.2%
Riyadh Metro Line 3	998.6	66.1%
Other	193.7	
Total	2,281.7	

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 (Line 3, 41.2 km), the longest line of the challenging project for the metro system of Saudi Arabia's capital.

On 11 July 2018, the parties finalised a contract variation which increased the value of the works to be performed by the consortium to design and construct the entire Line 3.

As a result of this variation, the contract's value increased from roughly USD6.0 billion to roughly USD6.4 billion, including approximately USD5.3 billion for the civil works (previously approximately USD4.9 billion). Salini Impregilo's share is 66%.

Riyadh National Guard Military

In December 2017, Salini Impregilo signed the agreements for a contract in Riyadh worth roughly USD1.3 billion with the Saudi Arabia National Guard.

The project includes housing and urban planning on a large scale with the construction of about 6,000 villas in an area of 7 million square metres to the east of Riyadh and more than 160 kilometres of main roads and secondary routes and related services, as well as a sewage treatment plant.

Outlook for 2018

The Group will continue to pursue any new business opportunities that arise in 2018 in this country. The main projects announced include mega malls and a residential building project covering all the kingdom's large cities.

Kuwait

Market

The Kuwaiti market has attracted more foreign investment over the last few years thanks to the introduction of new financial laws stimulating investments and trade relations. The Kuwaiti parliament has approved a five-year 2016-2020 investment plan, which includes investments of more than USD100 billion in the country's infrastructure. They comprise the construction of thousands of new homes, a railway network and metro system, new oil refineries and industrial plants. In addition, there are no limits to the transfer of capital and the strong and stable dinar can easily be converted into other currencies and transferred. Finally, the high per capita GDP and long-term budget surplus encourage investment in the local market.

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

(Share in millions of Euros)

Project	Residual order backlog	Percentage of completion
South Mutlaa City	326.3	28.8%
Total	326.3	

South Al Mutlaa City

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, is being 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 consortium was awarded additional works in June 2017 for approximately €20 million to move high tension power lines.

Outlook for 2018

The Group will continue to pursue any new business opportunities that arise in 2018 in this country.

Ethiopia

Market

Ethiopia is one of the fastest growing economies in Africa. Its government aims to develop its natural resources and, specifically, its water resources, to encourage investments in renewable energies. The generation of electrical energy and its export to nearby nations will assist integration among African countries and generate valuable currency inflows.

The country is of great commercial interest and its central bank in Addis Ababa receives hard currency funds, which are key to providing the financial resources necessary to, inter alia, make foreign payments for infrastructure projects.

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

(Share in millions of Euros)

Project	Residual order backlog	Percentage of completion
Koysha	1,934.7	19.1%
GERD	1,063.1	74.3%
Total	2,997.8	

Koysha Hydroelectric Project

This project is on the Omo River, about 370 km south-west of the capital Addis Ababa. It was commissioned by Ethiopian Electric Power (EEP) and includes the construction of a dam with a 9 billion cubic metre capacity reservoir, annual energy generation of 6,460 Gwh and total installed capacity of 2,160 MW. The project also includes 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 Salini Impregilo's share is 100%. Work is currently being carried out on the project.

This important new project, together with GIBE III and GERD (the Grand Ethiopian 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 Ababa, consists of the construction of a hydroelectric power plant, the 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 total installed capacity of 6,350 MW. The contract is worth approximately €3.7 billion and Salini Impregilo's share is 100%. The project is at an advanced stage of completion.

Unforeseen costs have been incurred and the contractor has accordingly presented its request for additional consideration. The costs are included in the measurement of work in progress for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Outlook for 2018

Important events of these six months such as the appointment of a new Prime Minister will pave the way for the introduction of new reforms and greater democracy in this country.

Development programmes for the next few years include installation of additional production capacity, including through the GERD and Koyscha projects.

The Group has a strong operating and commercial base in the country and will continue to work on its projects. It will also leverage on its know-how and existing presence in the country to exploit all new business and industrial opportunities.

Other countries and projects

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 roughly €400 million (Salini Impregilo's share is 75%).

Argentina's estimated GDP growth rate estimates were decreased from 3.5% for 2018 to 1.5% and the inflation rate is currently estimated to be around 26.5%, compared to the government's target of 15% (25% in 2017). The government has rolled out a big public works investment plan as announced at the end of 2016, mainly to be achieved through public private partnerships (PPEs).

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 tunnel, an intersection, a rest area, nine bridges, a maintenance centre and sundry related works.

The contract, mostly funded by the EU, is worth approximately €409 million (Salini Impregilo's share is 75%).

At macroeconomic level, the year-on-year increase in GDP was 5.4%, after already being above 3% in the previous two years. The most recent estimates of the Slovakian central bank (NBS), confirmed by the Ministry of Finance, include a forecast growth rate of 4.0% in 2018.

The planned increase in public spending, including for large infrastructure projects, and the small tax burden together with the inexistent currency risk make this market very attractive.

The Group will continue to pursue new business opportunities in 2018 in line with the country's continued growth.

Unforeseen costs have been incurred and the Group has accordingly presented its request for additional consideration. The costs are included in the measurement of work in progress for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Qatar

Al Bayt Stadium

The economic and political embargo on Qatar put in place a year ago by some Middle East countries has not held back its economic development. In fact, the IMF estimates that the country's growth rate will be 2.6% in 2018 compared to 2.2% in 2017.

Thanks to the large proceeds from hydrocarbon sales, Qatar has diversified its economy over recent years and introduced measures to develop large infrastructure projects.

The infrastructure sector contributes 25% to the economy's GDP and grows at a rate of 15% per annum. This expansionary trend of the construction and infrastructure sector is expected to continue into the next few years with state investments of around USD278 billion, many tied to the 2022 FIFA World Cup. The local government is finalising new measures to fund this infrastructure plan by firstly encouraging more public private partnerships and their extension to the construction sector. At present, PPEs are only common in a few sectors.

The Group is continuing to work on the contract worth approximately €770 million for the construction of the Al Bayt Stadium in Al Khor, roughly 50 km north of the capital Doha (Salini Impregilo's share is 40%). The project 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.

Unforeseen costs have been incurred and the Group has accordingly presented its request for additional consideration. The costs are included in the measurement of work in progress for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

The Group will continue to pursue any new business opportunities that arise in 2018 in this country.

United Arab Emirates

Meydan One Group 1° in Dubai – Umm Lafina Project in Abu Dhabi

This country is promoting numerous investments in infrastructure for Expo 2020 and this will encourage the development of new projects.

The Meydan One Group project in Dubai is part of an urban development project located between Meydan and Al Khail Road. It is set to become one of the main tourist attractions of the city and country during Expo. Salini Impregilo will perform the structural works and oversee the excavations and building works for AED1.6 billion, equal to roughly €360 million.

All the excavation and foundations works were completed in the last few months and all the activities currently being carried out at the work site refer to completion of the above-ground works.

Salini Impregilo has also been awarded the approximate €170 million contract for the Umm Lafina Link Road to build a section of a transit way across two islands to connect the Capital District with the Central Business District, for which Abu Dhabi has set up a development plan to foster economic growth. The Group has a 60% share of this project.

This is a design & build contract and the main activities performed over the last few months included the design work (now at its final stages), geological surveys, setting up the work site and development of the prefabrication areas.

Given the potential of this market, the Group will continue to pursue any new business opportunities that arise in 2018 in this country.

Fisia Italimpianti projects

The Atakoy project in Turkey is one of the cornerstones of the heavily populated city of Istanbul's urban waste water treatment programme. Its intention is to improve the environmental conditions of the Bosphorus Strait and the Sea of Marmara. The Group's share of the contract is worth roughly €84 million and it is being carried out by the group company Fisia Italimpianti as part of a joint venture with the Turkish company Alkatas.

In March 2018, a €52 million contract was awarded for the construction of a waste water treatment plant in Istanbul, Turkey, confirming the group company's role in the design and construction of plants that improve the ecosystem.

Fisia Italimpianti won a contract in Saudi Arabia in April 2017 for the Shoaibah project. It consists of the design, supply and construction of a reverse osmosis desalination plant in the Shoaiba area. The plant will provide potable water to the cities of Jeddah, Medina and Taif.

The contract has been agreed using a project financing structure by a SPE owned by ACWA Power, a major Saudi developer of energy generation and seawater desalination projects.

The project is being carried out by Fisia Italmimpianti as a 50:50 joint venture with the Spanish company Abengoa and the contract is worth approximately €215 million.

The group company also recently entered the Oman market winning a contract worth USD100 million as part of a joint venture in December 2017. The contract entails the construction of a reverse osmosis desalination plant to provide water to the city of Salalah. This is the second project assigned by ACWA Power, strengthening the joint venture's relationship with one of the largest international investors in the water and energy sectors.

Foreign concessions

The Group's foreign concessions comprise 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 transportation sector (motorways and metro systems), 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	Total	Stage	Start date	End date
			km			
Argentina	Iglys S.A.	100.0		Holding		
Argentina	Autopistas Del Sol (*)	19.8	120	Active	1993	2030
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	Total	Stage	Start date	End date
			km			
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 investment	Pop. served	Stage	Start date	End date
Argentina	Aguas del G. Buenos Aires S.A.	42.6	210 k	In liquidation	2000	
Peru	Consortio 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	Ochre Solutions Ltd - Oxford Hospital	40.0	220	Active	2005	2038
GB	Impregilo New Cross Ltd.	100.0		Holding		
Turkey	Gaziantep Hospital	24.5	1875	Not yet active	2016	2044

(*) Equity investment reclassified as non-current assets held for sale as per IFRS 5.

Italy

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

Macroeconomic scenario

The Italian economy continued its positive performance in early 2018. According to ISTAT (the Italian national statistics institute), GDP grew again in the first quarter (+0.3% on the previous quarter), thus continuing the positive cycle started in 2014. GDP is expected to grow by 1.4% in 2018 boosted by the positive internal demand. Household consumption is forecast to contract slightly offset by a rise in investments.

The current scenario could be affected by downturns due to more modest growth in international trade and a sharper increase in oil prices. The government's more decisive intervention to encourage investments could stimulate demand and economic growth, spurring a faster recovery and combating the risk of any stagnation.

Construction

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

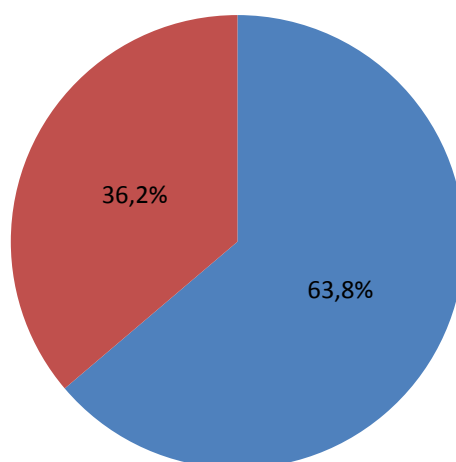
(Share in millions of Euros)

Project	Residual order backlog at 30 June 2018	Percentage of total
High speed/capacity	5,434.6	63.8%
Other projects	3,084.5	36.2%
Total	8,519.0	100.0%

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

Breakdown of the order backlog 30 June 2018

■ High Capacity / High Speed ■ Other



(Share in millions of Euros)

Project	Residual order backlog at 30 June 2018	Percentage of completion
Cociv Lot 1-6	3,245.8	31.5%
Iricav 2	1,689.4	0.3%
Other	499.4	
High speed/capacity	5,434.6	
Broni - Mortara	981.5	0.0%
Metro B	898.5	0.1%
Jonica state highway 106	374.5	2.9%
Milan metro Line 4	357.9	39.8%
Other	472.1	
Other work in Italy	3,084.5	
Total	8,519.0	

High-speed/capacity Milan - Genoa Railway Project

The project for the construction of the Giovi third railway crossing of the high speed/capacity Milan - Genoa railway line was assigned to the COCIV consortium as general contractor by Rete Ferroviaria Italia S.p.A. (RFI, formerly TAV S.p.A. - as Ferrovie dello Stato's operator) with the agreement of 16 March 1992 and subsequent rider of 11 November 2011.

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 €4.7 billion.

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

During 2017, RFI delivered the fourth construction lot roughly two months behind schedule, increasing the total value of the works and activities financed and under construction to €2.7 billion, €1.1 billion higher than the active lots (1, 2 and 3).

On 22 December 2017, the CIPE (the interministerial committee for economic planning) authorised the commencement of works for the fifth and sixth construction lots, allocating the related financial resources. The Court of Auditors is currently examining the CIPE's resolutions to check their legitimacy and subsequent publication in the Official Journal. The CIPE's authorisation at the start of the works for the last two construction lots covers the entire contract amount of €4.7 billion.

In line with the contract terms, five public calls to tender were issued for roughly €1.3 billion in 2017 and 2018 for the operating activities.

Information about the orders issued by the Rome and Genoa public prosecutors which also involved certain parties related to the consortium is available in the "Main risk factors and uncertainties" section.

Unforeseen costs have been incurred and the Group has accordingly presented its request for additional consideration. The costs are included in the measurement of work in progress for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

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.

Salini Impregilo's current involvement in the consortium is 34.09%.

On 22 December 2017, after the Ministry of Infrastructure and Transport completed its inspection, the CIPE approved the definitive project for the first functional lot, the Verona - Vicenza junction, of the high speed/capacity Verona - Padua railway section, worth approximately €2.2 billion. It authorised commencement of the first construction works for roughly €850 million.

During the six months, the consortium completed the design activities as required by the CIPE.

On 18 July 2018, after completion of the legitimacy checks by the Court of Auditors, CIPE's approval measure was published in the Official Journal and became effective.

Finalisation of the rider to the agreement and the subsequent commencement of site start-up activities are expected to take place during the second half of 2018.

The works are worth €5 billion.

Outlook for 2018

In line with the new direction taken in previous years, the 2018 Economic and Financial Document (DEF) confirms the strategies to define Italy's infrastructure requirements up until 2030, redefining all its priorities with a list of 119 projects split into six areas: railway, roads, ports and freight terminals, airports and "rail therapy" in 14 cities and bicycle paths. RFI's 2017-2021 programme agreement, which the CIPE recently examined, includes works for roughly €66 billion. Part of the funds disbursed have allowed commencement and, in some

cases, finalisation, of the works for strategic projects such as the high speed Milan - Venice, Turin - Lyon and Giovi crossing railway sections and, especially, projects for Southern Italy (the high speed/capacity Naples - Bari railway line and the doubling of the tracks for the Palermo – Catania - Messina line).

Salini Impregilo is ready to take on the government's challenge, drawing on its expertise and strong local roots.

The aforementioned strategies include some of the Group's major ongoing projects such as the high speed/capacity Milan - Genoa railway section and that of Verona - Padua, as well as new contracts for the high speed/capacity Naples - Bari section, for which a joint venture led by Salini Impregilo (with a 60% share) was awarded the first Naples - Canello section worth approximately €400 million. The related contract with RFI was signed on 18 December 2017 and development of the executive project has started. In addition, the calls for tenders for Lots 2 and 3 worth approximately €2 billion will be published during the year.

On 2 November 2017, RFI informed Salini Impregilo, as leader of a consortium in which it has a 60% interest, that it had been awarded the Bicocca - Catena Nuova railway line section project as part of the contract to double the tracks for the Palermo - Catania railway line. The related contract was signed on 31 January 2018 for roughly €186 million.

The Group does not limit itself to infrastructure. It is also engaged in acquiring orders in the commercial building sector, thus availing of development opportunities mostly created by the growth of Italy's large metropolitan areas. In partnership with a leading group of investors and acting as contractor, Salini Impregilo signed a contract on 28 July 2017 for the building of ENI's new offices in San Donato Milanese. This construction contract is worth roughly €151 million (Salini Impregilo's share: 60%).

The Group has also continued the works to build Line 4 of the Milan metro. The consideration for just the civil works is roughly €1.2 billion, including the additional consideration, following recent discussions with the Milan municipality about a new project to build the section which includes the delivery of three functional lots in advance compared to the entire line. This consideration is roughly €200 million higher than the previous amount and Salini Impregilo's share is 50%.

Italy

The Group's concessions activities in Italy mainly consist 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	Total km	Stage	Start date	End date
Italy (Pavia)	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	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	Stage	Start date	End date
Italy (Terni)	Corso del Popolo S.p.A.	55.0	Not yet active	2016	2046

OTHER

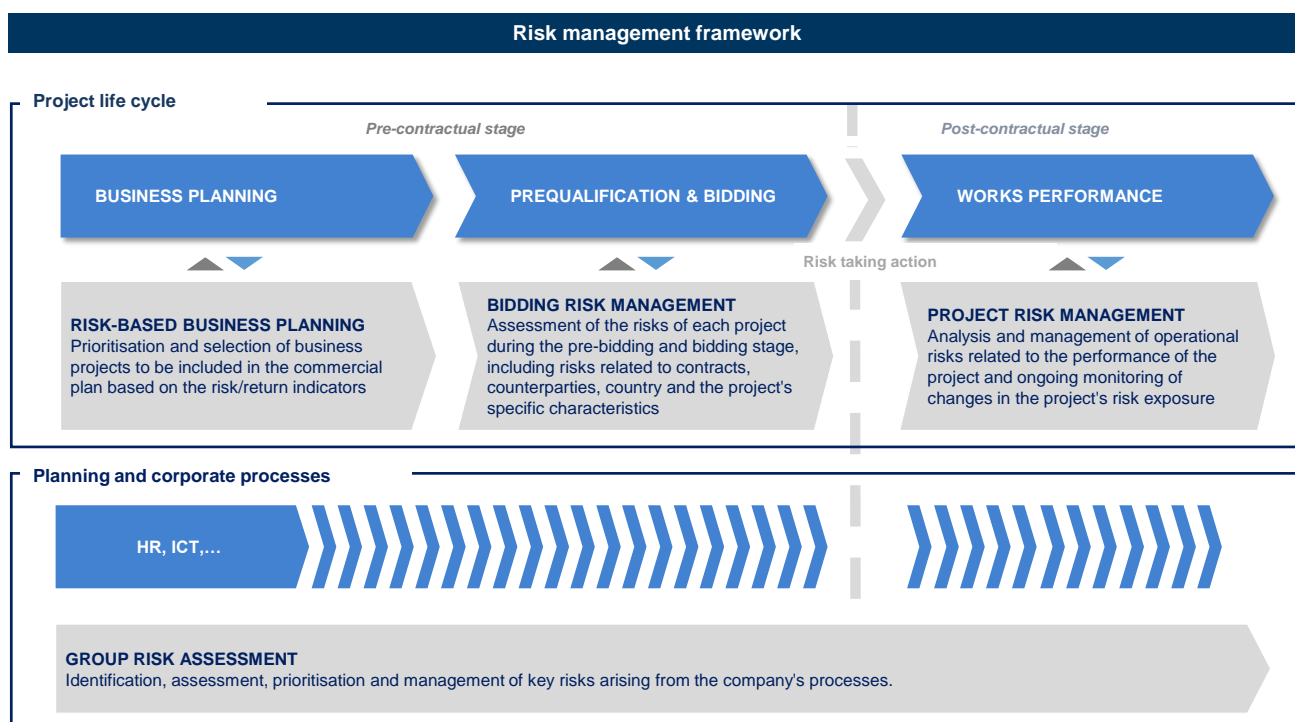
Country	Operator	% of investment	Stage	Start date	End date
Italy (Terni)	Piscine dello Stadio S.r.l.	70.0	Active	2014	2041

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.

As part of its internal controls and risk management system, the Group has a risk management framework, which it keeps up-to-date, is an integral part of internal procedures and is extended to all operating companies to identify, assess, manage and monitor risks in accordance with industry best practices.

Development, implementation and circulation of the risk management framework (presented in the following chart) is designed to assist senior management with strategic and commercial planning and operations through the comprehensive, in-depth analysis of relevant factors for the Group's business, the local contexts in which it operates and the particular operating requirements of its individual contracts, facilitating the identification and monitoring of related risks.



Based on the risk assessment performed at the end of 2017, the group identified its risk exposure and the top risks, i.e., those risks that it should focus on to rapidly and effectively mitigate the potential effects that could arise should the risks materialise.

During the first half of 2018, the Group focused on strengthening its methods and tools to analyse contract risk and to continuously include procedures for the efficient management of the most significant risks, such as country and counterparty risks (customer, partner, subcontractor and significant suppliers). It also commenced procedures to analyse financial risks in more depth, related both to contract management and corporate activities.

These procedures and the Group's ongoing development of the frameworks allow it to timely and carefully analyse its risk profile and identify how to manage those more relevant risk events with tailored measures.

Business risks

External risks are those 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 and the projects' long-term nature.

Given the nature of such risks, the Group must rely on its forecasting and managing abilities. Specifically, Salini Impregilo integrates 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 above 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, including 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 decisions 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 (customers, partners, suppliers, sub-contractors, etc.).

Salini Impregilo considers risk a key element for the preliminary assessment of decisions and strategic choices, so much so that it provided for integration of 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

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, are included in this category.

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, raw materials price volatility and management of assurance issues, 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 and the risks arising from the management of contracts with business partners. 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 bidding stage and/or performance of contracts, should group policies and procedures not be sufficiently 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 swiftly implement adequate remediation measures.

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 Salini Impregilo's risk universe.

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

Management of counterparty risk requires identification of potential criticalities linked to relationships with the Group's customers, 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 legal and compliance aspects that safeguard the lawfulness of the relationship. The Group performs a counterparty analysis for each new project, involving all the competent departments and the Group Risk Officer, to obtain 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.

The analysis of key risk dimensions and the related risk areas has the aim of providing management with a two-sided overview: a detailed one (i.e. at individual country, counterparty and 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 attainment of its defined 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 disputes, country risk exposure and situations characterised by risk and/or uncertainty profiles at 30 June 2018, 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 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.

The USW Campania issue comprises various proceedings in different jurisdictions and pending at different court levels. The main aspects of the key proceedings are described below.

Administrative litigation

Recovery of the amounts owed to Fibe by local administrations for waste disposal fees up to the contracts' *opere* termination date (15 December 2005)

The special commissioner tasked by the Regional Administrative Court to collect receivables of the former operators of the waste disposal service performed until 15 December 2005 submitted their final 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 Regional Administrative Court held in its ruling no. 7323/2016 that the commissioner's activities would satisfy Fibe's requests only after the assessment is completed and, hence, excluding the possibility that payments could be made, including of amounts collected from the administration, before the procedure is completed. Fibe challenged this ruling with the Council of State which rejected it with its ruling no. 1759/18. A petition for the conclusion of the proceedings was then filed. After the resignation of the special commissioner, the Regional Administrative Court appointed a new commissioner on 16 April 2018.

Administrative procedures for the recording and recognition of the costs for activities carried out and the work ordered by the administration during the period after termination of the service contracts

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 years from 2006 to 2008 after the contracts had been terminated.

As part of the aforementioned ruling, the Regional Administrative Court appointed an inspector who, on 31 March 2014, submitted a preliminary report and then their final report on 21 December 2017 finding that, in short, the amounts stated by Fibe in its appeal and the supporting documentation were substantially consistent. The company requested a more in-depth review of certain items and the correction of some errors. The Regional Administrative Court ordered an additional inspection be performed before 31 October 2018 and set a hearing date of 16 January 2019.

Interest on 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. After 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 has been set for 8 February 2019.

Environmental disputes

As part 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 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. 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 and the next hearing is set for 10 October 2018. 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. Ruling no. 4253/11 declared the lack of jurisdiction. The attorney general filed an appeal and the proceedings have been deferred for the closing arguments to 11 October 2018.

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 to appraise the

subordinated claim filed by Fibe that performed a double appraisal of an amount due to Fibe of approximately €56 million or €114 million. The hearing for this issue is set for 26 September 2018.

Tax litigation

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 the related penalties of approximately €14.3 million for the years from 2009 to 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.

In March 2018, the subsidiary presented an application to the tax authorities for facilitated settlement (Decree law no. 148/2017 converted into Law no. 172/2017) of the ICI (property tax) tax bill related to the years from 2009 to 2011 to settle the related dispute.

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. (subsequently merged into Fibe S.p.A.), Fisia Italmipiant 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 Hearing 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 Appeal Court accepted the admissibility of the appeal after numerous postponements on 21 March 2018.

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 companies 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.

The directors' considerations about the USW Campania projects at 30 June 2018

The general situation of Salini Impregilo Group with respect to the USW Campania projects at 30 June 2018 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 developments of the numerous proceedings 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 contracting 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.

A - The disputes before the Dispute Adjudication Board (DAB)

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 GUPC another USD6.4 million; (ii) that referred to Referral 14C - Dewatering of Excavations, where it found GUPC's claim to be grounded and that it had the right to receive USD0.2 million.

The DAB rejected 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. GUPC expressed its dissatisfaction with this decision and its claim was subsequently included in those being heard as part of another pending hearing (see the second 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 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 GUPC filed its dissatisfaction and commenced the related arbitration proceedings (see the "fourth arbitration").

As the DAB has not communicated a decision about the other claims within the contractual timeframe, they will be subject to arbitration.

B - Pending arbitration

There are 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 has been completed. The award, published in the second half of 2017, rejected the claims made by GUPC and the shareholders by majority vote (two against one) and ordered them to pay the legal costs. The dissenting member of the arbitration tribunal filed its strong disapproval of the vote criticising the interpretation of the facts and law in the award and identifying substantial errors. Together with the other shareholders, Salini Impregilo challenged the award before the Southern District Court of Florida (where the arbitration was heard) asking it be annulled. The court rejected the appeal on 20 June 2018 based on procedural reasons without discussing the dispute's merits.

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. After the stage performed to confirm the arbitration tribunal's competence to rule which ended with the award that the tribunal was competent to rule on the damages incurred by the individual members of the consortium, the merits proceedings are in progress and the hearing is scheduled for the start of 2019.

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 at an initial stage. The arbitration tribunals are being constituted.

In July 2017, GUPC and the shareholders filed another two requests for arbitration with respect to the third and fourth arbitrations covering the same claims already made in the third and fourth hearings, respectively. These requests were filed on a precautionary basis after the 84-day deadline given to the DAB to decide on the claims expired. As the DAB did not take a decision within the contractual deadline, any decision about these claims is now to be taken by the arbitration tribunal.

There is also another dispute about the contractual advances due to ACP for which a fifth arbitration hearing has commenced. The tribunal was constituted on 9 August 2017 and its competence to decide on the disputes about the return of the contractual advances has been approved. As part of the same proceeding, GUPC and the shareholders requested, and temporarily obtained, as a precautionary measure the blocking of the return of the guarantees on the advances before the merits of the dispute are decided. Concurrently, ACP commenced legal proceedings in England about the return of the advances. These proceedings are not expected to be completed before the end of 2018.

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 reasonably deemed to be highly probable based on the opinions expressed by its advisors and in light of the damages awarded by the DAB.

In the first six months of 2018, the estimate for the extra costs to complete the project was updated, as well as the additional consideration claimed from the customer (again with the support of the Group's advisors).

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

Copenhagen Cityringen

As a result of critical issues about this project related to its specific features and the significance of the works, the Group had to significantly revise the cost estimates for the early stages of this project. They mainly related to the construction of the concrete works, the electromechanical works and the architectural finishings.

The negotiations with the customer, assisted by their consultants and technical/legal advisors, led to the signing of an interim agreement on 30 December 2016 (which allowed the Group to collect €145 million) and other agreements (claim settlement agreement no. 7 and the additional agreement) which enabled it to collect another €40 million (for a total of €185 million) with the settlement of some claims, while the remaining outstanding claims have been referred to the arbitration proceeding provided for in the contract.

The Group has recognised all the significant extra 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 deems it highly probable that its claims will be upheld, based on the opinions of its 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 (high speed/capacity Turin-Milan line)

With respect to the contract for the high speed/capacity Turin - Milan railway line - Novara - Milan sub-section, the general contractor Fiat (now FCA N.V.) is required to follow the registered claims of the general subcontractor 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 the 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 a 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 by Salini Impregilo).

The consortium is confident that its arguments will be accepted at the end of the dispute supported by the opinion of its 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.

In addition, FCA and the consortium have commenced the following actions:

- filing of an appeal with the Lazio Regional Administrative Court on 11 November 2016 for the claims of €18,004,574 presented during the contract's term and not covered by the previous award of 9 July 2013. This proceeding was firstly suspended from the register and then resumed. It is currently pending before the competent administrative judge;
- on 12 October 2017, presentation of another claim form to the Rome Court for claims made during the contract term and not covered by the previous award. There were no significant updates during the period.

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 is confident that the arbitration award in its favour will be

confirmed by the ruling. 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.

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 (partly transferred to the Bolzano public prosecutor) relates to the alleged bribery 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 tender 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 Rome Prefecture a proposal for adoption of the extraordinary measures pursuant to article 32 of Decree law no. 90/14 against COCIV. On 3 March 2017, the Rome Prefecture appointed a special commissioner for the extraordinary and temporary administration of COCIV in accordance with article 32.1.b) of Decree law no. 90

of 24 June 2014, converted with amendments by Law no. 114 of 11 August 2014 for a six-month period, which was then extended to 15 January 2019.

The Genoa public prosecutor notified the completion of the preliminary investigations for the criminal proceedings.

The investigations focused on assumed collusive bidding and most of the challenged events took place quite some time ago (2013 to 2016).

The charges refer to alleged conduct that could only be carried out by the individuals in charge of managing the related procedures. This implies that the alleged involvement of key management personnel (the then chairman of the consortium) and the parent's chief executive officer would not lead to the identification of any real activities and/or conduct that these persons actually undertook.

The documents filed by the Genoa public prosecutor do not allege any violation by the consortium of the legislation on entities' administrative liability (Legislative decree no. 231/2001).

The criminal proceedings originally brought by the Rome public prosecutor were broken down into various sections which have seen the following progress:

- With respect to the first part of the alleged corruption practices, involving the alleged administrative liability of the consortium for the administrative crime as per articles 5 and 25 of Legislative decree no. 231/01, the preliminary hearing was held in April 2017. The judge struck out the allegations against the consortium as the notifications had not been made correctly, and committed the individuals for trial. The Rome Court declared its lack of jurisdiction and referred the case to the Bolzano public prosecutor. The companies were concurrently committed for trial (together with the other defendants) before the Rome multi-member court.
- The public prosecutor has recently activated criminal proceedings for the other charges of corruption. There is no mention of the administrative liability of the group companies as per Legislative decree no. 231/2001 in this separate criminal proceeding;
- During the first half of 2018, the public prosecutor requested that the criminal proceedings be filed for the assumed original crime of association for criminal purposes.

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 used in the 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.

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.

The directors deem that the effects of the above measure do not affect the considerations made since 1 January 2014 about the existence of control as established by IFRS 10, confirmed by the opinion of an external consultant.

Therefore, the consortium continues to qualify as a subsidiary and is consolidated on a line-by-line basis.

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 Strait of Messina 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 separately 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 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 Rome Civil Court's lack of jurisdiction. After the case had been included in the register, in order that the parties can present their cases, the court suspended ruling RG no. 16617/2013 in its order published on 2 January 2018 until the united chambers of the Supreme Court hand down their ruling on the lack of jurisdiction claimed by Stretto di Messina.

On 29 January 2018, the Supreme Court found the action for the lack of jurisdiction to be ungrounded and confirmed the jurisdiction of the ordinary judge (the Rome Civil Court). Therefore, Eurolink recommenced the proceedings, which had been suspended awaiting this ruling.

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 assets) recognised for this contract, it cannot be excluded that events not currently foreseeable may arise in the future which would require the current assessments to be revised.

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 Constanta, 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 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 advisors), believe that the parent's operations were correct and that the recoverability of the amounts recognised as contract assets and financial assets at 30 June 2018, inclusive of requests for additional consideration also part of the claim, is highly probable.

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 legal 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. Specifically:

Rome Appeal Court - RG 1454/2017 (claims for the final billing for the Bologna - Conca d'Oro section)

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 Rome Appeal Court handed down its ruling no. 4595 of 5 July 2018 rejecting the grounds for the joint venture's appeal, confirming the ruling handed down by the Rome Court finding the claims to be ungrounded. It concurrently partly accepted the counter appeal presented by Roma Metropolitane, finding the application

made by the joint venture (claim no. 38) to be ungrounded, although it had been partly accepted by the Rome Court for approximately €4,000,000.00. The Appeal Court's ruling does not order the joint venture to return the amounts already collected on the basis of the enforcement of the first level ruling. Therefore, in order to recover these amounts, Roma Metropolitana shall have to present a specific application to have its rights recognised.

The joint venture will appeal to the Supreme Court against the Appeal Court's ruling.

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.

CONSORZIO CON.FE.MI. / FERROVIENORD S.p.A. (Imprepar)

In 2005, the Milan Court found the 1988 contract between the Confemi consortium (in which Imprepar S.p.A. had an 18.26% share) and Ferrovie Nord Milano S.p.A. (FNME) for the quadrupling of the Saronno-Malpensa railway section to be void due to corruption. The Court ordered that the consortium was to return the difference of approximately €44 million between the amounts received and the value of the works performed, as well as interest calculated on the payments made. In 2011, the Milan Appeal Court substantially confirmed these amounts. While awaiting the appeal ruling, Confemi and FNME signed an agreement in 2008 deferring enforcement of the ruling until it had been passed *res judicata* and establishing an amount of €6 million for the party that will be found guilty, as well as Confemi's right to request return of approximately €3 million previously paid to FNME.

On 10 May 2017, the Supreme Court handed down its ruling no. 11446/17 which (i) rejected Confemi's main appeal and (ii) accepted the first and second part of FNME's counter appeal (damage to its reputation and return by Confemi of the amounts collected as part of the review of all the contractual prices - increase of 25% - allocated to Confemi by the judges who heard the merits case). The Supreme Court has therefore reversed the Milan Appeal Court's ruling for the accepted reasons and deferred judgement about payment of the amounts of point (ii) to the same Appeal Court.

In November 2017, Confemi appealed to the Supreme Court challenging the part of its ruling no. 11446/17 where it accepted the grounds for FNME's counter appeal about the 25% reduction in the amounts to be paid to it as a review, as described above, given that Confemi deemed that a final decision on this had already been handed down during the appeal.

The ruling by the Milan Appeal Court as the referring court has been resumed by FNME. Confemi has given its lawyers a mandate to represent it in court.

On 20 November 2017, the consortium was put into liquidation.

On 24 October 2014, FNME commenced a proceeding at the Milan Court for the alleged joint and several liability of the consortium members together with Confemi. Both Salini Impregilo and Imprepar are involved. On 1 March 2018, the Milan Court rejected the claims made by FNME against the Confermi consortium members. Ferrovienord has appealed against this ruling.

The Group's interest in the consortium had been obtained as a result of the parent's acquisition of the business unit related to the contract from Lodigiani S.p.A. (which also included the voided contract). Impregilo transferred its interest in Confemi to Imprepar in 2001 as part of the contribution of a business unit. At present, negotiations are in place between the consortium and Ferrovienord to settle the entire matter.

Colombia – Yuma and Ariguani

Yuma Concesionaria S.A. (in which the Group has a 48.3% investment) holds the concession for the construction and operation of sector 3 of the Ruta del Sol motorway in Colombia.

On 4 January 2018, the customer ANI commenced a procedure to assess Yuma's alleged serious breaches of the concession contract and whether to terminate the contract.

Yuma, on the other hand, deems that the serious breaches have been committed by ANI and, in any case, refers to events outside its control which have led to a significant imbalance in the mutual rights and obligations of the parties to the contract that the customer is obliged to rectify.

The operator commenced procedures for a local arbitration for contract variations and an international one for claims related to the construction stage. It is also evaluating whether to take additional legal action to protect its rights.

The banks that granted Yuma a bridge loan of COP450,000 million (the equivalent to roughly €128 million) to carry out the project have currently refused to extend it beyond 15 January 2018. Yuma holds that this decision is unlawful and damaging to its rights as the current situation has not substantially changed and the banks had granted extensions in the past. Salini Impregilo had given guarantees for 48.33% of the loan and two of the syndicate banks have commenced legal proceedings in Italy to enforce this guarantee (for principal of approximately USD28 million), which the parent has opposed in court.

Yuma has entrusted construction and maintenance of the project to a special purpose entity Constructora Ariguani S.A.S., which is wholly-owned by Salini Impregilo. Due to the difficulties encountered with the project, the SPE commenced its reorganisation pursuant to the local law no. 1116/2006 in March 2018, supervised by the Superintendencia (the Financial Superintendence of Colombian companies) to protect the debtors and broker an agreement between the parties to normalise their commercial relationships by restructuring the SPE's assets and liabilities. However, responsibility for the project's ordinary activities continues to lie with the SPE, which currently mostly carries out maintenance activities.

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.

Poland

The Group has a 95% interest in a joint venture in Poland for the design and construction of roads (S8 Marki contract with a residual value of approximately €1.4 million) and the related contract was signed on 28 November 2014.

Although the main road section was opened to traffic on 22 December 2017, on 17 May 2018, the customer informed the joint venture that the contract was considered to be terminated due to the latter's alleged breach of contract and concurrently requested payment of fines of €3.3 million.

On 22 May 2018 and 7 June 2018, the joint venture informed the customer that it considered termination of the contract to be null and void and legally ineffective and also asked for payment of the outstanding amount of €1.7 million and the contractually provided-for fines. Finally, it noted that the contract terminated due to the customer's default.

The customer has attempted to enforce the performance bonds of €7.8 million, which the joint venture had provided. The joint venture has commenced legal action before the Parma Court to prevent this.

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.

Other situations characterised by risk and/or uncertainty profiles

Condotte

Società Italiana per Condotte d'Acqua S.p.A. ("Condotte"), which has investments in group companies, filed a petition as per article 161.6 of the Bankruptcy Law to the Rome Court. It has also reserved the right to file a final deed of arrangement proposal (with the plan and documentation required by article 161.2/3 of the Bankruptcy Law) or an application for approval of debt restructuring agreements.

On 15 January 2018, the Rome Court granted a period of up to 18 May 2018, subsequently deferred to 18 July 2018, for presentation of the above proposal. It appointed special commissioners to monitor the company's activities until this date, requiring the company to comply with a number of measures, including disclosure obligations.

On 17 July 2018, Condotte applied for immediate application of the extraordinary administration procedure pursuant to article 2 of Decree law no. 347/03 to the Ministry of Economic Development. On 19 July 2018, the Ministry communicated its intention of allowing this application and commenced the procedure for appointment of the competent commissioners.

The group companies in which Condotte has investments are carefully monitoring developments in the situation.

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 for that project 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 customers, complying promptly with legal and corporate requirements. It informed its customers 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 customers 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 customers.

The impairment losses on net assets and costs incurred starting from the 2012 financial statements until the reporting date are fully included in contract liabilities. The subsidiary has presented claims to the customers 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 customers.

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 customers.

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 operated in Venezuela for over thirty years and has a stable presence there through its permanent organisation. It carries out important projects to develop the South American country directly or in partnerships with international partners.

The work in progress, mainly in the railway and hydroelectric sectors, relates to the following contracts:

- Railway sector:
 - i) Puerto Cabello-La Encrucijada section project;
 - ii) Guarico project, for the San Juan de Los Morros-San Fernando de Apure and Chaguaramas-Cabruta sections;
- Hydroelectric sector:
 - i) the Tocoma dam project.

The customers for the above projects are all government agencies (the Venezuelan government or related bodies).

Although the Venezuelan government has reconfirmed its intention to complete the railway and hydroelectrical projects, deemed to be of strategic interest for the country's development, these contracts have seen payment delays, temporary suspensions and rescheduling of the work to complete them over the last few years.

During the period, the country's situation remained substantially unaltered with no sign of improvement compared to the last few months of 2017.

Given the country's situation, the Group tested the assets recognised in its condensed interim consolidated financial statements at 30 June 2018 for impairment again, in line with the considerations and assessments made during preparation of the consolidated financial statements at 31 December 2017.

The Group's gross exposure amounted to €636 million at period end, including €116 million of loans and approximately €520 million of receivables for consideration accrued on work performed (this latter figure comprises €317 million already invoiced and recognised as trade receivables and €203 million recognised as contract assets net of contract advances). The Group estimated total impairment losses on these assets of €318 million. As it had already set up an allowance for impairment of about €314.2 million at 31 December 2017 and used advances of roughly €2.9 million at the reporting date, it recognised an impairment loss of approximately €0.9 million at 30 June 2018. Therefore, the Group's net exposure is €318 million.

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

Again during this six months, the economic crisis of the last two years continues to limit Nigeria's ability from investing in infrastructure, despite the increase in oil prices from USD65/barrel in December 2017 to the present USD75/barrel.

Despite this, the construction sector is still stagnant like the country's other production sectors.

Although inflation has decreased compared to December 2017 when it was 17% compared to the current 12%, the prices of imported goods have increased significantly partly due to the last currency depreciation of 2016 (Naira/Euro exchange rate from 220 to 340), which has now stabilised at 360.

The unemployment rate is still high at roughly 14% of the population of about 190 million, including 31% of whom are between 25 and 50 years old. This situation has led to a rise in criminality and widespread discontent.

However, there is visible interest in continuing the production activities for development projects prioritised by the federal government.

Given the presidential elections scheduled for May 2019, it cannot be excluded that events which cannot currently be foreseen may take place after the date of preparation of this report that would require changes to the assessments made to date.

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 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 seen the introduction of new senior managers. This made it more difficult for the Group to liaise 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 defended its position following the contractually-specified procedure. In December 2016, the dispute board, appointed to rule on the termination, confirmed its illegality. The Group took all necessary steps

to reach an agreement with Ukravtodor to recommence the contract activities, although the customer has rejected its overtures and has not acknowledged that ordered by the dispute board. It has refused to come to an agreement with the Group. On 7 March 2017, Salini Impregilo thus communicated the termination as contractually provided for and the dispute is currently before the Paris International Court of Arbitration.

All the subsequent applications to the dispute board were accepted and the Group has been awarded the equivalent of roughly €75 million. The dispute board decisions were sent to the Paris International Court of Arbitration.

Following this, the Paris International Court of Arbitration was asked to validate an interim award that approves the amount recognised by the dispute board decisions (the equivalent of approximately €75 million). On 26 June 2018, it issued a first partial award for the equivalent of roughly €54 million.

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.

Events after the reporting period

No significant events have taken place since the reporting date other than those specifically described in previous sections of this report.

Outlook

Salini Impregilo Group intends to strengthen its leadership position in the large infrastructure sector, especially in the US market, in line with its strategic objectives.

Alternative performance indicators

As required by Consob communication no. 0092543 of 3 December 2015, 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 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.

Debt indicators:

Liquidity and other financial assets is the sum of the following items:

- a. Current and non-current financial assets
- b. Cash and cash equivalents

Medium to long-term debt is the sum of the following items:

1. Current account facilities and other loans
2. Bonds
3. Finance lease liabilities

Other financial assets and liabilities is the sum of the following items:

- a. Derivatives
- b. The Group's net amounts due from/to consortia and consortium companies operating under a cost recharging system and not included in the consolidation scope.

Performance indicators:

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

Given the Group's optimisation of its geographical and commercial positioning, which led to its repositioning on the international market, and considering that other sector operators use a calculation method for gross operating profit different to that used previously by the Group, in order to facilitate a comparison with the

figures of its key competitors, including on new markets, the Group decided to change the composition of this indicator starting from the interim financial report at 30 June 2017 to exclude provisions and impairment losses as, in some cases, they have a non-recurring nature. The Group deems that this new calculation method assists an understanding and the comparability of its performance indicators.

Adjusted figures

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 (“JV not controlled by Lane”) show the status of contracts managed directly by Lane or through non-controlling investments in joint ventures.

Other information

Compliance with the conditions of article 15 of the Stock Exchange Regulation

Salini Impregilo confirms that it complies with the conditions of article 15 of Consob regulation no. 20249 (“Regulation on markets”), based on the procedures adopted before article 15 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 period.

Repurchase of treasury shares

At present, the group does not have a treasury share repurchase programme as the programme approved by the parent's shareholders in their ordinary meeting of 19 September 2014 has expired and was not renewed. At the reporting date and after the assignment of the shares as part of the 2015 performance share plan, the parent had repurchased 1,358,811 treasury shares for €3,360,247.75.

Related parties

Reference should be made to note 36 to the condensed interim consolidated financial statements for a description of related party transactions

On behalf of the board of directors

Chairman

(signed on the original)

**Condensed interim
consolidated
financial
statements as at
and for the six
months ended 30
June 2018**

Condensed interim consolidated financial statements

Statement of financial position

ASSETS	Note	31 December 2017	of which: related parties	30 June 2018	of which: related parties
(€'000)		(\$)			
Non-current assets					
Property, plant and equipment	5	675,277		490,123	
Intangible assets	6	210,053		198,078	
Goodwill	7	155,179		73,462	
Equity investments	8	316,679		271,140	
Derivatives and non-current financial assets	9	188,694	84,928	206,015	88,650
Deferred tax assets	10	172,400		197,731	
Total non-current assets		1,718,282		1,436,549	
Current assets					
Inventories	11	240,976		207,817	
Contract assets	12	1,490,076		1,547,114	
Trade receivables	13	1,881,813	134,264	1,941,950	131,647
Derivatives and other current financial assets	14	94,308	32,593	129,436	35,777
Current tax assets	15	133,040		135,420	
Other current tax assets	15	164,651		143,577	
Other current assets	16	616,427	39,288	674,261	31,132
Cash and cash equivalents	17	1,320,192		1,064,326	
Total current assets		5,941,483		5,843,901	
Non-current assets held for sale and discontinued operations	18	5,683		455,458	
Total assets		7,665,448		7,735,908	

(§) The statement of financial position figures at 31 December 2017 have been restated to reflect application of IFRS 15.

EQUITY AND LIABILITIES	Note	31 December	of which:	30 June 2018	of which:
		2017	related parties		related parties
(€'000)					
					(\$)
Equity					
Share capital		544,740		544,740	
Share premium reserve		120,798		120,798	
Other reserves		101,385		99,357	
Other comprehensive expense		(73,930)		(60,637)	
Retained earnings		238,731		97,426	
Profit (loss) for the period/year		(117,233)		64,940	
Equity attributable to the owners of the parent		814,491		866,624	
Non-controlling interests		131,061		110,202	
Total equity	19	945,552		976,826	
Non-current liabilities					
Bank and other loans and borrowings	20	457,467		436,227	
Bonds	21	1,084,426		1,086,276	
Finance lease liabilities	22	81,310		69,866	
Post-employment benefits and employee benefits	24	85,724		81,166	
Deferred tax liabilities	10	29,733		17,019	
Provisions for risks	25	94,382		93,613	
Total non-current liabilities		1,833,042		1,784,167	
Current liabilities					
Current portion of bank loans and borrowings and current account facilities					
	20	311,002	13,949	531,104	18,082
Current portion of bonds	21	302,935		305,042	
Current portion of finance lease liabilities	22	48,567		50,364	
Derivatives and other current financial liabilities	23	1,480		45	
Contract liabilities	26	1,587,499		1,239,617	
Trade payables	27	2,163,432	117,140	2,292,083	127,103
Current tax liabilities	28	96,839		83,935	
Other current tax liabilities	28	44,811		38,460	
Other current liabilities	29	330,289	13,956	333,329	17,612
Total current liabilities		4,886,854		4,873,979	
Liabilities directly associated with non-current assets held for sale and discontinued operations	18	-		100,936	
Total equity and liabilities		7,665,448		7,735,908	

(\$) The statement of financial position figures at 31 December 2017 have been restated to reflect application of IFRS 15.

Statement of profit or loss

	Note	1st half 2017	of which: related parties	1st half 2018	of which: related parties
(€'000)		(\$)			
Revenue					
Revenue from contracts with customers	31	2,596,381	123,537	2,370,029	131,064
Other income	31	124,997	4,402	144,599	7,162
Total revenue and other income		2,721,378		2,514,628	
Operating expenses					
Purchases	32.1	(466,925)		(421,595)	
Subcontracts	32.2	(709,993)	(384)	(746,265)	(90)
Services	32.3	(744,295)	(128,678)	(667,593)	(107,855)
Personnel expenses	32.4	(440,320)		(403,409)	
Other operating expenses	32.5	(88,131)	(11)	(73,412)	(277)
Amortisation, depreciation, provisions and impairment losses	32.6	(142,321)	(114)	(93,794)	(244)
Total operating expenses		(2,591,985)		(2,406,068)	
Operating profit		129,393		108,560	
Financing income (costs) and gains (losses) on equity investments					
Financial income	33.1	35,984	5,284	23,742	5,822
Financial expense	33.2	(72,874)	(141)	(53,821)	(107)
Net exchange gains (losses)	33.3	(48,887)		15,002	
Net financing costs		(85,777)		(15,077)	
Net gains on equity investments	34	9,644		11,343	
Net financing costs and net gains on equity investments		(76,133)		(3,734)	
Profit before tax		53,260		104,826	
Income tax	35	(20,378)		(40,882)	
Profit from continuing operations		32,882		63,944	
Loss from discontinued operations	18	(5,761)		(9,262)	
Profit for the period		27,121		54,682	
Profit for the period attributable to:					
Owners of the parent		11,115		64,940	
Non-controlling interests		16,006		(10,258)	

(\$) The income statement figures for the six months ended 30 June 2017 have been restated to reflect application of IFRS 15 and IFRS 5.

Statement of comprehensive income

	Note	1st half 2017	1st half 2018
(€'000)			
Profit for the period (a)		27,121	54,682
Items that may be subsequently reclassified to profit or loss, net of the tax effect:			
Exchange gains (losses) on the translation of foreign companies' financial statements	19	(64,828)	2,978
Net gains on cash flow hedges, net of the tax effect	19	1,406	141
Other comprehensive income (expense) related to equity-accounted investees	19	(7,311)	2,296
Items that may not be subsequently reclassified to profit or loss, net of the tax effect:			
Net actuarial gains (losses) on defined benefit plans	19	(1,143)	5,529
Other comprehensive income (expense) (b)		(71,876)	10,944
Comprehensive income (expense) (a) + (b)		(44,755)	65,626
Comprehensive income (expense) attributable to:			
Owners of the parent		(59,063)	78,234
Non-controlling interests		14,308	(12,607)
Earnings per share			
<i>From continuing and discontinued operations</i>	37	0.02	0.13
Basic		0.02	0.13
Diluted			
<i>From continuing operations</i>	37		
Basic		0.03	0.15
Diluted		0.03	0.15

Statement of cash flows

	Note	1st half 2017	1st half 2018
(€'000)		(*)	
Cash and cash equivalents	17	1,602,721	1,320,192
Current account facilities	20	(51,297)	(37,028)
Total opening cash and cash equivalents		1,551,424	1,283,164
Operating activities			
Profit from continuing operations		32,884	63,944
Amortisation of intangible assets	32	19,088	11,636
Depreciation of property, plant and equipment	32	89,778	78,570
Net impairment losses and provisions	32	33,455	3,589
Accrual for post-employment benefits and employee benefits	24	9,847	9,966
Net (gains) losses on the sale of assets		(742)	983
Deferred taxes	35	(8,289)	(11,593)
Share of profit of equity-accounted investees	34	(4,618)	(11,062)
Income taxes	35	28,667	52,475
Exchange gains (losses)	33	48,887	(15,002)
Net financing costs	33	36,890	30,079
Other non-monetary items		10,165	(6,627)
Cash flows generated by operating activities		296,012	206,958
Increase in inventories and contract assets		(196,143)	(67,982)
Increase in trade receivables		(70,395)	(141,600)
(Decrease) increase in contract liabilities	26	75,309	(334,855)
(Decrease) increase in trade payables		(96,589)	179,793
Increase in other assets/liabilities		(98,290)	(55,939)
Total changes in working capital		(386,108)	(420,583)
Increase in other items not included in working capital		(85,252)	(4,452)
Financial income collected		5,834	8,608
Interest expense paid		(41,656)	(35,919)
Income taxes		(24,319)	(52,215)
Cash flows used in operating activities		(235,489)	(297,603)
Investing activities			
Net investments in intangible assets	6	(889)	(498)
Investments in property, plant and equipment	5	(122,909)	(68,830)
Proceeds from the sale or reimbursement value of property, plant and		42,566	27,140
Investments in non-current financial assets and capital transactions	8	(28,781)	(29,695)
Dividends and capital repayments from equity-accounted investees	8	12,746	2,250
Proceeds from the sale or reimbursement value of non-current financial		86	3,074
Cash flows used in investing activities		(97,181)	(66,559)

(€'000)	Note	1st half 2017	1st half 2018
		(*)	
Financing activities			
Dividends distributed	19	(49,410)	(34,875)
Capital injection by non-controlling interests in subsidiaries		1,895	354
Increase in bank and other loans	20	988,389	769,926
Decrease in bank and other loans	20	(898,246)	(621,703)
Change in other financial assets/liabilities		17,831	(46,330)
Cash flows generated by financing activities		60,459	67,372
Net cash flows used in discontinued operations	20	(2,305)	
Net exchange gains (losses) on cash and cash equivalents		(66,327)	6,275
Decrease in cash and cash equivalents		(340,843)	(290,515)
Cash and cash equivalents	17	1,331,602	1,064,326
Current account facilities	20	(121,019)	(71,764)
Total closing cash and cash equivalents		1,210,583	992,562

(*) The figures for the first six months of 2017 have been restated to reflect application of IFRS 15, redefinition of the IFRS 5 scope and to ensure greater comparability.

Statement of changes in equity

		Share capital	Share premium reserve	Other reserves					Other comprehensive income (expense)				Retained earnings	Profit for the period	Equity attributable to the owners of the parent	Non-controlling interests	Total equity	
				Legal reserve	Share capital increase related charges	Extraordinary and other reserves	Reserve for treasury shares	LTI reserve	Total other reserves	Translation reserve	Hedging reserve	Actuarial reserve						Total other comprehensive income (expense)
<i>(€'000)</i>																		
As at 1 January 2017 (\$)	19	544,740	120,798	103,321	(3,970)	136	(7,677)	4,241	96,051	48,529	(533)	(909)	47,087	268,126	-	1,076,802	148,373	1,225,175
Allocation of profit and reserves	19			3,230					3,230					(3,230)	-			-
Dividend distribution	19													(26,341)		(26,341)		(26,341)
Change in consolidation scope	19													1,869		1,869	(1,869)	-
Repurchase of treasury shares	19							(87)	(87)							(87)		(87)
Capital increase	19																1,895	1,895
Dividend distribution to non-controlling interests	19																(19,325)	(19,325)
<i>Profit for the period</i>	19														11,116	11,116	16,001	27,117
<i>Other comprehensive expense</i>	19									(70,571)	1,535	(1,143)	(70,179)			(70,179)	(1,693)	(71,872)
<i>Comprehensive expense</i>	19									(70,571)	1,535	(1,143)	(70,179)		11,116	(59,063)	14,308	(44,755)
As at 30 June 2017 (\$)	19	544,740	120,798	106,551	(3,970)	136	(7,677)	4,154	99,194	(22,042)	1,002	(2,052)	(23,092)	240,424	11,116	993,180	143,382	1,136,562
As at 1 January 2018 (\$)	19	544,740	120,798	106,551	(3,970)	136	(7,677)	6,344	101,384	(68,835)	138	(5,233)	(73,930)	238,731	(117,233)	814,490	131,061	945,551
Allocation of profit and reserves	19													(117,233)	117,233			-
Dividend distribution	19													(26,099)		(26,099)		(26,099)
Change in consolidation scope	19																284	284
Stock options	19							4,317	(6,344)	(2,027)				2,027				-
Capital increase	19																354	354
Other changes and reclassifications	19																(113)	(113)
Dividend distribution to non-controlling interests	19																(8,777)	(8,777)
<i>Profit for the period</i>	19														64,940	64,940	(10,258)	54,682
<i>Other comprehensive income</i>	19									10,885	(3,121)	5,529	13,293			13,293	(2,349)	10,944
<i>Comprehensive income</i>	19									10,885	(3,121)	5,529	13,293		64,940	78,233	(12,607)	65,626
As at 30 June 2018	19	544,740	120,798	106,551	(3,970)	136	(3,360)	-	99,357	(57,950)	(2,983)	296	(60,637)	97,426	64,940	866,624	110,202	976,826

(§) The statement of financial position figures at 31 December 2017 have been restated to reflect application of IFRS 15.

Notes to the condensed interim consolidated financial statements

1. Basis of preparation

Salini Impregilo S.p.A. (the “parent” or “Salini Impregilo”) has its registered office in Italy. These condensed interim consolidated financial statements at 30 June 2018 include the financial statements of the parent and its subsidiaries (the “Group”). The Group, created by the reverse merger of the Salini and Impregilo Groups, is a global player in the large-scale infrastructure sector.

Salini Impregilo Group has prepared its condensed interim consolidated financial statements at 30 June 2018 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 condensed interim 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. Specifically, the Group has prepared these condensed interim consolidated financial statements in accordance with IAS 34 - Interim financial reporting and they should be read together with the most recent annual report (that for 2017). They do not include all the disclosures required for a complete set of IFRS financial statements, but they include an explanation of the events and transactions that are significant to an understanding of changes in the Group’s financial position and performance since the end of the last annual reporting period.

The format and content of these condensed interim 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 condensed interim consolidated financial statements at 30 June 2018 are consistent with those used to prepare the 2017 annual consolidated financial statements, to which reference should be made, except for the changes summarised in note 2.

2. Changes in standards

Changes in standards

This section lists the standards, amendments and interpretations published by the IASB, endorsed by the European Union and applicable since 1 January 2018:

Standard/Interpretation	IASB application date
Amendments to IFRS 4 - Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts	1 January 2018
IFRS 15 - Revenue from contracts with customers (and Clarification to IFRS 15 - Revenue from contracts with customers)	1 January 2018
IFRS 9 - Financial instruments (and Amendment to IFRS 9 - Prepayment features with negative compensation)	1 January 2018
Amendments to IFRS 2 Share-based payment - Classification and measurement of share-based payments	1 January 2018
Annual Improvements to IFRS Standards 2014-2016 Cycle	1 January 2018
Amendments to IAS 40 - Transfers of investment property	1 January 2018
IFRIC 22 - Foreign currency transactions and advance consideration	1 January 2018

The standards, amendments and interpretations published by the IASB and endorsed by European Union which become applicable after the reporting date are listed below:

Standard/Interpretation	IASB application date
IFRS 16 - Leases	1 January 2019

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/Interpretation	IASB application date
IFRS 17 - Insurance contracts	1 January 2021
IFRIC 23 - Uncertainty over income tax treatment	1 January 2019
Amendments to IAS 28 - Long-term interests in associates and joint ventures	1 January 2019
Annual improvements to IFRS Standards 2015-2017 cycle (amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)	1 January 2019
Amendments to IAS 19: Plan amendment, curtailment or settlement	1 January 2019
Amendments to References to the conceptual framework in IFRS Standards	1 January 2020

Adoption of the above standards will not significantly affect the Group's consolidated financial statements, except for IFRS 16, for which the Group has commenced a specific adoption project.

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 14 - 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. Earlier application is permitted if IFRS 15 has also been applied, but the Group did not avail of this option.

The Group is currently engaged in the project to implement the new standard and has completed the gap analysis with IAS 17. It has identified the additional contracts which will be classified as finance leases. The Group is also updating its systems and processes for the accounting management of leases in accordance with IFRS 16.

Effects of the application of the new standards

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.

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 based on the measurement method: 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 investments, loans and receivables and available-for-sale financial assets 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 development of judgement about the impact of changes in economic factors on the expected credit losses, which are weighted by probability of occurrence.

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.

Given the characteristics of its business sector, the introduction of new methods to estimate impairment losses on financial assets has not significantly affected the Group's current measurement methods. This is based on the fact that the indicators used to quantify credit risk previously used under IAS 39, such as client risk, country risk and the assessment of relevant macroeconomic information already reflects a valuation method based on expected risk.

Credit risk is that deriving from the Group's exposure to potential losses arising from the customers' (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 customers, 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 customers in relation to contract work in progress as a whole.

IFRS 15 - Revenue from contracts with customers

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 - Construction contracts 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 contract costs, contract modifications and financial statements disclosures.

The Group has decided to apply IFRS 15 retroactively, recognising the cumulative effects on opening equity at the first application date (1 January 2017 as this is the date of the opening comparative figures). It has opted to use one of the practical expedients provided for in paragraph C5(a)(ii) whereby contracts completed at the beginning of the earliest period presented (1 January 2017) need not be disclosed. The effects of application of this practical expedient are not significant.

As part of the ongoing IFRS 15 project, the Group has defined the effects of applying IFRS 15 for the first time on its consolidated financial statements as required by IAS 8.

The ongoing implementation project has led to identification of the following key differences compared to the provisions of IAS 11 and IAS 18 previously applied by the Group, based on the five-step model set out above:

1. **Identify the contract with a customer.** The contract is usually easily identifiable as being the tender contract. In addition to the guidance for identifying the contract, IFRS 15 establishes rules for the combination of two or more contracts agreed concurrently or nearly concurrently with the same customer (or related parties of the customer).

The estimated effect on equity at 1 January and 31 December 2017 of the different method of combining contracts is set out below:

	Equity at 1 January 2017	Loss for 2017	Equity at 31 December 2017
Total adjustment	(7,975)	3,608	(3,535)
of which: attributable to the owners of the parent	(2,682)	1,160	(1,189)
of which: attributable to non-controlling interests	(5,293)	2,448	(2,346)

The effect at 30 June 2017 is as follows:

	Profit for the first six months of 2017	Equity at 30 June 2017
Total adjustment	1,481	(5,908)
of which: attributable to the owners of the parent	460	(1,987)
of which: attributable to non-controlling interests	1,021	(3,921)

2. **Identify the performance obligations (distinct elements that are part of a single contract but are separated for accounting purposes) in the contract.** The performance obligation is usually the entire project, as provided for in the contract, given that the different services are highly interdependent and integrated and are aimed at transferring the project as a whole. However, some transactions with customers include additional services that are directly or indirectly related to the contract.

The main performance obligations considered by the Group as distinct and that led to a change in the revenue recognition criteria are:

- a) maintenance services provided after the work has been completed;
- b) additional or different contract warranties compared to those provided for by law or normal sector practices.

The estimated effect on equity at 1 January and 31 December 2017 of accounting for the distinct performance obligations separately is set out below:

	Equity at 1 January 2017	Loss for 2017	Equity at 31 December 2017
Total adjustment	(489)	(6)	(471)
of which: attributable to the owners of the parent	(391)	(5)	(377)
of which: attributable to non-controlling interests	(98)	(1)	(94)

The effect at 30 June 2017 is as follows:

	Profit for the first six months of 2017	Equity at 30 June 2017
Total adjustment	406	(89)
of which: attributable to the owners of the parent	325	(71)
of which: attributable to non-controlling interests	81	(18)

3. **Determine the transaction price.** The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring the infrastructure to the customer. To determine this amount, the Group considers various factors including:

- Variable consideration;
- Significant financing components;
- Consideration payable to a customer; and

- Non-cash consideration.

The Group specifically analysed the variable consideration which, together with that provided for by IFRS 15 about contract modifications, includes the issue of additional consideration. Under IAS 11, the Group recognised additional consideration if it has been substantially approved by the customer or, if not yet approved, when supported by valuations made by external consultants and documentation presented by contractual bodies

IFRS 15 provides that revenue recognition is tied to enforceable rights and that it must be highly probable that the revenue shall not be reversed in the future.

The main variable consideration elements that generate impacts on opening equity are:

- claims;
- consideration for optional works and provisional sums.

The estimated effect on equity at 1 January and 31 December 2017 of the different requirements for accounting for contract modifications and variable consideration is as follows:

	Equity at 1 January 2017	Loss for 2017	Equity at 31 December 2017
Total adjustment	(93,566)	(8,890)	(99,306)
of which: attributable to the owners of the parent	(89,303)	(10,474)	(98,164)
of which: attributable to non-controlling interests	(4,263)	1,584	(1,142)

The effect at 30 June 2017 is as follows:

	Profit for the first six months of 2017	Equity at 30 June 2017
Total adjustment	(10,955)	(101,807)
of which: attributable to the owners of the parent	(11,282)	(99,354)
of which: attributable to non-controlling interests	327	(2,453)

- Allocate the transaction price to the performance obligations.** This will not give rise to significant issues further to those set out in point 2.
- Recognise revenue when (or as) the entity satisfies a performance obligation.** In the Group's case, revenue shall be recognised over time as it satisfies the performance obligations given that:
 - the customer controls the contract work as it is being built; and
 - the construction work creates an asset (infrastructure) for which an alternative use to that for which it is being constructed does not exist and the Group has the right to collect the consideration for the services over the contract term.

The Group recognised revenue in accordance with IAS 11 using the percentage of completion approach and the cost-to-cost method. It did not believe this method needed to be changed following introduction of IFRS 15 as it is one of the input-based methods envisaged by the new standard. The Group currently deems that this is the most appropriate method as it best reflects the transfer of control of the work under construction to the customer. However, it has revised the cost-to-cost calculation method to better align

the costs considered (input) with the transfer of control of the work under construction to the customer, as required by IFRS 15.

The estimated effect on equity at 1 January and 31 December 2017 of the change in the input data calculation method is as follows:

	Equity at 1 January 2017	Loss for 2017	Equity at 31 December 2017
Total adjustment	(20,101)	(667)	(22,627)
of which: attributable to the owners of the parent	(22,730)	(469)	(23,973)
of which: attributable to non-controlling interests	2,629	(198)	1,346

The effect at 30 June 2017 is as follows:

	Profit for the first six months of 2017	Equity at 30 June 2017
Total adjustment	4,551	(17,626)
of which: attributable to the owners of the parent	4,505	(19,279)
of which: attributable to non-controlling interests	46	1,653

Furthermore, IFRS 15 has introduced new guidance for the recognition of contract costs, distinguishing between the cost to obtain the contract and the cost to fulfil the contract.

The new standard requires a different accounting treatment of some contract cost categories with the capitalisation of incremental costs of obtaining a contract and the costs incurred to fulfil the contract that generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future ("pre-operating costs").

The estimated effect on equity at 1 January and 31 December 2017 of the different accounting treatment of contract costs is as follows:

	Equity at 1 January 2017	Loss for 2017	Equity at 31 December 2017
Total adjustment	(14,020)	(289)	(13,791)
of which: attributable to the owners of the parent	(13,094)	(525)	(13,190)
of which: attributable to non-controlling interests	(926)	236	(601)

The effect at 30 June 2017 is as follows:

	Profit for the first six months of 2017	Equity at 30 June 2017
Total adjustment	349	(13,433)
of which: attributable to the owners of the parent	468	(12,450)
of which: attributable to non-controlling interests	(119)	(983)

The following table shows the effect on equity at 1 January and 31 December 2017 of application of IFRS 15, net of the tax effect:

	Equity at 1 January 2017	Loss for 2017	Equity at 31 December 2017
(€'000)			
Equity and loss for the year attributable to the owners of the parent	1,205,005	(106,918)	951,386
Non-controlling interests	156,326	22,863	133,898
Total equity and loss before introduction of the new standard	1,361,331	(84,055)	1,085,284
Effects of applying IFRS 15:			
- Identify the contract with a customer	(7,975)	3,608	(3,535)
- Identify the performance obligations (distinct elements that are part of a single contract but are separated for accounting purposes) in the contract	(489)	(6)	(471)
- Determine the transaction price	(93,566)	(8,890)	(99,306)
of which: claims	(85,049)	(12,789)	(97,342)
- Recognise revenue	(20,101)	(667)	(22,627)
- Contract costs	(14,020)	(289)	(13,791)
Total adjustments	(136,151)	(6,244)	(139,730)
of which: attributable to the owners of the parent	(128,198)	(10,313)	(136,893)
of which: attributable to non-controlling interests	(7,953)	4,069	(2,837)
Equity and loss after introduction of the new standard			
Equity and loss for the year attributable to the owners of the parent	1,076,807	(117,231)	814,491
Non-controlling interests	148,373	26,932	131,061
Total equity and loss after introduction of the new standard	1,225,180	(90,299)	945,552

The effect of the adjustments on earnings per share is not significant.

The following table shows the effect on equity at 30 June 2017 of application of IFRS 15, net of the tax effect:

	Profit for the first six months of 2017	Equity at 30 June 2017
Equity and profit for the period attributable to the owners of the parent	16,640	1,126,323
Non-controlling interests	14,651	149,103
Total equity and profit before introduction of the new standard	31,291	1,275,426
Effects of the application of the new standard		
- Identify the contract with a customer	1,481	(5,908)
- Identify the performance obligations (distinct elements that are part of a single contract but are separated for accounting purposes) in the contract	406	(89)
- Determine the transaction price	(10,955)	(101,807)
<i>of which: claims</i>	<i>(12,228)</i>	<i>(97,118)</i>
- Recognise revenue	4,551	(17,626)
- Contract costs	349	(13,433)
Total adjustments	(4,168)	(138,863)
of which: attributable to the owners of the parent	(5,525)	(133,141)
of which: attributable to non-controlling interests	1,357	(5,722)
Equity and profit after introduction of the new standard		
Equity and profit for the period attributable to the owners of the parent	11,115	993,182
Non-controlling interests	16,008	143,381
Total equity and profit after introduction of the new standard	27,123	1,136,563

Significant judgements made in applying IFRS 15

This section sets out the significant judgements made in applying IFRS 15. Specifically, it describes the judgements that have had a significant effect on the calculation of the amount and timing of revenue from contracts with customers.

1. Identify the contract with a customer

The Group identifies and measures contracts with customers in line with IFRS 15 after they have been signed and are binding, creating enforceable rights and obligations for the Group and the customer. The Group considers the criteria of IFRS 15.9 set out below to identify the contract:

- a) the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- b) the entity can identify each party's rights regarding the goods or services to be transferred;
- c) the entity can identify the payment terms for the goods or services to be transferred;

- d) the contract has commercial substance (i.e., the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and
- e) it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

2. Identifying performance obligations and allocating the transaction price

IFRS 15 identifies a performance obligation as a promise included in the contract with a customer to transfer:
a) a good or service (or a bundle of goods or services) that is distinct; or b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

In the Group's case, its performance obligation is usually the entire project. In fact, although the individual performance obligations provided for in the contract are distinct, they are highly interdependent and integrated as the contract provides for the transfer of the entire infrastructure to the customer.

However, certain contractual items include additional services that should be considered as distinct performance obligations. For example, these may be post-completion maintenance services after final inspection and additional or different contract warranties compared to those provided for by law or normal sector practices.

When a contract has more than one performance obligation, the appropriate portion of the transaction price should be allocated to each distinct performance obligation based on the guidance of IFRS 15. The Group's contracts with customers usually specify the price of each contractual item (detailed in the contract).

3. Determining the criteria for satisfaction of the performance obligations and recognition of the revenue

IFRS 15 provides that revenue shall be recognised when (or as) the performance obligation is satisfied transferring the promised good or service (or asset) to the customer. An asset is transferred when (or as) the customer obtains control.

The Group's contracts with customers are usually long-term contracts that include obligations to be satisfied over time based on the progress towards completion and transfer of control of the asset to the customer over time.

The reasons why recognition of revenue over time is considered the correct approach are:

- the customer controls the asset as it is constructed (the asset is built directly in the area made available by the customer);
- the asset under construction does not have an alternative use and the Group has an enforceable right to payment for its performance completed to date over the contract term.

IFRS 15 requires that progress towards satisfaction of a performance obligation be measured using the method that best represents the transfer of control of the asset under construction to the customer. The objective when measuring progress is to depict an entity's performance in transferring control of goods or services promised to a customer. The Group considers its market sector and the complex mix of goods and

services it provides when it selects the appropriate revenue recognition method. IFRS 15 provides for two alternative methods to recognise revenue over time:

- a) output method;
- b) input method.

Output methods recognise revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to the date relative to the remaining goods or services promised under the contract (e.g., surveys of performance completed to date, milestones reached, units delivered, etc.). Input methods recognise revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation (e.g., resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) relative to the total expected inputs to the satisfaction of that performance obligation (cost to cost method).

The most appropriate method for measuring revenue is the cost to cost method calculated by applying the percentage of completion (the ratio of costs incurred to total estimated costs) to contract revenue. The calculation of the ratio of costs incurred to estimated costs only considers costs that contribute to the actual transfer of control of the goods and/or services. This method allows the objective measurement of the transfer of control to the customer as it considers quantitative variables related to the contract as a whole.

When choosing the appropriate method for measuring the transfer of control to the customer, the Group did not adopt the output method (e.g., surveys of performance completed to date) for its ongoing contracts as it considered that although this output method would allow a direct measurement of progress, it would also lead to operating difficulties in managing and monitoring progress considering all the resources necessary to satisfy the obligation.

In addition, an output method would entail the application of criteria and measurement inputs that are not directly observable and the incurring of excessive costs to obtain useful information.

Finally, in the Group's reference sector, the objective of contractual outputs (milestones) refers to, inter alia, modulation of cash flows to obtain financial resources useful to perform the contract and the definition of technical specifications of the works and related performance timing.

4. Determining the transaction price

Given the engineering and operating complexities, the size and length of time involved in completing the contracts, in addition to the fixed consideration agreed in the contract, the transaction price also includes additional consideration, whose conditions need to be assessed. A claim is an amount that the contract seeks to collect as reimbursement for costs incurred (and/or to be incurred) due to reasons or events that could not be foreseen and are not attributable to the contractor, for more work performed (and/or to be performed) or variations that were not formalised in riders.

The measurement of the additional consideration arising from claims is subject to a high level of uncertainty, given its nature, both in terms of the amounts that the customer will pay and the collection times, which usually depend on the outcome of negotiations between the parties or decisions taken by judicial/arbitration bodies.

This type of consideration is regulated by IFRS 15 as “contract modifications”. The standard provides that a contract modification exists if it is approved by the parties to the contract. IFRS 15 provides that a contract modification could be approved in writing, by oral agreement or implied by customary business practices. A contract modification may exist even though the parties to the contract have a dispute about the scope or price (or both) of the modification. The rights to the consideration shall be provided for contractually generating an enforceable right. Once the enforceable right has been identified, in order to recognise the claims and amount of the additional consideration requested, the Group shall apply the guidance about the variable consideration given in IFRS 15. Therefore, in order to adjust the transaction price to include the additional consideration arising from the claims, the Group shall decide whether it is highly probable that the revenue will not be reversed in the future.

The Group considers all the relevant aspects and circumstances such as the contract terms, business and negotiating practices of the sector or other supporting evidence when taking the above decision.

4.a Optional works

The consideration for optional works is additional consideration for future works that have not yet been agreed and/or ordered by the customer when it signs the contract.

The consideration for optional works is provided for in the contracts with the customer as it represents potential future work interrelated with the main contract object. However, most of the contracts provide that the additional works shall be specifically defined and approved by the customer before they start. Otherwise, the contractor does not have an enforceable right to payment for this performance.

Accordingly and based on sector practices, this type of consideration is a contract modification and, under IFRS 15, shall be considered when measuring the transaction price if approved by both parties to the contract. In this case, the enforceable right can only be identified after specific approval or instructions from the customer in line with its customary business practices or operating methods.

4.b Penalties

Contracts with customers may include penalties due to non-compliance with certain contract terms (such as, for example, non-compliance with delivery times).

When the contract penalties are “reasonably expected”, the transaction price is reduced accordingly. The Group analyses all the indicators available at the reporting date to assess the probability of a contract default that would lead to the application of penalties.

4.c Significant financing component

It is normal practice in the construction and large-scale infrastructure sector that the transaction price for the project (which is usually completed over more than one year) is paid in the form of an advance and subsequent progress billing (based on progress reports).

This method of allocating cash flows is often defined in the calls for tenders. The customer’s payment flows (advances and subsequent progress billing) are usually organised to make construction of the project by the

contractor feasible, limiting its financial exposure. Constructors in the large-scale infrastructure sector build projects for large amounts of money and the initial outlay is usually high.

The contract advance is used for the following reasons:

- to finance the initial contract investments and pay the related advances to subcontractors;
- as a form of guarantee to cover any risks of contractual breach by the customer.

The advance is reabsorbed by the subsequent progress billing in line with the stage of completion of the contract.

Furthermore, the Group's operating cycle is generally several years. Therefore, it considers the correct time-scale of its works to determine whether its contracts include a significant financing component.

Based on the above, it has not identified significant financing components in the transaction price for the contracts that include changes in the advances or progress billings in line with sector practices and/or of amounts that are suitable as guarantees and have a timeframe in line with the cash flows required to complete the contract.

5. Losses to complete

The new standard does not specifically cover the accounting treatment of loss-making contracts but refers to IAS 37, which regulates the measurement and classification (previously covered by IAS 11) of onerous contracts. IAS 37 provides that an onerous contract is one in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The present obligation under the contract shall be recognised and measured as a provision when the loss is probable based on the most recent forecasts prepared by management.

The unavoidable costs are all those costs that:

- are directly proportionate to the contract and increase the performance obligation transferred to the customer;
- do not include those costs that will be incurred regardless of satisfaction of the performance obligation;
- cannot be avoided by the Group through future actions.

Measurement of any loss-making contracts (the onerous test) is performed at individual performance obligation level. This approach best represents the different contract profits or losses depending on the nature of the goods and services transferred to the customer.

6 Contract costs

6.a Incremental costs of obtaining a contract

IFRS 15 allows an entity to recognise the incremental costs of obtaining a contract as an asset if it expects to recover those costs through the future economic benefits of the contract. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer. Costs to obtain a contract

that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred (costs not explicitly chargeable to the customer). The incremental costs are recognised as an asset (contract costs) and amortised on a systematic basis that is consistent with the pattern of transfer of control of the goods or services to the customer.

6.b Costs to fulfil a contract

Under IFRS 15, an entity shall recognise an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract;
- the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

It is the practice of the Group's sector that these costs usually consist of pre-operating costs that are recognised by customers and included in precise contract items or are not explicitly recognised and are covered by the contract profit. Formal recognition of these costs implies that, when they are incurred, control of the asset provided for in the contract is transferred.

Therefore, they cannot be recognised as assets and contribute to the stage of completion.

When the contract provides for their explicit recognition and the above three criteria are met, the pre-operating costs are recognised as assets and amortised on a systematic basis that is consistent with the pattern of transfer of control of the goods and/or services to the customer.

In addition, IFRS 15 defines all those costs that, by their nature, do not contribute to the stage of completion as, although they are referred to in the contract and can be recovered, they do not contribute to generating or enhancing the resources that will be used to satisfy the performance obligations or to transfer control of the good and/or service to the customer.

7 Presentation in the condensed interim consolidated financial statements

Following introduction of the new standards, the Group has modified its statement of financial position and statement of profit or loss to present its financial position and performance in compliance with IFRS 15.

Specifically, the statement of financial position includes a new asset item "Contract costs" which includes the costs capitalised under the criteria described in points 9 and 10 of this section. Amortisation of these costs is included in the statement of profit or loss item "Amortisation, depreciation, provisions and impairment losses".

The contract assets and liabilities are presented in the statement of financial position items "Contract assets" and "Contract liabilities", respectively under assets and liabilities. The classification in line with IFRS 15 depends on the relationship between the Group's performance obligation and payment by the customer. These items show the sum of the following components analysed individually for each customer:

- (+) Amount of work performed calculated using the cost to cost method pursuant to IFRS 15
- (-) Progress payments and advances received

(-) Contractual advances.

When the total is positive, the net balance is recognised as a “Contract asset”. If it is negative, it is recognised as a “Contract liability”. When the amounts represent an unconditional right to payment of the consideration, they are recognised as financial assets.

The Group’s statement of profit or loss includes a revenue item “Revenue from contracts with customers” to comply with IFRS 15. This revenue is presented and measured in accordance with the new standard. The item “Other income” includes income from transactions other than contracts with customers and is measured in line with other standards or the Group’s specific accounting policy elections. It includes income related to gains on the sale of non-current assets, income on cost recharges, prior year income and income from the recharging of costs of Italian consortia and consortium companies.

With respect to the last item, the 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. As this income does not arise on the performance of the contract obligations or contract negotiations, it is recognised as “Other income”.

Condensed interim consolidated financial statements

Statement of financial position at 31 December 2017

ASSETS	Published	Effects of IFRS 15	Restated after introduction of the new standards
<i>(€'000)</i>			
Non-current assets			
Property, plant and equipment	675,277	-	675,277
Intangible assets	127,668	(80,981)	46,686
Contract costs	-	163,367	163,367
Goodwill	155,179	-	155,179
Equity investments	317,363	(684)	316,679
Derivatives and non-current financial assets (*)	188,694	-	188,694
Deferred tax assets	134,579	37,822	172,400
Total non-current assets	1,598,760	119,524	1,718,282
Current assets			
Inventories	240,976	-	240,976
Contract assets	2,668,103	(1,178,027)	1,490,076
Trade receivables	1,901,338	(19,525)	1,881,813
Derivatives and other current financial assets (*)	94,308	-	94,308
Current tax assets	133,040	-	133,040
Other current tax assets	164,651	-	164,651
Other current assets	616,549	(122)	616,426
Cash and cash equivalents (*)	1,320,192	-	1,320,192
Total current assets	7,139,157	(1,197,674)	5,941,482
Non-current assets held for sale and discontinued operations	5,683		5,683
Total assets	8,743,600	(1,078,150)	7,665,448

(*) Items included in net financial position.

Condensed interim consolidated financial statements

Statement of financial position at 31 December 2017

EQUITY AND LIABILITIES	Published	Effects of IFRS 15	Restated after introduction of the new standards
(€'000)			
Equity			
Share capital	544,740	-	544,740
Share premium reserve	120,798	-	120,798
Other reserves	101,385	-	101,385
Other comprehensive expense	(75,549)	1,620	(73,930)
Retained earnings	366,930	(128,200)	238,731
Loss for the year	(106,918)	(10,313)	(117,233)
Equity attributable to the owners of the parent	951,386	(136,893)	814,491
Non-controlling interests	133,898	(2,837)	131,061
Total	1,085,284	(139,730)	945,552
Non-current liabilities			
Bank and other loans and borrowings (*)	457,468	-	457,467
Bonds	1,084,426	-	1,084,426
Finance lease liabilities	81,310	-	81,310
Post-employment benefits and employee benefits	85,723	-	85,724
Deferred tax liabilities	29,946	(210)	29,733
Provisions for risks	101,531	(7,149)	94,382
Total non-current liabilities	1,840,404	(7,359)	1,833,042
Current liabilities			
Current portion of bank loans and borrowings and current account facilities	311,002	-	311,002
Current portion of bonds	302,935	-	302,935
Current portion of finance lease liabilities	48,567	-	48,567
Derivatives and other current financial liabilities	1,480	-	1,480
Contract liabilities	2,518,557	(931,059)	1,587,499
Trade payables	2,163,432	-	2,163,431
Current tax liabilities	96,839	-	96,839
Other current tax liabilities	44,811	-	44,811
Other current liabilities	330,289	(2)	330,289
Total current liabilities	5,817,912	(931,061)	4,886,854
Liabilities directly associated with non-current assets held for sale			
Total equity and liabilities	8,743,600	(1,078,150)	7,665,448

(*) Items included in net financial position.

Condensed interim consolidated financial statements

Statement of profit or loss for the six months ended 30 June 2017

	Published	Reclassific- ations IFRS 15	Reclassific-ations IFRS 5	Restated after introduction of the new standards
(€'000)				
Revenue				
Revenue	2,857,126	(49,678)	(211,067)	2,596,381
Other income	73,165	51,832		124,997
Total revenue	2,930,291	2,154	(211,067)	2,721,378
Costs				
Purchases	(544,348)	511	76,912	(466,925)
Subcontracts	(756,077)	1	46,084	(709,993)
Services	(764,590)		20,295	(744,295)
Personnel expenses	(500,144)		59,824	(440,320)
Other operating expenses	(88,656)	(390)	916	(88,131)
Amortisation, depreciation, provisions and impairment losses	(146,915)	(4,584)	9,178	(142,321)
Total operating expenses	(2,800,730)	(4,462)	213,209	(2,591,985)
Operating profit	129,561	(2,308)	2,142	129,393
Financing income (costs) and gains (losses) on equity investments				
Financial income	35,984			35,984
Financial expense	(72,874)			(72,874)
Net exchange losses	(48,887)			(48,887)
Net financing costs	(85,777)			(85,777)
Net gains on equity investments	9,611	33		9,644
Net financing costs and net gains on equity investments	(76,166)	33	-	(76,133)
Profit before tax	53,395	(2,275)	2,142	53,260
Income tax	(20,824)	(1,893)	2,338	(20,378)
Profit from continuing operations	32,571	(4,168)	4,480	32,882
Loss from discontinued operations	(1,280)	1	(4,480)	(5,761)
Profit for the period	31,291	(4,167)	-	27,121
Profit for the period attributable to:				
Owners of the parent	16,640	(5,524)	-	11,115
Non-controlling interests	14,651	1,357	-	16,006

IAS 29 - Financial reporting in hyperinflationary economies

Given the significant hike in inflation during the second quarter of 2018, which increased the inflation rate to above 100% on a three-year cumulative basis, the Group will monitor this rate over the next few months to decide whether to apply IAS 29 - Financial reporting in hyperinflationary economies to the group companies whose functional currency is the Argentine peso.

3. Business combinations

No business combinations took place during the reporting period.

Other changes in the consolidation scope

No significant changes in the consolidation scope took place during the six months.

4. Segment reporting

Segment reporting is presented according to macro geographical regions, based on the management review approach adopted by senior management, for the “Italy”, “Abroad” and “Lane Group” geographical segments.

Costs relating to activities which are carried out by the parent, Salini Impregilo, called “Corporate” costs, are attributed to the Italy segment and relate to:

- planning of human and financial resources;
- coordination and assistance with the group companies’ administrative, tax, legal/corporate and institutional and business communications requirements.

These costs amounted to €77.8 million in the period compared to €75.9 million for the corresponding period of the previous year.

Management measures the segments’ results by considering their operating profit (EBIT).

It measures their equity structure using their net invested capital.

Furthermore, following the resolution passed by Lane’s directors to sell its Plants & Paving division, the Group has prepared a disposal plan and, given the ongoing negotiations, has ascertained that the conditions for classification of this division in the item “Non-current assets held for sale and discontinued operations” in line with the guidance of IFRS 5 are met. Therefore, the division has been excluded from the Lane Group business segment.

Disclosures on the Group’s performance by business segment are set out in the Directors’ report. The condensed interim consolidated financial statements figures are summarised below by business segment.

Statement of profit or loss by business segment - First half of 2017

	Italy (*)	Abroad	Lane Group	Total
(€'000)				
Revenue	212,986	1,946,213	437,182	2,596,380
Other income	12,227	111,221	1,549	124,997
Total revenue	225,212	2,057,434	438,731	2,721,378
Operating expenses				
Production costs	(181,370)	(1,433,346)	(306,496)	(1,921,213)
Personnel expenses	(86,425)	(209,809)	(144,086)	(440,320)
Other operating expenses	(21,362)	(63,139)	(3,630)	(88,131)
Total operating expenses	(289,157)	(1,706,294)	(454,213)	(2,449,664)
Gross operating profit (loss)	(63,944)	351,140	(15,481)	271,714
<i>Gross operating profit (loss) margin %</i>	<i>-28.4%</i>	<i>17.1%</i>	<i>-3.5%</i>	<i>10.0%</i>
Amortisation, depreciation, provisions and impairment losses	(35,444)	(98,269)	(8,609)	(142,321)
Operating profit (loss)	(99,388)	252,871	(24,090)	129,393
<i>Return on Sales</i>				<i>4.8%</i>
Net financing costs and net gains on equity investments				(76,133)
Profit before tax				53,260
Income tax expense				(20,378)
Profit from continuing operations				32,882
Loss from discontinued operations				(5,761)
Profit for the period				27,121

(*) The operating profit includes the costs of the central units and other general costs of €76 million.

(§) Restated to comply with IFRS 15 and IFRS 5.

Statement of profit or loss by business segment - First half of 2018

	Italy (*)	Abroad	Lane Group	Total
(€'000)				
Revenue	175,268	1,839,072	355,689	2,370,029
Other income	71,222	71,955	1,422	144,599
Total revenue	246,490	1,911,027	357,111	2,514,628
Operating expenses				
Production costs	(196,318)	(1,376,897)	(262,238)	(1,835,453)
Personnel expenses	(82,759)	(193,210)	(127,440)	(403,409)
Other operating expenses	(19,153)	(47,005)	(7,254)	(73,412)
Total operating expenses	(298,230)	(1,617,112)	(396,932)	(2,312,274)
Gross operating profit (loss)	(51,740)	293,915	(39,821)	202,354
<i>Gross operating profit (loss) margin %</i>	<i>-21.0%</i>	<i>15.4%</i>	<i>-11.2%</i>	<i>8.0%</i>
Amortisation, depreciation, provisions and impairment losses	(29,867)	(58,801)	(5,126)	(93,794)
Operating profit (loss)	(81,607)	235,114	(44,947)	108,560
<i>Return on Sales</i>				<i>4.3%</i>
Net financing costs and net gains on equity investments				(3,734)
Profit before tax				104,826
Income tax expense				(40,882)
Profit from continuing operations				63,944
Loss from discontinued operations				(9,262)
Profit for the period				54,682

(*) The operating profit includes the costs of the central units and other general costs of €77.8 million.

The figures for Lane Group in the above tables are its IFRS-compliant figures. They do not include the non-controlling investments in joint ventures included under “Joint ventures not controlled by Lane” as presented in the Directors’ report.

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 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 “Financial highlights” section of the Directors’ report for more information.

Statement of financial position at 31 December 2017 by business segment (\$)

	Italy	Abroad	Lane Group	Total
(€'000)				
Non-current assets	300,669	657,397	399,122	1,357,188
Assets held for sale, net	5,683	-	-	5,683
Provisions for risks	(97,062)	9,845	(7,165)	(94,382)
Post-employment benefits and employee benefits	(14,963)	(12,213)	(58,548)	(85,724)
Net tax assets (liabilities)	344,752	(37,215)	(8,830)	298,708
Working capital	361,560	(233,167)	38,298	166,691
Net invested capital	900,639	384,647	362,877	1,648,164
Equity				945,552
Net financial indebtedness				702,612
Total financial resources				1,648,164

(\$) Restated to comply with IFRS 15.

Statement of financial position at 30 June 2018 by business segment

	Italy	Abroad	Lane Group	Total
(€'000)				
Non-current assets	337,383	522,292	173,128	1,032,803
Assets held for sale, net	5,684	81,750	267,088	354,522
Provisions for risks	(77,174)	(12,166)	(4,273)	(93,613)
Post-employment benefits and employee benefits	(14,683)	(11,100)	(55,383)	(81,166)
Net tax assets (liabilities)	323,812	43,704	(30,203)	337,313
Working capital	409,615	146,527	(21,715)	534,427
Net invested capital	984,637	771,007	328,642	2,084,286
Equity				976,827
Net financial indebtedness				1,107,459
Total financial resources				2,084,286

Statement of financial position

5. Property, plant and equipment

Property, plant and equipment amount to €490.1 million, down from the 31 December 2017 figure by €185.2 million. The historical cost and carrying amount are given in the following table:

(€'000)	31 December 2017			30 June 2018		
	Cost	Acc. depreciation	Carrying amount	Cost	Acc. depreciation	Carrying amount
Land	53,249	-	53,249	14,938	-	14,938
Buildings	149,300	(67,945)	81,355	135,318	(72,184)	63,134
Plant and machinery	1,185,790	(739,995)	445,795	1,111,275	(756,115)	355,160
Industrial and commercial equipment	118,389	(99,314)	19,075	118,295	(102,147)	16,148
Other assets	97,657	(50,705)	46,952	57,905	(48,947)	8,958
Assets under const. and payments on account	28,851	-	28,851	31,785	-	31,785
Total	1,633,236	(957,959)	675,277	1,469,516	(979,393)	490,123

Changes during the period are summarised below:

(€'000)	31 December 2017		Increases		Depreciation		Reversals of Reclas-		Disposals		Exchange		Change in		30 June 2018
	Cost	Carrying amount	Cost	Carrying amount	Cost	Carrying amount	Cost	Carrying amount	Cost	Carrying amount	Cost	Carrying amount	Cost	Carrying amount	
Land	53,249	53,249	35	-	-	(39,549)	(214)	1,417	-	14,938	-	-	-	-	14,938
Buildings	81,355	81,355	2,343	(7,044)	(7)	(13,084)	(793)	228	137	63,134	137	228	137	63,134	
Plant and machinery	445,795	445,795	55,593	(63,927)	(127)	(62,261)	(21,171)	1,250	7	355,160	7	1,250	7	355,160	
Industrial and commercial equipment	19,075	19,075	2,382	(4,682)	-	-	(305)	(322)	-	16,148	-	(322)	-	16,148	
Other assets	46,952	46,952	660	(2,916)	-	(36,648)	(109)	1,009	10	8,958	10	1,009	10	8,958	
Assets under const. and payments on account	28,851	28,851	7,818	-	-	-	(5,530)	646	-	31,785	-	646	-	31,785	
Total	675,277	675,277	68,831	(78,569)	(134)	(151,542)	(28,122)	4,228	154	490,123	154	4,228	154	490,123	

The most significant changes include:

- increases of €68.8 million, mainly related to investments for the Tajikistani project (€22.1 million), the Collegamenti Integrati Veloci consortium (CO.C.I.V.) (€17.2 million) and Lane (€12.8 million);
- depreciation for the period of €78.6 million;
- disposals of €28.1 million, principally related to plant and machinery. These disposals mostly refer to contracts nearing completion;
- reclassifications of €151.5 million, related to the reclassification of Lane's Plants & Paving division to "Non-current assets held for sale and discontinued operations", following the resolution taken by Lane's board of directors to sell this division, as presented in note 18.

The closing balance includes leased assets of €133.7 million, mostly plant and machinery.

6. Intangible assets

Intangible assets amount to €198.1 million, down from the 31 December 2017 figure by €12.0 million. The historical cost and carrying amount are given in the following table:

(€'000)	31 December 2017			30 June 2018		
	Cost	Acc. amortisation	Carrying amount	Cost	Acc. amortisation	Carrying amount
Rights to infrastructure under concession	47,766	(2,621)	45,145	47,067	(2,262)	44,805
Contract costs	291,337	(127,971)	163,366	290,474	(138,623)	151,851
Other	8,084	(6,542)	1,542	5,438	(4,016)	1,422
Total	347,187	(137,134)	210,053	342,979	(144,901)	198,078

Rights to infrastructure under concession amount to €44.8 million.

Changes of the period are detailed in the following table:

(€'000)	31 December 2017	Increases	Amortisation	Net exchange losses	Disposals	30 June 2018
SA.BRO.M.	43,809	77				43,886
Mercovia	1,335	104	(153)	(367)		919
Total	45,144	181	(153)	(367)	-	44,805

The item mainly refers to SA.BRO.M., principally for design costs, including borrowing costs that were capitalised in accordance with IAS 23. The Group expects to recover its amount 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 period and, therefore, the Group did not perform the impairment test.

Contract costs also include contract acquisition costs, the incremental costs of obtaining a contract and costs to fulfil a contract as shown in the following tables:

Contract acquisition costs

	31 December 2017	Increases	Amortisation	Net exchange losses	Reclassific- ations	30 June 2018
(€'000)						
Cociv (Milan - Genoa railway section)	36,142		(1,506)			34,636
Ryadh Metro - Saudi Arabia	27,835		(5,185)			22,650
Iricav Due (Verona - Padua railway section)	12,510					12,510
Other	3,357		(673)	(147)	(157)	2,380
Total	79,844	-	(7,364)	(147)	(157)	72,176

Incremental costs of obtaining a contract

	31 December 2017	Increases	Amortisation	Net exchange losses	Reclassific- ations	30 June 2018
(€'000)						
Riachuelo - Argentina	401		(54)	(109)		238
Total	401	-	(54)	(109)		238

Costs to fulfil a contract

	31 December 2017	Increases	Amortisation	Net exchange losses	Reclassific- ations	30 June 2018
(€'000)						
Cociv (Milan - Genoa railway section)	81,867		(3,419)			78,448
Riyadh Metro - Saudi Arabia	310		(57)	6		259
Forrestfield Airport Link - Australia	945		(190)	(25)		730
Total	83,122	-	(3,666)	(19)		79,437

Contract 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.

With respect to the item "IRICAV Due (Verona - Padua railway section)", amortisation of the acquisition cost will commence when work starts.

The Group has applied IFRS 15 retrospectively from 1 January 2018. This standard introduced new guidance for the accounting treatment of contract costs, with recognition of an asset from the incremental costs of obtaining a contract and the costs to fulfil a contract. These costs are amortised in line with the stage of completion of the related contract. Note 2 - Changes in standards sets out the guidance applied by the Group to recognise contract costs.

There are no indicators of impairment for the contracts to which the acquisition costs refer.

Other intangible assets amount to €1.4 million, in line with the 31 December 2017 figure. The historical cost and carrying amount are given in the following table:

(€'000)	31 December 2017			30 June 2018		
	Cost	Acc. amortisation	Carrying amount	Cost	Acc. amortisation	Carrying amount
Industrial patents	154	(77)	77	156	(85)	71
Concessions	64	(64)	-	64	(64)	-
Software	6,961	(5,584)	1,377	4,282	(3,021)	1,261
Other	905	(817)	88	936	(846)	90
Total	8,084	(6,542)	1,542	5,438	(4,016)	1,422

Changes during the period are set out below:

(€'000)	31 December	Increases	Amortisation	Other	Disposals	Net	Change in	30 June
	2017			changes		exchange	consolidation	2018
						losses	scope	
Industrial patents	77		(9)			3		71
Software	1,377	286	(360)			(43)		1,260
Other	88	31	(28)					91
Total	1,542	317	(397)	-	-	(40)	-	1,422

7. Goodwill

Goodwill of €73.5 million at the reporting date entirely relates to the acquisition of Lane Group finalised in 2016.

Note 5 - Business combinations in the 2016 Annual Report describes how goodwill is recognised.

(€'000)	31 December 2017	Increases	Reclassifications as	Net exchange gains	30 June 2018
			per IFRS 5		
Lane Group (04/01/16)	131,298	-	(61,324)	3,488	73,462
Asphalt Roads and Materials					
Co. assets (04/04/16)	23,881	-	(24,567)	686	-
Total	155,179	-	(85,891)	4,174	73,462

The balance of €85.9 million was reclassified to "Non-current assets held for sale and discontinued operations" (related to Lane's Plants & Paving division). The Group allocated goodwill to this division considering the best information available at the date of preparation of this report.

No indications of impairment were identified during the period and, therefore, the Group did not perform the impairment test.

8. Equity investments

Equity investments decreased by €45.6 million to €271.1 million.

(€'000)	31 December 2017	30 June 2018	Variation
Investments in subsidiaries	47	37	(10)
Investments in equity-accounted investees	295,202	250,360	(44,842)
Other investments	21,430	20,743	(687)
Total	316,679	271,140	(45,539)

The main changes that led to differences in the carrying amounts of the equity investments are summarised below:

(€'000)	30 June 2018
Change in consolidation scope	-
Capital transactions	29,695
Acquisitions, capital injections and disinvestments	(3,087)
Share of profit of equity-accounted investees	11,062
Dividends from equity-accounted investees	(2,250)
Reclassifications to comply with IFRS 5	(81,750)
Other changes including change in the translation reserve	791
Total	(45,539)

“Capital transactions” mainly relate to the recapitalisation of the SPE Grupo Unidos por el Canal (Panama) (€19.9 million) and Lane Group companies (€9.0 million).

The Group’s share of profit of equity-accounted investees is €11.1 million. The overall effect on profit or loss is analysed in note 34 and includes the changes in the provision for risks on equity investments set out in note 25.

The “Reclassifications to comply with IFRS 5” of €81.7 million relate to the carrying amount of the investment in the Argentine operator Autopistas del Sol SA, reclassified to “Non-current assets held for sale and discontinued operations” in line with the Group’s plan to sell this asset.

The key figures of the equity-accounted investees are set out below:

(€'000)						IFRS				
Entity	Country	Business	%	Carrying amount	Equity under local GAAP	Total assets	Net financial position (indebtedness)	Equity (deficit)	Revenue	Profit (loss) for the period
Metro de Lima 2	Peru	Concession, construction and operation of Line 2 of the Lima Metro	18.25%	22,529	22,529	52,155	3,314	22,529	16,404	655
Cons Agua Azul S.A.	Peru	Operator - Water cycle	25.50%	6,458	6,458	6,935	1,373	6,458	1,531	540
Yuma	Colombia	Operator - Motorways	48.33%	11,063	11,063	133,445	(24,589)	11,063	9,174	(458)
Ochre Solutions Ltd.	GB	Operator - Hospitals	40.00%	3,718	(4,498)	73,972	(183)	(3,208)	2,974	(282)
Grupo Unidos por el Canal	Panama	Construction work - Panama Canal extension project	38.40%	119,789	(190,993)	271,150	(201,722)	(190,993)	15,958	(3,719)
AGL Constructor JV	USA	Construction work	20.00%	6,910	6,910	12,278	1,395	6,910	1,104	10
Skanka Granite JV	USA	Motorway construction	30.00%	8,769	8,769	31,979	2,221	8,769	62,814	3,463
SGL I4 Leasing	USA	Lease services	30.00%	14,825	14,825	14,878	863	14,825	1,221	134
Fluor-Lane South Carolina	USA	Motorway construction	45.00%	2,299	2,299	5,779	1,669	2,299	14,098	997
Purple Line	USA	Motorway construction	30.00%	10,972	10,972	55,178	33,732	10,972	20,226	2,107
Unionport Bridge	USA	Motorway construction	45.00%	3,427	3,427	8,492	803	3,427	9,996	1,012

9. Derivatives and non-current financial assets

Derivatives and non-current financial assets of €206.0 million are analysed in the following table:

(€'000)	31 December 2017	30 June 2018	Variation
Other financial assets	14,553	15,166	613
Loans and receivables - unconsolidated group companies and other related parties	84,928	88,649	3,721
Loans and receivables - third parties	88,987	101,765	12,778
Derivatives	226	435	209
Total	188,694	206,015	17,321

The other financial assets include unlisted guaranteed-return securities which mature after one year. They amount to €15.2 million at the reporting date (31 December 2017: €14.6 million) and mainly comprise units in the fund financing Yuma. Reference should be made to the "Main risk factors and uncertainties" section of the Directors' report for more information.

Loans and receivables - unconsolidated group companies and other related parties of €88.6 million (31 December 2017: €84.9 million) mainly relate to loans granted to the UK associate Ochre Holding (€12.3 million), the SPE Linea M4 S.p.A. (€10.8 million) and OIV Tocoma (€58.0 million). Loans and receivables - third parties of €101.8 million increased by €12.8 million on 31 December 2017 and mainly include:

- €67.9 million related to the CAV.TO.MI. consortium paid as a result of the Appeal Court ruling of 23 September 2015. Reference should be made to the “Main risk factors and uncertainties” section of the Directors’ report for more information;
- €20.2 million related to the concessions of the indirect subsidiaries Corso del Popolo S.p.A. and Piscine dello Stadio S.r.l.;
- €13.5 million due from the Romanian Ministry for Infrastructure and Transportation related to the surety enforced during the previous 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 receivable was reclassified from current to non-current given the different timing involved in the settlement of the dispute. The “Main risks and uncertainties” section in the Directors’ report provides more information.

“Derivatives” include the reporting-date fair value of interest rate hedges.

This item is analysed below:

	31 December 2017	30 June 2018
(€'000)		
Interest rate swaps - Cash flow hedges	226	435
Total non-current derivatives shown in the net financial indebtedness	226	435

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 amount	Fair value (€'000)
Lane Industries	07/10/2016	08/04/2021	USD	30,000	435
Total					435

10. Deferred tax assets and liabilities

Deferred tax assets and liabilities amount to €197.7 million and €17.0 million at 30 June 2018, respectively. Changes of the period, shown in the following table, reflect adjustments made on the basis of the information available at the reporting date:

(€'000)	31 December 2017	30 June 2018	Variation
Deferred tax assets	172,400	197,731	25,331
Deferred tax liabilities	(29,733)	(17,019)	12,714

The variations are mostly due to the reclassification of Lane Group’s deferred taxes related to its Plants & Paving division as provided for by IFRS 5.

11. Inventories

Inventories total €207.8 million at the reporting date, as shown in the following table:

	31 December 2017			30 June 2018			Variation
	Gross amount	Allowance	Carrying amount	Gross amount	Allowance	Carrying amount	
(€'000)							
Real estate projects	20,834	(7,772)	13,062	20,834	(7,772)	13,062	-
Finished products and goods	4,905	-	4,905	5,049	-	5,049	144
Raw materials, consumables and supplies	225,520	(2,511)	223,009	192,110	(2,404)	189,706	(33,303)
Total	251,259	(10,283)	240,976	217,993	(10,176)	207,817	(33,159)

Real estate projects

Real estate projects amount to €13.1 million, in line with 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 on legal opinions and the technical-economic appraisal prepared by a real estate consultant, 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 €5.0 million and €189.7 million, respectively, and mainly relates to materials and goods to be used for foreign contracts, including those in Ethiopia (€97.5 million).

The reduction in raw materials is mostly due to the reclassification of the Plants & Paving division's inventories to non-current assets held for sale (€24.8 million).

The carrying amount of raw materials, consumables and supplies is net of an allowance of €2.4 million, analysed below:

	31 December 2017	Accruals	Utilisations	Reversals	Other changes	Net exchange gains	30 June 2018
(€'000)							
Allowance - raw materials	(2,511)	-	-	-	-	107	(2,404)
Total	(2,511)	-	-	-	-	107	(2,404)

12. Contract assets

Contract assets increased slightly by €57.0 million to €1,547.1 million at the reporting date.

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 and advances:

(€'000)	31 December 2017	30 June 2018	Variation
Contract work in progress	29,603,723	25,622,089	(3,981,634)
Progress payments and advances received (on approved)	(27,481,556)	(23,243,711)	4,237,845
Advances	(632,091)	(831,264)	(199,173)
Total contract assets	1,490,076	1,547,114	57,038

The main contract assets relate to the Italian high speed/capacity contracts (€147.3 million), the Doha metro and Al Bayt Stadium in Al Khor City in Qatar (€118.9 million), the railway projects in Venezuela (approximately €107.4 million, net of the loss allowance), the Copenhagen Cityringen Metro project in Denmark (€105.0 million), the Ruta del Sol road project in Colombia (€87.3 million), the new metro line as part of the Sydney Metro Northwest Project in Australia (€79.2 million) and the Thessaloniki metro in Greece (€73.6 million).

The item's increase is mainly due to projects for the Thessaloniki metro in Greece and Meydan One Mall in Dubai.

The "Main risk factors and uncertainties" section in the Directors' report provides information on pending disputes and assets exposed to country risk.

The "Performance by geographical segment" section in the Directors' report provides more details about the contracts and the progress made on the main contracts.

A breakdown of contract assets by geographical segment is as follows:

(€'000)	31 December 2017	30 June 2018	Variation
Italy	296,727	286,548	(10,179)
EU (excluding Italy)	94,170	371,570	277,400
Non-EU	101,836	21,509	(80,327)
Asia/Middle East	492,909	297,186	(195,723)
Africa	192,362	229,719	37,357
Americas	224,075	261,394	37,319
Oceania	87,997	79,188	(8,809)
Total	1,490,076	1,547,114	57,038

13. Trade receivables

At 30 June 2018, trade receivables amount to €1,942.0 million, a net increase of €60.1 million compared to 31 December 2017. The item includes receivables of €131.6 million from unconsolidated group companies and other related parties.

It is analysed in the following table:

(€'000)	31 December 2017	30 June 2018	Variation
Third parties	1,747,549	1,810,303	62,754
Unconsolidated group companies and other related parties	134,264	131,647	(2,617)
Total	1,881,813	1,941,950	60,137

Trade receivables from third parties may be broken down as follows:

(€'000)	31 December 2017	30 June 2018	Variation
Trade receivables	1,994,014	2,060,834	66,820
Loss allowance	(246,465)	(250,531)	(4,066)
Total	1,747,549	1,810,303	62,754

The balance relates to amounts due from customers for invoices issued and for work performed and approved by customers but still to be invoiced. It increased by €62.8 million compared to 31 December 2017 mainly due to the contracts in Saudi Arabia and the high speed/capacity Milan - Genoa railway section contract, as well as the customers' acceptance of amounts due, partly offset by the reclassification of the Plants & Paving division's trade receivables to non-current assets held for sale (see note 18).

This item also includes:

- a net amount of €158.6 million from Venezuelan customers for railway works expected to be collected after one year. More information is available in the "Main risk factors and uncertainties" section in the Directors' report;
- €207.8 million due to Fibe by the Campania municipalities for its 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 €115.2 million at the reporting date compared to €120.4 million at 31 December 2017.

The loss allowance increased by €4.1 million to €250.5 million at the reporting date and includes impairment losses on trade receivables of €190.5 million (mostly for the Venezuelan and the Sierra Leone branches) and on default interest of €60.0 million (mainly related to Fibe).

(€'000)	31 December 2017	Impairment losses	Utilisations	Reversals	Change in consolidation scope	Reclassifications and other changes	Net exchange gains	30 June 2018
Trade receivables	186,871	1,007	(359)	(851)	(9)	3,887	(4)	190,542
Default interest	59,594					395		59,989
Total	246,465	1,007	(359)	(851)	(9)	4,282	(4)	250,531

Trade receivables from unconsolidated group companies and other related parties decreased by €2.6 million to €131.0 million at 30 June 2018.

The item mainly comprises trade receivables from unconsolidated SPEs for work carried out by them under contracts with Italian and foreign public administrations.

14. Derivatives and other current financial assets

At 30 June 2018, this item of €129.4 million (31 December 2017: €94.3 million) includes the following:

(€'000)	31 December 2017	30 June 2018	Variation
Government bonds and insurance shares	898	8,338	7,440
Loans and receivables - third parties	60,817	85,022	24,205
Loans and receivables - unconsolidated group companies and related parties	32,593	35,777	3,184
Derivatives	-	299	299
Total	94,308	129,436	35,128

The government bonds and insurance shares amount to €8.3 million compared to €0.9 million at 31 December 2017. The item principally comprises securities held by the Group's Argentine companies.

Loans and receivables - third parties mainly consist of:

- amount due for financial settlements agreed at the end of June;
- €12.7 million related to the Danish subsidiary CMT for the amounts tied-up as part of the agreements with the subcontractor which will be used and/or released by 2018. The "Main risks and uncertainties" section in the Directors' report provides more information.

15. Current tax assets and other current tax assets

Current tax assets amount to €135.4 million as follows:

(€'000)	31 December 2017	30 June 2018	Variation
Direct taxes	52,932	52,537	(395)
IRAP	1,118	4,151	3,033
Foreign direct taxes	78,990	78,732	(258)
Total	133,040	135,420	2,380

The 30 June 2018 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 decreased by €21.1 million to €143.6 million at the reporting date as follows:

(€'000)	31 December 2017	30 June 2018	Variation
VAT	148,487	129,139	(19,348)
Other indirect taxes	16,164	14,438	(1,726)
Total	164,651	143,577	(21,074)

VAT assets include €91.8 million due from the Italian taxation authorities and €37.3 million from foreign taxation authorities.

16. Other current assets

Other current assets of €674.3 million show an increase of €57.8 million on the previous year end and may be analysed as follows:

(€'000)	31 December 2017	30 June 2018	Variation
Other	236,687	259,723	23,036
Advances to suppliers	252,926	292,409	39,483
Other - unconsolidated group companies and other related parties	39,288	31,132	(8,156)
Prepayments and accrued income	87,525	90,997	3,472
Total	616,426	674,261	57,835

“Other” increased by €23.0 million, mainly due to the rise in receivables related to the Australian and Tajikistani contracts as well as the amounts due from the Group’s partners.

Specifically, “Other” includes:

- €71.4 million (substantially unchanged from 31 December 2017) 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;
- €31.6 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;
- €50.9 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);
- €12.0 million related to Lane principally for insurance policies taken out for key management personnel.

Advances to suppliers increased by €39.5 million over 31 December 2017, due to the advances made mostly for the contracts in Qatar, Lane Group’s new projects in the US and the contract for the construction of the Maydan Mall in the United Arab Emirates. The increase was partly offset by the use of advances made in previous years for the high speed/capacity Milan - Genoa railway section contract, the Copenhagen metro line in Denmark and the environmental remediation project in the Buenos Aires province.

Other - unconsolidated group companies and other related parties decreased by €8.2 million to €31.1 million, chiefly as a result of the decrease in the amounts due from the Group's Argentine companies.

Prepayments and accrued income of €91.0 million show an increase of €3.5 million on 31 December 2017. 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.

This item is summarised in the following table:

(€'000)	31 December 2017	30 June 2018	Variation
Accrued income:			
- Other	547	329	(218)
Total accrued income	547	329	(218)
Prepayments:			
- Insurance	43,701	46,114	2,413
- Sureties	6,180	5,804	(376)
- Other contract costs	37,097	38,750	1,653
Total prepayments	86,978	90,668	3,690
Total	87,525	90,997	3,472

17. Cash and cash equivalents

At 30 June 2018, cash and cash equivalents amount to €1,064.3 million, down by €255.9 million, as shown below:

(€'000)	31 December 2017	30 June 2018	Variation
Cash and cash equivalents	1,320,192	1,064,326	(255,866)

A breakdown by geographical segment is as follows:

(€'000)	31 December 2017	30 June 2018	Variation
Italy	151,703	154,758	3,055
EU (excluding Italy)	60,294	40,086	(20,208)
Non-EU	21,048	12,524	(8,524)
Asia	48,351	18,312	(30,039)
Middle East	558,402	448,088	(110,314)
Africa	242,597	242,766	169
North America	120,465	66,331	(54,134)
Latin America	46,983	37,462	(9,521)
Oceania	70,349	43,999	(26,350)
Total	1,320,192	1,064,326	(255,866)

The balance includes bank account credit balances at the end of the period and the amounts of cash, cheques and valuables at the registered offices, work sites and foreign branches. 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 decrease in the item and changes in current account facilities (note 20).

At the reporting date, the cash and cash equivalents attributable to non-controlling interests of the consolidated SPEs amount to €108.9 million and mainly refer to the entities carrying out the work on the Red Line North Underground and the Al Bayt Stadium in Al Khor City, Qatar, motorway works in the United Arab Emirates and Lane Group entities.

The item comprises tied-up amounts of approximately €21.3 million.

18. Non-current assets held for sale and discontinued operations, liabilities directly associated with non-current assets held for sale and loss from discontinued operations

Non-current assets held for sale are shown in the following table with the associated liabilities:

(€'000)	31 December 2017	30 June 2018	Variation
Non-current assets held for sale	5,683	455,458	449,775
Liabilities directly associated with non-current assets held for sale	-	(100,936)	(100,936)
Total	5,683	354,522	348,839

The increase of €348.8 million refers to net assets mostly attributable to Lane Group's Plants & Paving division and Impregilo International Infrastructures NV's investment in Autopistas del Sol.

A breakdown of this item is as follows:

31 December 2017		USW	
(€'000)		Campania	Total
Non-current assets		5,683	5,683
Non-current assets held for sale		5,683	5,683
Total		5,683	5,683

30 June 2018		USW	Impregilo		Total
(€'000)		Campania	International Infrastructures N.V.	LANE	
Non-current assets	5,683	81,750	237,591		325,024
Current assets	-	-	130,433		130,433
Non-current assets held for sale	5,683	81,750	368,024		455,457
Non-current liabilities	-	-	(32,540)		(32,540)
Current liabilities	-	-	(68,396)		(68,396)
Liabilities directly associated with non-current assets held for sale	-	-	(100,936)		(100,936)
Total	5,683	81,750	267,088		354,521

Lane Industries Inc. - Plants & Paving division

On 12 June 2018, Lane Industries Inc.'s board of directors resolved to sell the Plants & Paving division. Accordingly, it appointed advisors to assist with the assessment of its disposal.

This resolution has its basis in the Group's objective to consolidate its growth strategy in the US large infrastructure business sector by disposing of non-core assets and freeing up resources for possible investment in the US in the Group's core business.

It is currently assessing offers received from major US and European groups.

Accordingly and in line with IFRS 5, the Group presented the assets and liabilities of the Plants & Paving division in “Non-current assets held for sale” and “Liabilities associated with non-current assets held for sale”. The division’s loss is presented in the item “Loss from discontinued operations”. In addition and as required by IFRS 5 to ensure the comparability of financial figures, the Group restated the statement of profit or loss for the six months ended 30 June 2017, classifying the division’s loss for that period accordingly.

Autopistas del Sol S.A.

Autopistas del Sol S.A. (“Ausol”) is an Argentine company in which Salini Impregilo S.p.A. has voting rights of 24% and the right to appoint a director. It holds this investment through its Dutch subsidiary Impregilo International Infrastructures N.V., which holds a stake of 19.818%. Given these rights, Ausol is classified as an associate for consolidation purposes. It was incorporated to build and operate a motorway section in Argentina, based on a government concession agreement signed in 1994. The concession’s original term was until 31 December 2020.

In 2002, following the economic crisis that hit Argentina, its government promulgated Law no. 25,561 (the “law”) which nullified the provisions of the agreement with Ausol that established the value of the motorway fees in US dollars with a regular update based on the US consumer price index. Specifically, the US fees were converted into Argentine pesos at a 1:1 exchange rate. This law provision caused a significant imbalance in the financial plan provided for by the agreement originally prepared on the basis of USD fees.

Under the same law, the Argentine government commenced a public contract renegotiation process, which included the Ausol concession. Therefore, in 2004, the company signed a letter of intent with the Argentine government, followed by the renegotiation agreement signed on 16 December 2005, whereby the concession terms were to be amended in order to restore the original financial balance provided for in the 1994 agreement. However, the Argentine government has never met its obligations to amend the concession taken on with the 2005 agreement. Therefore, in 2015, Ausol filed a formal claim requesting that the Argentine government meet its obligation to restore the financial balance provided for in the 1994 original concession.

Further to the formal claim filed in 2015, in February 2016, the Argentine government issued a decree containing the instructions for the relevant ministries for reaching an agreement with Ausol.

On 26 June 2018, Ausol and the Argentinian government subsequently agreed on the motorway concession renegotiation agreement wording, which, inter alia, provides for:

- Ausol’s consent to limit its claims for the recovery of its investments to USD499,000,000 plus interest accrued from the effective date of the new concession up to the actual payment;
- a new investment plan to improve and expand the current motorway infrastructure;
- the concession’s extension up to 2030, with an early termination option exercisable should the Argentine government repay USD499,000,000 plus interest accrued up to the payment date;
- the concession’s fee mechanism whereby the inflows from the motorway operation shall be used to: i) cover the operating expenses for the motorway section operation, ii) pay the USD499,000,000 compensation in annual instalments and iii) use any remaining amount to make new investments.

Supported by the opinions of legal and accounting experts, Salini Impregilo Group believes, inter alia, that:

- the renegotiation agreement puts an end to the revision of the concession's financial terms, on the basis of the obligations to restore the original financial balance taken on by the Argentine government in 2005;
- the USD499,000,000 compensation granted by the Argentine government covers the damage incurred by Ausol following the enactment of Law no. 25,561 of 2002. It is in no way affected by the quality of the motorway operation service that Ausol will provide up to the end of the concession term (extended);
- the USD499,000,000 payment has a compensation nature and it is not to be considered as the consideration for the motorway's operation up to the end of the new concession term and, as such, it is compensation for damage;
- based on information available at 31 December 2017, the Argentine government is clearly willing to proceed with the definitive approval of the new concession;
- the substance of the renegotiation process had been completed at 31 December 2017 and the acts still to be completed for the definitive approval of the new concession are mostly formal. Accordingly, the execution of the agreement with the Argentine government was to be considered almost certain at that date;
- in December 2017, the Argentine government obtained a favourable opinion on the execution of the renegotiation agreement with Ausol from the Federal Executive Branch;
- in February 2018, the Argentine government stated that the agreement reached with Ausol was a goal attained by the current government;
- the agreement was signed by the Argentine state in June 2018.

Therefore, the agreement reached with the Argentine government and executed through the renegotiation agreement provides for the payment of USD499,000,000 to Ausol to compensate for the damage incurred by the latter due to the enforcement of the law. The payment has a compensation nature and, hence, it is not the consideration for the motorway's operation up to the end of the new concession term. It is, therefore, compensation of damage.

Based on the above, attesting to the positive outcome of the negotiation, and considering that the compensation refers to damage incurred and not to future concession services, the carrying amount of the investment is €81.7 million at the reporting date, as already calculated at 31 December 2017.

The Group reclassified its investment in Autopistas del Sol S.A., held via Impregilo International Infrastructures N.V., to "Non-current assets held for sale and discontinued operations" pursuant to IFRS 5 given its plan to sell non-core assets.

The loss from discontinued operations for the reporting period and the corresponding period of 2017 is mostly attributable to the Plants & Paving division of Lane Industries Inc., as described earlier.

A breakdown of this item is as follows:

1st half 2017			
	USW	LANE	Total
(€'000)	Campania		
Revenue			
Operating revenue	-	211,067	211,067
Total revenue	-	211,067	211,067
Operating expenses			
Raw materials and consumables	-	(76,912)	(76,912)
Subcontracts	-	(46,084)	(46,084)
Services	(1,280)	(20,295)	(21,575)
Other operating expenses	-	(916)	(916)
Personnel expense	-	(59,824)	(59,824)
Amortisation, depreciation, provisions and impairment losses	-	(9,178)	(9,178)
Total operating expenses	(1,280)	(213,210)	(214,490)
Operating loss	(1,280)	(2,143)	(3,423)
Net financing costs and net gains on equity investments			
Loss before tax	(1,280)	(2,143)	(3,423)
Income tax	-	(2,338)	(2,338)
Loss from discontinued operations	(1,280)	(4,481)	(5,761)
1st half 2018			
	USW	LANE	Total
(€'000)	Campania		
Revenue			
Operating revenue	-	201,041	201,041
Total revenue	-	201,041	201,041
Operating expenses			
Raw materials and consumables	-	(81,403)	(81,403)
Subcontracts	-	(46,359)	(46,359)
Services	(260)	(19,248)	(19,508)
Other operating expenses	-	(987)	(987)
Personnel expense	-	(55,905)	(55,905)
Amortisation, depreciation, provisions and impairment losses	-	(8,106)	(8,106)
Total operating expenses	(260)	(212,008)	(212,268)
Operating loss	(260)	(10,968)	(11,228)
Net financing costs and net gains on equity investments			
Loss before tax	(260)	(10,968)	(11,228)
Income tax	-	1,966	1,966
Loss from discontinued operations	(260)	(9,002)	(9,262)

19. Equity

Equity increased to €976.8 million at 30 June 2018 from €945.6 million at the end of 2017 as follows:

(€'000)	31 December 2017	30 June 2018	Variation
Equity attributable to the owners of the parent			
Share capital	544,740	544,740	-
Share premium reserve	120,798	120,798	-
- Legal reserve	106,551	106,551	-
- Reserve for share capital increase related charges	(3,970)	(3,970)	-
- Reserve for treasury shares	(7,677)	(3,360)	4,317
- LTI reserve	6,344	-	(6,347)
- Extraordinary and other reserves	136	136	-
Total other reserves	101,384	99,357	(2,027)
Other comprehensive expense			
- Translation reserve	(68,835)	(57,950)	10,885
- Hedging reserve	138	(2,983)	(3,121)
- Actuarial reserve	(5,233)	296	5,529
Total other comprehensive expense	(73,930)	(60,637)	13,293
Retained earnings	238,731	97,426	(141,305)
Profit (loss) for the period/year	(117,233)	64,940	182,173
Equity attributable to the owners of the parent	814,491	866,624	52,134
Share capital and reserves attributable to non-controlling interests	104,128	120,460	16,332
Profit (loss) for the period/year attributable to non-controlling interests	26,933	(10,258)	(37,191)
Share capital and reserves attributable to non-controlling interests	131,061	110,202	(20,859)
Total	945,552	976,826	31,275

Changes of the period in the different equity items are summarised in the relevant schedule of the condensed interim consolidated financial statements. Specifically, in their meeting held on 30 April 2018, the parent's shareholders resolved the following:

- to cover the loss for the year of €91,188,206.95 by using all the retained earnings of €60,074,558.27 and part of the negative goodwill of €31,113,648.68;
- to distribute €26,098,308.49 as a dividend to the holders of ordinary and savings shares, equal to €0.053 per share, including the legal withholding, for each share with dividend rights.

At 30 June 2018, the reserve for treasury shares decreased after allocation of shares as part of the 2015 performance share plan. Therefore, at the reporting date, the parent had 1,358,811 shares for €3,360,247.75. It no longer has a share repurchase plan as the plan approved by the shareholders on 19 September 2014 expired on 19 March 2016 and was not renewed.

The LTI (long-term incentive plan) reserve was used for the above plan as the beneficiaries exercised their options.

The main variation in other comprehensive expense items relates to the effect of fluctuations in exchange rates (mostly the US dollar's depreciation versus the Euro) as shown below:

(€'000)	1st half 2017	1st half 2018
Opening balance	48,530	(68,835)
Reclassification to profit or loss		
Equity-accounted investees	(7,442)	5,559
Increase (decrease)	(63,130)	5,326
Total changes	(70,572)	10,885
Closing balance	(22,042)	(57,950)

The effect of changes in the hedging reserve due to fair value gains (losses) on financial instruments is detailed below:

(€'000)	1st half 2017	1st half 2018
Opening balance	(533)	138
Reclassification of fair value gains/losses on settled transactions to profit or loss	268	20
Reclassification from comprehensive income		
Net fair value gains	1,028	122
Change in consolidation scope		
Net exchange gains (losses) and other changes	108	
Net gains (losses) for equity-accounted investees	131	(3,263)
Total changes	1,535	(3,121)
Closing balance	1,002	(2,983)

The actuarial reserve underwent the following changes:

(€'000)	1st half 2017	1st half 2018
Opening balance	(909)	(5,233)
Net actuarial gains (losses) recognised in OCI	(1,143)	5,529
Closing balance	(2,052)	296

Retained earnings

This item may be analysed as follows:

(€'000)	1st half 2017	1st half 2018
Opening balance	268,126	238,731
Allocation of profit	(3,230)	(117,233)
Dividend distribution	(26,341)	(26,099)
Allocation of stock options		2,027
Reclassifications		
Change in consolidation scope	1,870	-
Closing balance	240,425	97,426

Share capital and reserves attributable to non-controlling interests

Share capital and reserves attributable to non-controlling interests are as follows:

(€'000)	1st half 2017	1st half 2018
Opening balance	148,373	131,061
Capital increase	1,895	354
Profit (loss) attributable to non-controlling interests	16,001	(10,258)
Dividend distribution to non-controlling interests	(19,325)	(8,777)
Change in consolidation scope	(1,870)	284
Other changes	-	(113)
Comprehensive expense	(1,692)	(2,349)
Closing balance	143,382	110,202

20. Bank and other loans, current portion of bank loans and current account facilities

Bank and other loans and borrowings increased by €198.9 million over 31 December 2017 to €967.3 million at period end, as summarised below:

(€'000)	31 December 2017	30 June 2018	Variation
<i>Non-current portion</i>			
- Bank and other loans and borrowings	457,467	436,227	(21,240)
<i>Current portion</i>			
- Current account facilities and other loans	311,002	531,104	220,102
Total	768,469	967,331	198,862

The Group's financial indebtedness is broken down by loan type in the following table:

	31 December 2017			30 June 2018		
	Non-current	Current	Total	Non-current	Current	Total
(€'000)						
Bank corporate loans	380,489	41,997	422,486	319,261	287,569	606,830
Bank construction loans	55,798	162,725	218,523	97,818	116,780	214,598
Bank concession financing	13,319	19,124	32,443	13,003	19,041	32,044
Financing and loans of companies in liquidation	2,090	-	2,090	2,090	-	2,090
Other financing	5,710	18,222	23,932	4,054	15,487	19,541
Total bank and other loans and borrowings	457,406	242,068	699,474	436,226	438,877	875,103
Current account facilities	-	37,028	37,028	-	71,674	71,674
Factoring liabilities	61	17,958	18,019	1	2,471	2,472
Loans and borrowings - unconsolidated group companies	-	13,948	13,948	-	18,082	18,082
Total	457,467	311,002	768,469	436,227	531,104	967,331

Bank corporate loans

Bank corporate loans amount to €606.8 million at the reporting date (31 December 2017: €422.5 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 2022.

The main conditions of the bank corporate loans in place at 30 June 2018 are as follows:

	Company	Interest rate	Expiry date	Note
Banca IMI - Term Facility Loan	Salini Impregilo	Euribor	2022	(1)
Monte dei Paschi di Siena	Salini Impregilo	Fixed	2019	(1)
Banca Popolare di Bergamo	Salini Impregilo	Fixed	2019	(1)
Banca Popolare di Milan (€50 million)	Salini Impregilo	Euribor	2021	(1)
Banca Popolare di Milan (€40 million)	Salini Impregilo	Euribor	2022	(1)
Banca IMI (€102 million)	Salini Impregilo	Euribor	2021	(1)
Banca del Mezzogiorno	Salini Impregilo	Euribor	2021	(1)
BBVA	Salini Impregilo	Fixed	2020	(1)
Banco do Brasil	Salini Impregilo	Fixed	2020	

(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 Interim financial report are fully respected.

The increase in corporate loans during the period is mainly due to the following new loans:

- MPS Revolving Facility of €70.0 million;
- UBI Banca Revolving Facility of €50.1 million;
- BPER of €31.0 million;
- Banca IMI Revolving Facility of €30.0 million.

Bank construction loans

Bank construction loans amount to €214.6 million at the reporting date and mainly relate to:

- projects in Colombia (€48.6 million);
- projects in Qatar (€30.4 million);
- the North American contracts (€26.2 million);
- the Romanian contracts (€24.4 million);
- HCE Group contracts (€13.1 million);

- the Metro line B1 (€12.9 million);
- the Swiss group company (€10.6 million);
- the Australian contracts (€6.5 million).

The net reduction in this item is chiefly due to the decrease related to the contracts in Australia (€29.6 million), offset by the increase for HCE Group's contracts (€13.0 million), the Qatar contracts (€8.9 million) and the Argentine contracts (€3.9 million).

The conditions of the main construction loans in place at period end may be summarised as follows:

	Company	Country	Interest rate	Expiry date
Banco de Bogotá	ICT II	Colombia	Fixed	2021
Various banks	HCE	Italy	Fixed	2018
Various banks	CSC	Switzerland	Fixed	2018
Unicredit	Lane Industries	USA	Prime	2021
Commercial Bank Qatar	Galfar Cimolai JV	Qatar	Fixed	2018
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 financing.

Bank concession financing

At 30 June 2018, bank concession financing amounts to €32.0 million and refers to the Piscine dello Stadio and Corso del Popolo concessions and the Broni-Mortara (SA.BRO.M.) motorway concession.

€'000	Company	Currency	Country	31 December 2017			30 June 2018			
				Total concession financing	Current	Non-current	Total concession financing	Current	Non-current	
	Unicredit	S.A.BRO.M	Euro	Italy	18,253	18,253		18,246	18,246	
	Monte dei Paschi di Siena	Corso del Popolo S.p.A.	Euro	Italy	7,807	568	7,239	7,529	488	7,041
	Credito Sportivo	Piscine dello Stadio S.r.l.	Euro	Italy	6,383	303	6,080	6,269	307	5,962
	Total				32,443	19,124	13,319	32,044	19,041	13,003

The main conditions of the bank concession financing in place at 30 June 2018 are as follows:

	Company	Country	Interest rate	Expiry date
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	2018

The interest rates shown in the table have floating spreads depending on the term and conditions of the financing.

Financing and loans of companies in liquidation

This item of €2.1 million is substantially unchanged from 31 December 2017. 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:

€'000	Company	Country	31 December 2017			30 June 2018		
			Total other financing	Current	Non-current	Total other financing	Current	Non-current
Various	Lane Industries	USA	3,654	1,401	2,253	2,901	1,441	1,460
Various	Healy Parsons	USA	6,334	6,334	-	5,916	5,916	-
Cat Finance	Salini Impregilo	Italy	2,902	1,598	1,304	2,104	1,372	732
Various	HCE	Italy	2,440	631	1,809	2,109	590	1,519
Various	NTF JV	Turkey	1,760	1,760	-	-	-	-
Other	Other	Various	6,843	6,498	345	6,511	6,168	343
Total			23,933	18,222	5,711	19,541	15,487	4,054

The conditions of the main other financing in place at period end may be summarised as follows:

	Company	Country	Interest rate	Expiry date
Cat Finance	Salini Impregilo	Italy	Fixed rate	2019

The interest rates shown in the table have floating spreads depending on the term and conditions of the financing.

Current account facilities

Current account facilities increased by €34.6 million to €71.7 million at the reporting date.

Factoring liabilities

(€'000)	31 December 2017	30 June 2018	Variation
Ethiopian branch (Factorit)	4,480	1,948	(2,532)
CMT (SACE Factoring S.p.A.)	13,317	363	(12,954)
Other	222	162	(60)
Total	18,019	2,473	(15,546)

Factoring liabilities relate to the factoring of receivables and decreased by €15.5 million, mainly due to the repayments made by the subsidiary CMT to SACE Factoring S.p.A. (€13.0 million) and by the Ethiopian branch to Factorit S.p.A. (€2.5 million).

Net financial indebtedness of Salini Impregilo Group

(€'000)	Note (*)	31 December 2017	30 June 2018	Variation
Non-current financial assets	9	188,468	205,580	17,112
Current financial assets	14	94,308	129,138	34,830
Cash and cash equivalents	17	1,320,192	1,064,326	(255,866)
Total cash and cash equivalents and other financial assets		1,602,968	1,399,044	(203,924)
Bank and other loans and borrowings	20.	(457,467)	(436,227)	21,240
Bonds	21	(1,084,426)	(1,086,276)	(1,850)
Finance lease liabilities	22	(81,310)	(69,866)	11,444
Total non-current indebtedness		(1,623,203)	(1,592,369)	30,834
Current portion of bank loans and borrowings and current account facilities	20.	(311,002)	(531,104)	(220,102)
Current portion of bonds	21	(302,935)	(305,042)	(2,107)
Current portion of finance lease liabilities	22	(48,567)	(50,364)	(1,797)
Total current indebtedness		(662,504)	(886,510)	(224,006)
Derivative assets	14	226	734	508
Derivative liabilities	23	(1,480)	(45)	1,435
Net financial position with unconsolidated SPEs (**)		(18,618)	(28,312)	(9,694)
Total other financial liabilities		(19,872)	(27,623)	(7,751)
Net financial indebtedness - continuing operations		(702,611)	(1,107,458)	(404,847)
Net financial indebtedness including discontinued operations		(702,611)	(1,107,458)	(404,847)

(*) The note numbers refer to the notes to the condensed interim 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 (SPEs) operating under a cost recharging system. The balance reflects the Group'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 condensed interim consolidated financial statements.

At 30 June 2018, the Group has net financial indebtedness from continuing operations of €1,107.5 million (indebtedness of €702.6 million at 31 December 2017).

The increase is mainly due to the reduction in cash and cash equivalents (€255.9 million) and the increase in current indebtedness (€224.0 million).

Gross indebtedness increased by €202.9 million over 31 December 2017 to €2,507.2 million at the reporting date.

The debt/equity ratio (based on the net financial indebtedness from continuing operations) is 1.13 at group level at the reporting date.

21. Bonds

The outstanding bonds at 30 June 2018 relate to the parent, Salini Impregilo (€1,391.3 million). They are analysed in the following table:

(€'000)	31 December 2017	30 June 2018	Variation
Non-current portion	1,084,426	1,086,276	1,850
Current portion	302,935	305,042	2,107
Total	1,387,361	1,391,318	3,957

A breakdown of this item is set out in the following table:

Description	Expiry date	31 December 2017			30 June 2018		
		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)
(€'000)							
Salini TF 6.125% Ag 18 CALL EUR 1 August 2018		283,026		289,640	283,026		298,751
Salini TF 3.75% Gn 21 CALL EUR 24 June 2021		600,000	589,690	11,713	600,000	591,158	370
Salini TF 1.75% Ot 24 CALL EUR 26 October 2024		500,000	494,736	1,582	500,000	495,118	5,921
Total		1,383,026	1,084,426	302,935	1,383,026	1,086,276	305,042

On 23 July 2013, Salini S.p.A. (now part of Salini Impegilo 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.

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 placed on 23 July 2013, with a nominal amount of €128.3 million, was assigned to the holders of the senior unsecured bonds (above) 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 Group.

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 2016 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.

In the second half of 2017, the parent issued bonds for €500 million with a fixed rate coupon of 1.75% reserved for qualified investors, excluding their placement in the US and other selected countries. It listed the bonds on the Irish Stock Exchange for redemption on 26 October 2024.

Redemption of the bonds on 1 August 2018 will take place in accordance with the relevant contract terms using bank facilities available at the date of preparation of this report.

The bonds are backed by covenants that require the parent to maintain certain financial and equity ratios, which at the date of this Interim financial report are fully respected.

22. Finance lease liabilities

Finance lease liabilities may be broken down as follows at 30 June 2018:

(€'000)	31 December 2017	30 June 2018	Variation
Non-current portion	81,310	69,866	(11,444)
Current portion	48,567	50,364	1,797
Total	129,877	120,230	(9,647)

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 30 June 2018, 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 €120.2 million (31 December 2017: €129.9 million) as follows:

(€'000)	31 December 2017	30 June 2018
Minimum lease payments:		
Due within one year	56,304	59,037
Due between one and five years	82,262	71,019
Due after five years	3,528	1,959
Total	142,094	132,015
Future interest expense	(12,217)	(11,785)
Net present value	129,877	120,230

The net present value is as follows:

Due within one year	48,567	50,366
Due between one and five years	77,850	67,919
Due after five years	3,460	1,945
Total	129,877	120,230

The Group's future commitments for non-cancellable operating leases are as follows:

Estimated commitments for future non-cancellable lease payments (€m) - June 2018			
Within one year	Between one and five years	Due after five years	Total
57	69	15	141

The above figures do not reflect the impact that adoption of IFRS 16 from 1 January 2019 could have.

23. 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 2017	30 June 2018	Variation
Current portion	1,480	45	(1,435)
Total	1,480	45	(1,435)

The following table analyses the item:

(€'000)	31 December 2017	30 June 2018	Variation
Forward currency purchases and sales - FVTPL	1,480	45	(1,435)
Total derivatives presented in net financial indebtedness	1,480	45	(1,435)

Forward currency purchases and sales - FVTPL

Company	Agreement date	Expiry date	Currency	Notional amount	Fair value (€/000)
CSC	13/07/2017	13/07/2018	EUR	4,290,000	(44)
Total					(44)

This category includes derivatives that have been entered into to hedge the Group against currency risks but that do not meet hedge accounting requirements.

24. Post-employment benefits and employee benefits

At 30 June 2018, the Group's liability due to its employees determined using the criteria set out in IAS 19 is €81.2 million.

The liability for post-employment benefits is the outstanding amount at the reform effective date, net of benefits paid up to the reporting date. The liability is considered part of a defined benefit plan under IAS 19 and has, therefore, been subjected to actuarial valuation. The valuation, performed with the assistance of an independent expert, was based on the following rates:

- turnover rate: 7.25%;
- 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 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.

Changes in the item are as follows:

	31 December 2017	Accruals	Payments	Net actuarial gains	Change in consolidation scope and other changes	Contributions paid to INPS treasury and other funds	30 June 2018
(€'000)							
Post-employment benefits and employee benefits	85,724	9,966	(5,821)	(5,528)	(1,125)	(2,049)	81,166

"Net actuarial gains" include the actuarial gains and losses recognised in the actuarial reserve as per the revised IAS 19 while the "Change in consolidation scope and other changes" mainly relate to Lane as well as exchange gains and losses.

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 and the closing balance of the Group's liability for employee benefits and the plan assets is as follows:

(€'000)	Liability for employee benefits	Plan assets	Variation
1 January 2018	207,046	(151,287)	55,759
Contribution cost	2,518	-	2,518
Interest	3,798	(2,815)	983
Gains on the change in the expected return on the plan assets	-	3,946	3,946
Net gains on changes in the financial assumptions	(14,152)	-	(14,152)
Net gains from experience	2,361	-	2,361
Employer contributions	(679)	-	(679)
Payments	(2,638)	2,734	96
Healthcare services provided	51	-	51
Exchange differences	5,740	(4,304)	1,436
30 June 2018	204,045	(151,726)	52,319

The following tables show the assumptions used to calculate the liability for employee benefits:

	Pension benefits		Other benefits	
	31 December 2017	30 June 2018	31 December 2017	30 June 2018
Discount rate	3.78%	4.24%	3.57%	4.10%
Expected rate of return on plan assets	6.75%	6.75%	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:

	31 December 2017	30 June 2018
Annual growth rate	7.18%	6.73%
Ultimate trend rate	4.32%	4.31%
Year in which the ultimate trend rate is expected to be reached	2039	2039

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%	(26,891)	33,903
Salary increase rate	1.00%	8,689	(7,763)

The following table presents the plan asset categories as a percentage of total invested assets:

	31 December 2017	%	30 June 2018	%
(€'000)				
Common / collective trusts	150,933	99.77%	151,362	99.76%
Interest-bearing deposits	355	0.23%	365	0.24%
Total	151,287	100.00%	151,727	100.00%

The plan assets are selected to ensure a combination of returns and growth opportunity using a prudent investment strategy. Investments usually include 50% in fixed income funds, 17% in domestic equity investments (large and small caps), 6% in global equity funds, 17% in non-US equity funds (developed/developing economies) and 10% in alternative/hedge funds. 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 2017
(€'000)				
	Level 1	Level 2	Level 3	Total
Common / collective trusts	150,933	-	-	150,933
Interest-bearing deposits	355	-	-	355
Total	151,287	-	-	151,287

	Listed prices	Other observable significant inputs	Other non-observable significant inputs	30 June 2018
(€'000)				
	Level 1	Level 2	Level 3	Total
Common / collective trusts	151,362	-	-	151,362
Interest-bearing deposits	365	-	-	365
Total	151,727	-	-	151,727

The following table shows the estimated undiscounted future payments for employee benefits:

(€'000)	Period	Pension benefits	Other benefits
	2019	6,364	1,212
	2020	6,660	1,177
	2021	6,997	1,156
	2022	7,343	1,174
	2023	7,846	1,190
	2024 - 2028	45,944	5,557

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		Contributions (€'000)		Plan end date; Presence of "MFA" 2
		31 December		31 December		
		2017	30 June 2018	2017	30 June 2018	
IUOE Local 4 Pension Fund	04-6013863; 001	Green	Green	805	283	31/5/2019; No
IUOE Local 98 Benefits Funds	04-6127765; 001	Green	Green	929	339	31/5/2020; No
Operating Engineers' Constr. Ind. and Misc. Pension Fund	25-6135579; 001	Green	Green	737	500	31/12/2019; No
Massachusetts Laborers' Pension Fund	04-6128298; 001	Green	Green	637	262	31/5/2022; No
New England Teamsters' Fund	04-6372430; 001	Orange	Red	423	149	30/4/2019; Yes
Western Penn Laborers' District Council Fund	25-6135576; 001	Red	Red	977	405	31/12/2019; Yes

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".

25. Provisions for risks

These provisions amount to €93.6 million at the reporting date, as follows:

(€'000)	31 December 2017	30 June 2018	Variation
Provisions for risks on equity investments	4,122	1,724	(2,398)
Other provisions	90,260	91,889	1,629
Total	94,382	93,613	(769)

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)	1st half 2018
Other changes including change in the translation reserve	(2,398)
Total	(2,398)

Other provisions comprise:

(€'000)	31 December 2017	30 June 2018	Variation
USW Campania projects	31,160	31,160	-
Provisions set up by Imprepar and its subsidiaries	33,445	32,183	(1,262)
Other	25,655	28,546	2,891
Total	90,260	91,889	1,629

The provision for the USW Campania projects mainly consists of the estimated potential costs for the environmental clean-up. The "Main risk factors and uncertainties" section 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. More information is available in the "Main risk factors and uncertainties" section in the Directors' report.

"Other" mainly comprises amounts accrued in 2017 for certain foreign contracts completed in previous years for which disputes are ongoing with the customers. Relationships with these customers are difficult and, therefore, the Group is unable to estimate exactly when the related receivables will be collected.

Changes in the period are shown in the following table:

(€'000)	31 December 2017	Accruals	Utilisations / Releases	Reclassifications	Exchange gains and other changes	30 June 2018
Total	90,260	1,675	(3,861)	(968)	4,783	91,889

Changes of the period comprise:

- accruals of €1.7 million, mainly related to the subsidiary Imprepar (€1.1 million);
- utilisations of €3.8 million, mostly related to the subsidiary Imprepar and HCE Group due to the occurrence of the events for which the provision had been set up.

Reference should be made to the “Main risk factors and uncertainties” section of the Directors’ report for more information on litigation.

26. Contract liabilities

This item, included in “Current liabilities”, amounts to €1,239.6 million, down €347.9 million on the figure at 31 December 2017. It comprises:

(€'000)	31 December 2017	30 June 2018	Variation
Contract work in progress	(8,447,067)	(14,088,449)	(5,641,382)
Progress payments and advances received (on approved work)	8,790,695	14,273,912	5,483,217
Advances	1,243,871	1,054,154	(189,717)
Total	1,587,499	1,239,617	(347,882)

The following table shows a breakdown of the item by geographical segment:

(€'000)	31 December 2017	30 June 2018	Variation
Italy	49,646	165,370	115,724
EU (excluding Italy)	34,788	13,857	(20,931)
Non-EU	57,458	4,987	(52,471)
Asia/Middle East	564,822	310,089	(254,733)
Africa	654,020	567,944	(86,076)
Americas	151,149	127,324	(23,825)
Oceania	75,616	50,046	(25,570)
Total	1,587,499	1,239,617	(347,882)

The variations mainly relate to projects in Ethiopia, Tajikistan, Saudi Arabia and Australia while the contracts that contributed the most to contract liabilities are principally those in Ethiopia for the Koysa Dam (€465.9 million), Saudi Arabia for Line 3 of the Riyadh metro (€176.1 million), Italy for the high speed/capacity railway contracts (€170.6 million), the US (€73.9 million), Libya (€62.4 million), Australia (€50.0 million) and Peru for the Lima M2 (€39.0 million).

The Directors’ report provides more information about the performance of these contracts and their progress.

The “Main risk factors and uncertainties” section in the Directors’ report provides information on pending disputes and assets exposed to country risk.

27. Trade payables

Trade payables amount to €2,292.1 million at the reporting date, an increase of €128.7 million on 31 December 2017. They are made up as follows:

(€'000)	31 December 2017	30 June 2018	Variation
Third parties	2,046,291	2,164,980	118,689
Unconsolidated group companies and other related parties	117,140	127,103	9,963
Total	2,163,431	2,292,083	128,652

The increase is the result of the higher trade payables to third parties, mainly for the Thessaloniki metro contract in Greece worth €85.1 million.

Trade payables to unconsolidated group companies and other related parties increased by €10.0 million to €127.1 million at the reporting date. The item mostly consists of payables from unconsolidated SPEs accrued on work performed by them for contracts with Italian and foreign public administrations.

The balance includes €29.4 million (€18.6 million) and includes the Group's liabilities with consortia and consortium companies (SPEs) that operate by recharging costs and are not included in the consolidation scope. It is equal to the Group's share of the SPEs' cash and cash equivalents.

28. Current tax liabilities and other current tax liabilities

Current tax liabilities amount to €83.9 million as follows:

(€'000)	31 December 2017	30 June 2018	Variation
IRES	3,537	2,776	(761)
IRAP	1,808	5,227	3,419
Foreign taxes	91,494	75,932	(15,562)
Total	96,839	83,935	(12,904)

"Foreign taxes" include €6.2 million related to a tax dispute involving Impregilo International Infrastructures N.V. (see note 30 for more information).

Other current tax liabilities of €38.5 million decreased by €6.4 million over 31 December 2017. They may be analysed as follows:

(€'000)	31 December 2017	30 June 2018	Variation
VAT	25,938	29,311	3,373
Other indirect taxes	18,873	9,149	(9,724)
Total	44,811	38,460	(6,351)

29. Other current liabilities

Other current liabilities of €333.3 million (€330.3 million) comprise:

(€'000)	31 December 2017	30 June 2018	Variation
State bodies	115,588	115,588	-
Other liabilities	87,984	92,237	4,253
Employees	67,529	62,075	(5,454)
Social security institutions	22,880	24,206	1,326
Unconsolidated group companies and other related parties	13,956	17,612	3,656
Compensation and compulsory purchases	5,785	4,347	(1,438)
Accrued expenses and deferred income	16,567	17,264	697
Total	330,289	333,329	3,040

“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 liabilities” of €92.2 million (€88.0 million) increased by roughly €4.3 million. Such increase is mainly attributable to some foreign projects (Saudi Arabia, Qatar and Venezuela) as well as the high speed/capacity Milan - Genoa railway section project.

“Employees” relate to accrued unpaid remuneration. The large decrease in this item during the year mainly refers to the parent and the US Lane Group following payment of the remuneration and a reduction in the workforce for contracts that are nearing completion.

“Unconsolidated group companies and other related parties” amount to €17.6 million and increased by €3.7 million due to the rise in amounts due to the Argentine group companies.

The balance of “Compensation and compulsory purchases” relates to the high speed/capacity railway contracts and principally the Bologna - Florence section.

Accrued expenses and deferred income of €17.3 million are in line with 31 December 2017 as shown in the following table:

(€'000)	31 December 2017	30 June 2018	Variation
Accrued expenses:			
- Commissions on sureties	3,920	3,459	(461)
- Other	10,525	11,229	704
Total accrued expenses	14,445	14,688	243
Deferred income:			
- Provision of services	2,122	2,576	454
Total deferred income	2,122	2,576	454
Total	16,567	17,264	697

30. Guarantees, commitments, risks and contingent liabilities

Guarantees and commitments

The key guarantees given by the Group are set out below:

- contractual sureties: these total €13,212.0 million and are given to customers as performance bonds, to guarantee advances, withholdings and involvement in tenders for all ongoing contracts. In turn, the group companies have guarantees given by their subcontractors. The balance includes sureties of € 5,921.6 million given directly by Lane Group;
- sureties for credit: they amount to €266.7 million;
- sureties granted for export credit: €157.5 million;
- other guarantees: they amount to €1,458.4 million and comprise guarantees related to customs and tax obligations (€46.3 million) and other commitments (such as environmental clean-ups and export credit) (€1,412.1 million);
- collateral related to a lien on the shares of the SPE M4 (€4.7 million).

Tax disputes

Salini Impregilo S.p.A.

With respect to the principal dispute with the tax authorities:

- on 24 April 2018, the Supreme Court hearing was held and the related ruling has not yet been filed about the dispute, described in detail in previous reports, related to the assessment notice challenging the tax treatment of impairment losses and losses on the sale of assets recognised by the parent in 2003. 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 N.V. 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 related to 2005 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 first and second level sentences in its favour; the tax authorities appealed to the Supreme Court on 11 May 2017 and the parent presented its defence brief, 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 12 December 2017, the parent received an adjustment notice from the tax authorities requesting payment of registration tax of approximately €1.3 million in addition to a fine of the same amount on the sale of a business unit to Imprepar (which also received an identical adjustment notice). This business unit had no future profits and held investments in consortium companies in liquidation or inactive and the related assets and liabilities related to contracts that have been completed or are nearing completion due to Imprepar's know how in managing this type of business. The parent deems that the tax authorities' allegations are ungrounded and has promptly appealed against the notices to the competent tax commission.

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.

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.

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, 2007 and 2008 for a higher taxable amount of €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.

On 12 December 2017, Imprepar received an adjustment notice from the tax authorities requesting payment of registration tax of approximately €1.3 million in addition to a fine of the same amount on the parent's sale of a business unit to it (which also received an identical adjustment notice). This business unit had no future profits and held investments in consortium companies in liquidation or inactive and the related assets and liabilities related to contracts that have been completed or are nearing completion transferred due to Imprepar's know how in managing this type of company. The parent deems that the tax authorities' are ungrounded and has promptly appealed to the competent tax court.

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 related 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.

The subsidiary appealed against the second level ruling with the Supreme Court and the case is still pending. However, in 2015, the subsidiary set aside a provision for an amount equal to the tax plus accrued interest on a prudent basis.

HCE

The hearing about the tax claims for the years from 2014 to 2016 about the assessed taxability of transferred funds used to cover costs incurred for the works tendered in Ukraine is pending. As these claims are clearly groundless, the parent has challenged the claims and obtained a first and second level ruling in its favour.

Income statement

31. Revenue

Revenue for the first half of 2018 amounts to €2,514.6 million, down 7.6% on the corresponding period of the previous year:

(€'000)	1st half 2017	1st half 2018	Variation
Revenue from contracts with customers	2,596,381	2,370,029	(226,352)
Other income	124,997	144,599	19,602
Total revenue and other income	2,721,378	2,514,628	(206,750)

The principal contributors to revenue for the six months were some large projects like Lane's ongoing projects, the Ethiopian projects, the Rogun Dam in Tajikistan, Line 3 of the Riyadh metro in Saudi Arabia and the Meydan One Mall in Dubai, United Arab Emirates.

The decrease is mostly due to the performance of foreign currencies against the Euro and completion of contracts, partly offset by the continuation of work for other large foreign projects.

A breakdown of revenue is given in the following table:

(€'000)	1st half 2017	1st half 2018	Variation
Works invoiced to customers	2,511,815	2,294,827	(216,988)
Services	73,455	62,918	(10,537)
Sales	11,111	12,284	1,173
Total	2,596,381	2,370,029	(226,352)

A breakdown of revenue from contracts with customers by geographical segment is as follows:

(€'000)	1st half 2017	Percentage of total	1st half 2018	Percentage of total
Italy	225,212	8%	246,490	10%
Middle East	755,634	28%	810,550	32%
Africa	456,708	17%	408,554	16%
EU (excluding Italy)	443,098	16%	303,937	12%
Asia	100,400	4%	132,013	5%
Oceania	148,317	5%	98,149	4%
Americas (excluding Lane)	118,868	4%	92,152	4%
Non-EU	34,409	1%	65,672	3%
Abroad	2,057,434	76%	1,911,027	76%
Lane	438,732	16%	357,111	14%
Total	2,721,378	100%	2,514,628	100%

Variable consideration was equal to 11.7% of revenue from contracts with customers during the period and was recognised using the guidance set out in note 2.

The transaction price of ongoing contracts allocated to the outstanding performance obligations amounts to €21,471.6 million at the reporting date. The Group will recognise this amount as revenue in future periods in line with its business plan forecasts.

Ongoing contracts include contracts with customers if they meet the criteria of IFRS 15.9². The item includes variable consideration when its realisation is highly probable.

A breakdown of other income is given in the following table:

(€'000)	1st half 2017	1st half 2018	Variation
Recharged costs	34,971	60,758	25,787
Other income from joint ventures and consortia	51,761	47,642	(4,119)
Prior year income	14,937	10,427	(4,510)
Gains on the disposal of non-current assets	6,409	6,742	333
Insurance compensation	190	5,097	4,907
Other income	16,729	13,933	(2,796)
Total	124,997	144,599	19,602

32. Operating expenses

Operating expenses for the period amount to €2,406.1 million compared to €2,592.0 million for the first half of 2017.

The item may be broken down as follows:

(€'000)	1st half 2017	1st half 2018	Variation
Purchases	466,925	421,595	(45,330)
Subcontracts	709,993	746,265	36,272
Services	744,295	667,593	(76,702)
Personnel expenses	440,320	403,409	(36,911)
Other operating expenses	88,131	73,412	(14,719)
Amortisation, depreciation, provisions and impairment losses	142,321	93,794	(48,527)
Total	2,591,985	2,406,068	(185,917)

The variations in the individual items compared to the corresponding period of 2017 are 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.

² a) the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations; b) the entity can identify each party's rights regarding the goods or services to be transferred; c) the entity can identify the payment terms for the goods or services to be transferred; d) the contract has commercial substance (i.e., the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and e) it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

32.1 Purchases

The cost of raw materials and consumables incurred in the first six months of 2018 decreased by €45.3 million to €421.6 million compared to the corresponding period of 2017:

(€'000)	1st half 2017	1st half 2018	Variation
Purchases of raw materials and consumables	452,486	406,869	(45,617)
Change in raw materials and consumables	14,439	14,726	287
Total	466,925	421,595	(45,330)

The decrease in the cost of raw materials and consumables is mainly related to Lane (€35.9 million) and the Colombian Ruta del Sol (€25.1 million). The decrease is partly offset by the rise in costs incurred by the Dubai branch in the United Arab Emirates, which is now fully operational.

32.2 Subcontracts

Costs of subcontracts increased to €746.3 million, up €36.3 million on the corresponding period of 2017 as shown in the following table:

(€'000)	1st half 2017	1st half 2018	Variation
Subcontracts	709,993	746,265	36,272
Total	709,993	746,265	36,272

The €36.3 million increase is mainly due to the Galfar Salimp Cimolai JV - project in Al-Khor, Qatar (€57.1 million) and the Riyadh metro contract in Saudi Arabia (€42.3 million). The increase was partly offset by the decrease in costs for the Polish contract of Salini Polska Sp. Z.o.o. (€40.5 million).

32.3 Services

This item decreased to €667.6 million, down €76.7 million on the corresponding period of the previous year, as shown in the following table:

(€'000)	1st half 2017	1st half 2018	Variation
Consultancy and technical services	300,649	315,572	14,923
Rent and leases	123,751	97,507	(26,244)
Recharging of costs by consortia	121,870	98,313	(23,557)
Transport and customs	52,213	45,445	(6,768)
Insurance	25,466	27,447	1,981
Maintenance	10,063	9,826	(237)
Fees to directors, statutory auditors and independent auditors	5,586	4,833	(753)
Other	104,697	68,650	(36,047)
Total	744,295	667,593	(76,702)

“Other” decreased by €36.0 million over the corresponding period of 2017 principally due to the Danish contract (Cityringen project) and the Sydney Metro Northwest contract in Australia, both of which are nearing completion. “Consultancy and technical services” increased by €14.9 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)	1st half 2017	1st half 2018	Variation
Design and engineering services	185,687	166,896	(18,791)
Legal, administrative and other services	39,954	60,096	20,142
Testing	577	390	(187)
Construction	74,431	88,190	13,759
Total	300,649	315,572	14,923

32.4 Personnel expenses

Personnel expenses for the year amount to €403.4 million, down by €36.9 million on the corresponding period of 2017. The item is made up as follows:

(€'000)	1st half 2017	1st half 2018	Variation
Wages and salaries	355,255	316,251	(39,004)
Social security and pension contributions	68,391	58,589	(9,802)
Post-employment benefits and employee benefits	9,882	9,966	84
Other	6,792	18,603	11,811
Total	440,320	403,409	(36,911)

The decrease mostly relates to the Ruta del Sol contract in Colombia and the smaller volume of work carried out for contracts nearing completion in Denmark (Cityringen) and Qatar (Red Line North Underground). “Other” mainly relates to termination benefits and reimbursements of travel expenses.

At 30 June 2018, 31 December 2017 and 30 June 2017, the group’s workforce was as follows:

Total workforce by category	30 June 2017	31 December 2017	30 June 2018
Managers	374	351	370
White collars	7,682	7,194	7,538
Blue collars	26,971	23,592	24,057
Total	35,027	31,137	31,965

32.5 Other operating expenses

Other operating expenses amount to €73.4 million, down €14.7 million on the corresponding period of 2017.

This item is made up as follows:

(€'000)	1st half 2017	1st half 2018	Variation
Other operating costs	41,551	32,858	(8,693)
Commissions on sureties	21,858	24,766	2,908
Bank charges	2,870	3,067	197
Losses on the disposal of property, plant and equipment	5,667	7,725	2,058
Other non-recurring costs	-	5	5
Other prior year expense	16,185	4,991	(11,194)
Total	88,131	73,412	(14,719)

This item's decrease is chiefly due to the reduction in other operating costs and other prior year expense, which is mainly due to non-recurring prior year expense.

32.6 Amortisation, depreciation, provisions and impairment losses

This item of €93.8 million shows a decrease of €48.5 million on the balance for the corresponding period of the previous year. It may be analysed as follows:

(€'000)	1st half 2017	1st half 2018	Variation
Provisions and impairment losses	33,454	3,588	(29,866)
Amortisation of intangible assets	768	398	(370)
Depreciation of tangible assets	89,778	78,570	(11,208)
Amortisation of rights to infrastructure under concession	704	153	(551)
Amortisation of contract costs	17,617	11,085	(6,532)
Total amortisation and depreciation	108,867	90,206	(18,661)
Total	142,321	93,794	(48,527)

Provisions and impairment losses of €3.6 million (€33.5 million) decreased by roughly €30.0 million and relate to the impairment losses recognised in 2017 by the Venezuelan branch (reference should be made to the "Venezuela" paragraph of the "Main risk factors and uncertainties" section of the Directors' report) and the Cetin Dam contract in Turkey.

Amortisation and depreciation of €90.2 million decreased by €18.7 million compared to the corresponding period of the previous year. The decreases refer to contracts principally related to work in Colombia, Qatar and Ethiopia (Gibe III), while the increases refer to contracts for which production is now at 100%. These include the Perth Metro project in Australia and the shopping mall in the United Arab Emirates.

33. Net financing costs

Net financing costs amount to €15.1 million compared to €85.8 million for the first half of 2017.

The item may be broken down as follows:

(€'000)	1st half 2017	1st half 2018	Variation
Financial income	35,984	23,742	(12,242)
Financial expense	(72,875)	(53,821)	19,054
Net exchange rate gains (losses)	(48,887)	15,002	63,889
Net financing costs	(85,778)	(15,077)	70,701

More information is available in the “Performance” section of the Directors’ report.

33.1 Financial income

Financial income totals €23.7 million compared to €36.0 million for the corresponding period of 2017 and is made up as follows:

(€'000)	1st half 2017	1st half 2018	Variation
Gains on securities	3,238	803	(2,435)
Interest and other income from unconsolidated group companies and other related parties	5,284	5,822	538
- Interest income	5,284	5,822	538
Interest and other financial income	27,462	17,117	(10,345)
- Interest on receivables	18,467	6,233	(12,234)
- Bank interest	4,918	7,129	2,211
- Other	4,077	3,755	(322)
Total	35,984	23,742	(12,242)

The €12.2 million decrease is mainly due to the smaller interest on the parent’s receivables from mostly foreign customers.

33.2 Financial expense

Financial expense totals €53.8 million compared to €72.9 million for the corresponding period of 2017 and is made up as follows:

(€'000)	1st half 2017	1st half 2018	Variation
Intragroup interest and other expense	(211)	(106)	105
Interest and other financial expense	(72,663)	(53,715)	18,948
- Bank interest on accounts and financing	(24,272)	(13,289)	10,983
- Interest on bonds	(21,746)	(26,458)	(4,712)
- Interest on tax liabilities	(14,563)	(888)	13,675
- Bank fees	(2,392)	(2,511)	(119)
- Factoring and leases	(3,002)	(2,277)	725
- Other	(6,688)	(8,292)	(1,604)
Total	(72,874)	(53,821)	19,053

The Group recognised interest expense on the settlement of a tax bill received by the Ethiopian branch in the first six months of the previous year. In addition, the reduction of €19.1 million in financial expense is mostly due

to the debt refinancing transaction finalised in the second half of 2017, which led to a decrease in bank loans and borrowings against the issue of bonds at more favourable interest rates to those previously applied.

Moreover:

- interest on bank accounts and financing of €13.3 million includes €1.0 million arising from the application of the “amortised cost” method, which did not entail cash outlays during the period as it was paid in full in previous years;
- interest on bonds of €26.5 million includes the effect of the amortised cost method for €2.4 million.

33.3 Net exchange gains

The net exchange gains amount to €15.0 million compared to net losses of €48.9 million for the corresponding period of 2017.

The increase of €63.9 million is due to the changes in exchange rates with certain foreign currencies, especially the Birr, recognised by the Ethiopian branch, and the US dollar, which mainly affected the parent and the Venezuelan branch.

34. Net gains on equity investments

Net gains on equity investments amount to €11.3 million, up €1.7 million on the corresponding period of 2017.

The following table provides a breakdown of this item:

(€'000)	1st half 2017	1st half 2018	Variation
Share of profit of investees	4,618	11,094	6,476
Dividends	4,322	-	(4,322)
Loss on the disposal of equity investments	(13)	(38)	(25)
Other income	717	287	(430)
Total	9,644	11,343	1,699

35. Income tax expense

The Group's income tax expense for the period is €40.9 million as follows:

(€'000)	1st half 2017	1st half 2018	Variation
Current taxes (income taxes)	5,960	52,270	46,310
Net deferred taxes	(8,289)	(11,593)	(3,304)
Prior year taxes	22,277	(122)	(22,399)
Total	19,948	40,555	20,607
IRAP	430	328	(102)
Total	20,378	40,883	20,505

36. Related party transactions

Transactions with related parties, as defined by IAS 24, were of an ordinary nature.

Related party transactions carried out during the period involved the following counterparties:

- 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	Loans and receivables	Financial assets	Other assets	Trade payables	Financial liabilities	Total revenue	Total expenses	Net financing costs (income)
(€'000)								
C.Tiburtino	63					10		
Casada S.r.l.	71			74		10	121	
CEDIV S.p.A.	1,828	3,241				9		24
Corso del Popolo Immobiliare S.r.l.	1,591							
Dirlan	26					13		
G.A.B.I.RE S.r.l.	1,221	18,001				11		9
Galla Placida	64					11		
Imm. Agricola San Vittorino	111					13		
Infernetto	10					5		
Iniziative Immobiliari Italiane S.p.A.				513				502
Madonna dei Monti S.r.l.	4			10		7	30	
Nores	47					5		
Plus	31					16		
Salini Costruttori S.p.A.	79	7,239	11,956	208	8,050	77	2	(6)
Salini Simonpietro & C.	32					7		
Studio Avv. Grazia Volo Associazione Professionale				134				269
Todini Finanziaria	1,506							
Zeis	9	1,449		8		136	72	20
Total	6,693	29,930	11,956	947	8,050	330	996	47

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 are carried out on an arm's length basis and, where applicable, in line with the contract terms.

Their effects on the statements of financial position and profit or loss are shown together with the related contract, when appropriate.

37. Earnings per share

Earnings per share are disclosed at the foot of the statement of comprehensive income.

Basic earnings (loss) per share are calculated by dividing the profit (loss) for the period attributable to the owners of the parent by the weighted average of the shares outstanding during the period. 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.

At 30 June 2018, the reserve for treasury shares decreased after allocation of shares as part of the 2015 performance share plan. Therefore, at the reporting date, the parent had 1,358,811 shares.

(€'000)	1st half 2017	1st half 2018
	(\$)	
Profit from continuing operations	32,882	63,944
Non-controlling interests	(16,006)	10,258
Profit from continuing operations attributable to the owners of the parent	16,876	74,202
Profit from continuing and discontinued operations	27,121	54,682
Non-controlling interests	(16,006)	10,258
Profit from continuing and discontinued operations attributable to the owners of the parent	11,115	64,940
Profit earmarked for holders of savings shares	588	588
Average outstanding ordinary shares	489,069	490,814
Average outstanding savings shares	1,615	1,615
Average number of shares	490,684	492,429
Dilutive effect	2,512	-
Average number of diluted shares	493,196	492,429
Basic earnings per share (from continuing operations)	0.03	0.15
Basic earnings per share (from continuing and discontinued operations)	0.02	0.13
Diluted earnings per share (from continuing operations)	0.03	0.15
Diluted earnings per share (from continuing and discontinued operations)	0.02	0.13

(\$) The income statement figures for the six months ended 30 June 2017 have been restated to comply with IFRS 5 and the new IFRS 15.

38. Events after the reporting date

No significant events have taken place since the reporting date other than those described in this report.

39. Significant non-recurring events and transactions

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/6064293³.

40. Balances or transactions arising from atypical and/or unusual transactions

During the six months, Salini Impregilo Group did not carry out any atypical and/or unusual transactions, as defined in the above Consob communication no. DEM/6064293⁴.

On behalf of the board of directors

Chairman

(signed on the original)

³ Significant non-recurring transactions are transactions or events that do not occur regularly during the normal course of business.

⁴ Atypical and/or unusual transactions are those that, due to their significance and relevance, the counterparty, the object of the transaction, exchange pricing and timing, may cast doubts as to the accuracy and completeness of disclosures, conflicts of interest, protection of the company's assets and non-controlling interests.

List of Salini Impregilo Group companies

List of Salini Impregilo Group companies

	Country	Currency	Share/quota capital subscribed	Investment % direct %	% Investment held by indirect	Consolidation or measurement method
Salini Impregilo S.p.A.	Italy	€	544,740,000	100	100	line-by-line
A1 Motorway Tuszyn-Pyrzowice lot F Joint Venture	Poland	PLN		100	94.99	5 Salini Polska L.t.d. Liability Co 0.01 HCE Costruzioni S.p.A.
Al Maktoum International Airport J.V.	United Arab Emirates			29.4		29.4 Lane Mideast Contracting LLC
Alia S.c.r.l. (in liq.)	Italy	Euro	10,200	100		100 Imprepar S.p.A.
Ancipa S.c.r.l. (in liq.)	Italy	Euro	10,200	100		100 Imprepar S.p.A.
Brennero Galleriaacque S.c.r.l.	Italy	Euro	10,000	51		51 Fisia Italimpianti S.p.A.
CDE S.c.a.r.l.	Italy	Euro	10,000	60	60	
Collegamenti Integrati Veloci C.I.V. S.p.A.	Italy	Euro	20,000	85	85	
Compagnia Gestione Macchinari CO.GE.MA. S.p.A.	Italy	Euro	200,000	100	100	
Consorzio Constructor Salini Impregilo - Cigla (florianopolis)	Brazil			100	60	40 Cigla S.A.
Consorzio Impregilo - OHL	Colombia			100		100 Impregilo Colombia SAS
Consorzio Impregilo Yarull	Dom. Republic			70	70	
Consorzio Alta Velocità Torino/Milano - C.A.V.TO.MI.	Italy	Euro	5,000,000	74.69	74.69	
Consorzio C.A.V.E.T. - Consorzio Alta Velocità Emilia/Toscana	Italy	Euro	5,422,797	75.983	75.983	
Consorzio Cociv	Italy	Euro	516,457	68.25	64	4.25 C.I.V. S.p.A.
Consorzio Libyan Expressway Contractor	Italy	Euro	10,000	58	58	
Consorzio Scilla (in liq.)	Italy	Euro	1,000	51		51 Imprepar S.p.A.
Consorzio Torre (in liq.)	Italy	Euro	5,000,000	94.6		94.6 Imprepar S.p.A.
Consorzio/Vianini lavori/Impresit/Dal Canton/Icis/Siderbeton - VIDIS (in	Italy	Euro	25,822	60		60 Imprepar S.p.A.
Constructora Ariguani SAS	Colombia	COP	100,000,000	100	100	
Constructora Mazar Impregilo- Herdoiza Crespo	Ecuador	-	-	70	70	
Construtora Impregilo y Associados S.A.-CIGLA S.A.	Brazil	BRL	2,480,849	100	100	
Copenhagen Metro Team I/S	Denmark			99.989	99.989	
Corso del Popolo Engineering S.c.r.l.	Italy	Euro	10,000	64.707		64.707 HCE Costruzioni S.p.A.
Corso del Popolo S.p.A.	Italy	Euro	1,200,000	55		55 HCE Costruzioni S.p.A.

List of Salini Impregilo Group companies

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CSC Impresa Costruzioni S.A.	Switzerland	CHF	2,000,000	100	100		line-by-line
Diga Ancipa S.c.r.l. (in liq.)	Italy	Euro	10,200	100		100 Imprepar S.p.A.	line-by-line
Empresa Constructora Angostura Ltda	Chile	CLP	22,422,000	65	65		line-by-line
Empresa Constructora Metro 6 L.t.d.a.	Chile	CLP	25,000,000	100	99.9	0.1 Cigla S.A.	line-by-line
Fibe S.p.A.	Italy	Euro	3,500,000	99.998	99.989	0.003 Impregilo Intern. Infrastruc. N.V. 0.006 Fisia Ambiente S.p.A.	line-by-line
Fisia - Alkatas Joint Venture	Turkey			51		51 Fisia Italimpianti S.p.A.	line-by-line
Fisia Ambiente S.p.A.	Italy	Euro	3,000,000	100	100		line-by-line
FISIA Italimpianti S.p.A.	Italy	Euro	3,400,000	100	100		line-by-line
Galfar - Salini Impregilo - Cimolai J.V.	Qatar			40	40		line-by-line
Generalny Wykonawca Salini Polska - Impregilo - Kobylarnia	Poland			66.68	33.34	33.34 Salini Polska L.t.d. Liability Co	line-by-line
Gestione Napoli S.p.A. (in liq.)	Italy	Euro	10,000	99	24	75 Fisia Ambiente S.p.A.	line-by-line
Groupe Mediterranee di Travaux d'Infrastructures (in liq.)	Algeria	DZD	1,000,000	98		98 HCE Costruzioni S.p.A.	line-by-line
Grupo ICT II SAS	Colombia	COP	2,942,980,000	100	100		line-by-line
HCE Costruzioni S.p.A.	Italy	Euro	2,186,743	100	100		line-by-line
HCE Construction Ukraine LLC	Ukraine	Euro	10,000	100	1	99 HCE Costruzioni S.p.A.	line-by-line
I.L.IM. - Iniziative Lombarde Immobiliari S.r.l. (in liq.)	Italy	Euro	10,000	100	100		line-by-line (*)
IGLYS S.A.	Argentina	ARS	10,000,000	100		100 Impregilo Intern. Infrastruc. N.V.	line-by-line
Impregilo Colombia SAS	Colombia	COP	6,455,000,000	100	100		line-by-line (*)
Impregilo International Infrastructures N.V.	Netherlands	Euro	50,000,000	100	100		line-by-line
Impregilo Lidco Libya Co	Libya	DL	5,000,000	60	60		line-by-line
Impregilo New Cross Ltd	GB	GBP	2	100		100 Impregilo Intern. Infrastruc. N.V.	line-by-line
Impregilo-SK E&C-Galfar al Misnad J.V.	Qatar			41.25	41.25		line-by-line
Impregilo-Terna SNFCC J.V.	Greece	Euro	100,000	51	51		line-by-line
Imprepar-Impregilo Partecipazioni S.p.A.	Italy	Euro	3,100,000	100	100		line-by-line
INC - Il Nuovo Castoro S.a.r.l.	Algeria	DZD	301,172,000	99.983	99.983		line-by-line
IS Joint Ventures	Australia			100	50	50 Salini Australia PTY L.t.d.	line-by-line

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Joint Venture Impregilo S.p.A. - S.G.F. INC S.p.A.	Greece	-	-	100	100		line-by-line
JV Salini - Secol	Romania			80	80		line-by-line
Lane Abrams Joint Venture	USA			51		51 Lane Construction Corporation	line-by-line
Lane Construction Corporation	USA	USD	1,392,955	100		100 Lane Industries Incorporated	line-by-line
Lane Corman Joint Venture	USA			60		60 Lane Construction Corporation	line-by-line
Lane DS - NC Consortium	United Arab Emirates			24.5		24.5 Lane Mideast Contracting LLC	line-by-line
Lane Industries Incorporated	USA	USD	5	100		100 Salini Impregilo - US Holdings Inc.	line-by-line
Lane Infrastructure Inc.	USA	USD	10	100		100 Lane Industries Incorporated	line-by-line
Lane International B.V.	USA	USD	18,000	100		100 Impregilo Intern. Infrastruc. N.V.	line-by-line
Lane Mideast Contracting LLC	United Arab Emirates	AED	300,000	49		49 Lane International B.V.	line-by-line
Lane Mideast Qatar LLC	Qatar	QAR	5,000,000	49		49 Lane International B.V.	line-by-line
Lane National Contracting Joint Ventures	United Arab Emirates			24.99		24.99 Lane Mideast Contracting LLC	line-by-line
Lane Power Energy Solutions Inc.	USA	USD	100	100		100 Lane Industries Incorporated	line-by-line
Lane Solid - Tadmur Joint Venture	Qatar			0.49		0.49 Lane Mideast Qatar LLC	line-by-line (*)
Lane Worldwide Infrastructure Inc..	USA	USD	10	100		100 Lane Industries Incorporated	line-by-line
Lanecon Corporation	USA			100		100 Lane Construction Corporation	line-by-line
Librino S.c.r.l. (in liq.)	Italy	Euro	45,900	66		66 Imprepar S.p.A.	line-by-line
Melito S.c.r.l. (in liq.)	Italy	Euro	77,400	66.667		66.667 Imprepar S.p.A.	line-by-line
Mercovia S.A.	Argentina	ARS	10,000,000	60		60 Impregilo Intern. Infrastruc. N.V.	line-by-line
Metro B S.r.l.	Italy	Euro	20,000,000	52.52	52.52		line-by-line
Metro B1 S.c.a.r.l.	Italy	Euro	100,000	80.7	80.7		line-by-line
Perugia 219 S.c.r.l. (in liq.)	Italy	Euro	10,000	55		55 Imprepar S.p.A.	line-by-line (*)
PGH Ltd	Nigeria	NGN	52,000,000	100	100		line-by-line
Pietrarossa S.c.r.l. (in liq.)	Italy	Euro	10,200	100		100 Imprepar S.p.A.	line-by-line
Piscine dello Stadio S.r.l.	Italy	Euro	1,100,000	70		70 HCE Costruzioni S.p.A.	line-by-line
Piscine S.c.r.l. (in liq.)	Italy	Euro	10,000	70		70 HCE Costruzioni S.p.A.	line-by-line
Reggio Calabria - Scilla S.c.p.a.	Italy	Euro	35,000,000	51	51		line-by-line

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RI.MA.TI. S.c.a.r.l. (in liq.)	Italy	Euro	100,000	83.42	83.42	line-by-line
Rivigo J.V. (Nigeria) Ltd	Nigeria	NGN	100,000,000	70	70 PGH Ltd	line-by-line
Salerno-Reggio Calabria S.c.p.a.	Italy	Euro	50,000,000	51	51	line-by-line
Salini Hydro L.t.d. (in liq.)	Ireland	Euro	20,000	100	100	line-by-line (*)
Salini - Impregilo Joint Venture for Mukorsi	Zimbabwe		-	100	99.9 0.1 Imprepar S.p.A.	line-by-line
Salini Australia PTY L.t.d.	Australia	AUD	4,350,000	100	100	line-by-line
Salini Bulgaria A.D. (in liq.)	Bulgaria	BGN	50,000	100	100	line-by-line
Salini Impregilo - Duha Joint Venture	Slovakia			75	75	line-by-line
Salini Impregilo - Healy J.V. (Cleveland)	USA			100	60 40 Lane Construction Corporation	line-by-line
Salini Impregilo - Healy J.V. (Tunnel 3RPORT Indiana)	USA			100	30 70 Lane Construction Corporation	line-by-line
Salini Impregilo - Healy J.V. NEBT	USA			100	30 70 Lane Construction Corporation	line-by-line
Salini Impregilo - NRW Joint Venture	Australia			80	80	line-by-line
Salini Impregilo - Salini Insaat - NTF J.V.	Turkey			85	55 30 Salini Insaat T.S.V.T.A.S.	line-by-line
Salini Impregilo - Tristar	United Arab Emirates			60	60	line-by-line
Salini Impregilo - US Holdings Inc.	USA	USD	1,100	100	100	line-by-line
Salini Impregilo S.p.A. - S.A. Healy Company Jose J Chediack S.A.	Argentina	ARS	10,000	75	73 2 Lane Construction Corporation	line-by-line
Salini India Private L.t.d. (in liq.)	India	INR	93,500,000	100	95 5 CO.GE.MA. S.p.A.	line-by-line
Salini Insaat Taahhut Sanayi Ve	Turkey	TRY	50,000	100	100	line-by-line
Salini Malaysia SDN BHD	Malaysia	MYR	1,100,000	100	90 10 CO.GE.MA. S.p.A.	line-by-line
Salini Namibia Proprietary L.t.d.	Namibia	NAD	100	100	100	line-by-line
Salini Nigeria L.t.d.	Nigeria	NGN	10,000,000	100	99 1 CO.GE.MA. S.p.A.	line-by-line
Salini Polska - Todini - Salini Impregilo - S7 JV	Poland	PLN		100	74.99 25 Salini Polska L.t.d. Liability Co 0.01 HCE Costruzioni S.p.A.	line-by-line
Salini Polska - Todini - Salini Impregilo - Pribex - S3 JV	Poland	PLN		95	71.24 23.75 Salini Polska L.t.d. Liability Co 0.01 HCE Costruzioni S.p.A.	line-by-line
Salini Polska - Todini - Salini Impregilo - Pribex - S8 JV	Poland	PLN		95	71.24 23.75 Salini Polska L.t.d. Liability Co 0.01 HCE Costruzioni S.p.A.	line-by-line

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Salini Polska L.t.d. Liability Co	Poland	PLN	393,450	100	100	line-by-line
Salini Saudi Arabia Company. L.t.d.	Saudi Arabia	SAR	1,000,000	51	51	line-by-line
Salini-Kolin-GCF Joint Venture	Turkey	Euro	4,000	38	38	line-by-line
San Martino Prefabbricati S.p.A. (in liq.)	Italy	Euro	10,000	100	100 Imprepar S.p.A.	line-by-line
Seli Tunneling Denmark A.p.s. (in liq.)	Denmark	DKK	130,000	100	100 Impregilo Intern. Infrastruc. N.V.	line-by-line
Società Autostrade Broni-Mortara S.p.A.	Italy	Euro	28,902,600	60	60	line-by-line
Sti Abwicklungs Gmbh	Germany	Euro	25,000	100	100 Impregilo Intern. Infrastruc. N.V.	line-by-line (*)
Suramericana de Obras Publicas C.A. - Suropca C.A.	Venezuela	VEB	2,874,118,000	100	99 1 CSC S.A.	line-by-line
TB Metro S.r.l. (in liq.)	Italy	Euro	100,000	51	51	line-by-line
Thessaloniki Metro CW J.V. (AIS JV)	Greece			50	50	line-by-line
Todini - Hamila	Tunisia			100	100 HCE Costruzioni S.p.A.	line-by-line
Todini Akkord Salini	Ukraine			100	25 75 HCE Costruzioni S.p.A.	line-by-line
Trincerone Ferroviario S.c.r.l. (in liq.)	Italy	Euro	45,900	60	60 Imprepar S.p.A.	line-by-line
Vegas Tunnel Constructors	USA			100	40 60 Lane Construction Corporation	line-by-line
Western Station J.V.	Saudi Arabia			51	51	line-by-line
Arge Tulfes Pfons	Austria	Euro	1,000	49	49	joint oper.
Arriyad New Mobility Consortium	Saudi Arabia			33.48	33.48	joint oper.
Civil Works Joint Ventures	Saudi Arabia			59.14	52 7.14 Salini Saudi Arabia Company. L.t.d.	joint oper.
CMC - Mavundla - Impregilo J.V.	South Africa			39.2	39.2	joint oper.
Consorcio Contuy Medio Grupo A C.I. S.p.A. Ghella Sogene C.A.,	Venezuela	-	-	36.4	36.4	joint oper.
Consorzio Constructor M2 Lima	Peru			25.5	25.5	joint oper.
Ghazi-Barotha Contractors J.V.	Switzerland	-	-	57.8	57.8	joint oper.
Impregilo-Healy-Parsons J.V.	USA	USD		65	45 20 Lane Construction Corporation	joint oper.
Kayi Salini Samsung Joint Venture	Turkey	Euro		33	33	joint oper.
Nathpa Jhakri J.V.	India	USD	1,000,000	60	60 Imprepar S.p.A.	joint oper.
Riyadh Metro Line 3	Saudi Arabia	SAR	10,000,000	66	66	joint oper. (*)
South Al Mutlaa J.V.	Kuwait			55	55	joint oper.

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Tristar Salini Joint Venture	United Arab Emirates			40	40		joint oper.
UTE Abeima Fisia Shoaibah	Saudi Arabia			50		50 Fisia Italmimpianti S.p.A.	joint oper.
Abeinsa Infr. e FISIA Italmimpianti UTE Salalah	Spain			51		51 Fisia Italmimpianti S.p.A.	equity
Aegek-Impregilo-Aslom J.V.	Greece			45.8	45.8		equity
AGL Constructor JV	USA			20		20 Lane Construction Corporation	equity
Aguas del Gran Buenos Aires S.A. (in liq.)	Argentina	ARS	45,000,000	42.589	16.504	23.727 Impregilo Intern. Infrastruc. N.V. 2.358 Iglys. S.A.	equity
Arge Haupttunnel Eyholz	Switzerland			36		36 CSC S.A.	equity
Arge Sisto N8	Switzerland			50		50 CSC S.A.	equity
Autopistas del Sol S.A.	Argentina	ARS	175,396,394	19.818		19.818 Impregilo Intern. Infrastruc. N.V.	equity
Barnard Impregilo Healy J.V.	USA			45	25	20 Lane Construction Corporation	equity
C.P.R.2	Italy	Euro	2,066	35.97		35.97 Imprepar S.p.A.	equity
C.P.R.3	Italy	Euro	2,066	35.97		35.97 Imprepar S.p.A.	equity
C.U.S. Consorzio Umbria Sanità (in liq.)	Italy	Euro	10,329	31		31 Imprepar S.p.A.	equity
Cagliari 89 S.c.r.l. (in liq.)	Italy	Euro	10,200	49		49 Imprepar S.p.A.	equity
CE.S.I.F. S.c.p.a. (in liq.)	Italy	Euro	250,000	24.175	24.175		equity
CGR Consorzio Galliera Roveredo	Switzerland			37.5		37.5 CSC S.A.	equity
Churchill Construction Consortium	GB			30		30 Impregilo New Cross Ltd	equity
Churchill Hospital J.V.	GB			50		50 Impregilo New Cross Ltd	equity
CMC - Consorzio Monte Ceneri lotto 851	Switzerland			40		40 CSC S.A.	equity
Coincar S.A.	Argentina	ARS	40,465,122	35	26.25	8.75 IGLYS S.A.	equity
Consorcio Agua Azul S.A.	Peru	PEN	69,001,000	25.5		25.5 Impregilo Intern. Infrastruc. N.V.	equity
Consorcio Cigla-Sade	Brazil	-	-	50		50 Cigla S.A.	equity
Consorcio Contuy Medio	Venezuela	-	-	29.04	29.04		equity
Consorcio Federici/Impresit/Ice Cochabamba	Bolivia	USD	100,000	25		25 Imprepar S.p.A.	equity
Consorcio Grupo Contuy- Proyectos y Obras de	Venezuela	-	-	33.329	33.329		equity
Consorcio Normetro	Portugal			13.18	13.18		equity

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Consorcio OIV-TOCOMA	Venezuela			40	40		equity
Consorcio V.I.T. - Tocoma	Venezuela	-	-	35	35		equity
Consorcio V.I.T. Caroni - Tocoma	Venezuela			35	35		equity
Consorcio V.S.T. (in liq.)	Venezuela	-	-	35		35 Surozca C.A.	equity
Consorcio V.S.T. Tocoma	Venezuela	-	-	30	30		equity
Consortium CSC Zuttion	Switzerland			50		50 CSC S.A.	equity
Consorzio 201 Quintai	Switzerland			60		60 CSC S.A.	equity
Consorzio 202 Quintai	Switzerland			30		30 CSC S.A.	equity
Consorzio ACE Chiasso	Switzerland			50		50 CSC S.A.	equity
Consorzio Astaldi-Federici-Todini (in liq.)	Italy	Euro	46,000	33.34		33.34 HCE Costruzioni S.p.A.	equity
Consorzio Astaldi-Federici-Todini Kramis	Italy	Euro	100,000	49.995		49.995 HCE Costruzioni S.p.A.	equity
Consorzio CEMS	Switzerland			33.4		33.4 CSC S.A.	equity
Consorzio Coltum	Switzerland			50		50 CSC S.A.	equity
Consorzio Consavia S.c.n.c. (in liq.)	Italy	Euro	20,658	50		50 Imprepar S.p.A.	equity
Consorzio CRS 9	Switzerland			33.33		33.33 CSC S.A.	equity
Consorzio del Sinni	Italy	Euro	51,646	43.16		43.16 Imprepar S.p.A.	equity
Consorzio di Riconversione Industriale Apuano - CO.RI.A.	Italy	Euro	46,481	10		10 Imprepar S.p.A.	equity
Consorzio EPC	Peru			18.25	18.25		equity
Consorzio Felce BP	Switzerland			33.34		33.34 CSC S.A.	equity
Consorzio Ferrofir (in liq.)	Italy	Euro	30,987	33.333		33.333 Imprepar S.p.A.	equity
Consorzio Ferroviario Milanese (in liq.)	Italy	Euro	154,937	18.26		18.26 Imprepar S.p.A.	equity
Consorzio H20 Morobbia	Switzerland			50		50 CSC S.A.	equity
Consorzio Imprese Lavori FF.SS. di Saline - FEIC	Italy	Euro	15,494	33.333		33.333 Imprepar S.p.A.	equity
Consorzio Iniziative Ferroviarie - INFER	Italy	Euro	41,316	35.001		35.001 Imprepar S.p.A.	equity
Consorzio Iricav Due	Italy	Euro	510,000	34.09	34.09		equity
Consorzio Kallidromo	Greece	Euro	8,804	23		23 HCE Costruzioni S.p.A.	equity
Consorzio MM4	Italy	Euro	200,000	32.135	32.135		equity

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Consorzio MPC	Switzerland			33		33 CSC S.A.	equity
Consorzio NOG.MA (in liq.)	Italy	Euro	600,000	16.767		16.767 Imprepar S.p.A.	equity
Consorzio Piottino	Switzerland			25		25 CSC S.A.	equity
Consorzio Pizzarotti Todini-Kef- Eddir. (in liq.)	Italy	Euro	100,000	50		50 HCE Costruzioni S.p.A.	equity
Consorzio Portale Vezia (CVP Lotto 854)	Switzerland			60		60 CSC S.A.	equity
Consorzio Probin	Switzerland			50		50 CSC S.A.	equity
Consorzio Sarda Costruzioni Generali - SACOGEN	Italy			25		25 Imprepar S.p.A.	equity
Consorzio Sardo d'Imprese (in liq.)	Italy	Euro	103,291	34.38		34.38 Imprepar S.p.A.	equity
Consorzio SI.VI.CI.CA.	Switzerland			25		25 CSC S.A.	equity
Consorzio SIVICICA 3	Switzerland			25		25 CSC S.A.	equity
Consorzio SIVICICA 4	Switzerland			25		25 CSC S.A.	equity
Consorzio Trevi - S.G.F. INC per Napoli	Italy	Euro	10,000	45	45		equity
Depurazione Palermo S.c.r.l. (in liq.)	Italy	Euro	10,200	50		50 Imprepar S.p.A.	equity
E.R. Impregilo/Dumez y Asociados para Yaciretê - ERIDAY	Argentina	USD	539,400	20.75	18.75	2 IGLYS S.A.	equity
EDIL.CRO S.c.r.l. (in liq.)	Italy	Euro	10,200	16.65		16.65 Imprepar S.p.A.	equity
Enecor S.A.	Argentina	ARS	8,000,000	30		30 Impregilo Intern. Infrastruc. N.V.	equity
Eurolink S.c.p.a.	Italy	Euro	150,000,000	45	45		equity
Fisia Abeima LLC	Saudi Arabia	SAR	500,000	50		50 Fisia Italimpianti S.p.A.	equity
Fisia Abeima Salalah J.V.	Oman	OMR		51		51 Fisia LLC	equity
Fisia LLC	Oman	OMR	250,000	70		70 Fisia Italimpianti S.p.A.	equity
Fisia-Alkatas-Alke J.V.	Turkey			48		48 Fisia Italimpianti S.p.A.	equity
Flatiron-Lane J.V.	USA			45		45 Lane Construction Corporation	equity
Fluor-Lane 95 LLC	USA			35		35 Lane Construction Corporation	equity
Fluor-Lane LLC	USA			35		35 Lane Construction Corporation	equity
Fluor-Lane South Carolina LLC	USA			45		45 Lane Construction Corporation	equity
Forum S.c.r.l.	Italy	Euro	51,000	20	20		equity
Galileo S.c.r.l. (in liq.)	Italy	Euro	10,000	40		40 Imprepar S.p.A.	equity

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Gaziantep Hastane Sanglik Hizmetleri Isletme Yatrim Joint	Turkey	TRY	175,000,000	24.5	24.5	equity
Gaziantep Hastanesi Isletme Ve Bakim Hizmetleri	Turkey	TRY	6,050,000	50	50	equity
Gemma-Lane Liberty Partners	USA			10	10 Lane Construction Corporation	equity
Gemma-Lane Patriot Partners	USA			10	10 Lane Construction Corporation	equity
Grupo Empresas Italianas - GEI	Venezuela	VEB	10,500,000	33.333	33.333	equity
Grupo Unidos Por El Canal S.A.	Panama	USD	1,000,000	48	48	equity
I4 Leasing LLC	USA			30	30 Lane Construction Corporation	equity
Imoreailo Arabia Ltd	Saudi Arabia	SAR	40,000,000	50	50	equity
Impresit Bakolori Plc	Nigeria	NGN	100,800,000	50.707	50.707	equity
Interstate Healy Equipment J.V.	USA			45	45 Lane Construction Corporation	equity
IRINA S.r.l. (in liq.)	Italy	Euro	103,300	36	36 Imprepar S.p.A.	equity
Isarco S.c.r.l.	Italy	Euro	10,000	41	41	equity
Isibari S.c.r.l. (in liq.)	Italy	Euro	15,300	55	55 Imprepar S.p.A.	equity
Joint Venture Aegek-Impregilo-Ansaldo-Seli-Ansaldobreda	Greece			26.7	26.7	equity
Joint Venture Aktor Ate - Impregilo S.p.A. (Constantinos)	Greece	-	-	40	40	equity
Joint Venture Impregilo S.p.A. - Empedos S.A. - Aktor A.T.E. (in	Greece	-	-	66	66 Imprepar S.p.A.	equity
Joint Venture Terna - Impregilo	Greece	-	-	45	45	equity
Kallidromo Joint Venture	Greece	Euro	29,347	23	20.7 HCE Costruzioni S.p.A. 2.3 Consorzio Kallidromo	equity
La Quado S.c.a.r.l. (in liq.)	Italy	Euro	10,000	35	35 Imprepar S.p.A.	equity
Line 3 Metro Stations	Greece			50	50	equity
Metro Blu S.c.r.l.	Italy	Euro	10,000	50	50	equity
Metro de Lima Linea 2 S.A.	Peru	PEN	368,808,060	18.25	18.25	equity
Metrogenova S.c.r.l.	Italy	Euro	25,500	35.627	35.627	equity
Naples Cancelli Alta Velocità S.c.r.l.	Italy	Euro	10,000	60	60	equity
Ochre Solutions Holdings Ltd	GB	GBP	20,000	40	40 Impregilo Intern. Infrastruc. N.V.	equity
Olbia 90 S.c.r.l. (in liq.)	Italy	Euro	10,200	24.5	24.5 Imprepar S.p.A.	equity

List of Salini Impregilo Group companies

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% Investment held by indirect	Consolidation or measurement method
Pantano S.c.r.l. (in liq.)	Italy	Euro	40,800	10.5		10.5 Imprepar S.p.A.	equity
Passante di Mestre S.c.p.A. (in liq.)	Italy	Euro	6,500,000	42.424		42.424 Imprepar S.p.A.	equity
Passante Dorico S.p.A.	Italy	Euro	24,000,000	47	47		equity
Pedelombarda S.c.p.A.	Italy	Euro	80,000,000	47	47		equity
Pedemontana Veneta S.p.A. (in liq.)	Italy	Euro	6,000,000	21.345		21.345 Imprepar S.p.A.	equity
Puentes del Litoral S.A. (in liq.)	Argentina	ARS	43,650,000	26	22	4 Iglys S.A.	equity
Purple Line Transit Constructors LLC	USA			30		30 Lane Construction Corporation	equity
S. Agata FS S.c.r.l.	Italy	Euro	20,000	60	60		equity
S. Anna Palermo S.c.r.l. (in liq.)	Italy	Euro	40,800	71.6	71.6		equity
S. Ruffillo S.c.r.l.	Italy	Euro	60,000	35	35		equity
Salini Strabag Joint Ventures	Guinea	Euro	10,000	50	50		equity
San Benedetto S.c.r.l. (in liq.)	Italy	Euro	25,823	57		57 Imprepar S.p.A.	equity
SCAT 5 S.c.r.l. (in liq.)	Italy	Euro	25,500	24.996		24.996 Imprepar S.p.A.	equity
Sclafani S.c.r.l. (in liq.)	Italy	Euro	10,400	41		41 Imprepar S.p.A.	equity
SEDI S.c.r.l.	Italy	Euro	10,000	34		34 HCE Costruzioni S.p.A.	equity
Segrate S.c.r.l.	Italy	Euro	10,000	35	35		equity
SFI Leasing Company	USA			30	30		equity
Shimmick CO. INC. - FCC CO S.A. - Impregilo S.p.A. - J.V.	USA			30	30		equity
SI.VI.CI.CA. 2	Switzerland			25		25 CSC S.A.	equity
Sibar Arge	Switzerland	-	-	60		60 CSC S.A.	equity
Sirjo S.c.p.A.	Italy	Euro	30,000,000	40	40		equity
Sistranyac S.A.	Argentina	ARS	3,000,000	20.101		20.101 Impregilo Intern. Infrastruc. N.V.	equity
Skanska-Granite-Lane J.V.	USA			30		30 Lane Construction Corporation	equity
Soingit S.c.r.l. (in liq.)	Italy	Euro	41,317	29.489		29.489 Imprepar S.p.A.	equity
SPV Linea M4 S.p.A.	Italy	Euro	49,345,500	9.634	9.634		equity
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A.-Iglys S.A. UTE	Argentina	-	-	35	26.25	8.75 Iglys S.A.	equity
TM-Salini Consortium	Malaysia	-	-	90	90		equity

List of Salini Impregilo Group companies

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% Investment held by indirect	Consolidation or measurement method
Todedil S.c.r.l. (in liq.)	Italy	Euro	10,200	85		85 Imprepar S.p.A.	equity
Unionport Constructors J.V.	USA			45		45 Lane Construction Corporation	equity
VE.CO. S.c.r.l.	Italy	Euro	10,200	25	25		equity
Yacylec S.A.	Argentina	ARS	20,000,000	18.67		18.67 Impregilo Intern. Infrastruc. N.V.	equity
Yuma Concessionaria S.A.	Colombia	COP	26,000,100,000	48.326	40	8.326 Impregilo Intern. Infrastruc. N.V.	equity
Acqua Campania S.p.A.	Italy	Euro	4,950,000	0.1		0.1 Impregilo Intern. Infrastruc. N.V.	cost
CAF Interregionale Dipendenti S.r.l.	Italy	Euro	275,756	0.038		0.038 Imprepar S.p.A.	cost
Calpark S.c.p.A.	Italy	Euro	512,569	1.317		1.317 Imprepar S.p.A.	cost
CE.DI.R. S.c.r.l. (in liq.)	Italy	Euro	10,200	1		1 Imprepar S.p.A.	cost
Consorzio Aree Industriali Potentine (in liq.)	Italy	Euro	408,000	2		2 Fisia Ambiente S.p.A.	cost
Consorzio Casale Nei	Italy	Euro	27,888	2.779		2.779 Imprepar S.p.A.	cost
Consorzio Costruttori TEEM	Italy	Euro	10,000	0.01		0.01 Imprepar S.p.A.	cost
Consorzio infrastruttura area metropolitana - Metro Cagliari (in	Italy	Euro	129,114	7.5		7.5 Imprepar S.p.A.	cost
Consorzio Nazionale Imballaggi - CO.NA.I.	Italy	Euro	130	1	1		cost
Consorzio Terme di Sardara - CON.TER.SAR. (in liq.)	Italy			0.1		0.1 Imprepar S.p.A.	cost
Emittenti Titoli S.p.A. (in liq.)	Italy	Euro	4,264,000	0.244	0.244		cost
GE.A.C. S.r.l.	Italy	Euro	10,400	4		4 Imprepar S.p.A.	cost
Golf Pordenone S.r.l.	Italy	Euro	1,177,958	0.387	0.387		cost
Grassetto S.p.A. (in liq.)	Italy	Euro	56,941,500	0.001		0.001 Imprepar S.p.A.	cost
Hobas Italiana S.p.A. (in liq.)	Italy			8.829		8.829 Imprepar S.p.A.	cost
Immobiliare Golf Club Castel D'Aviano S.r.l.	Italy	Euro	3,891,720	0.444		0.444 Imprepar S.p.A.	cost
Impregilo S.p.A.-Avax S.A.-Ate Gnomon S.A., J.V.	Greece	GRD	3,000,000	1		1 Imprepar S.p.A.	cost
Istituto per lo Sviluppo Edilizio ed Urbanistico - ISVEUR S.p.A. (in	Italy	Euro	2,500,000	2.4	1	1.4 Imprepar S.p.A.	cost
Istituto Promozionale per l'Edilizia S.p.A. - Ispredil S.p.A.	Italy	Euro	111,045	0.416		0.119 ILIM Srl	cost
						0.297 Imprepar S.p.A.	
Italian Exhibition Group S.p.A.	Italy	Euro	52.214.897	1.692	1.692		cost
Joint Venture Aktor S.A. - Impregilo S.p.A.	Greece	-	-	0.1	0.1		cost

List of Salini Impregilo Group companies

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% Investment held by indirect	Consolidation or measurement method
Lambro S.c.r.l.	Italy	Euro	200,000	0.01		0.01 Imprepar S.p.A.	cost
Manifesto S.p.A. (in liq.)	Italy			0.36		0.36 CO.GE.MA. S.p.A.	cost
Markland S.r.l. (in liq.)	Italy	Euro	66,810	1.9	1.9		cost
Nomisma - Società di Studi Economici S.p.A.	Italy	Euro	6,605,830	0.245		0.245 Imprepar S.p.A.	cost
Normetro - Agrupamento Do Metropolitano Do Porto, ACE	Portugal	PTE	100,000	2.12		2.12 Imprepar S.p.A.	cost
Parco Scientifico e Tecnologico della Sicilia S.c.p.a.	Italy	Euro	7,626,773	0.038		0.038 Imprepar S.p.A.	cost
S.I.MA. GEST 3 S.c.r.l. (in liq.)	Italy	Euro	50,000	0.01		0.01 Imprepar S.p.A.	cost
Salini Impregilo Bin Omran J.V.	Qatar			50	50		cost
Sarmiento S.c.r.l. (in liq.)	Italy	Euro	10,200	0.01		0.01 Imprepar S.p.A.	cost
Seveso S.c.a.r.l. (in liq.)	Italy	Euro	10,000	4		4 Imprepar S.p.A.	cost
Skiarea Valchiavenna S.p.A.	Italy	Euro	10,568,180	0.925		0.925 Imprepar S.p.A.	cost
Società di gestione SSIC-TI	Switzerland	CHF	1,000,000	5		5 CSC S.A.	cost
Tangenziale Esterna S.p.A.	Italy	Euro	464,945,000	0.001	0.001		cost
Todini-Impregilo Almaty Khorgos J.V.	Kazakhstan			0.01	0.01		cost
Transmetro - Construção de Metropolitano A.C.E.	Portugal			5		5 Imprepar S.p.A.	cost
Wurno Construction Materials - WUCOMAT Ltd	Nigeria	NGN	3,300,000	5.071		5.071 Impresit Bakolori Plc	cost

(*) - No longer included in the consolidation scope (HFM) but still in the list of companies

The following companies have been included in the list since 1 January 2018:

	Country	Currency	Share/quota capital subscribed	Investment % direct %	% Investment held by indirect	Consolidation or measurement method
Fisia Abeima Salalah J.V.	Oman	OMR		51	51 Fisia LLC	equity
Fisia LLC	Oman	OMR	250,000	70	70 Fisia Italimpianti S.p.A.	equity
Fisia-Alkatas-Alke J.V.	Turkey			48	48 Fisia Italimpianti S.p.A.	equity
S. Agata FS S.c.r.l.	Italy	Euro	20,000	60	60	equity

The following companies have been excluded from the list since 1 January 2018:

	Country	Currency	Share/quota capital subscribed	Investment % direct %	% Investment held by indirect	Consolidation or measurement method
Vittoria S.c.r.l. (in liq.)	Italy	Euro	20,400	58	58 Imprepar S.p.A.	line-by-line
Con. Sal S.c.n.c. (in liq.)	Italy	Euro	15,494	30	30 Imprepar S.p.A.	equity
Consorzio CGMR	Switzerland			40	40 CSC S.A.	equity
Consorzio Costruttori Strade Lazio - COSTRAL (in liq.)	Italy	Euro	20,000	70	70 Imprepar S.p.A.	equity
Consorzio Pedelombarda 2 (in liq.)	Italy	Euro	10,000	40	40 Imprepar S.p.A.	equity
Consorzio Stazione Mendrisio	Switzerland			25	25 CSC S.A.	equity
Edil.Gi. S.c.r.l. (in liq.)	Italy	Lit	20,000,000	50	50 Imprepar S.p.A.	equity
Executive J.V. Impregilo S.p.A. Terna S.A. - Alte S.A. (in liq.)	Greece	-	-	33.333	33.333	equity
FE.LO.VI. S.c.n.c. (in liq.)	Italy	Euro	25,822	32.5	32.5 Imprepar S.p.A.	equity
Imprese Riunite Genova Irg S.c.r.l. (in liq.)	Italy	Euro	25,500	26.3	26.3 Imprepar S.p.A.	equity
RCCF Nodo di Torino S.c.p.a. (in liq.)	Italy	Euro	102,000	26	26 Imprepar S.p.A.	equity
S. Leonardo Due S.c.r.l. (in liq.)	Italy	Euro	40,800	60	60 Imprepar S.p.A.	equity
San Giorgio Caltagirone S.c.r.l. (in liq.)	Italy	Euro	25,500	33	33 Imprepar S.p.A.	equity
Empr. Constr. Delta S.A., JosÀ Cartellone Constr. Civ. S.A., Iglys	Argentina		-	5	5 Iglys S.A.	cost
I_Faber S.p.A.	Italy	Euro	5,652,174	8	8	cost
Todini Diekat J.V.	Greece			10	10 HCE Costruzioni S.p.A.	cost

The percentages of the following companies have changed since 1 January 2018:

	Country	Currency	Share/quota capital subscribed	Investment % direct %	% Investment held by indirect		Consolidation or measurement method
Lane Solid - Tadmur Joint Venture		Qatar		0.49	0.49	Lane Mideast Qatar LLC	line-by-line
Consorzio NOG.MA (in liq.)	Italy	Euro	600,000	16.767	16.767	Imprepar S.p.A.	equity
Passante di Mestre S.c.p.A. (in liq.)	Italy	Euro	10,000,000	42.424	42.424	Imprepar S.p.A.	equity

Statement on the condensed interim 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 the first half of 2018 to prepare the condensed interim consolidated financial statements.

- 2 No significant issues arose.

- 3 Moreover, they state that:
 - 3.1 the condensed interim 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 30 June 2018 and the results of operations and cash flows for the six months then ended of the Issuer and its consolidated companies;
 - 3.2 the Directors' report includes a reliable analysis of the key events that took place during the period and their impact on the condensed interim consolidated financial statements, together with information about the main risks and uncertainties to which the group is exposed for the second half of the year. It also sets out a reliable analysis of relevant related party transactions.

Milan, 25 July 2018

Chief executive officer
Pietro Salini
(signed on the original)

Manager in charge of financial reporting
Massimo Ferrari
(signed on the original)

Report of the independent auditors



KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(Translation from the Italian original which remains the definitive version)

Report on review of condensed interim consolidated financial statements

To the shareholders of
Salini Impregilo S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Salini Impregilo Group (the "Group"), comprising the statement of financial position as at 30 June 2018, the statements of profit or loss, comprehensive income, cash flows and changes in equity for the six months then ended and notes thereto. The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

Società per azioni
Capitale sociale
Euro 10.345.200,00 i.v.
Registro Imprese Milano e
Codice Fiscale N. 00709600159
R.E.A. Milano N. 512867
Partita IVA 00709600159
VAT number IT00709600159
Sede legale: Via Vittor Pisani, 25
20124 Milano MI ITALIA

Ancona Asolo Bari Bergamo
Bologna Bolzano Brescia
Cagliari Como Firenze Genova
Lecce Milano Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Varese Verona



Salini Impregilo Group

*Report on review of condensed interim consolidated financial statements
30 June 2018*

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Salini Impregilo Group as at and for the six months ended 30 June 2018 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Emphasis of matters

Without modifying our conclusion, we draw attention to the following matters:

- the directors have described the significant litigation and exposure 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 condensed interim consolidated financial statements;
- the directors have described the methods used to restate the prior year corresponding figures presented for comparative purposes. Reference should be made to the "Initial consideration on the comparability of data" section of the directors' report and the notes to the condensed interim consolidated financial statements.

Milan, 1 August 2018

KPMG S.p.A.

(signed on the original)

Paola Maiorana
Director of Audit