

Impregilo group

Interim financial report

30 September 2013

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www.impregilo.it

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

Impregilo S.p.A.

Share capital € 718,364,456.72

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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General information

Company officers

Board of directors (i)	
Chairperson	Claudio Costamagna
Chief executive officer	Pietro Salini
Directors	Marina Brogi
	Giuseppina Capaldo
	Mario Giuseppe Cattaneo
	Roberto Cera
	Laura Cioli
	Alberto Giovannini
	Nicola Greco (*)
	Pietro Guindani
	Geert Linnebank
	Giacomo Marazzi (*)
	Franco Passacantando (**)
Laudomia Pucci	
Simon Pietro Salini	
Executive committee (°)	
	Pietro Salini
	Claudio Costamagna
	Simon Pietro Salini (*)
	Giacomo Marazzi (*)
	Alberto Giovannini (*)
Risk and control committee (°)	
	Mario Giuseppe Cattaneo
	Giuseppina Capaldo (*)
	Pietro Guindani
	Franco Passacantando (**)
Remuneration and appointment committee (°)	
	Marina Brogi
	Nicola Greco (*)
	Geert Linnebank
	Laudomia Pucci
Related party transactions committee (°)	
	Alberto Giovannini
	Marina Brogi
	Giuseppina Capaldo
	Geert Linnebank
Board of statutory auditors (ii)	
Chairperson	Alessandro Trotter
Standing statutory auditors	Fabrizio Gatti
	Nicola Miglietta
Substitute statutory auditors	Pierumberto Spanò
	Marco Tabellini
Independent auditors	PricewaterhouseCoopers S.p.A.

- (i) Appointed by the shareholders on 17 July 2012; in office until approval of the financial statements as at and for the year ending 31 December 2014.
- (ii) Appointed by the shareholders on 28 April 2011; in office until approval of the financial statements as at and for the year ending 31 December 2013.
- (°) Appointed by the board of directors on 18 July 2012.
- (*) Appointed by the shareholders on 12 September 2013; in office until approval of the financial statements as at and for the year ending 31 December 2014.
- (**) Appointed by the shareholders on 12 September 2013, this director will be in office from 15 December 2013 until approval of the financial statements as at and for the year ending 31 December 2014.

Impregilo group structure at 30 September 2013

CONSTRUCTION	
Impregilo S.p.A.	100
CIGLA S.A.	100
CSC Impresa Costruzioni S.A.	100
Grupo ICTI II S.a.s.	100
Imprepar S.p.A.	100
Bocoge S.p.A.	100
- Imprepar S.p.A.	100
J.V. Igl S.p.A.-S.G.F. INC S.p.A.	100
- Impregilo S.p.A.	99
- S.G.F. INC S.p.A.	1
S.A. Healy Company	100
S.G.F. - I.N.C. S.p.A.	100
PGH Ltd	100
Vegas Tunnel Constructors	100
- Impregilo S.p.A.	40
- Healy S.A.	60
Lambro S.c.r.l.	94.44
Consorzio C.A.V.E.T.	75.98
Consorzio C.A.V.T.O.M.I.	74.69
Consorzio Impregilo OHL	70
- Impregilo Colombia S.a.S.	70
Empresa Constr. Angostura L.t.d.a.	65
Impregilo-Healy-Parsons J.V.	65
- Impregilo S.p.A.	45
- Healy S.A.	20
Consorzio Cociv	64
Impregilo Lidco Libya Co	60
Constructora Ariguani S.a.s.	51
Impregilo-Terna SNFCC J.V.	51
Reggio Calabria-Scilla S.c.p.a.	51
Salerno-Reggio Calabria S.c.p.a.	51
Metro Biú S.c.r.l.	50
Grupo Unidos Por El Canal S.A.	48
Pedemorbarda S.c.p.A.	47
Eurolink S.c.p.a.	45
Barnard Impregilo Healy J.V.	45
- Impregilo S.p.A.	25
- Healy S.A.	20
Passante di Mestre S.c.p.A.	42
Impregilo-SK E&C-Galfar al M. J.V.	41.25
La Quado S.c.a.r.l.	35
Shimmick-FCC-Igl S.p.A. -J.V.	30

CONCESSIONS	
Impregilo Internat. Infrastr. NV	100
Impregilo Parking Glasgow Ltd	100
Impregilo New Cross Ltd	100
IGLYS S.A.	100
- Impregilo Intern. Infrastruc. N.V.	98
- Incave S.r.l.	2
Mercovia S.A.	60
Società Autostrade Broni-Mortara S.p.A.	61.08
Ochre Solutions Holding L.t.d.	40
Yuma Concessionaria S.A.	40
Puentes del Litoral S.A.	26
- Impregilo S.p.A.	22
- Igllys S.A.	4
Consorzio Agua Azul S.A.	25.5
Yacylec S.A.	18.67

other 12 companies

other 219 companies

ENGINEERING & PLANT CONSTRUCTION	
FISIA Italmimpianti S.p.A.	100
FISIA Babcock Engineering CO. Ltd.	100
- FISIA Babcock Environment Gmbh	100
FISIA Babcock Environment Gmbh	100
- Impregilo Intern. Infrastruc. N.V.	100
Steinmüller International Gmbh	100
- FISIA Babcock Environment Gmbh	100
Gestione Napoli S.p.A. (in liq.)	99
- FISIA Italmimpianti S.p.A.	75
- Impregilo S.p.A.	24
Shanghai Pucheng T.P.E. Co. L.t.d.	50
- Impregilo International Infrastr. N.V.	50

other 4 companies

USW CAMPANIA PROJECT	
FIBE	
FIBE S.p.A.	99.998
- Impregilo S.p.A.	99.989
- FISIA Italmimpianti S.p.A.	0.006
- Impregilo Intern. Infrastruc. N.V.	0.003

Total 285

Group highlights

Introduction

Impregilo group closed the first nine months of 2013 with revenue of € 1,739.7 million (€ 1,718.4 million for the corresponding period of 2012), an operating profit of € 117.1 million (operating loss of € 7.4 million for the corresponding period of 2012) and a profit for the period attributable to the owners of the parent of € 136.6 million (loss of € 20.1 million for the corresponding period of 2012).

During the period, the group substantially completed the “National Champion” project, whereby the shareholder Salini S.p.A. launched a voluntary takeover bid pursuant to articles 102 and 106.4 of Legislative decree no. 58/1998 for all Impregilo’s ordinary shares. It already held roughly 29.9% of Impregilo’s shares at the start of the period. The bid opened on 18 March 2013 and closed on 2 May 2013 (all the related documentation was made available to the public in the manner and timeframe required by ruling legislation). On the closing date, Salini S.p.A. held shares equal to 92.08% of Impregilo’s share capital. After this date, Salini S.p.A. decreased its investment and held 88.83% of Impregilo’s ordinary shares at 30 September 2013.

On 12 September 2013, the shareholders of both Salini S.p.A. and Impregilo S.p.A. approved the merger of the former into the latter in their extraordinary meetings. The merger will be effective for statutory and tax purposes from 1 January 2014, or another date set out in the merger deed. It will be based on the separate financial statements of Impregilo S.p.A. and Salini S.p.A. as at and for the year ended 31 December 2012, using a share exchange ratio of 6.45 ordinary Impregilo shares for each Salini share. No cash settlement will be made. The information documents made available to the public as required by the ruling regulations and legislation provide more complete disclosure about the merger.

The group completed the sale of its investment in the Brazilian holding company EcoRodovias Infraestrutura e Logistica S.A. (“EcoRodovias”) held via the group company Impregilo International Infrastructures N.V. at the start of the period. This transaction was part of the process commenced at the end of October 2012 to make the most of the group’s non-core assets, which included agreements to sell the above-mentioned investment to third parties. Accordingly, it sold 3.74% to third parties on 31 October 2012, another 19% at the end of December 2012 and the residual 6.5% in January 2013. As a result, EcoRodovias group’s contribution to the consolidated income statement for 2012 was recognised under “Profit from discontinued operations” starting from the last quarter of that year, pursuant to IFRS 5 - Non-current assets held for sale and discontinued operations. For comparative purposes, the Brazilian group’s results for the first nine months of 2012 have been represented separately (but combined) from the results of Impregilo group’s continuing operations in this Report, again in compliance with IFRS 5.

Total revenue for the first nine months of 2013 comes to € 1,739.7 million compared to € 1,718.4 million for the corresponding period of 2012.

The group’s **operating profit** amounts to € 117.1 million (operating loss of € 7.4 million for the corresponding period of 2012), with a return on sales (R.o.S.) of 6.7% (-0.4%). The Construction segment contributed significantly to this result with € 153.4 million (R.o.S. of 9.5%).

The group's other segments made an operating loss of € 1.7 million (operating loss of € 2.1 million for the first nine months of 2012), while the corporate structure's net costs came to € 34.6 million (€ 26.1 million for the corresponding period of 2012).

Financing income (costs) and gains (losses) on investments come to a negative € 33.7 million for the nine months compared to a negative € 27.0 million for the corresponding period of 2012.

The **profit from discontinued operations** amounts to € 83.4 million (€ 32.4 million for the corresponding period of 2012) and mostly consists of the results of the USW Campania projects (more information is provided later about these) and the sale of the investment in EcoRodovias.

The **profit** attributable to the owners of the parent for the nine months is € 136.6 million (loss of € 20.1 million for the corresponding period of 2012).

The **net financial position** at 30 September 2013 is € 162.7 million compared to € 566.7 million at 31 December 2012. Therefore, the net debt/equity ratio is a negative 0.12.

At period end, the group's **order backlog** amounts to € 25.6 billion, including € 17.3 billion brought in by the Construction and Engineering & Plant Construction segments and € 8.3 billion related to the Concessions segment's residual order backlog.

The group acquired **new contracts** worth € 9,223.3 million during the nine months.

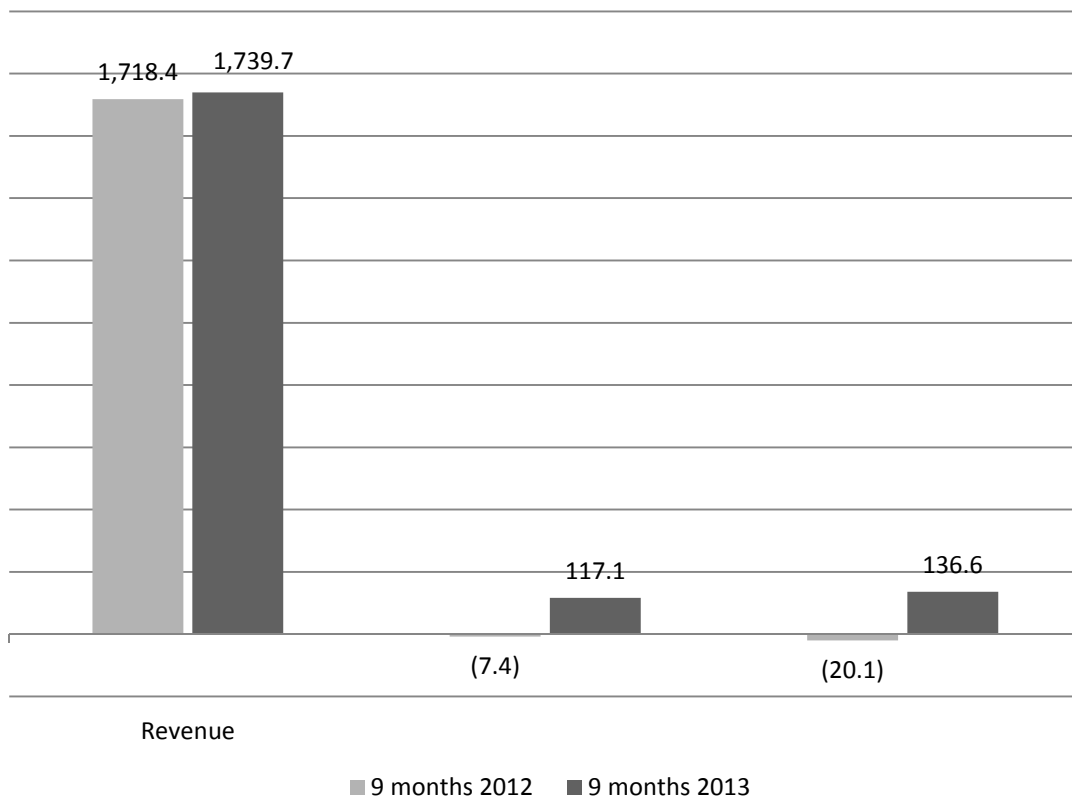
Financial highlights

(in millions of Euros)

Impregilo group

The paragraph "Alternative performance indicators" in the "Other information" section gives a definition of the financial statements indicators used to present the group's highlights.

Following the three-instalment sale during the last quarter of 2012 and early 2013, EcoRodovias group's operations have been considered as discontinued operations pursuant to IFRS 5. The 2012 corresponding figures have been restated accordingly. In addition, the income statement for the nine months ended 30 September 2012 was restated to reflect the effects of IAS 19 revised in 2011 and applicable retrospectively by Impregilo group from 2013.



CONSOLIDATED INCOME STATEMENT

(in millions of Euros)	9 months 2013	9 months 2012 (*)
Revenue	1,739.7	1,718.4
Costs	(1,554.0)	(1,650.9)
Gross operating profit	185.8	67.5
Gross operating profit %	10.7%	3.9%
Operating profit (loss)	117.1	(7.4)
R.o.S.	6.7%	-0.4%
Gain on the partial sale of an investment in a subsidiary	0.0	0.0
Net financing costs	(35.1)	(27.4)
Net gains on investments	1.4	0.5
Profit (loss) before tax	83.4	(34.3)
Income tax expense	(29.9)	(17.2)
Profit (loss) from continuing operations	53.5	(51.5)
Profit from discontinued operations	83.4	32.4
Profit (loss) attributable to the owners of the parent	136.6	(20.1)

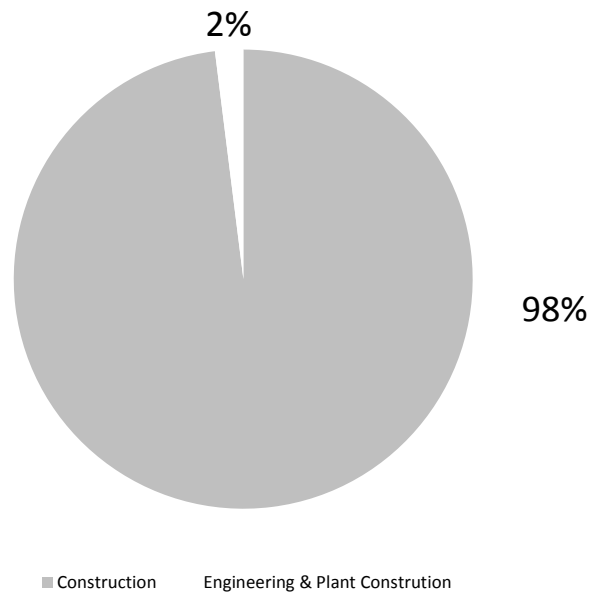
(*) Following the three-installment sale during the last quarter of 2012 and early 2013, EcoRodovias group's operations have been considered as discontinued operations pursuant to IFRS 5. The 2012 corresponding figures have been restated accordingly. In addition, the income statement for the nine months ended 30 September 2012 was restated to reflect the effects of IAS 19 revised in 2011 and applicable retrospectively by Impregilo group from 2013.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

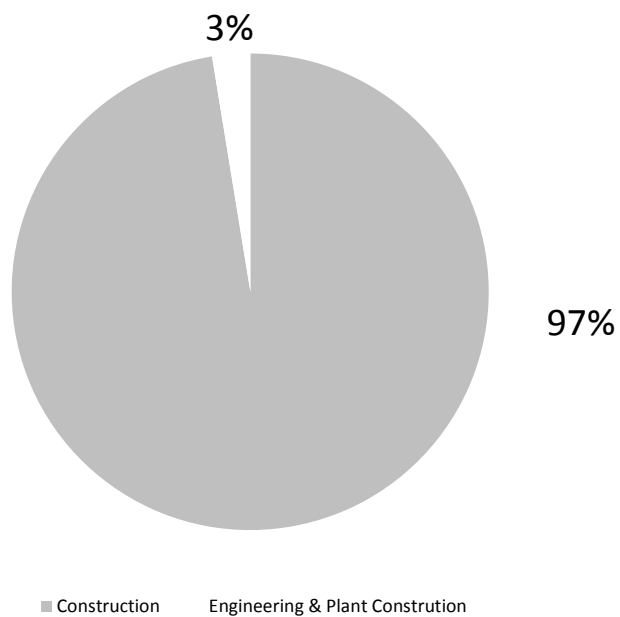
(in millions of Euros)	30 September 2013	31 December 2012
<i>Non-current assets</i>	429.1	408.2
<i>Goodwill</i>	30.4	30.4
<i>Net non-current assets held for sale</i>	7.5	307.6
<i>Provisions for risks, post-employment benefits and employee benefits</i>	(111.2)	(118.5)
<i>Other non-current assets, net</i>	44.2	51.0
<i>Net tax assets</i>	122.5	137.6
<i>Working capital</i>	672.2	422.8
Net invested capital	1,194.8	1,239.1
Equity	1,357.5	1,805.8
Net financial position	162.7	566.7
Net debt/equity ratio	-0.12	-0.31

Order backlog - Construction, Engineering & Plant Construction

September 2013
(€ 17,314 million)

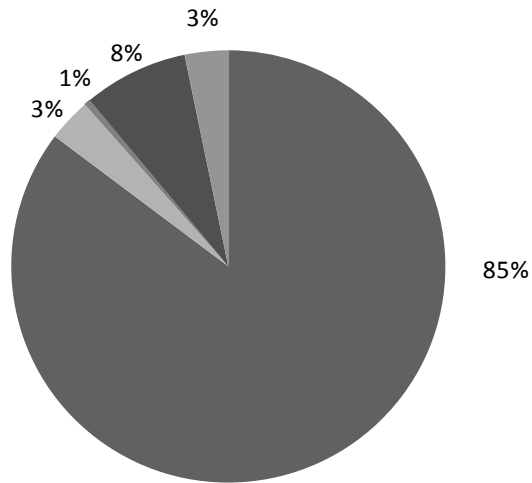


December 2012
(€ 10,587 million)



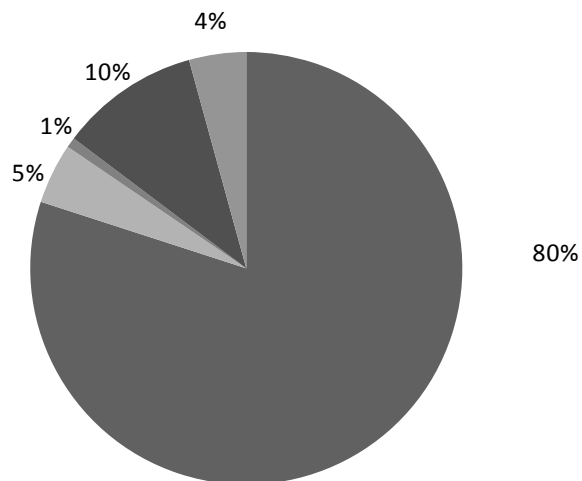
Order backlog - Concessions

September 2013
(€ 8,252 million)



■ Motorways ■ Energy ■ Aqueducts ■ Hospitals ■ Other

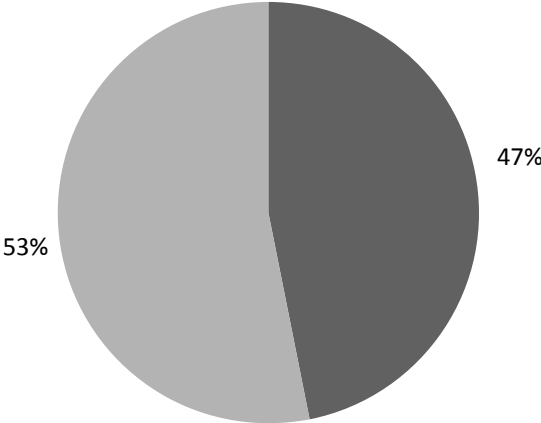
December 2012
(€ 6,261 million)



■ Motorways ■ Energy ■ Aqueducts ■ Hospitals ■ Other

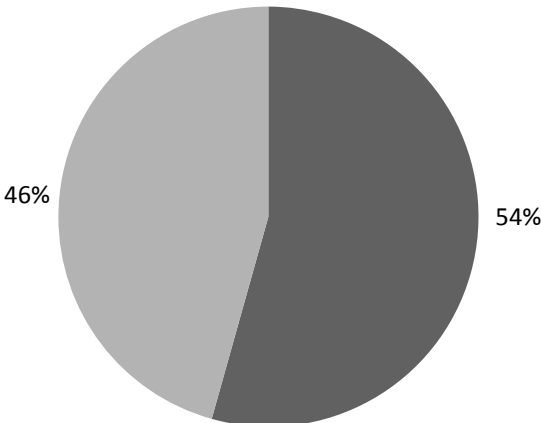
Order backlog - Construction, Engineering and Plant construction and Concessions

September 2013
(€ 25,566 million)



■ ITALY ■ ABROAD

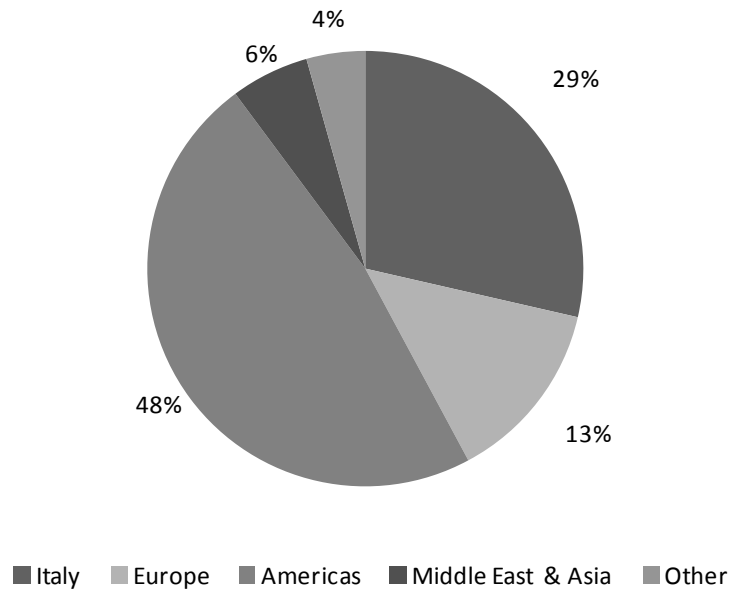
December 2012
(€ 16,848 million)



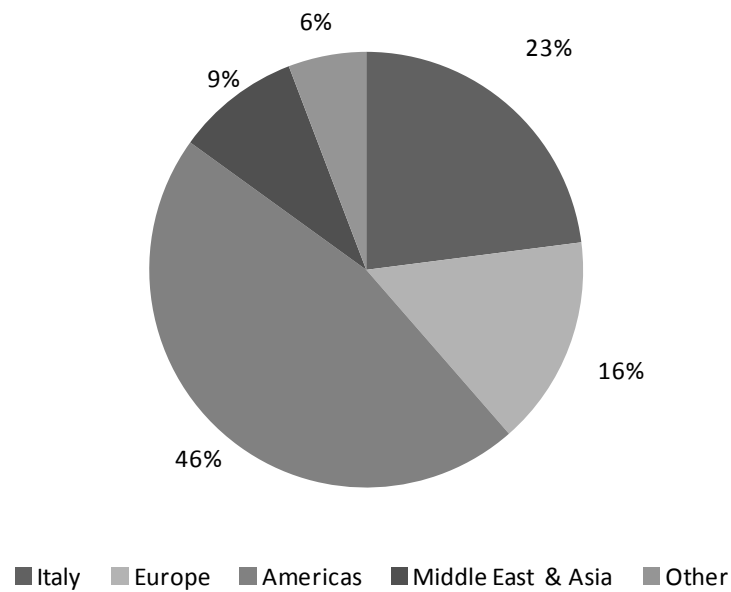
■ ITALY ■ ABROAD

Revenue by geographical segment

9 months 2013
(Italy € 497.2 million - Abroad € 1,242.5 million)



9 months 2012
(Italy € 394.9 million - Abroad € 1,323.5 million)



Directors' report - Part I

Analysis of Impregilo group's financial position and results of operations for the nine months

This section includes the group's reclassified income statement and statement of financial position, as well as a breakdown of its financial position at 30 September 2013. It also includes a summary of the main changes in the consolidated income statement, compared to that for the nine months ended 30 September 2012, and in the consolidated statement of financial position, in comparison with the related figures at 31 December 2012.

Unless indicated otherwise, figures are provided in millions of Euros and those shown in brackets relate to the corresponding period of the previous year, for the income statement, and at 31 December 2012, for the statement of financial position.

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

Pursuant to IFRS 5 - Non-current assets held for sale and discontinued operations and as a result of the sale of the group's investment in the jointly controlled Brazilian holding company EcoRodovias Infraestrutura e Logistica S.A. ("EcoRodovias"), the results for the first nine months of 2012 of the group of companies headed by EcoRodovias (previously recognised using the proportionate consolidation method) have been re-presented separately (but combined) from the results of Impregilo group's continuing operations.

With respect to the USW Campania projects, the Supreme Court irreversibly rejected the municipalities' appeal against the Council of State's ruling about the former RDF plants in April 2013. Accordingly, the Lazio Regional Administrative Court's first level ruling became enforceable (it had already been confirmed by the Council of State on 20 February 2012), ordering the municipalities to pay FIBE roughly € 204 million, plus legal and default interest accrued since 15 December 2005, equal to the costs incurred by FIBE to build the plants and not yet depreciated at that date. The full amount of €240 million was collected on 1 August 2013. As a result, the group recognised income of € 84 million, net of the related tax effect, classified under "Profit from discontinued operations". Subsequent sections of this Report provide more information about this complex litigation and the related ruling.

Group performance

Reclassified consolidated income statement

(€000)	9 months 2013	9 months 2012 (**)	Variation
Operating revenue	1,702,454	1,684,795	17,659
Other revenue	37,284	33,629	3,655
Total revenue	1,739,738	1,718,424	21,314
Costs	(1,553,969)	(1,650,893)	96,924
Gross operating profit (*)	185,769	67,531	118,238
<i>Gross operating profit % (*)</i>	10.7%	3.9%	
Amortisation and depreciation	(68,669)	(74,868)	6,199
Operating profit (loss) (*)	117,100	(7,337)	124,437
<i>Return on Sales (*)</i>	6.7%	-0.4%	
Gain on the partial sale of an investment in a subsidiary	0	0	0
Financing income (costs) and gains (losses) on investments			
Net financing costs	(35,134)	(27,437)	(7,697)
Net gains on investments	1,422	457	965
Net financing costs and net gains on investments	(33,712)	(26,980)	(6,732)
Profit (loss) before tax	83,388	(34,317)	117,705
Income tax expense	(29,926)	(17,167)	(12,759)
Profit (loss) from continuing operations	53,462	(51,484)	104,946
Profit from discontinued operations	83,377	32,361	51,016
Profit (loss) for the period	136,839	(19,123)	155,962
Non-controlling interests	(255)	(1,022)	767
Profit (loss) for the period attributable to the owners of the parent	136,584	(20,145)	156,729

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

(**) Following the three-installment sale during the last quarter of 2012 and early 2013, EcoRodovias group's operations have been considered as discontinued operations pursuant to IFRS 5. The 2012 corresponding figures have been restated accordingly. In addition, the income statement for the nine months ended 30 September 2012 was restated to reflect the effects of IAS 19 revised in 2011 and applicable retrospectively by Impregilo group from 2013.

Revenue

Total revenue for the period is € 1,739.7 million (€ 1,718.4 million), including € 1,242.5 million earned abroad (€ 1,323.5 million). The improvement is mainly due to the Construction segment (+3.3%).

(€000)	9 months 2013	9 months 2012	Variation
Construction	1,618,435	1,566,733	51,702
Concessions	16,026	13,596	2,430
Engineering & Plant Construction	106,881	140,784	(33,903)
Other segments and eliminations	(1,604)	(2,689)	1,085
Total revenue	1,739,738	1,718,424	21,314

Operating profit

The operating profit amounts to € 117.1 million (loss of € 7.4 million) and mainly reflects the Construction segment's positive contribution (operating profit of € 153.4 million, R.o.S. of 9.5%). This segment's operating loss for the corresponding period of 2012 had been heavily affected by critical issues impacting certain large foreign infrastructure contracts (Panama, Colombia and Chile), which were fully recognised in profit or loss for the period, as they led to recognition of the loss to complete the related contracts. As no new significant critical issues arose in conjunction with these contracts and positive progress has been made with certain disputes, improving the previously-made estimates, the group recorded positive results in the first nine months of 2013 in line with the forecasts made prior to the end of the reporting period.

The group's other segments made an operating loss of € 1.7 million (operating loss of € 2.1 million for the corresponding period of 2012), while the corporate structure's net costs come to € 34.6 million. They reflect the radical changes in the group's ownership structure during the period which required the greater involvement of the parent's staff compared to previous years.

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

The group recorded net financing costs of € 35.1 million (€ 27.4 million) while net gains on investments amounted to € 1.4 million (€ 0.5 million).

The increase in net financing costs mainly reflects the following:

- net financial expense increased by € 19 million compared to the corresponding period of 2012. This mainly reflects smaller net financial expense of approximately €20.0 million and higher net default interest expense of € 39.1 million. With respect to the latter, the group recognised net default interest of €15.2 million during the period as a result of the settlement of certain disputes with public administration customers towards the end of September 2013. It had recognised income of €23.9 million in the corresponding period of 2012 following payment of default interest by certain foreign customers in relation to delays in collecting regularly-approved progress billings in previous years;
- the balance of exchange rate gains and losses for the period is a positive € 6.2 million while it was a negative € 5.1 million for the corresponding period of 2012. Once again, the group benefitted from currency mismatches of money markets in relation to certain currencies, whose official exchange rates are fixed artificially, during the period.

Profit from discontinued operations

This item shows a profit of € 83.4 million (€ 32.4 million). The increase, net of the related tax effects, is mainly the result of the Supreme Court's ruling, and the enforcement actions

enacted by the group, about the litigation for the claims for compensation made by the group via FIBE for the former RDF plants. As a result of these events, the impairment losses on the disputed assets, recognised in previous years, have been fully reversed and the legal interest recognised and collected at the reporting date added. Complete information about the litigation and the entire situation is available in the “Non-current assets held for sale” section later in this Report.

Non-controlling interests

Non-controlling interests in the subsidiaries contributed negatively to the profit for the period attributable to the owners of the parent and amount to € 0.3 million. The contribution for the corresponding period of 2012 was a negative € 1.0 million.

The group's financial position

Reclassified consolidated statement of financial position

<i>(€000)</i>	30 September 2013	31 December 2012	Variation
Non-current assets	429,111	408,275	20,836
Goodwill	30,390	30,390	0
Non-current assets held for sale, net	7,513	307,588	(300,075)
Provisions for risks	(92,775)	(98,285)	5,510
Post-employment benefits and employee benefits	(18,425)	(20,234)	1,809
Other non-current assets, net	44,241	50,991	(6,750)
Net tax assets	122,530	137,576	(15,046)
Inventories	88,761	95,376	(6,615)
Contract work in progress	1,072,326	864,368	207,958
Progress payments and advances on contract work in progress	(817,611)	(844,440)	26,829
Loans and receivables	1,103,438	1,062,865	40,573
Payables	(810,553)	(818,599)	8,046
Other current assets	275,806	296,268	(20,462)
Other current liabilities	(239,969)	(233,069)	(6,900)
Working capital	672,198	422,769	249,429
Net invested capital	1,194,783	1,239,070	(44,287)
Equity attributable to the owners of the parent	1,342,498	1,800,954	(458,456)
Non-controlling interests	14,990	4,851	10,139
Equity	1,357,488	1,805,805	(448,317)
Net financial position	162,705	566,735	(404,030)
Total financial resources	1,194,783	1,239,070	(44,287)

Net invested capital

This item decreased by € 44.3 million on the previous year end to € 1,194.8 million at 30 September 2013. The main changes in the group's net invested capital compared to that at 31 December 2012 are due to the factors listed below.

- Net non-current assets increased by € 20.8 million. Investments in property, plant and equipment and intangible assets of € 57.5 million mainly related to the Construction segment (Panama, Colombia, the US and Italy), disposals come to € 11.9 million and amortisation and depreciation to € 68.7 million. The effects of exchange rate fluctuations decreased net non-current assets by € 11.3 million while other changes led to an increase of € 39.9 million. The latter include the rise in rights to infrastructure under concession for the Broni - Mortara motorway contract following acquisition of control of Sa.Bro.M. S.p.A., which holds the concession for the motorway, during the first six months of 2013. The purchase price allocation procedures required by the IFRS had not been completed at 30 September 2013. Financial assets increased by € 15.6 million, mainly as a result of the subscription of capital for new concession projects.
- Non-current assets held for sale, net decreased by € 300.1 million, due to both the sale of the residual 6.5% investment in EcoRodovias group (decrease of € 186.4 million)

and the collection of the compensation related to the former RDF plants as part of the USW Campania Projects, recognised for € 121.2 million at 31 December 2012.

- The € 5.5 million reduction in the provisions for risks is mainly a result of the occurrence of certain events in the period for which the provisions had been set up previously and which were individually quite immaterial. These events did not give rise to significant additional costs compared to the estimates made when the group set up the provisions.
- The net change in post-employment benefits and employee benefits is attributable to the group's normal operations.
- Net tax assets decreased by € 15 million and reflect the effects of collecting the compensation for the former RDF plants (see above) and the group's normal operations.
- Working capital increased by € 249.4 million; the main changes were due to developments in the group's operating activities and progress on its contracts during the period in line with normal trends of its sectors and of a recurring nature for the ordinary life cycle of the Construction's segment infrastructural projects. The increase also includes the positive effects of progress with certain disputes with domestic public administration customers during the period, which are expected to be settled at a later date.

Net financial position

At 30 September 2013, the group has a net financial position of € 162.7 million compared to € 566.7 million at 31 December 2012, a net reduction of € 404.0 million. At group level, the net debt/equity ratio is -0.12 at period end, due to the fact that its financial position is positive.

The variation is due to normal trends in the group's ordinary operations and the effects of the following situations:

- collection of € 187.0 million as payment for the residual investment (6.50%) in the Brazilian group EcoRodovias sold in January 2013;
- collection of compensation and related legal interest of € 240.5 million for the former RDF plants, following enforcement of the Supreme Court's ruling which irrevocably established the group's right thereto;
- payment of dividends of € 602.2 million as approved by the shareholders on 30 April 2013;
- early redemption of bonds, which matured in November 2013, for € 112.5 million by the subsidiary Impregilo International Infrastructures N.V..

Impregilo has given guarantees of € 89 million in favour of unconsolidated group companies securing bank loans.

The group's net financial position at 30 September 2013 is summarised in the following table.

Net financial position

(€000)	30 September 2013	31 December 2012	Variation
Non-current financial assets	10,867	4,960	5,907
Other current financial assets	590	10,590	(10,000)
Cash and cash equivalents	672,477	1,243,086	(570,609)
Total cash and cash equivalents and other financial assets	683,934	1,258,636	(574,702)
Non-current bank loans	(23,935)	(104,634)	80,699
Bonds	(149,124)	(148,840)	(284)
Finance lease payables	(18,279)	(40,028)	21,749
Total non-current indebtedness	(191,338)	(293,502)	102,164
Current portion of bank loans and current account facilities	(260,649)	(225,043)	(35,606)
Current portion of bonds	(8,484)	(113,689)	105,205
Current portion of finance lease payables	(25,922)	(22,785)	(3,137)
Total current indebtedness	(295,055)	(361,517)	66,462
Derivative assets	695	1,091	(396)
Derivative liabilities	(4,865)	(5,265)	400
Non-current financial assets (self-liquidating)	14	11,375	(11,361)
Current portion of factoring payables	(10,088)	(10,168)	80
Non-current portion of factoring payables	(20,592)	(33,915)	13,323
Total other items in net financial indebtedness	(34,836)	(36,882)	2,046
Net financial position - continuing operations	162,705	566,735	(404,030)
Net financial position including discontinued operations	162,705	566,735	(404,030)

Directors' report - Part II

Performance by business segment

This section provides an analysis of the main results and most significant events that affected the group's operations during the period, broken down by business segment.

Corporate, coordination and supervision of the group's main investments; this is carried out by central units forming part of the parent.;

Construction, business headed by Impregilo S.p.A. and also carried out through subsidiaries, jointly controlled entities and associates;

Concessions, business coordinated by Impregilo International Infrastructures (the Netherlands) and carried out through subsidiaries, jointly controlled entities and associates;

Engineering & Plant Construction, business headed by FISIA Italimpianti and FISIA Babcock Environment (Germany).

The tables on the following pages highlight the contribution of the individual business segments to the consolidated results and provide a breakdown of net invested capital by business segment.

The remaining waste disposal activities in Campania ("USW Campania projects") are discussed in a separate section of this Report.

Performance in the period by business segment

(€000)	Construction	Concessions	Engineering & Plant Construction	USW Campania projects	Eliminations	Corporate costs (unallocated items)	Total
Operating revenue	1,589,516	14,888	99,078	0	(1,028)		1,702,454
Other revenue	28,919	1,138	7,803	700	(1,276)		37,284
Total revenue	1,618,435	16,026	106,881	700	(2,304)	0	1,739,738
Costs							
Purchases, sub-contracts and other operating expenses	(1,153,591)	(12,494)	(72,513)	(813)	1,703	(21,593)	(1,259,301)
Personnel expenses	(241,359)	(5,015)	(33,047)	(194)	599	(13,177)	(292,193)
Provisions and impairment losses	(4,231)	0	1,588	0	2	166	(2,475)
Total costs	(1,399,181)	(17,509)	(103,972)	(1,007)	2,304	(34,604)	(1,553,969)
Gross operating profit (loss)	219,254	(1,483)	2,909	(307)	0	(34,604)	185,769
<i>Gross operating profit (loss) %</i>	<i>13.5%</i>	<i>n.a.</i>	<i>2.7%</i>	<i>n.a.</i>			<i>10.7%</i>
Amortisation and depreciation	(65,834)	(628)	(2,170)	(2)	0	(35)	(68,669)
Operating profit (loss) before non-recurring items	153,420	(2,111)	739	(309)	0	(34,639)	117,100
<i>Return on Sales</i>	<i>9.5%</i>	<i>n.a.</i>	<i>0.7%</i>	<i>n.a.</i>			<i>6.7%</i>
Non-recurring items	0	0	0	0	0	0	0
Operating profit (loss)	153,420	(2,111)	739	(309)	0	(34,639)	117,100
Profit (loss) from discontinued operations		(766)		84,143			83,377

Consolidated statement of financial position as at 30 September 2013 by business segment

(€000)	Construction	Concessions	Engineering & Plant Construction	USW Campania projects	Eliminations and unallocated items	Total
Total non-current assets	566,144	174,016	47,944	791	(329,394)	459,501
Assets held for sale, net		0		7,513		7,513
Provisions for risks, post-employment benefits and employee benefits and other non-current assets (liabilities)	(46,909)	31,715	(5,725)	(30,432)	(15,608)	(66,959)
Net tax assets					122,530	122,530
Working capital	522,348	-68,688	58,686	148,909	10,943	672,198
Net invested capital	1,041,583	137,043	100,905	126,781	(211,529)	1,194,783
Equity					1,357,488	1,357,488
Net financial position					(162,705)	(162,705)
Total financial resources						1,194,783

CORPORATE

Corporate activities are centralised within the parent, Impregilo S.p.A., and relate to the following:

- coordination, control and strategic planning of the group's activities;
- centralised planning and management of human and financial resources;
- management of administrative, tax, legal/corporate and institutional communications requirements;
- administrative, tax and management support to group companies.

The net cost of corporate activities amounts to € 34.6 million (€ 26.1 million). The increase is mainly due to the greater volume of activities carried out by the head office, both directly and assisted by external consultants, for issues affecting the group's corporate governance, especially the legally-required obligations (i.e., in conjunction with the takeover bid launched by Salini S.p.A. for all Impregilo's ordinary shares) and subsequent completion of the merger of Salini S.p.A. into Impregilo S.p.A., approved by the two companies' shareholders in their meetings of 12 September 2013.

Risk areas

Tax litigation

The parent's dispute with the tax authorities, concerning the tax treatment of impairment losses and losses on the sale of assets in 2003, is currently before the Supreme Court following the tax authorities' appeal. The most significant issue related to the parent's sale of its investment in the Chilean operator Costanera Norte S.A. to Impregilo International Infrastructures N.V. was cancelled by the Milan Regional Tax Commission.

The group is involved in another two disputes at first level related to 2005 mainly about: (i) the costs of a joint venture set up in Venezuela; and (ii) the technique used to "realign" the carrying amount of equity investments as per article 128 of Presidential decree no. 917/86. A dispute concerning 2006 covers: (a) the costs of a joint venture set up in Venezuela; (b) a loss on the sale of equity investments; and (c) costs for services not provided in that year. The Milan Provincial Tax Commission decreased the initially claimed amount by roughly 20% and the related second level hearing has not yet taken place. After consulting its legal advisors, the group believes that it has acted corrected and deems that the risk of an adverse ruling is not probable although it is not remote.

Other litigation

The corporate structure is not currently involved in any particularly significant litigation. Except for that disclosed in greater detail later on about the USW Campania projects, the parent became involved in a dispute with the lessor of its previously leased registered office

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

Pursuant to the contract signed with Immobiliare Lombarda S.p.A., which is the original lessor of the current registered office, Impregilo has the right to be held harmless from claims made by its previous lessor that exceed € 8 million. It exercised this right by requesting a court order which was issued by the Milan Court and challenged by Immobiliare Lombarda. The related ruling has yet to be handed down. The parent had already considered the hold harmless clause in previous reporting periods when assessing the potential risk of the dispute.

CONSTRUCTION

Impregilo S.p.A. heads the Construction business segment, which encompasses all projects relating to the construction of large-scale infrastructure, such as dams, hydroelectric plants, motorways, railways, metros, underground works, bridges and similar works.

The business segment recorded revenue of € 1,618.4 million (€ 1,566.7 million) with an operating profit of € 153.4 million (€ 20.9 million) for the period.

During the period, the Construction segment continued to manage projects relating to the construction of large-scale infrastructure.

In particular, the most significant events that affected the period in relation to the main contracts, broken down by geographical segment, are the following.

Italy

Salerno - Reggio Calabria Motorway: Lots 5 and 6

This project relates to the improvement and upgrading of the last section of the Salerno - Reggio Calabria motorway, between Gioia Tauro and Scilla (Lot 5) and between Scilla and Campo Calabro (Lot 6). Impregilo's share of the contract is 51%.

After resolving the important disputes with the customer regarding Lot 5, new serious issues came to light in the second half of 2012. They are due to the difficulty in achieving the productivity targets and the critical social-environmental conditions at the building sites. As a result, Impregilo has revised the forecasts of contract costs identifying a loss, which it fully recognised in profit or loss in 2012. No new critical aspects came to light in the first nine months of 2013 that would have required Impregilo to change its assessments of the situation.

Work was 93.6% complete on Lot 5 at 30 September 2013 and 73.2% complete on Lot 6.

Pedemontana Lombarda motorway

This contract entails the final and executive designs and construction of the first section of the Como and Varese ring roads and the connector between the A8 and the A9 motorways (from Cassano Magnago to Lomazzo) with construction of roughly 26 km of motorway and secondary roads, including roughly 7 km of tunnels.

The final designs were approved and Rider no. 1 was agreed in February 2010. This Rider confirmed the contract's price of € 880 million and provided for and regulated the early execution of certain works and related executive designs without modifying the contractually provided-for timing. As well as the approval of the executive designs, an Addendum to Rider no. 1 was agreed (increasing the work defined as "early works") in December 2010 and the works were partly delivered on 7 December 2010.

However, starting from 2011 and throughout 2012, the customer encountered increasing difficulties in meeting its contractually provided for financial commitments. Despite this, the general contractor commenced construction as per the agreed work schedule and the procedures provided for by contract to safeguard itself in relation to the above difficulties.

The customer managed to resolve most of its financial difficulties in the first half of 2013 and construction work is continuing as scheduled.

At 30 September 2013, 64.3% of the work was complete.

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

In November 2009, the joint venture led by Impregilo as lead contractor won the tender for the planning and execution of the works to widen to three lanes the A4 Venice - Trieste motorway between the municipalities of Quarto d'Altino and San Donà di Piave (VE). The contract is worth € 224 million.

The works involve widening the motorway over a length of 18.5 km by building a third lane and include, in particular, the construction of two new viaducts with an overall length of about 1.4 km over the Piave River, the construction of four bridges, nine overpasses, four motorway underpasses and the rebuilding of the San Dona di Piave motorway exit.

At 30 September 2013, 52.8% of the work was complete.

High-speed/capacity Milan - Genoa Railway Project

The project for the construction of this railway line was assigned to Consorzio CO.C.I.V. as general contractor with the TAV (as operator on behalf of Ferrovie dello Stato)/CO.C.I.V. agreement of 16 March 1992. Impregilo is the project leader.

As described in previous years, this project's pre-contractual stage has been complicated and difficult, with developments from 1992 to 2011 on various fronts, including many disputes.

Following enactment of Law decree no. 112/2008, converted into Law no. 133/2008, and the 2010 Finance Act, which provided that the contract was to be split into construction lots, the parties recommenced discussions to ascertain whether it was possible to start work again and to discontinue the claims for compensation under the ongoing dispute, as specifically provided for by the 2010 Finance Act.

The contract for the works on the Terzo Valico dei Giovi section of the high speed/capacity Milan - Genoa railway line was signed in November 2011. The works assigned to the general contractor CO.C.I.V., led by Impregilo with a 64% interest, approximate € 4.8 billion. Construction is to take place in lots, as provided for by the 2010 Finance Act. The first lot, already financed by CIPE for € 500 million, includes works and activities for € 430 million. CIPE has also assigned the funds for the second lot as per its resolution no. 86/2011, published in the Italian Official Journal no. 65 of 17 March 2012. The Court of Auditors recorded the funding of the second lot (€ 1.1 billion) on 5 March 2012. CO.C.I.V. and RFI agreed commencement of Lot 2 for € 617 million on 23 March 2013.

The arbitration proceedings commenced in previous years for the legal recognition of the fees due to the consortium for activities performed prior to enactment of Law decree no. 112/2008, for which the consortium had only recognised the effectively incurred costs, were concluded in the consortium's favour in the second quarter of 2013. As a result, the consortium was required to return the contractual advance received together with the default interest due thereon. It duly complied with this obligation at the start of the third

quarter of 2013 by offsetting it against the amounts due to it as a result of the above arbitration award, as provided for by the Rider to the Agreement of November 2011.

The group's interest in the consortium increased to 64% as a result of the agreements signed with the partner Tecnimont S.p.A. in September 2013.

At 30 September 2013, 6.4% of the work was complete.

Milan outer east by-pass

In February 2009, following the bid made by the joint venture comprising Impregilo as lead contractor, an agreement was signed with Concessioni Autostradali Lombarde for the design, construction and operation of the Milan outer east by-pass on a project financing basis. CIPE approved the definitive project on 3 August 2011 and it was subsequently filed with the Court of Auditors on 24 February 2012 and published in the Italian Official Journal on 3 March 2012.

The infrastructure operation concession has a term of 50 years from completion of the works, which are scheduled to take six years, including the design stage.

At 30 September 2013, 26.9% of the work was complete.

Milan metro Line 4

Impregilo, leader and lead contractor of a joint venture consisting of Astaldi, Ansaldo STS, AnsaldoBreda, Azienda Trasporti Milanese (the Milan municipal transport company) and Sirti, was provisionally awarded the tender called by the Milan municipality for the selection of a private partner of a public/private partnership to which the concession for the engineering, construction and subsequent operation of Line 4 of the Milan metro will be given. The new line, which will be fully automated (i.e., driverless), will cover a 15.2 km stretch from Linate to Lorenteggio. The contract includes the final and executive design and construction of two single-track tunnels, one in each direction, with 21 stations and a depot/workshop.

The investment, mainly for the civil works, the supply of technological services and mechanical equipment, is roughly € 1.7 billion, two thirds of which is financed by the Italian state and the Milan municipality. Impregilo and Astaldi will jointly carry out the civil works.

At 30 September 2013, 2.2% of the work was complete.

Jonica highway

At the end of 2011, Impregilo and Astaldi were awarded the tender called by ANAS (the Italian national roads authority) for the construction of the third maxi-lot of the Jonica highway no. 106 as general contractor. This contract is worth approximately € 791 million, of which 40% for Impregilo. The new infrastructure will stretch over 38.0 km from the junction with highway no. 534 to Roseto Capo Spulico (CS). The contract includes the construction of roughly 13 km of tunnels, roughly 5 km of viaducts and 20 km of embankments as the main works. It is scheduled to take approximately seven years and eight months, including 15 months to develop the designs (final and executive) and for the

preliminary work with the other six years and five months dedicated to the construction work.

At 30 September 2013, 1.6% of the work was complete.

Abroad

Venezuela - Puerto Cabello - La Encrucijada Railway

This project consists of the construction of civil works of the railway line along approximately 110 km, connecting Puerto Cabello and La Encrucijada.

Impregilo signed a rider with the Venezuelan Independent Railway Institute for completion of the Puerto Cabello - La Encrucijada line in November 2011. The rider includes extension of the line from the city of Moron to the port of Puerto Cabello. These new works are worth approximately € 763 million (Impregilo's share is 33.33%).

At 30 September 2013, 67.5% of the work was complete.

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

Impregilo is involved (33.33% interest) in the construction of another two railway lines: "San Juan de los Morros - San Fernando de Apure" (252 km) and "Chaguaramas - Las Mercedes-Cabruta" (201 km).

The projects comprise the design and installation of a railway superstructure, the construction of 11 stations and nine logistics centres as well as the laying of 453 km of new lines.

Work was 28.4% complete for the "San Juan de los Morros - San Fernando de Apure" line at 30 September 2013.

It was 36.3% complete for the "Chaguaramas - Cabruta" line at the reporting date.

Greece - Thessalonica metro project

This project relates to the construction of the automated metro in Thessalonica. The contract was signed in 2006 and Impregilo is involved in the civil works together with the Greek construction company Aegek S.A. and Seli S.p.A.. The project entails the construction of an automated light metro system with the excavation of two 9.5-km tunnels and 13 new underground stations.

At 30 September 2013, 32.4% of the work was complete.

Romania - Orastie - Sibiu motorway

In April 2011, Impregilo was awarded the tender for the engineering and construction of Lot 3 of the Orastie - Sibiu motorway by the Romanian National Road & Highways Company (CNADNR). The contract is worth approximately € 144 million and is 85% funded by the European Community and 15% by the Romanian government. It includes the construction of 22.1 km of a four-lane dual carriageway stretch of motorway with hard shoulders and a total width of 26 metres. The Orastie - Sibiu project is part of a larger

project, Motorway corridor no. 4, which will link the city of Nadlac on the Hungarian border with the city of Constanza on the western shore of the Black Sea.

At 30 September 2013, 93.7% of the work was complete.

United States - Lake Mead tunnel

In 2008, Impregilo won the tender called by the Southern Nevada Water Authority (SNWA) for the construction of an articulated water extraction and transportation system from Lake Mead to the Las Vegas area to increase water supplies for drinking and domestic use. Lake Mead is one of the biggest reservoirs in the US. The contract is worth USD 447 million.

At 30 September 2013, 68.9% of the work was complete.

US - San Francisco Central Subway

At the end of June 2011, the board of directors of the San Francisco Transportation Agency awarded Impregilo group (in a consortium with the American company Barnard) the contract to extend the city's Central Subway line. The contract is worth USD 233 million and Impregilo has a 45% share therein with its subsidiary SA Healy. It covers the underground extension of the existing surface line in the city centre, with two new single-track tunnels for a total length of 5 km to be excavated with two 6.40-metre diameter TBMs. It is expected to take 35 months.

At 30 September 2013, 51.5% of the work was complete.

South Africa - Ingula hydroelectric plant

The procedures for the participation of Impregilo, CMC of Ravenna and a local company in construction of a hydroelectric plant in South Africa were finalised in March 2009. Impregilo has a 39.2% share of the project ("Ingula Pumped Storage Scheme"), which is currently worth approximately € 948 million. It consists of the construction of a generating and pumping plant with total installed capacity of 1100 MW which will generate electricity at peak times and reuse the water pumping it into the upper reservoir during times of less demand.

At 30 September 2013, 93.3% of the work was complete.

Widening of the Panama Canal

In July 2009, Impregilo obtained official confirmation that the consortium of which it is a member (Grupo Unido por el Canal), along with Sacyr Vallehermoso (Spain), Jan de Nul (Belgium) and the Panama-based Constructora Urbana (Cusa), had been awarded the contract for the construction of a new system of locks as part of the project to widen the Panama Canal. The bid was for USD 3.22 billion.

The contract is one of the largest and most important civil engineering projects ever to take place. It involves the construction of two new series of locks, one on the Atlantic side and another on the Pacific side, which will allow an increase in commercial traffic through the Canal and better meet developments in the sea freight market with bigger ships that have greater capacity (the Post Panamax ships) compared to those that can currently use the existing locks.

Reference should be made to the “Risk areas” paragraph of this section for information about certain critical issues affecting this contract.

At 30 September 2013, 67.4% of the work was complete.

United Arab Emirates - Abu Dhabi hydraulic tunnel - Lots 2 and 3

Impregilo is engaged in two lots of the Strategic Tunnel Enhancement Programme (STEP) in the United Arab Emirates that includes construction of a 40-km long deep sewer tunnel, which will collect the waste water from the island and mainland of Abu Dhabi and channel it to the Al Wathba treatment station. Impregilo is constructing 25 km of the tunnel. The contract is worth approximately USD 445 million.

At 30 September 2013, 97.5% of the work was complete on Lot 2 and 80.1% on Lot 3.

Colombia - Hydroelectric project on the Sogamoso River

In December 2009, Impregilo was awarded the tender to build a hydroelectric plant on the Sogamoso River in north-western Colombia, about 40 km from the city of Bucaramanga.

The project comprises construction of a 190-metre high, 300-metre long dam and an underground power station, which will house three turbines with installed capacity of 820 MW. The contract is currently worth roughly € 590 million and the customer is ISAGEN S.A., a public/private operator active in power generation in Colombia.

Impregilo has already completed the preliminary work for the dam, which includes construction of two diversion tunnels of roughly 870 metres long and a diameter of 11 metres, as well as a system of access tunnels and roads to the underground station.

With respect to the main project, construction of the dam, critical issues came to light in the second half of 2011, which negatively impacted both production levels and the related profitability. These issues included, in particular, the exceptionally adverse weather conditions affecting a large part of Colombia, which significantly delayed the river diversion activities, the concurrent presence of geological conditions that are significantly different to those contractually provided for and the changes in the scope of work requested by the customer. Some of the most significant claims made by Impregilo were accepted in early 2012 and a new contract variation was agreed during the first half of 2013 for new additional works around the area where the dam is being built. The additional claims are still under negotiation.

At 30 September 2013, 88.8% of the work was complete.

Colombia - Ruta del Sol motorway

At the end of July 2010, the group won the tender for the operation under concession of the third motorway lot of the Ruta del Sol project in Colombia. This concession, awarded to a group headed by Impregilo and including the Colombian companies Infracon, Grodco, Tecnica Vial and the private investment fund RDS (owned by Bancolombia and Fondo Pensi6n Protecci6n), includes the upgrading, widening to four lanes and operation of the two motorway sections between the cities of San Roque and Ye de Cienaga and the cities of Carmen de Bolivar and Valledupar. The related investment approximates USD 1.3 billion. The concession contract provides for total revenue of roughly USD 3.7 billion (of which 40%

for Impregilo), including revenue from tolls and a government grant of USD 1.7 billion, to be provided during the construction stage. The concession will have a 25-year term, including six years for the design and infrastructure modernisation stage and 19 years for operation.

At 30 September 2013, 7.4% of the work was complete.

Chile - Angostura hydroelectric project

Impregilo was awarded the contract for a hydroelectric project in Chile currently worth approximately € 250 million by Colbun S.A., a Chilean company active in the power generation sector, at the end of June 2010.

The plant will be located in the Angostura area roughly 600 km south of the capital Santiago.

The contract includes construction of a main dam, 152-metres long and 63-metres high, a secondary dam, 1.6-km long and 25-metres high, and an underground power station housing three generators with installed power of 316 MW. The generated electricity will approximate 1540 Gwh per annum.

Certain critical issues were identified in the second half of 2011 due to both increasing social-environmental issues, as the conditions were very different to those envisaged during the bid stage, and the building site operating conditions, partly due to variations requested by the customer. The legal proceedings commenced against the customer, part of which is still pending, led to a partial containment of the effects of the aforesaid critical issues on the contract's profitability. However, at the reporting date, the group has recognised a loss on the contract.

At 30 September 2013, 100% of the work was complete.

Order backlog

The Construction segment's order backlog at 30 September 2013 is as follows:

(Impregilo's share in millions of Euros)

Area/Country	Project	Residual backlog at 30 September 2013	Percentage of total	Percentage of completion
Total High speed		2,916.3	17.2%	
Italy	Mestre motorway connector	25.0	0.1%	93.5%
Italy	Salerno-Reggio di Calabria motorway Lot 5	40.1	0.2%	93.6%
Italy	Salerno-Reggio di Calabria motorway Lot 6	73.5	0.4%	73.2%
Total General Contracting		138.6	0.8%	
Italy	Genoa metro	2.0	0.0%	96.2%
Italy	Highway 36/Milan motorway connector	17.9	0.1%	93.8%
Italy	Spriana landslide	1.4	0.0%	96.7%
Italy	New offices of the Lombardy Regional Authorities	0.5	0.0%	99.8%
Italy	Pedemontana Lombarda - Lot 1	150.9	0.9%	64.3%
Italy	Riviera Scarl	2.5	0.0%	78.0%
Italy	Milan outer east by-pass	305.2	1.8%	26.9%
Italy	A4 building of third lane	37.0	0.2%	52.8%
Italy	Milan metro Line 4	471.4	2.8%	2.2%
Italy	Jonica highway	311.4	1.8%	1.6%
Italy	Broni - Mortara	981.5	5.8%	0.0%
Italy	SGF	13.8	0.1%	
Other work in Italy		2,295.5	13.5%	
Total work in Italy		5,350.4	31.5%	
Greece	Support Tunnel Achelos	4.7	0.0%	47.6%
Greece	Thessalonica metro	188.9	1.1%	32.4%
Greece	Stavros Niarchos Cultural Center	141.8	0.8%	14.5%
Romania	Orastie-Sibiu motorway	8.7	0.1%	93.7%
Poland	Torun - Strykow A1 motorway	83.4	0.5%	0.0%
Kazakhstan	Almaty - Khorgos motorway	97.4	0.6%	0.0%
Switzerland	Transalp Tunnel	11.7	0.1%	96.7%
Switzerland	CSC	88.6	0.5%	
Total Europe		625.2	3.7%	
Dom. Republic	Consortio Acueducto Oriental	0.9	0.0%	99.5%
Dom. Republic	Guaigui hydraulic plant	68.3	0.4%	15.1%
Venezuela	Puerto Cabello - Contuy Ferrocarriles	488.1	2.9%	67.5%
Venezuela	Puerto Cabello - Contuy Ferrocarriles stations	449.7	2.6%	10.6%
Venezuela	Chaguaramas railway	218.9	1.3%	36.3%
Venezuela	San Juan de Los Morros railway	550.2	3.2%	28.4%
Venezuela	OIV Tocoma	52.9	0.3%	95.3%
Panama	Widening of the Panama Canal	350.3	2.1%	67.4%
Chile	Santiago metro	54.6	0.3%	0.0%
Colombia	Sogamoso	60.1	0.4%	88.8%
Colombia	Ruta del Sol motorway	376.6	2.2%	7.4%
Colombia	Quimbo	90.4	0.5%	62.1%

(Impregilo's share in millions of Euros)

Areal/Country	Project	Residual backlog at 30 September 2013	Percentage of total	Percentage of completion
Brazil	Serra Do Mar	32.6	0.2%	64.8%
USA	Vegas Tunnel - Lake Mead	114.0	0.7%	68.9%
USA	San Francisco Central Subway	38.0	0.2%	51.5%
USA	Gerald Desmond Bridge	127.8	0.8%	11.8%
USA	Anacostia	186.1	1.1%	0.7%
Argentina	Riachuelo	357.0	2.1%	0.0%
America	SGF	1.8		
Total Americas		3,618.3	18.1%	
United Arab Emirates	Step Deep Tunnel Sewer Contract T-02	4.4	0.0%	97.5%
United Arab Emirates	Step Deep Tunnel Sewer Contract T-03	29.7	0.2%	80.1%
Qatar	Abu Hamour	89.3	0.5%	5.4%
Qatar	Red line north	1,712.0	10.1%	0.2%
Iraq	IECAF - Engineering Services for the Al-Faw Port	4.2	0.0%	75.8%
Saudi Arabia	Riyadh metro	3,551.0	20.9%	0.0%
Asia	SGF	-		
Total Asia		5,390.6	10.8%	
Africa	Rivigo	28.9	0.2%	84.4%
Africa	Lidco	983.1	5.8%	12.9%
Africa	Lybian coast motorway	944.5	5.6%	0.0%
Africa	Ingula	23.9	0.1%	93.3%
Africa	SGF - Il nuovo o Castoro	9.7	0.1%	
Total Africa		1,990.1	11.7%	
Total Abroad		11,624.2	68.5%	
Total Construction		16,974.6	100.0%	

The section on the segment's Risk areas comments on the Libyan contracts which are worth € 983.1 million.

Acquisition of new contracts

USA - Anacostia River Tunnel

On 8 May 2013, Impregilo and Parsons Corporation, one of the leading construction companies in the US, won the tender to design and build a waste water collection and treatment system in Washington D.C.. This highly technological project is worth roughly USD 254 million (Impregilo's share is 65%). Impregilo will act as project leader for this contract, which is expected to take four and a half years to complete.

The Anacostia River Tunnel scheme is part of DC Water's Clean Rivers project. It involves construction of a tunnel that will run for most part under the Anacostia River, a tributary of the Potomac. The tunnel will have a length of 3.8 km, an inner diameter of 7 metres and six water collection wells each with a depth of approximately 30 metres. The tunnel will collect and convey separately wastewater and rainfall, thereby avoiding river pollution caused by combined sewer overflows that occur during intense rains.

Qatar - Red Line North metro

On 17 May 2013, Impregilo was awarded the tender called by Qatar Railways Company to design and construct the Red Line North metro in Doha as leader of a consortium in which it has a 41.25% interest. The metro line will run roughly 13 km northwards from the Mushaireb station with seven new underground stations. The contract includes boring twin running tunnels roughly 11.6 km long with a 6.17 metre internal diameter. Together with the three other metro lines, this line is part of the project to build a new infrastructural transport system by Qatar included in the country's national development plan for 2030 ("Qatar National Vision 2030"). The plan includes large investments to promote sustainable economic growth inside and outside the country in the period covered by the plan.

The contract is worth approximately QAR 8.4 billion (equivalent to roughly € 1.7 billion), of which approximately € 630 million for the design and civil works and approximately € 1.1 billion of provisional sums for preparatory work, electromechanical systems and architectural works at the stations.

Saudi Arabia - Riyadh metro Line 3

On 29 July 2013, Impregilo was awarded the maxi contract called by Riyadh Development Authority to design and build the new Line 3 (40.7 km) of the Riyadh metro as the leader of an international consortium which includes the Italian company Ansaldo STS, the Canadian Bombardier, the Indian Larsen & Toubro and the Saudi Nesma (Impregilo's share is 18.85%). This new line will be the longest of the important project for the new metro network of the Saudi Arabian capital.

The stretch awarded to the consortium is an important part of the bigger construction project for Riyadh's new metro network (six lines for a total length of roughly 180 km) worth approximately USD 23.5 billion. Another two mega sections have been concurrently awarded to two other global groups including some of the major international construction players: one led by the American Bechtel comprising Altabani, CCC and Siemens and the other led by the Spanish company FCC and including Samsung, Freyssinet Arabia, Strukton and Alstom.

The total value of the works to be performed by the consortium for the design and construction of the entire Line 3 is approximately USD 6.0 billion, including roughly USD 4.9 billion for the civil works.

Argentina - Riachuelo

On 15 July 2013, Impregilo and its US subsidiary S.A. Healy were awarded the contract for the construction of a new waste water collector for Buenos Aires as part of an environmental remediation project for the metropolitan area in the Province of Buenos Aires. The tender called by AySA (Agua y Sanamientos Argentinos S.A.), one of the major water utility operators in Argentina, is worth roughly € 360 million.

The project includes the collection of wastewater from the Riachuelo plant via a roughly 40-metre deep shaft. The wastewater will be carried to a diffuser to be constructed on the bottom of the Rio de la Plata River through an 11-km long tunnel with a 3.8 metre diameter.

The project is of great social and environmental importance and constitutes the early stage of a wider program of sustainable development of the Matanza-Riachuelo basin, financed

by the World Bank. The objective is the environmental recovery of the Riachuelo River and of the land crossed by it, considered one of most polluted areas in the world.

Kazakhstan - Almaty - Khorgos motorway

On the same date, Impregilo and Todini (the latter as the project leader), in a joint venture with the local company Kazakhdorstroy, were awarded the contract for the construction of four stretches of the Almaty - Khorgos motorway in Kazakhstan.

The contract, promoted by the Ministry of Transport and Communications of the Republic of Kazakhstan, is worth about € 295 million (Impregilo's share is 33%).

It is financed by the World Bank and consists of the upgrading and doubling of the existing motorway over a total of about 193 km and includes the construction of five viaducts involving around 900 people.

The four stretches are part of the larger project called "Western Europe - Western China International Transit Corridor". This is a road corridor from Western Europe to Western China, the modern "Silk Road" that will facilitate connections between Europe and China, improving the infrastructure network of the area, developing commercial trade from and to Europe and providing a significant contribution to road safety in the region.

Risk areas

Libya

Impregilo is active in Libya through its subsidiary Impregilo Lidco Libya General Contracting Company (Impregilo Lidco) in which it has a 60% interest. The other shareholder is Libyan.

In the past, the subsidiary had acquired 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.

With respect to the political upheaval in Libya from the end of February 2011 to the date of this Report, the subsidiary has always acted in accordance with the contractual terms. The investments made up until the deterioration of the country's political situation are fully covered by the contractually provided for advances.

The works covered by the contracts agreed by the Libyan subsidiary are works of national interest which are currently expected to be continued. It is clear that there is considerable doubt about the subsidiary's effective ability to carry out the contracts compared to the forecasts made before the crisis exploded. Accordingly, Impregilo does not expect to develop its revenue in this country at present.

The group commenced the procedures necessary to restart industrial activities in 2012, even though the local situation continues to be complicated and full security conditions are not guaranteed. However, it resumed commercial and contractual relations with the customers to open up the building sites again and restore the financial conditions originally provided for in the related contracts. During 2012, the group obtained access to more precise information about the figures that impact its consolidated financial statements. As a result, Impregilo updated the carrying amounts of the Libyan subsidiary's assets, liabilities,

revenue and expense in its 2012 consolidated financial statements in line with its accounting policies, based on the information gathered during the year and the valuations performed by the subsidiary's independent legal advisors. Compared to the situation presented in the group's 2011 consolidated financial statements, which was based on the latest available figures at 31 March 2011, the subsidiary's net assets have been steadily impaired by approximately € 38.4 million to reflect the above events. These losses have been included in contract work in progress as the group deems them recoverable considering the renewed contacts with customers. Net cash and cash equivalents held in Libya decreased by roughly € 12.9 million due to costs incurred locally in the period from 31 March 2011 to 30 September 2013.

In early 2013, the group carried out a physical count of the plant, machinery and supplies for the main building sites, recognised at € 29.9 million, although complete access to all the sites where the assets are held was not possible for safety reasons. Given that any additional costs that may arise following completion of the count would be covered by the customers as per the contractual terms for force majeure, as also assessed by the legal advisors assisting the subsidiary, the group does not believe that any new significant risks will arise from the above valuations with respect to the recovery of the subsidiary's net assets, thanks in part to the contractually provided-for actions taken and requests and extra claims presented to the customer.

The group is monitoring the situation closely and 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.

Tax litigation - Iceland

With respect to the contract for the construction of a hydroelectric plant in Karanjukar (Iceland) that the group successfully completed in previous years, a dispute arose with the local tax authorities in 2004 about the party required to act as the withholding agent for the remuneration of foreign temporary workers at the building site. Impregilo was firstly wrongly held responsible for the payment of the withholdings on this remuneration, which it therefore paid. Following the definitive ruling of the first level court, the company's claims were fully satisfied. Nevertheless, the local authorities subsequently commenced a new proceeding for exactly the same issue. The Supreme Court rejected the company's claims in its ruling handed down in February 2010, which is blatantly contrary to the previous ruling issued in 2006 on the same matter by the same judiciary authority. The company had expected to be refunded both the unduly paid withholdings of € 6.9 million (at the original exchange rate) and the related interest accrued to date of € 6.0 million. Impregilo had prudently impaired the interest amount in previous years, despite a previous local court ruling and the opinion of its consultants that confirmed its grounds, and only continued to recognise the unduly paid withholdings. After the last ruling, the company took legal action at international level (appeal filed with the EFTA Surveillance Authority on 22 June 2010) and, as far as possible, again at local level (another reimbursement claim filed with the local tax authorities on 23 June 2010) as it deems, again supported by its advisors, that the last ruling issued by the Icelandic Supreme Court is unlawful both in respect of local legislative and international agreements which regulate trade relations between the EFTA countries and international conventions which do not allow application of discriminatory treatments to foreign parties (individuals and companies) working in other EFTA countries. On 8 February 2012, the EFTA Surveillance Authority sent the

Icelandic government a communication notifying the infraction of the free exchange of services and requested the government to provide its observations about this. In April 2013, the EFTA Surveillance Authority issued its documented opinion finding the Icelandic legislation to be inconsistent with the regulations covering trade relations between the member countries with respect to the regulations for the above dispute. It asked that Iceland take steps to comply with these regulations. Accordingly, the group requested the case be re-examined. Based on the above considerations, Impregilo does not believe objective reasons currently exist to change the valuations made about this dispute.

Ente irriguo Umbro-Toscano - Imprepar

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

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

Imprepar deems it too early to be able to assess any risks arising from the Montedoglio dam contract other than those already assessed in 2011, given the above recent developments and supported by its legal advisors.

Widening of the Panama Canal

Certain critical issues have arisen during the first stage of full-scale production which, due to their specific characteristics and the materiality of the work to which they relate, have made it necessary to revise downwards the estimates on which the early phases of the project had been based. The most critical issues relate to, *inter alia*, the geological characteristics of the excavation areas with respect to the raw materials necessary to produce the concrete and the processing of such raw materials during normal production activities. The considerable differences between the actual conditions and those planned for are critical and have been provided for in the prudent estimates of the cost to complete the contract made on the basis of recent production trends and considering that the inefficiencies will gradually be absorbed. Given the relations with the customer, with which these issues are constructively discussed on an ongoing basis, and the long timeframe of the contract, the group believes that the estimates, consistently with those made during preparation of the 2012 consolidated financial statements, are reasonable and supported by the contract at present.

Bridge crossing the Messina Strait and roadway and railway connectors from Calabria to Sicily

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

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

Stretto di Messina S.p.A. and 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.

Law decree 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 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. As a result, Impregilo’s order backlog at 31 December 2012 was adjusted to reflect discontinuation of the contract. Considering the complex nature of the various legal proceedings and although the legal advisors assisting Impregilo and the general contractor are reasonably confident about the outcome of the proceedings and the recoverability of the remaining assets recognised for this contract, it cannot be excluded that events not currently foreseeable may arise in the future which would require the current assessments to be revised.

CONCESSIONS

Group activities in this business segment relate to the management of investments in numerous subsidiaries and other investees, which hold concessions mainly for the management of motorway networks, plants that generate energy from renewable sources, electric power transmission, integrated cycle water systems and the management of non-medical hospital service activities.

The segment is headed by Impregilo International Infrastructures N.V., the Dutch sub-holding company wholly owned by Impregilo S.p.A.. It coordinates the segment.

As already mentioned in previous sections of this Report and in line with the group's new strategies identified in the second half of 2012, followed by preparation of the 2013-2015 business plan, approved in December 2012, the Concessions segment took steps to make the most of its main assets that are no longer considered strategic for the group's core business in 2012. Accordingly, at the start of 2013, the group finalised the sale of its investment in the jointly controlled Brazilian group EcoRodovias (originally 29.74% of the holding company) held by Impregilo International Infrastructures. The transaction did not give rise to significant differences compared to the carrying amount of this remaining investment at 31 December 2012. Given that, pursuant to IFRS 5 - Non-current assets held for sale and discontinued operations, EcoRodovias group's contribution to the group's results have been classified as "Profit from discontinued operations" starting from the fourth quarter of 2012, the corresponding figures for the first nine months of 2012 have been restated accordingly in this Report.

Moreover, Impregilo provided full disclosure about the transactions involving the investment in EcoRodovias on 31 October 2012 and 26 January 2013, pursuant to article 71 and in accordance with Annex 3B (table 3) to the Regulation implementing Legislative decree no. 58 of 24 February 1998, adopted by Consob with resolution no. 11971 of 14 May 1999 and subsequent amendments.

The Concessions segment was not very active in the period (total revenue of € 16.0 million compared to € 13.6 million for the corresponding period of 2012), given that its order backlog mainly consists of non-controlling interests and the more significant recently acquired orders (i.e., the Ruta del Sol motorway in Colombia, the Milan outer east bypass in Italy, the Milan metro Line 4, etc.) are all still under construction.

The following tables summarise the key figures of the Concessions order backlog at period end, split by business segment.

MOTORWAYS

Country	Operator	% of	Total	Stage	Start date	End date
		investment	km			
Italy	Tangenziale Esterna S.p.A.	17.77	33	Not yet active		
	Broni - Mortara	61.08	50	Not yet active		
Argentina	Iglys S.A.	98		holding		
	Autopistas Del Sol	19.82	120	active	1993	2020
	Puentes del Litoral S.A.	26	59.6	active	1998	2023
	Mercovia S.A.	60	18	active	1998	2023
Colombia	Yuma Concessionaria S.A. (Ruta del Sol)	40	465	active	2011	2036

METROS

Country	Operator	% of	Total	Stage	Start date	End date
		investment	km			
Italy	Milan metro Line 4	31.05	15	Not yet active		

ENERGY FROM RENEWABLE SOURCES

Country	Operator	% of	Installed	Stage	Start date	End date
		investment	voltage			
Argentina	Yacilec S.A.	18.67	T line	active	1994	2088
	Enecor S.A.	30.00	T line	active	1992	2088

INTEGRATED WATER CYCLE

Country	Operator	% of	Pop.	Stage	Start date	End date
		investment	served			
Argentina	Agua del G. Buenos Aires S.A.	42.58	210 k	liquidation		
Peru	Consorcio Agua Azul S.A.	25.50	740 k	active	2002	2027

HOSPITALS

Country	Operator	% of	No. of	Stage	Start date	End date
		investment	beds			
GB	Impregilo Wolverhampton Ltd.	20.00	50k medical visits	active	2002	2032
	Ochre Solutions Ltd.	40.00	220	active	2005	2038
	Impregilo New Cross Ltd.	100.00		holding		

CAR PARKS

Country	Operator	% of	No. of	Stage	Start date	End date
		investment	parks			
GB	Impregilo Parking Glasgow Ltd.	100.00	1400	active	2004	2034

ENGINEERING & PLANT CONSTRUCTION

The Engineering & Plant Construction segment, headed by FISIA Italimpianti and FISIA Babcock Environment (Germany), includes the operation of plants for the desalination of sea water, fume treatment and waste-to-energy processes.

The Engineering & Plant Construction segment includes the Chinese company Shanghai Pucheng Thermal Power Energy Co. Ltd, in which the group has a 50% stake and which is consolidated on a proportionate basis. The Engineering & Plant Construction segment's order backlog solely includes the contractual amounts of the engineering contracts and environment services. It does not include the Chinese company's estimated future revenue. In order to present the group's future revenue consistently, this figure is included in the Concessions segment in the graphs set out in the section on the group's highlights of this Report. The general data related to transactions with the grantor are summarised below.

Country	Operator	% of investment	Installed voltage	Pop. served	Stage	Start date	End date
China	Shanghai Pucheng Thermal Power Energy Co. Ltd	50	17 mw	1.6 m	active	2004	2034

In line with the strategies of the 2013-2015 business plan, activities undertaken during the period included recovery of the assets of FISIA Italimpianti, still being contested, in relation to the USW Campania projects and other contracts for desalination plants in the Arabian Gulf area for which significant disputes had been commenced with customers in previous years. The segment also concentrated on developing the business of the German FISIA Babcock Environment and Shanghai Pucheng Thermal Power Energy to avail of the best opportunities to enhance the segment's value as a whole while concurrently maintaining its leadership position in the market sectors that are currently of strategic interest to the German group company.

The business segment's revenue amounted to € 106.9 million for the period (€ 140.8 million) and the operating loss totalled € 0.7 million (loss of € 0.2 million).

The contraction in business volumes is mainly due to FISIA Babcock's position and the timing factors involved in managing its order backlog.

Order backlog

The Engineering and Plant Construction segment's order backlog at 30 September 2013 is as follows:

(in millions of Euros)

Area/Country	Project	Residual backlog at 30 September 2013	Percentage of total	Percentage of completion
FISIA Italmimpianti				
Middle East	Jebel Ali L2	2,6	1%	98,7%
Middle East	Ras Abu Fontas B2	4,6	1%	97,7%
Middle East	Jebel Ali M	12,0	4%	98,4%
Middle East	Jebel Ali M - spare parts	8,7	3%	1,8%
Middle East	Ras Abu Fontas A1	5,9	2%	98,3%
Middle East	Shuaiba North	2,5	1%	99,3%
Middle East	Shuaiba North - spare parts	10,5	3%	44,2%
Middle East	Takreer Cbdc	13,9	4%	31,8%
Desalination		60,7	18%	
Total FISIA Italmimpianti		60,7	18%	
FISIA Babcock				
Germany	Datteln REA	2,1	1%	94,0%
Germany	Moorburg - ESP	1,8	1%	96,0%
Germany	Manheim Block 9 RRA	18,3	5%	78,0%
Netherlands	Maasvlakte Block 3 REA	1,7	1%	96,0%
Turkey	Yildizlar Orta FGD	1,1	0%	16,6%
Panama	Paco - FGD	6,2	2%	57,0%
Poland	Plock FGD	38,0	11%	3,0%
United Arab Emirates	Takreer Cbdc	5,4	2%	13,0%
	Other Abroad	1,0	0%	n.a.
Fume treatment		75,6	22%	
Russia	Moskau WE	93,3	27%	18,0%
Germany	Ruhleben WE	1,9	1%	98,0%
Germany	Wuppertal K 13 EfW	2,9	1%	88,0%
Sweden	Linkoping EfW	51,0	15%	1,0%
Finland	Tampere EfW	34,6	10%	1,0%
China	Haidian EfW	11,5	3%	18,0%
Italy	Other Italy	0,2	0%	n.a.
	Other Abroad	1,6	0%	n.a.
Waste-to-energy		197,0	58%	
	Italy	0,1	0%	n.a.
	Abroad	5,9	2%	n.a.
Other		6,0	2%	
Total FISIA Babcock		278,6	82%	
TOTAL ENGINEERING & PLANT CONSTRUCTION		339,3	100%	

Acquisition of new contracts

At the end of September 2013, FISIA Babcock Environment (FBE) secured two large contracts in Finland and Sweden worth approximately € 90 million. The first relates to a new WTE plant in Tampere to be rolled out in 2015 which will have a waste disposal capacity of 180,000 tons/year. The contract was commissioned by Tampereen Sähkölaitos Oy, which has generated and distributed electrical energy in Tampere, one of the first European cities to set up a municipal electricity company, since 1888. The second contract is for the construction of a new boiler (62KV) in an important university and industrial centre in Linköping. It will be the core of a new waste incineration line, which is set to go into operation in 2016, as part of the existing WTE plant in Garstadverket which has a current incineration capacity of 260,000 tons per year. The customer is Tekniska verken i Linköping (TvAB), one of the largest municipal energy suppliers in Sweden.

Risk areas

The considerable slow-down in industrial production seen in international markets due to the widespread financial crisis, which began in previous years, continues to be highly critical for the markets in which FISIA Italmimpianti, the company which heads the segment, operates. The Arabian Gulf countries, which are FISIA Italmimpianti's key markets, have not yet recommenced their development programmes halted in 2008 in an organised manner. Although this has critical repercussions on the company's order backlog, the group company acquired a contract to build a new desalination plant worth approximately USD 28 million at the end of 2012.

Even if this contract's value is not comparable to those acquired in previous years, it represents the first important step towards recovery, also considering the technologies provided for in the contract, which are an interesting alternative to those used for the large plants built in the past.

NON-CURRENT ASSETS HELD FOR SALE

I.1 USW CAMPANIA PROJECTS: THE SITUATION UP TO 31 DECEMBER 2009

As already described in detail in previous reports, Impregilo 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").

From 2000 to 2003, the companies completed the construction of the RDF plants, built for them by other Impregilo group companies, namely FISIA Italimpianti (for the electromechanical parts) and Impregilo Edilizia e Servizi (for the civil works) and took the steps necessary to produce RDF and store it temporarily until the waste-to-energy plants were ready.

Over the years, the situation began to become increasingly critical due to the following main factors:

- non-commencement by the Campania Regional Authorities of the scheduled separated waste collection with the related agreed volumes, an essential factor underpinning the project and service contracts agreed by the companies with the government commissioner;
- inadequate landfill areas made available by the government commissioner;
- commencement of activities at the Acerra waste-to-energy plant, which should have commenced as per the contract in early 2001, only in August 2004 following the extraordinary intervention of more than 450 policemen who cleared the work areas occupied since January 2003 by demonstrators;
- the Santa Maria La Fossa waste-to-energy plant only obtained the E.I.V. (environmental impact valuation) in 2007, although activities should have started there concurrently with those at Acerra;
- on 12 May 2004, the Naples public prosecutor seized the plants with their concurrent release on attachment bond as part of proceedings which included investigation of the directors of the group companies involved in the project (FIBE, FIBE Campania and FISIA Italimpianti) and top management of the commission;
- an increasing number of municipalities, companies and inter-municipality consortia started to not pay the tariffs due to the companies for the treatment of their waste with the result that the companies saw a significant rise in receivables leading to the inevitable financial tension;
- given this critical situation, the banks that had granted FIBE project financing to construct the RDF plants and waste-to-energy plant at Acerra suspended all further disbursements (they had granted € 173.5 million); moreover, the negotiations aimed at agreeing similar funding for the RDF plants and waste-to-energy plant of FIBE Campania (at Santa Maria La Fossa) were interrupted.

These circumstances worsened the two companies' financial positions and that of the entire Impregilo group (as FISIA, Impregilo Edilizia e Servizi, FISIA Babcock and FISIA Italimpianti were engaged to build the RDF plants and the waste-to energy plants and FISIA Italimpianti also provided plant management services).

Given this situation, beginning from early 2005, measures and procedures were adopted at top institutional levels following the direct involvement of the Italian government to return the project to its original status and normal operating conditions. Specifically:

- the overdue receivables for the waste tariffs through to 31 December 2004 should have been recovered following issue of Law decree no. 14 of 17 February 2005 (converted into Law no. 53 of 15 April 2005) whereby the Cassa Depositi e Prestiti should have ensured payment of the outstanding amounts under a specific procedure of roughly 60 days;
- recovery of the receivables overdue after that date should have taken place by the appointment of *ad acta* commissioners by the extraordinary government commissioner using its powers assigned by the Prime Minister's Order ("OPCM") no. 3397 of 28 January 2005;
- the problems related to the judicial seizure of the plants would have been resolved by implementation of a "Programme for structured and management actions for RDF plants" prepared by the commissioner and subject, for certain aspects, to the approval of the Naples public prosecutor, which should have allowed their release from seizure within a short period of time as per the "Conformity Deed" signed by the companies;
- with respect to the availability of the landfill areas, the government commissioner issued an order on 7 December 2004 for the "Montesarchio" landfill and another for the "Campagna" landfill on 1 April 2005. These orders established that, upon the closure of the then used landfills, two new sites in Campania would be set up and used to ensure at least one year of regular performance of the project and giving rise to the concurrent reasonable belief that the issue of the landfills could be managed positively after that time period.

Based on these assumptions, the directors of both FIBE and FIBE Campania approved a business plan for the period of the service on a going concern basis.

However, a number of events took place in the following months that significantly negatively altered the assumptions inferred from the legal and administrative measures. Specifically:

- the Cassa Depositi e Prestiti had not yet shown any signs of applying the measures set out in Law decree no. 14/2005 (converted into Law no. 53/2005) many months after its issue and, therefore, the receivables overdue at 31 December 2004 were still outstanding with further problems about the collection of those that became due in 2005;
- following social-political agreements, the government commissioner had delayed the use of one of the two previously authorised landfills and had not allowed preparation of the second. This implied that, in order not to disrupt services, the companies had to use private landfills outside the region fully bearing the very high and unplanned

disposal and transportation costs from April. No feedback from the commissioner was received about their request for reimbursement;

- meanwhile, the government commissioner, with a claim form of May 2005, took legal action claiming compensation from the companies and FISIA for alleged damage being the costs it incurred in the past to transport waste outside the region (subsequent parts of this section give more information about this dispute);
- the banks that had given the first instalment of € 173.5 million of the project financing agreed with FIBE not only confirmed that they would not provide the rest of the financing but also formally requested that the project financing structure be dismantled as it was no longer considered suitable given the critical situation of the USW Campania project.

In this situation, Law decree no. 245 (converted into Law no. 21 of 27 January 2006) was issued on 30 November 2005 and became applicable on 15 December 2005. It:

- a) terminated the contracts between FIBE S.p.A., FIBE Campania S.p.A. and the extraordinary government commissioner for the Campania Waste Emergency on an *ope legis* basis on 15 December 2005 “without prejudice to any claims arising from the terminated contracts” (article 1.1);
- b) required the commissioner to:
 - (i) identify “urgently”, with a “swift EU” procedure, the new parties to which the waste disposal service for Campania should have been awarded, taking over the contracts from FIBE and FIBE Campania (article 1.2);
 - (ii) construct “the landfills ... continue work to build the waste-to-energy plants at Acerra and Santa Maria la Fossa” (article 6.2). The measure did not in any way establish the procedures or contracts to be introduced/agreed for the plants’ final use.
- c) provided that, pending the identification of new providers of the waste treatment service (the “transition period”) until the awarding of the contract and, however, no later than 31 May 2006 (article 6.1 which extended the emergency state until this date), FIBE and FIBE Campania were to continue to provide the service, in full compliance with the coordination activities carried out by the government commissioner against their right to claim payment from the commissioner’s office of expenses and costs incurred in this regard (article 1.7, as modified by the aforesaid Law decree no. 263/2006 - article 1.4 of the Prime Minister’s Order no. 3479/05);
- d) set specific regulations for:
 - (i) “speeding up the procedure to obtain payment” of the waste disposal tariffs (article 2);
 - (ii) “guaranteeing that the separate waste collection objectives are met ... and resolution of the current emergency situation” (article 5).

In order to assist the tender procedure described in paragraph “b.i”, the companies complied with the commissioner’s request in March 2006 to formalise a sale promise, irrevocable until 30 September 2006 (“statements of promises to sell”). They thus committed

themselves to selling the following assets to the commissioner (or parties indicated by it upon the outcome of the tender):

- the waste-to-energy plant in Acerra at its carrying amount on 15 December 2005, increased by additional entries made by the current owner FIBE for work carried out and to capitalise financial expense and technical costs in the period between 16 December 2005 and the payment date;
- the land on which the waste-to-energy plant of Santa Maria La Fossa is to be constructed, owned by FIBE Campania, for its carrying amount at 15 December 2005;
- sundry equipment used to manage the waste treatment plants and RDF stocking sites, owned by FIBE, FIBE Campania and FISIA Italmimpianti, at their carrying amount at 15 December 2005;
- the RDF stocking sites and related stocked materials of FIBE and FIBE Campania at their carrying amount at 15 December 2005.

The tenders published on 31 March 2006 also provided that the parties would have had to pay the two companies for the right to use the RDF plants (which are owned by the government commissioner) the “*non-depreciated costs incurred by the previous providers of the service up until 15 December 2005*”.

The tender called on 31 March 2006 was not awarded since only two bids were presented, one of which by an ineligible bidder.

With respect to this situation, the public institutions involved showed their intention to begin a new procedure, calling bids from throughout the European Union and committing themselves to conducting the procedure in a significantly shorter time span than the previous one. They asked FIBE and FIBE Campania to renew their “statements of promises to sell” as described above. This request was accepted and the statements were renewed until 31 March 2007.

In August 2006, the tender for the allocation of the urban solid waste disposal services for Campania was called again. The assets to be sold and the amounts were unchanged from the previous tender.

Given the continued critical waste situation in the region, the government issued two law decrees aimed at resolving it. Specifically:

- a) Law decree no. 263 of 9 October 2006 (converted into Law no. 290 of 6 December 2006) which, *inter alia*:
 - (i) appointed a new commissioner, the head of the Civil Protection Department, who reported directly to the Prime Minister (article 1.1);
 - (ii) cancelled the tender called in August 2006 (article 3.1);
 - (iii) required the new commissioner to redefine “*the conditions for allocation of the waste disposal service in Campania*” (article 3.1);
 - (iv) amended Law no. 21/2006 establishing that the current holders of the contract were required to continue to provide the service until the tender was closed, and

this *“on the basis of the necessary transfer of duties to the new holders, including those related to personnel and any movable and immovable property that should be transferred, considering their use, age and maintenance”* (article 3.1-bis);

- (v) provided for measures aimed at ensuring the effective separate collection of urban solid waste (article 4);
 - (vi) extended the transition period for the waste emergency situation in Campania until 31 December 2007 (article 1.1);
- b) Law decree no. 61 of 11 May 2007 (converted into Law no. 87 of 5 July 2007) which, *inter alia*:
- (i) opened, *“also to avoid new emergency situations”*, new sites to be used as landfills (article 1.1);
 - (ii) requested the commissioner to identify *“urgently ... also by directly engaging parties other than the current service providers ... the best possible solutions for the treatment and disposal of waste and possible disposal of waste bales”* (article 2);
 - (iii) requested the commissioner to adopt *“a plan for introduction of an integrated waste cycle in Campania”* (article 9).

On 5 July 2007, concurrently with the issue of the aforesaid legal measure, a new extraordinary commissioner for the waste emergency in Campania was appointed, namely the Naples Prefect.

Following specific requests presented by FIBE and FIBE Campania, on 10 August 2007, the new commissioner provided for the speeding up of the process aimed at reimbursing the two companies the costs incurred by them to manage the service which they had not yet received and for the direct payment, by means of advances, of personnel expenses and the costs of strategic subcontractors engaged in providing the service with them.

In autumn 2007, the commissioner recommenced the procedures for the preparation of a new tender to identify an USW service operator. To overcome the problems that beset the previous tenders, the commissioner started an in-depth preliminary survey of the actual situation of the plants and equipment as well as the related labour required to provide the service under tender. It was assisted in this by the companies. This survey was based on formats that reflected those underlying the original contracts with FIBE and FIBE Campania that had been terminated:

- a) geographical: the survey focused on two areas: the Province of Naples and other provinces;
- b) technical: the existing RDF plants and the Acerra waste-to-energy plant, still under construction.

A new tender was called in December 2007 for solely the USW disposal service in the Province of Naples. The Prime Minister issued a decree dated 28 December 2007 extending the waste emergency status of Campania until 30 November 2008.

At the start of the first quarter of 2008, the commissioner received expressions of interest from two major industrial groups active in the waste treatment and energy generation

sector. After having requested and obtained an extension of the tender until the end of January 2008, they withdrew from the procedure, communicating their doubts about the existence of *both* appropriate guarantees from the body calling the tender about the availability of landfills for the waste from the RDF processing *and* suitable certainty about the availability of the benefits provided for under measure “CIP6” for the Acerra waste-to-energy plant under construction for the sale of electrical energy generated by the plant at favourable tariffs.

Given this situation and the further worsening in the waste collection and disposal emergency in the region, the Prime Minister issued Orders nos. 3656 and 3657 of 6 February and 20 February 2008, respectively:

- (i) the first confirmed the benefits provided for by the “CIP6” measure for the Acerra waste-to-energy plant: these benefits were confirmed by Law no. 31 of 28 February 2008 whereby, during conversion of the “Milleproroghe decree” *“for the plant ... in Acerra ... the government grants and incentives provided for by the Interministerial price committee resolution no. 6 of 29 April 1992 ... are due”*;
- (ii) the second authorised the elimination of the waste treated by the RDF plants and currently stored in the region in the waste-to-energy plant under construction.

In addition, the Prime Minister’s Order no. 3653 of 30 January 2008:

- (i) appointed a commissioner to wind up the commission activities at 31 December 2007 and speed up transfer of the ordinary integrated waste management cycle for Campania to the municipalities;
- (ii) gave this commissioner a mandate to identify all the outstanding receivables up to 31 December 2007, by preparing a suitable financial plan; and
- (iii) organised an institutional conference involving the commissioner, the president of the Campania region and the provincial presidents in order to facilitate the gradual transfer to the relevant bodies and municipalities, manage the transition period and the procedures for the definitive transfer of the works.

The commissioner, appointed with the Prime Minister’s Order no. 3563/08, provided that:

- 1) with order no. 001/08 of 1 February 2008, the companies were obliged to *“guarantee until further instructions the continuous cycle working of the former RDF plants (still functional) in Campania, with costs and charges to be recognised pursuant to the Prime Minister’s Order no. 3479/05 – including for any overtime worked by the two companies’ employees – by the commissioner appointed with the Prime Minister’s Order no. 3653/08”*;
- 2) with its subsequent order no. 048/08 of 14 March 2008, the companies’ obligation to:
 - (i) *“ensure waste disposal service continuation in Campania, management of the companies and use of the assets as available in compliance with the coordination activities carried out by the commissioner until the awarding of the service to the new providers and, however, not after 30 November 2008”*;
 - (ii) *“agree the necessary contracts with all the parties, whose operations are necessary to correctly provide the waste disposal service”*;
 - (iii) *“ensure compliance within the plants, as available, with workplace safety regulations”*.

Payment to FIBE S.p.A. and FIBE Campania S.p.A. for their services provided to meet their obligations under the terms of this Order should have been made by the commissioner in accordance with article 1.4 of the Prime Minister's Order no. 3479 of 14 December 2005.

FIBE and FIBE Campania appealed against these measures before the Lazio - Rome Regional Administrative Court, which issued its ruling no. 7280/08 on 23 July 2008, stating the impossibility to proceed with the appeal due to the intervening lack of interest, considering the *medio tempore* regulations governing the entire sector, which is of particular relevance and significance to the companies and is a satisfactory resolution of the issue raised.

After issue of these orders, the government intervened again directly enacting significant measures aimed at resolving the existing critical situation, including the allocation of the position as extraordinary commissioner for the waste emergency in Campania, which had been held to then by the under-secretary of state who reported to the Prime Minister, to the head of the Civil Protection Department.

These measures were:

- a) Law decree no. 90 of 23 May 2008 and Law decree no. 107 of 17 June 2008, both converted into Law no. 123 of 14 July 2008. The conversion law, *inter alia*:
 - (i) confirmed FIBE's obligation to complete the Acerra waste-to-energy plant (see article 6-*bis*.4);
 - (ii) expressly authorised "*use of the Acerra waste-to-energy plant*" (see article 5.2) and combustion of the "*eco-bales*" (see article 5.1);
 - (iii) authorised "*construction of the Santa Maria La Fossa waste-to-energy plant*" (see article 5.3) and "*construction of a waste-to-energy plant in the Naples municipality*" (see article 8.1);
 - (iv) provided for the possible allocation of the benefit of the CIP 6 "*for the waste-to-energy plants located in the Salerno, Naples and Santa Maria La Fossa municipalities*" (see article 8-*bis*.1);
 - (v) definitively authorised Impregilo group's exit from the waste disposal business, transferring "*title*" to the RDF plants "*located in their municipalities*" to the provincial authorities (see article 6-*bis*.1) and providing for "*the involvement of the Armed Forces for the technical and operating management of the plants*" (see article 6-*bis*.3);
 - (vi) ordered "*an assessment of the value*" of the RDF plants and Acerra waste-to-energy plant by a panel of five experts appointed by the president of the Naples Appeal Court, "*also for the possible purchase against consideration by the new service operator*" and that the assessment of the RDF plants be carried out considering "*their effective use, age and maintenance*" (see article 6.1);
 - (vii) established that the commissioner would directly pay the fees of third parties (i.e., unrelated to the former service providers) in order to release FIBE and FIBE Campania from financial burdens during their services they might be called to provide to the commissioner (i.e., completion of the Acerra waste-to-energy plant). This system was also to be applied to the *reporting* of the operating costs

incurred by the two companies in the period from 16 December 2005 to 31 December 2007, which the commission still had not settled;

(viii) extended the state of emergency to 31 December 2009.

- b) Law decree no. 97 of 3 June 2008, converted into Law no. 129 of 2 August 2008 which, *inter alia*, required the Ministry for Economic Development, together with the Ministry for the Environment, to establish “the methods to provide government incentives, as per resolution no. 6 of 29 April 1992 of the Interministerial price committee, to the waste-to-energy plants located in the provinces of Salerno, Naples and Caserta”;
- c) Order of the Prime Minister no. 3685 of 19 June 2008 which provided for, *inter alia*:
 - (i) transfer of the “operating resources present in each plant” to the provincial authorities that gain title to the RDF plants;
 - (ii) taking over of the employees of the RDF plants (other than management) by the provincial authorities using term employment contracts;
- d) Decree no. 3299 of 30 June 2008 and letter no. 1882 of the same date, both issued by the under-secretary of state which, *inter alia*, included orders related to:
 - (i) completion by FIBE of the Acerra waste-to-energy plant;
 - (ii) transfer of management of the RDF plants to the provincial authorities.

These measures were of fundamental importance given that, in short:

- a) the Acerra waste-to-energy plant was gradually remobilised in the period from July 2008 to 11 September 2009;
- b) combustion of the “eco-bales” was expressly provided for at this plant;
- c) an additional two waste-to-energy plants were to be built, benefiting from CIP 6, like the Acerra waste-to-energy plant;
- d) management of the RDF plants had been definitively taken from FIBE and FIBE Campania and title thereto had been transferred to the Campania provincial authorities while they were to be managed by the Armed Forces.

Following enactment of these measures, and as coordinated by the relevant commission offices, FIBE and FIBE Campania took steps to ensure they were fully implemented. Specifically:

- a) possession of all the plants and related assets by the relevant commission offices was completed with contracts signed on 30 July and 7 August 2008;
- b) in July 2008, the relevant authority commenced a preliminary investigation to identify the costs already incurred and not yet paid to third parties for work performed after the contracts had been terminated and the activities currently ongoing and required to complete the roll out of the Acerra waste-to-energy plant;
- c) after the due meetings with the trade unions, the procedure to decrease FIBE’s personnel and to transfer them to the relevant *ad acta* commissioners of the Campania provinces was completed.

A new operator was identified in December 2008 during the procedure to allocate management of the nearly operative waste-to-energy plant, namely a leading Italian

company which currently owns other major waste-to-energy plants.

Subsequently, the commissioner ordered the return of the individual assets given to the *ad acta* commissioners to the companies with a number of orders (no. 0021331, no. 0021332, no. 0021333, no. 0021334 and no. 0021335 of 12 November 2008 of the Technical operational head under the Prime Minister's Order no. 3705 of 18 September 2008), based on an assessment of their inoperability, pursuant to the Prime Minister's Order no. 3693/2008. The companies questioned these orders with FIBE letter no. U/08/462 of 18 November 2008, querying their content and affirming that they had been fully excluded from the integrated waste management system and had no further management obligations with respect to works and assets indisputably used as part of such system.

This was followed by order no. 0022743 of 21 November 2008 of the Technical-operational head under the Prime Minister's Order no. 3705 of 18 September 2008, which substantially reiterated the content of the previous return measure and contested the role of FIBE and FIBE Campania as the mere service providers from 15 December 2005, with the related implied continued obligation for them to manage the offices, sites and plants that were not necessary for the waste treatment service as part of the assessment carried out by the municipalities after the "temporary" takeover by the *ad acta* commissioners.

These measures were appealed against with the relevant Lazio - Rome Regional Administrative Court which handed down its decision no. 2537 of 13 March 2009 accepting the appeal and quashing the measures. The under-secretary appealed against this ruling and FIBE and FIBE Campania filed a cross appeal.

The Council of State issued its opinion on the appeal made by the under-secretary on 26 January 2010 with ruling no. 290/2010, confirming Impregilo group's reasoning and thus quashing the claims made by the under-secretary about the alleged inoperability of the sites under dispute. Pending this decision, on 22 July 2009, the under-secretary, via the *ad acta* commissioners, had again ordered the companies to take back the sites. FIBE and FIBE Campania appealed against this order to the Lazio Regional Administrative Court.

On 5 March 2009, the Prime Minister issued Order no. 3745 for the start-up and provisional use of the Acerra waste-to-energy plant until completion of the tests with positive results. The plant's first line was rolled out on 18 March 2009 while the third and last line began operating on 8 May 2009 with the plant's full operation on 14 September 2009.

On 18 March 2009, the Prime Minister issued Order no. 3748 with the intention to "fully settle all aspects related to the transfer of waste to the Acerra waste-to-energy plant". The order provided for the transfer of only waste produced and stored from the date on which the service contracts were terminated with the companies (15 December 2005) to this plant. No mention was made of the waste produced before this date.

This order was challenged promptly before the Lazio Regional Administrative Court and a date for the relevant hearing has yet to be set.

Moreover, given the legal provisions described above under which FIBE S.p.A. is only obliged to complete the Acerra waste-to-energy plant, FIBE Campania S.p.A. was merged into FIBE S.p.A. in 2009. The merger became effective from 1 November 2009 with accounting effect backdated to 1 January 2009.

In August 2009, the *ad acta* commissioner, appointed by the Regional Administrative Court to recover the receivables due to the two companies from the Campania municipalities for

the waste disposal service provided until 15 December 2005, ordered an enforcement action against the non-compliant local municipalities and concurrently referred the issue about the offsetting of approximately € 38 million claimed by the municipalities from FIBE to the Lazio Regional Administrative Court.

I.2 USW CAMPANIA PROJECTS: DEVELOPMENTS FROM 1 JANUARY 2010 TO DATE

Following termination of the state of emergency of the waste situation in Campania, as provided for by the above-mentioned Law no. 123/2008, set for 31 December 2009, Law decree no. 195/2009, amended and converted into Law no. 26 of 26 February 2010, was approved on 30 December 2009. This law includes, *inter alia*, certain significant measures as summarised below:

- a) the missions, provided for as part of the emergency under Law no. 123/2008, were to be replaced by two units, an Operating Unit and an Emergency Unit which would be included in “*the Civil Protection Department under the Prime Minister*”;
- b) the Emergency Unit was to identify the assets and liabilities “*arising from the operations carried out during the waste emergency period in Campania and related to the commissioner and the under-secretary of state for the waste emergency*”, organise such assets and liabilities using a procedure similar to that used for bankruptcy proceedings and allocate the limited financial resources earmarked by the government for the unit under this procedure;
- c) the amount for the Acerra waste-to-energy plant was determined to be € 355 million. Transfer of title to the plant by Impregilo group to the Campania regional authorities (or the Prime Minister - Civil Protection Department or a private body) was to take place by 31 December 2011 in accordance with the Prime Minister’s new decree and after checking the related financial resources. Until then, the former service provider would be paid a monthly lease payment of € 2.5 million for up to 15 years. The payments for the 12 months before transfer of title would be deducted from the consideration to be paid as well as the amounts advanced to the former service provider, pursuant to article 12 of Law decree no. 90/2008, as advances for work in progress when the plant was being built;
- d) the deadline for inspection of the Acerra plant was set as 28 February 2010; moreover, it cannot be sold, disposed of, given as pledge or security nor can other registrations or damaging acts be made for it until title has been transferred;
- e) the former service provider was required to pay additional amounts for guarantees which are considerably higher than the current best practices for the engineering & plant construction sector. The plant was to be managed by a new operator starting from 2010, despite the guarantees given and that it still belongs to FIBE.

The preliminary work for the final testing was carried out in the first two months of 2010 and the related certificate was issued on 16 July 2010 confirming the procedure’s successful completion.

Pending conversion of Law decree no. 195/2009 into law, the group companies affected by the measure immediately appealed against it before the Lazio Regional Administrative Court in early 2010.

The appeal before the Lazio Regional Administrative Court refers to the damage to FIBE’s

rights as owner of the Acerra waste-to-energy plant with the purchase and mandatory lease of the plant without immediate remuneration to the company. FIBE also requested (in addition to the referral of the proceedings to the Court of Strasburg or the Constitutional Court) an injunction against the documents related to the sale of the plant and the amounts already collected and to be collected by the department from GSE related to the sale of electrical energy by the plant, which the legislative measure allocated *ex-lege* to the Civil Protection Department.

Following the hearing of 24 November 2010, the Regional Administrative Court:

- a) with **order no. 5032/2010**, filed the day after, rejected the precautionary motion, noting that *“at present, the periculum in mora assumption would not seem to exist as Law decree no. 195/2009, as amended by the conversion law no. 26/2010, quantified the consideration for the transfer of title to the waste-to-energy plant to be € 355 million payable before 31 December 2011 and, moreover, provided for a monthly lease payment for use of the plant of € 2,500,000”*. This order was challenged by FIBE with an appeal currently pending as RG no. 10469/2010, which will be linked to that being prepared against the interim ruling referred to below;
- b) **with order no. 1992/2010**, referred the issue of unlawfulness of articles 6 and 7.1/2/3 of Law decree no. 195/2009 to the Constitutional Court considering the principles protecting title set in the European Convention on Human Rights as:
 - 1.) the plant’s value is tied to the law’s conversion date, 28 February 2010, but is based on the Italian National Authority for Alternative Energy’s (ENEA) estimate which clearly valued the asset in 2005 and 2006;
 - 2.) the plant’s value, estimated in this manner, is unlawfully decreased by the lease payments made in the first 12 months before the transfer deed;
 - 3.) the time when the former owner’s right to the receivable arises is not specified;
 - 4.) the party to which the asset is to be transferred is not identified;
 - 5.) the transfer date is not identified;
 - 6.) basically, the financial resources necessary for the asset’s transfer are not identified.

Based on these reasons, the unconstitutionality of the law is deemed to be not openly without grounds and the issue has been transferred to the Constitutional Court so that it can decide on the highlighted points;

- c) **with interim ruling no. 39180/2010**, found inadmissible the *“appeal in the part in which the non-allocation of the revenue to the appellant arising from the sale of electrical energy generated at the Acerra waste-to-energy plant is challenged and, as a result, states the issue of constitutional lawfulness to be irrelevant with respect to article 7.5 of Law decree no. 195/2009 converted, with amendments, by Law no. 26/2010”*; it also stated *“the issue of constitutional lawfulness with respect to article 7.4/6 of Law decree no. 195/2009 converted, with amendments, by Law no. 26/2010 to be manifestly unfounded”*.

With respect to the appeal hearing against the interim ruling, the Council of State transferred the hearing for the constitutionality of article 7.4/5/6 of Law decree no. 195/2009 to the Constitutional Court with its ruling no. 5117 on 14 June 2011 (oversetting the Regional Administrative Court’s ruling). The issue relates to whether the municipalities

are to retain the availability, use and benefits of the Acerra waste-to-energy plant, with the possible optional signing of a lease agreement subject moreover to vexatious and unlawful conditions and guarantees. The Council of State noted the lack of automatism in paying the related compensation after acquisition of access to the plant and stated “*the clear violation of constitutional and international principles (EU Treaty and the European Convention of Human Rights) protecting title*”.

The referral order was published in the Italian Official Journal of 29 June 2011 and FIBE regularly lodged its appearance, intervention and conclusions brief.

Both Constitutional Court hearings were set for 18 April 2012 when they were postponed to 3 July 2012 and then to 18 September 2012 when they were deferred again to 19 November 2013.

With respect to the appeal made to the European Court of Human Rights on 22 June 2010 (no. 36485/10), the Court has yet to set the hearing date.

During the last few months of 2011, the public bodies against which the above appeals had been made, especially the Civil Protection Department under the Prime Minister, proposed a number of meetings with the company, assisted by the parent and its legal advisors, with the result that an out-of-court agreement was reached for the dispute concerning the Acerra waste-to-energy plant. This agreement, the full terms and conditions precedent of which were confirmed before the end of 2011, provides for the recognition of FIBE’s legitimate compensation of an all-inclusive amount of € 355,550,240.84 as owner of the plant for the: (i) detachment of the asset - determined by the challenged measures of Law decree no. 195/2009 -, and for (ii) use of the asset, pending finalisation of the administrative procedures required to transfer title. It also provides for the discontinuation of the related disputes and enforcement actions commenced by FIBE in the meantime to protect its rights. Completion of the procedure, which should have taken place before the end of 2011, as provided for both by Decree law no. 195/2009 and the agreements proposed in 2011 by the Department for Civil Protection, was deferred in accordance with the measures of Law decree no. 216/2011 (“Milleproroghe decree”) to early 2012, as a result of issues tied to the complicated administrative procedures.

The Prime Minister’s decree of 16 February 2012 transferred title to the plant to the Campania regional authorities and identified the financial resources to be used to pay the amount to FIBE (together with subsequent Law decree no. 16 of 2 March 2012 converted into Law no. 44/2012 of 26 April 2012).

Moreover, FIBE and the group companies that had signed the tender contract for the plant’s construction as a joint venture (FISIA Italmimpianti - FISIA Babcock Environment) had entered into agreements in previous years covering FIBE’s commitment to accept the additional claims made by the joint venture for the large costs it incurred due to the complexity surrounding the plant’s construction from the start within the same deadlines and limits as those which the municipal authorities would have accepted to pay FIBE for transfer of title to the plant and return of its legitimate rights.

Therefore, based on the issues defined in the agreement proposed by the municipal authorities, FIBE recognised the contractual adjustments agreed with the joint venture in the 2011 financial statements, thus adjusting the relevant items.

Finally, the following should be noted:

- a) Article 12.8-10 of **Law decree no. 16 of 2 March 2012, converted with amendments into Law no. 44 of 26 April 2012** provided that:
8. *The Campania regional authorities are authorised to use the 2007-2013 Development and Cohesion Fund for the regional development plan to purchase the Acerra waste-to-energy plant pursuant to article 7 of Law decree no. 195 of 30 December 2009, converted with amendments by Law no. 26 of 26 February 2010. The necessary funds of € 355,550,240.84 will be transferred to the regional authorities.*
 9. *As a result of the purchase as per paragraph 8, the funds already earmarked pursuant to article 18 of the aforementioned Law decree no. 195/2009 to pay the lease payment as per article 7.6 of such Law decree are to be transferred to the same regional authorities as state aid.*
 10. *For tax purposes, payment by the Campania regional authorities of the amount set out in paragraph 8 is to be considered as the out-of-court compensation payment between the private and state parties as it settles all claims of the plant owner as per article 6 of the aforementioned Law decree no. 195/2009. Any deed executed as part of the order set out above is exempt from tax.*
- b) Decree no. 17226 of the Ministry for the Economy and Finance amending the budget was adopted on 14 March 2012;
- c) Article 3.4 of Law decree no. 59 of 15 May 2012, converted into Law no. 100 of 12 July 2012, ordered that:
- «4. Considering the Council of Ministers' resolution of 16 February 2012, adopted in its meeting of 14 February 2012, pursuant to article 61.3 of Law decree no. 5 of 9 February 2012, converted with amendments by Law no. 35 of 4 April 2012, and filed with the Court of Auditors on 23 March 2012, covering the transfer of title to the Acerra waste-to-energy plant to the Campania regional authorities, and the related decree no. 17226 of 14 March 2012 of the Ministry for the Economy and Finance, setting out changes to the budget, the 2007-2013 Development and Cohesion Fund's resources for the regional development plan needed to purchase the above plant of € 355,550,240.84, as per article 12.8 of Law decree no. 16 of 2 March 2012 converted with amendments by Law no. 44 of 26 April 2012, were transferred directly to the creditor which owned the Acerra waste-to-energy plant, settling all its claims, by the relevant department of the Ministry for Economic Development. Given that the transfer is performed on behalf of the Campania regional authorities, the provisions of article 12.10 of the above Law decree no. 16/2012, converted with amendments by Law no. 44/2012, hold true for the authorities for tax purposes. All guarantees provided for by the Italian Civil Code in the Campania regional authorities' favour, as purchaser of the plant, remain in place. The effects of the purchase, in terms of the resources and net indebtedness, arising from implementation of this paragraph, will be dealt with pursuant to paragraph 4-bis»;*
- d) Pursuant to the above legal provisions, the amount specified above was paid to FIBE S.p.A..

FIBE initially challenged these measures (especially the Prime Minister's decree of 16 February 2012) stating that this measure did not provide for the direct payment of the legally provided-for compensation to FIBE. The Campania regional authorities also challenged the measures both before the Regional Administrative Court and the Constitutional Court arguing that transfer of the plant to FIBE was illegal. The dispute is still pending.

On 7 December 2010, the Prime Minister's decree no. 903 was published in the Italian Official Journal calling for information about the waste emergency commissioners' debts (as provided for by Law decree no. 195/2009 in connection with termination of the state of emergency) and granting a 60-day period from its publication for presentation of the related applications. The Emergency Unit (which has now been replaced by the Technical-Administrative Unit), set up for this purpose by the aforesaid Law decree no. 195/2009, received claims for € 2,403,801,269.74 related to those already made in court (including receivables for tariffs prior to December 2005, receivables for 2006/2007 and receivables for the RDF plants) and claims for compensation (damage arising from the greater costs and loss of profits from the *ex lege* termination of the service contracts and damage as per the counterclaim already presented in the civil proceedings pending before the Naples Court).

The payment of the consideration for the Acerra waste-to-energy plant was not applied for as it does not fall within the responsibility of the Emergency Unit (now the Technical-Administrative Unit) and FIBE continued to act as described above.

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II. THE LITIGATION CURRENTLY PENDING FOR THE USW CAMPANIA PROJECTS

II.1 THE ADMINISTRATIVE LITIGATION

A) In October 2006, FIBE and FIBE Campania took legal action before the Lazio Regional Administrative Court censuring the commissioner's failure to comply with its obligations under Law decree no. 245/2005 (converted into Law no. 21/2006), namely: (i) recovery of amounts due by municipalities for waste disposal services outstanding at the date of termination of the contracts (15 December 2005); and (ii) identification of landfills for organic waste and stockpiles generated by the RDF plants and preparation and implementation of a plant maintenance plan.

After accepting the precautionary motion presented by FIBE and FIBE Campania (in its ruling of 11 October 2006, confirmed by the Council of State on 7 November 2006), in its decision no. 3790 filed on 27 April 2007, the Court found that:

- (i) FIBE and FIBE Campania effectively provided the waste disposal service under the 2000 and 2001 contracts up until 15 December 2005 and had the right to request completion of the legally-provided for procedure for collection of outstanding receivables by the municipalities;
- (ii) due to the *ope legis* termination of the service contracts, FIBE and FIBE Campania "with effect from 15 December 2005 merely provided the service on behalf of the commissioner [waste disposal] and had definitively lost title thereto";
- (iii) the commissioner was to complete the procedure aimed at meeting the companies' requests within 45 days;
- (iv) an *ad acta* commissioner to take the necessary measures within a further 45 days, should the local administrative bodies not fulfil their obligations, was to be appointed.

The commissioner appealed against this ruling with the Council of State. Ruling no. 6057 of 28 November 2007 rejected the appeal, fully confirming the ruling of the Lazio Regional Administrative Court.

As a result of the newly introduced regulations mentioned earlier, the companies are no longer interested in completing the procedure for identification of the landfills for organic waste and stockpiles generated by the RDF plants and preparation and implementation of a plant maintenance plan, given that they are to be transferred to the relevant municipalities. However, they continue to be interested in completion of the procedure for the recovery of their outstanding receivables for services provided up until 31 December 2005.

As already described in point I.1, the *ad acta* commissioner appointed by the Regional Administrative Court to recover the receivables due to the two companies from the municipalities in Campania for the waste disposal services provided until 15 December 2005, filed its first report in August 2009 and another one in June 2013 based on a more in-depth investigation into the receivables by checking the accounting records and documents presented by the parties. While it recognised the receivables due to FIBE for the services provided under the contract, the commissioner asked the Regional Administrative Court to evaluate the claims for offsetting made by the municipalities and to take the relevant decisions. The Regional Administrative Court will discuss these claims on 4 December 2013.

- B) The Lazio Regional Administrative Court confirmed the findings of its ruling no. 3790/2007 in its ruling no. 7280 of 23 July 2008, reiterated by the Council of State decision no. 6057/07, as confirmed and integrated by the *medio tempore* regulations and aforesaid Law decrees nos. 90/08 and 107/08, converted into Law no. 123/08 and following laws.

This ruling, which is practically final as it has not been appealed against by the municipalities, is very important for the companies as, in the justification section, it reconstructs the role and responsibilities attributable to the former service providers after 15 December 2005 – “mere executors” of the commissioner’s orders – and to the commissioner – sole responsibility for the waste disposal service and coordination activities, required to identify the best solutions for waste disposal. The ruling concurrently establishes that all obligations imposed on the former service providers by law ceased to exist on 31 December 2007, contrary to the extension measures challenged with the previous regulations governing the conditions and limits of the specific emergency measures. Moreover, the *medio tempore* regulations also affected the orders as they were applied to past negotiations involving the companies whereby “no further activities are requested except for those to allow the taking over of management of the plants, employees and assets as well as transactions with third parties by the provinces and the Armed Forces”. Given the above, the Regional Administrative Court concluded “It can logically be deducted that the commissioner is required to meet the obligations...”.

- C) In December 2008, FIBE and FIBE Campania challenged a number of orders before the Lazio Regional Administrative Court whereby the parties appointed by the commissioner for technical and operating activities (Technical-operational head under the Prime Minister’s Order no. 3705/2008 and the *ad acta* commissioners for the provinces) obliged the companies to re-acquire possession of certain areas and stocking sites, which such parties had acquired in August 2008, as these areas and stocking sites were not deemed necessary to provide the service, requesting the concurrent declaration of - “the inexistence of any obligation to manage the offices, sites and plants used at any time as part of the integrated waste treatment system in Campania for the

companies in the light of the ruling sector regulations which fully regulated the previous situations in full compliance with the Lazio Regional Administrative Court's ruling no. 3790/2007, confirmed by the Council of State with ruling no. 6057/2007 and the Lazio Regional Administrative Court ruling no. 7280 of 23 July 2008 about the nature of the relationships between the municipalities, FIBE and FIBE Campania and third parties, and the municipalities' obligation to comply with the relevant instructions in the above court ruling no. 3790/2007, confirmed by the Council of State with ruling no. 6057/2007 and the Lazio Regional Administrative Court ruling no. 7280 of 23 July 2008 about the nature of the relationships between the municipalities, FIBE and FIBE Campania and third parties."

Following the hearing of 19 January 2009, the Regional Administrative Court suspended the enforceability of the challenged measures and accepted the appeal made by FIBE and FIBE Campania in its ruling no. 2357/09 on 13 March 2009, cancelling the challenged measures.

The municipalities appealed against this ruling to the Council of State on 8 July 2009. The companies presented themselves for the related proceeding and made a cross appeal against the same ruling, requesting that the reprimands deemed to have been covered by the first level hearing and particularly related to the non-existence of the assumptions about the inoperability of the sites for the purposes of the waste management service, be examined and allowed. They also requested that the reprimands related to the inexistence of any obligation for them to manage the offices, sites and plants used at any time for the integrated waste treatment system in Campania in line with the sector regulations and to the existence of the municipalities' obligation to comply with the rulings of the Lazio Regional Administrative Court no. 3790/07, confirmed by the Council of State's ruling no. 6057/07 and the Lazio Regional Administrative Court ruling no. 7280 of 23 July 2008 about the nature of the relationships between the municipalities, FIBE and FIBE Campania and third parties, be examined and allowed as well.

On 22 July 2009, the under-secretary of state notified FIBE and FIBE Campania via the *ad acta* commissioners of new orders to take back the above sites. The companies have appealed to the Regional Administrative Court.

On 26 January 2010, the Council of State issued ruling no. 290/2010 definitively confirming the cancelling of the orders issued in December 2008, freeing FIBE from any obligation to manage the sites which, according to the municipalities, were not suitable for their activities.

Specifically, this ruling analysed the Prime Minister's Order no. 3693/2008 deeming that the challenged orders were unlawful as contrary to the reference legislation due to the erroneous valuation of the concept of the operability of the assets for the waste management service.

The Council of State based its assessment of the operability of the sites on article 183.1.D) of Legislative decree no. 152/2006, which expressly defines the concept of waste management as the collection, transportation, recycling and elimination of waste, including monitoring of these activities as well as of the landfill after it has been closed.

This led to confirmation of the operability of the assets, the return of which had been ordered, for the waste management service as a whole, with the related statement of unlawfulness of the challenged measures.

Despite this outcome, the party engaged under Law no. 26/2010 to manage the sites in the Province of Caserta and, subsequently, the parties engaged to manage the sites in the Provinces of Naples and Benevento have taken new action to see FIBE S.p.A. assigned with custody and custody costs for the sites.

The company presented a motion for the cancellation of this action to the relevant judicial authority which was rejected on 25 October 2010. Following the request for clarifications about the custodian obligations, the Fifth Criminal Chamber of the Naples Court established in its order of 24 November 2010 that the official receiver has “*as its sole scope and responsibility that of ensuring the integrity of the seals, the property under seizure and to report any dangers to the judicial authority*”. This clarification bears out the company’s thesis, supported by its legal advisors, that the official receiver is exempt from any liability once it diligently and promptly informs the relevant authority of any events that could in any way compromise the integrity of the property under seizure and that the persons indicated as official receivers are behaving in this way.

The civil proceedings before the Naples Court initiated by S.A.P.NA. S.p.A., a local company set up by the Naples provincial authorities, form part of this situation. It challenged its takeover of title to certain temporary and definitive areas and stocking sites with roughly 40 rulings; these areas and sites had already been found to be inoperable by the *ad acta* commissioners in their measures of December 2008 challenged by FIBE S.p.A. and which led to the Lazio Regional Administrative Court’s ruling no. 2357/09 and the Council of State’s ruling no. 290/10. S.A.P.NA. also requested it be reimbursed and held harmless by FIBE S.p.A. and/or the government commissioner from the *medio tempore* operating costs incurred and to be incurred, including for the possible site reclamation.

FIBE S.p.A. has appeared before the courts in the various proceedings which are still ongoing.

- D) FIBE and FIBE Campania appealed to the Lazio Regional Administrative Court again on 30 April 2009 (RG no. 3770/2009) disputing the commissioner’s slackness in completing the administrative procedures for the recording and recognition of the costs incurred by the former service providers for the services provided as required by law and the work ordered by the municipalities and carried out by the companies during the transition period (16 December 2005 - 31 December 2007). They requested the Court state the unlawfulness of this silence and verify the municipalities’ obligation to finalise the procedure in a suitable timeframe, with the concurrent appointment of an *ad acta* commissioner that would take the measures required of the defaulting commissioner should the latter not respond within the set timeframe. Upon conclusion of the hearing of 24 June 2009, the Court stated the appeal was inadmissible in its ruling no. 7070/2009 and that with respect to “*checks into financial claims, even when based on obligations assumed by law*”, the companies should not have already activated the special silence procedure but should have filed a specific action for declaration and satisfaction to the Court on an exclusive jurisdiction basis.

On this basis, the companies filed a new appeal with the Lazio Regional Administrative Court (RG no. 7338/2009), which had exclusive jurisdiction pursuant to article 4 of Law decree no. 90/2008, for the issue of the necessary rulings on the declaration and satisfaction orders against the local governments, including on an admonitory basis. The admonitory motion was quashed as the Court did not accept the assumptions for issue of a court order. The merits hearing has yet to be held. While awaiting a date for the related hearing, a preliminary motion was notified and subsequently filed on 8 April 2010 for the appointment of a court-appointed expert that, after examining the documentation presented, identified the amount of:

- a) *the sum due by the municipalities for the management activities reported by the companies from 16 December 2005;*
- b) *the amount already paid by the municipalities for this service;*
- c) *the amount of the payable already checked and acknowledged but not yet paid by the municipalities as per the administrative measures already issued and added to the court records;*
- d) *the amount not yet checked or paid by the municipalities for the services reported by the companies;*
- e) *the amount due by the municipalities for the services entrusted to the companies and provided by them since 16 December 2005;*
- f) *the amount already paid by the municipalities for the services as per point e);*
- g) *the amount of the payable already checked and acknowledged but not yet paid by the municipalities as per the administrative measures already issued and added to the court records;*
- h) *the amount of the payable not yet checked or paid by the municipalities for the services provided as requested by such local governments by FIBE S.p.A. and FIBE Campania S.p.A., based on the documentation added to the court records;*
- i) *specified the consultancy role based on the verification of the above documents, the amount of the municipalities' payables for all the activities imposed on and carried out by FIBE S.p.A. and FIBE Campania S.p.A. for them, starting from 16 December 2005, net of the amount already paid for such services and any other issue that this court will consider.*

The companies presented a specific withdrawal request for the timely setting of the related hearing, after which the Regional Administrative Court issued its interim ruling no. 3669 ordering that the "checks" of the accounting documentation presented for reporting purposes be carried out to ascertain if the claims made in court are grounded. It has reserved its decision until this procedure is completed. Accordingly, the Court requested that La Sapienza Rome University carry out the check. It filed a partial appraisal on 29 January 2013 covering the period from 15 December 2005 to 31 December 2006 and an extension was requested for the filing of the definitive appraisal for all the periods considered.

- E) With their appeal notified on 18 May 2009 (RG no. 4189/09), the companies challenged the Prime Minister's Order no. 3748/09 before the Lazio Regional Administrative Court whereby only waste produced and stored after the date of termination of the

service contracts with the companies (15 December 2005) was to be transferred to the Acerra waste-to-energy plant. A date for the related hearing has yet to be set.

While they are convinced that the obligation to dispose of the bales produced and stored in Campania (regardless of the solution chosen by the municipalities about which waste was to be disposed of first) remains solely with the municipalities, the companies have prudently appealed against this order with the relevant Lazio Rome Regional Administrative Court.

- F) The Lazio Regional Administrative Court issued its ruling no. 3886 on 5 May 2011 on FIBE's appeal (RG no. 9942/2009) for the municipalities' non-payment of FIBE's non-depreciated costs at 15 December 2005 for the Campania RDF plants. It accepted FIBE's appeal and ordered the municipalities pay FIBE € 204,742,665.00 plus legal and default interest from 15 December 2005 until settlement. This ruling correctly reconstructs the transactions between the parties as per the reference contractual terms and legislation. It confirms that the municipalities recouped the RDF plants as a result of termination of the service contracts and are therefore obliged to pay the former service providers the non-depreciated costs at the contract termination date (15 December 2005) as expressly stated by the municipalities. The Regional Administrative Court based its quantification of the claim on FIBE's accounting figures and the considerations set out by the municipalities in the previous calls to tender for the service.

The municipalities appealed against the ruling with a petition (RG no. 6313/11) notified on 11 July 2011 which was heard on 13 December 2011 after which the Council of State rejected it with its ruling no. 868/2012 filed on 20 February 2012 and ordered that the parties bear their own legal costs.

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

- G) The Campania Regional Administrative Court handed down order no. 292 of 23 February 2012 rejecting the appeal RG no. 301/2012 made by S.A.P.NA. S.p.A. for suspension of the ministerial measure which requested that the local company provide the results of the characterisation plan and implementation of urgent safety measures for the contaminated groundwater at the Settecainati landfill (Giugliano municipality)

owned by FIBE. The local company sued FIBE for its alleged liability for the contamination and its obligation to characterise and implement urgent safety measures. The court order included S.A.P.NA.'s obligation to pay the precautionary court costs. The date for the merits hearing has not yet been set. S.A.P.NA. challenged (appeal no. RG no. 3247/2012) the Campania Regional Administrative Court's order no. 292/2012 before the Council of State which confirmed the first level ruling no. 1968 of 23 May 2012. Each party bore its own legal costs.

- H) The Lazio Regional Administrative Court ruling of 5831 of 26 June 2012 stated the lack of its jurisdiction in favour of the Court of Public Waters. FIBE appealed against this ruling with appeal RG no. 7434/2008 and subsequent additional grounds. FIBE requested that the commission and ministerial measures ordering the communication of the results of the surface and groundwater characterisation plan and urgent safety measures be cancelled - the measures provide that if FIBE fails to comply therewith, the substitute damaging powers are activated -, as well as the recognition of the real cost and the inspection and reclamation of the environmental damage to the landfill in Cava Giuliani in the Giugliano municipality. The lack of jurisdiction of the Regional Administrative Court was stated in favour of the Court of Public Waters as the measures are administrative in nature and cover public waters. The ruling was reinstated before the Court of Public Waters which deferred the hearing to 9 October 2013. After an agreement with the government commissioner of 9 September 2013 covering the characterisation of the Cava Giuliana landfill, the hearing has been postponed to 25 June 2014.
- I) The Lazio Regional Administrative Court ruling no. 6033/2012, published on 3 July 2012 and notified on 13 September 2012, joined and rejected the appeals RG nos. 10397/2007, 10398/2007 and 2770/2012 and related additional grounds presented by FIBE for the cancellation of the commission and ministerial measures requiring the characterisation plan and urgent safety measures, - the measures provide that if FIBE fails to comply therewith, the damaging powers are activated -, for the Pontericcio site, the RDF production plant and stocking site and the Cava Giuliani site and stocking site.

The company appealed against this ruling to the Council of State (RG no. 7313/2012) as it would appear to be tainted by the obvious misrepresentation of the facts as it is based on contamination at a site different to those referred to in the ruling. Reference is mistakenly made to contamination of the landfill in Cava Giuliani (as shown in the court-appointed expert's report to the Naples public prosecutor, prepared for the criminal proceedings RGNR no. 15968/2008), appealed against with appeal RG no. 7434/2008 (see letter I) above). On 21 November 2012, the Council of State rejected FIBE's precautionary motion for suspension of the execution of the ruling. A date for the merits hearing has not yet been set.

Following rejection of the precautionary motion of ruling no. 6033/2012, FIBE decided to inform the Ministry for the Environment and the other relevant authorities of its willingness to voluntarily execute this ruling in its communication of 13 December 2012, requesting a meeting be set to draw up an agreement to stipulate the relevant terms. It took this decision partly to prevent the possible commission of the crime of non-reclamation and the company's liability pursuant to Legislative decree no. 231/2001 and based on the government commissioner's communication as per order

no. 3849/2010 and following orders for the *itinere* agreement of the contract for the characterisation of the areas in Loc. Pontericcio and Cava Giuliani with Sogesid S.p.A., covered by ruling no. 6033/2012 and appeal no. 36/2013 to the Court of Public Waters. However, it does not admit any liability as the merits hearing has yet to be held and it has also reserved the right to recover the costs of executing the ruling. This agreement was signed by FIBE and the government commissioner on 9 September 2013, whereby FIBE accepted the government commissioner's requests about the characterisation and environmental investigations, excluding any liability about possible issues that may arise during such investigations. FIBE confirms that it is proceeding in this sense solely to comply with the Regional Administrative Court ruling no. 6033/2012 referred to above.

* * *

II.2 THE CIVIL LITIGATION

The government commissioner presented a claim form in May 2005 requesting compensation from FIBE, FIBE Campania and FISIA Italimpianti for alleged damage of approximately € 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 to dispute the claims made by the government commissioner and lodged a counterclaim requesting compensation for damage and sundry charges determined before the court of first instance for more than € 650 million, plus another claim for damage to their reputation of € 1.5 billion. They also complained about the significant delay (compared to that provided for in the 2000 and 2001 contracts) in the issue of the authorisations required to construct the waste-to-energy plants and the related delay in the construction of such plants. These delays led to *both* the lengthening of the temporary stocking periods of the produced "eco-bales" *and* an increase in the stocked "eco-bales" with the related need to find bigger stocking areas: circumstances that led to the incurring of greater costs by FIBE and FIBE Campania.

In the same proceeding, the banks that issued FIBE and FIBE Campania's performance bonds to the government commissioner also requested that the commissioner's claim be rejected. In addition, they requested to be held harmless by Impregilo from the commissioner's claims. Impregilo appeared before the court and disputed the banks' requests.

The hearing was finalised with ruling no. 4253 of 11 April 2011 confirming the administrative court's jurisdiction rather than that of the ordinary court. The public prosecutor has appealed against this ruling and FIBE regularly appeared before the court in the related case (RG no. 686/12). The specification hearing before the Naples Appeal Court is set for 11 December 2014.

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

The group companies appeared before the Milan Court (RG no. 57109/2012) challenging the grounds of the claims, alleging, *inter alia*, the invalidity of the policy as it was activated after its expiry date and the lack of grounds for its execution. In turn, they summonsed the government commissioner.

The proceeding was deferred to 5 December 2013 for the specification hearing during the first hearing of 17 January 2013.

Finally, at civil court level, the public administration has recently commenced proceedings challenging FIBE's operations with respect to the complex management of the receivables and payables arising from the "contractual management" period. Although these are separate to the other proceedings described above, they refer to the same claims filed by FIBE in the administrative courts for which the *ad acta* commissioner is still taking action (see point II.1.A) Accordingly and assisted by the group's legal advisors, FIBE's fully compliant conduct during the "contractual" period can reasonably be confirmed and the risk of a negative outcome of these proceedings is merely possible.

The company's legal advisors hold that the public administration's claims can reasonably be challenged considering the counterclaims and, moreover, the admissibility of legal compensation given the circumstances.

Finally, FS Logistica (formerly Ecolog) has a pending payment order opposition proceeding against the Prime Minister for the payment of the fees for the 2001-2008 engagement assigned by the then government commissioner to transport waste abroad. FS Logistica cited the Prime Minister who, in turn, started an action in warranty against FIBE. The latter, *inter alia*, firstly objected the correspondence of the action in warranty with that already part of the case commenced by the Prime Minister/government commissioner before the Naples Court and settled with ruling no. 4253/11, finding lack of jurisdiction (see above) and, as a counterclaim, with respect to the additional claims made by the Prime Minister, noted both their inadmissibility due to their complete inconsistency with the claims originally made by FS Logistica and the fact that these claims had already been filed by the Prime Minister in many other pending disputes.

Following the hearing of 11 July 2013, the judge deferred the preliminary hearing to 24 January 2014.

* * *

II.3 THE CRIMINAL LITIGATION

In September 2006, the public prosecutor at the Naples Court served Impregilo S.p.A., Impregilo International Infrastructures N.V., FIBE S.p.A., FIBE Campania S.p.A., FISIA Italimpianti S.p.A. and Gestione Napoli S.p.A. in liquidation with a "*Notice of the conclusion of the preliminary investigations about the administrative liability of legal entities*" related to the alleged administrative crime pursuant to article 24 of Legislative decree no. 231/2001 as part of a criminal case against several former directors and employees of the above companies, investigated for the crimes as per article 640.1/2.1 of the Criminal Code in relation to the tenders for management of the urban solid waste disposal cycle in Campania. Following the preliminary hearing of 29 February 2008, the Judge for the Preliminary Hearing at the Naples Court accepted the request for a hearing made by the public prosecutor.

The Court has accepted the exception proposed by the companies' defence council and has stated the unlawfulness of the civil parties' claims against the bodies involved pursuant to Legislative decree no. 231/2001. Therefore, all their claims made in the preliminary hearing have been found to be inadmissible.

Moreover, the public prosecutors Messrs. Noviello and Sirleo presented an additional charge pursuant to article 517 of the Criminal Procedural Code in the hearing of 15 June 2011 against just the individuals for the crime as per article 110 of the Criminal Code, article 81, second paragraph of the Criminal Code and article 53-*bis* of Legislative decree no. 22/97, now article 260 of Legislative decree no. 152/06.

The public prosecutor requested the following **precautionary measures** relating to:

- "assets", pursuant to article 19 of Legislative decree no. 231/2001 (seizure: of the RDF production plants and Acerra waste-to-energy plant; approximately € 43 million belonging to the Impregilo group companies; receivables of approximately € 109 million due to FIBE and FIBE Campania from municipalities in Campania); and
- "interdiction", pursuant to article 9 of Legislative decree no. 231/2001 (or: ban on negotiating with public bodies; exclusion from subsidies, loans and similar assistance, ban on advertising goods and services).

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

- € 53,000,000.00, equal to the amount advanced by the commissioner to construct the plants in provinces other than Naples;
- the total amount of € 301,641,238.98 for the regularly collected waste tariffs;
- certain, liquid and due receivables due from the municipalities and not yet collected of € 141,701,456.56;
- the expense incurred by the commissioner for the disposal of the USW and related processing at the RDF plants of € 99,092,457.23;
- € 51,645,689.90 being the missing guarantee deposit, payment of which had been agreed to guarantee correct compliance with contractual obligations;
- amounts received as premiums for the collection service performed on behalf of the commissioner and municipalities to be determined upon enforcement;
- € 103,404,000.00 being the value of the works carried out to build the Acerra waste-to-energy plant up to 31 December 2005.

The precautionary proceedings, commenced with the above orders, lasted nearly five years and have finally been settled with no consequences for the group in May 2012 when the final ruling taken by the Supreme Court (Sixth Criminal Chamber) denied the existence of new evidence that would overturn the final judgement passed down by the same Supreme Court (Second Chamber) on 16 April 2009 about the public prosecutor's precautionary requests related to the tariffs. Reference should be made to the previous reports for more complete information about the complicated issue which is now settled.

On 4 November 2013, the Naples Court handed down its ruling whereby all the defendants were fully acquitted, the measures for the seizure of the stocking sites were cancelled and they were returned to the relevant provincial authorities. The Court will file the reasons for its ruling within the subsequent 90 days.

* * *

During 2008, as part of a new inquiry by the Naples Court into waste disposal and related activities in the region carried out after the *ope legis* termination of the contracts (15 December 2005), the Judge for the Preliminary Investigations issued personal preventive seizure measures upon the request of the public prosecutor against certain managers and employees of FIBE, FIBE Campania and FISIA Italimpianti and managers of the commissioner's office.

As part of this inquiry, the former service providers and FISIA Italimpianti are again challenged for the administrative liability of legal entities under Legislative decree no. 231/01. The related acts describes how this is *both* a continuation of the previous investigations *and* a separate proceeding based on new allegations.

The preliminary hearing was concluded on 29 January 2009 with all the defendants being committed for trial. In the pre-trial hearing, the civil actions brought against the legal entities were found to be inadmissible. Moreover, on 16 December 2009, the Naples Court declined its jurisdiction and ordered that the documents be transferred to the Rome public prosecutor. The Rome Court set the date for the preliminary hearing as 27 October 2010 when it was postponed by the Judge for the Preliminary Hearing to 13 December 2010 due to the erroneous notice notification about the hearing to FIBE's legal advisor. In the subsequent hearing of 10 January 2011, the Judge for the Preliminary Hearing at the Rome Court cancelled certain charges made against the chief executive officer in office when the events took place and deferred the hearing to 23 March 2011, which was deferred again to 21 September 2011, then to 14 December 2011 and finally to 28 March 2012. The Judge deferred to the Supreme Court the decision about the conflict in jurisdiction and the other subjective positions and other charges, holding the Naples Court competent to decide on these positions. The related hearing before the First Chamber of the Supreme Court was held on 6 July 2011. However, the First Chamber has deferred the case, awaiting to know the United Chamber's view. Conversely, following the decision of the Chief Justice of the Supreme Court, the "similar but related to another issue" matter was not heard by the United Chamber and, therefore, the Second Chamber of the Supreme Court took its decision and ruled that the Judge for the Preliminary Hearing at the Rome Court is competent to judge on all the charges for all the defendants on 2 March 2012. Therefore, the proceeding was to be recommenced with a preliminary hearing before the Rome Judge set for 16 May 2012, which was then deferred to 26 September 2012 as the case was assigned to another Judge for the Preliminary Hearing replacing Mr. Mancinetti who had been transferred to another position.

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

Following these hearings, during which certain defendants made voluntary statements, the Judge for the Preliminary Hearing stated the inadmissibility of the sole party that had

brought a civil action in the criminal proceeding. The public prosecutor requested that all the defendants and legal entities involved be committed for trial pursuant to Legislative decree no. 231/2001.

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

Following this hearing, the Judge for the Preliminary Hearing ordered that all the defendants and legal entities involved pursuant to Legislative decree no. 231/2001 be committed for trial for all charges before the Rome Court on 16 July 2013.

During this hearing, the Rome Court noted that many defendants had not received the summons and accordingly deferred the hearing to 4 November 2013.

The group companies involved in the new proceeding are fully convinced of the legitimacy of their actions, also because their activities are not only expressly covered by Law no. 21/2006 but were carried out merely on behalf of the commissioner (see the rulings of the Lazio Regional Administrative Court and Council of State in paragraph II.A.).

In January 2011, FIBE joined the proceeding no. 61604/10 RGNR as an injured party against MP Nicola Cosentino at the Santa Maria Capua Vetere Court. The allegation to be examined during the trial, which legitimises FIBE's position as an "injured party" is that Mr. Cosentino contributed significantly *"to the planning and implementation of the project aimed - especially through the consortium company [...], the consortium [...] and other consortia in the Province of Caserta controlled by him - at setting up a competitive integrated cycle in Campania to compete with that lawfully managed by FIBE-FISIA Italimpianti, thus boycotting the latter two companies in order to take over the entire management of the related financial cycle and moreover create an unlawful independent management at provincial level (i.e., local management of the waste disposal cycle, directly managing the landfills, where the waste is stored, taking action to build and manage a waste-to-energy plant and manipulating the activities of the waste emergency government commissioner)"*.

On 27 January 2011, an order for immediate judgement was issued against the defendant and FIBE was specifically identified as an injured party. As already disclosed, this proceeding is at the trial stage.

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

Specifically, certain individuals working in the commission and for FIBE S.p.A. allegedly actively encouraged and induced other accomplices to implement stratagems and tricks to hide and conceal the very poor management of the above purification systems.

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

The public prosecutor will probably request that the Judge for the Preliminary Hearing at the Naples Court hear the case. However, as again it relates to events challenged in the period after the contracts were terminated, when the companies' activities were not solely specifically covered by Law no. 21/2006 but also carried out on behalf of the commissioner, FIBE is fully convinced that it acted in accordance with the law.

III. THE DIRECTORS' CONSIDERATIONS ABOUT THE SITUATION AT 30 SEPTEMBER 2013

The group's situation with respect to the USW Campania projects at 30 September 2013 continues to be extremely complex and uncertain (as can be seen from the wealth of the above information).

The rulings of the administrative courts on the claims about the costs of the RDF plants not yet depreciated at the service contract termination date (15 December 2005), which have become final following the Supreme Court's recent ruling (see earlier), are positive and important as they support the group's affirmation that it has behaved correctly and its related assessments made to date. Based on the Supreme Court's ruling and the subsequent result of the enforcement proceedings put in place by the group, it has accordingly reversed the impairment losses of € 91.1 million recognised in previous years on the RDF plants' claims for compensation, and recognised additional accrued interest of € 35.8 million. This led to the recognition of income as "Profit from discontinued operations" for the first nine months of 2013, net of the related tax effects, while it collected € 240 million on 1 August 2013.

The 4 November ruling, closing the criminal proceedings at the Naples Court with the full acquittal of the individuals and legal entities involved "because the event did not exist", strengthens the Group's belief that the pending proceedings at different levels (administrative, criminal and civil) will show its correct behaviour, assisted by its legal advisors. Considering the recent decisions of the administrative courts about the areas in the Giugliano municipality (see points II.1.H and II.1.I) as well, although they are still pending with respect to their merits, for which the group, assisted by its legal advisors, has classified the risk of a negative as merely possible, the exact timing of when the various proceedings will be closed cannot yet be established precisely.

Given the complexity and range of the different litigation 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.

EVENTS AFTER THE REPORTING PERIOD

This section presents the main facts that took place after the reporting period and not yet commented on in the previous sections of this Report.

With respect to the USW Campania projects, the Naples Court handed down its ruling on 4 November 2013, fully acquitting all the defendants. It also provided for the cancellation of the seizure measures for the stocking sites and their return to the relevant provincial authorities. The Court will file the reasons for its ruling within 90 days of 4 November 2013.

Reference should be made to the “Non-current assets held for sale” section for information about the main events that have taken place since 30 September 2013 related to the USW Campania projects.

No other significant events took place after the reporting date.

OUTLOOK

The important events that have characterised the group's corporate governance structure during the period will strengthen the group's strategic position and competitive edge in its reference markets over the medium term, as provided for in the 2013-2016 business plan which Impregilo and its parent Salini jointly approved in June (also for the purposes of the proposed merger of the two companies, approved by the shareholders of the two companies in extraordinary meetings held on 12 September 2013).

As described in previous reports, the outlook for the current year and the short term described below refers to Impregilo group as it currently exists.

At the end of the first nine months of 2013, the group's strong order portfolio, in volume and quality terms, and its balanced financial structure continue to be two key factors for stability, backing up its expectation that its results for the rest of 2013 will develop in line with the objectives communicated to the market.

The group is still enmeshed in the multifaceted operating and legal situation caused by the criminal and civil proceedings for the USW Campania projects. This situation continues to be critical for the group's activities. Due to the very complicated nature of the proceedings, which involve government bodies, regional and provincial authorities and municipal authorities in Campania, and the complexity of the related court procedures, the group cannot exclude that events may take place in the future that are not currently foreseeable and which could modify its valuations made to date.

OTHER INFORMATION

Treasury shares

At the date this Report was prepared, the parent did not hold any treasury shares either directly or indirectly.

Company bodies

The members of the boards are presented in the section entitled "Company officers".

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

Following the proceedings initiated by the public prosecutor before the Monza Court for crimes covered by articles 81 and 110 of the Criminal Code and articles 2621 and 2637 of the Italian Civil Code, in which the chairperson of the board of directors and the CEO of Impregilo at the time of the alleged crimes are under investigation, Impregilo S.p.A. and Imprepar S.p.A. were subjected to a preliminary investigation relating to an alleged administrative violation in relation to the crimes covered by article 25-ter.a) and r), article 5 and article 44 of Legislative decree no. 231/2001.

The public prosecutor notified the parent of the allegations against its former chairman and former CEO on 13 October 2005.

The allegation is that the parent "prepared and implemented an organisational model not suitable to prevent the crimes" that the directors under investigation allegedly committed and from which it benefited.

The proceedings have been long and torturous and, finally, in the hearing of 12 July 2007, accepting the related exceptions that the defence counsel of the defendants and companies involved in the case had raised since the preliminary hearing, the Milan Court ruled on a preliminary basis "the invalidity of the ruling issued by the Judge for the Preliminary Hearing at the Milan Court on 21 February 2007 in the hearing pursuant to article 416 of the Criminal Procedural Code" and that the acts were to be returned to the Milan public prosecutor's office.

The Milan public prosecutor re-opened the proceeding and presented the Judge for the Preliminary Investigation with a request for its filing in November 2007. On 13 February 2009, the Judge for the Preliminary Investigation accepted the public prosecutor's request for a part of the charges and ordered the filing. As a result, Imprepar S.p.A. was excluded from the proceedings. The Judge referred the acts to the public prosecutor for the formulation of the charges for the part of the request which was not accepted. With respect to the part of the charges for which the Judge for the Preliminary Hearing did not order its filing, the company presented a request for a prompt trial. The public prosecutor requested that a ruling of "dismissal" be handed down for the remaining charges in the hearing of 21 September 2009.

In the hearing of 17 November 2009, Impregilo was acquitted of the first charge due to the lack of an element of the cause of action and of the second as it is not punishable under article 6 of Legislative decree no. 231/01 as it has a suitable organisational model.

On 21 March 2012, the Milan Appeal Court rejected the public prosecutor's appeal against the first level ruling that had cleared Impregilo from the liability as per Law no. 231/01 and fully confirmed this ruling which, *inter alia*, found the parent's organisational model to be appropriate. The public prosecutor challenged this ruling before the Supreme Court which set a date for the hearing of 18 December 2013.

Judicial investigations - Naples Court

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

Other proceedings - Milan Court

With respect to proceeding no. 57720/12 in which IGLI S.p.A. challenged the shareholders' resolutions to remove from office and elect directors of Impregilo S.p.A., the Milan Court rejected the motion to suspend the effectiveness of the resolutions at *first* and second level. During the hearing of 19 February 2013, the judge assigned the terms as per article 183 of the Civil Procedural Code and set a date for the hearing to discuss the evidence as 1 October 2013.

On 17 October 2012, the Anti-trust Authority commenced an investigation pursuant to article 14 of Law no. 287/90 into the agreements covering future commercial projects entered into by Impregilo with Salini group to check whether article 101 of the TFUE (Treaty on the Functioning of the European Union) had been violated. On 29 January 2013, the Authority communicated the results of its investigation to Impregilo: it did not identify violations of the anti-trust regulations. The Authority authorised the business combination between Impregilo and Salini on 20 February 2013. It closed the investigation without identifying any violations in its meeting of 3 July 2013.

Other proceedings - Florence Court

With respect to the criminal proceedings commenced against the C.A.V.E.T. consortium and certain individuals, including several former managers of the consortium, the appeal hearing was completed in June 2011 and the related ruling handed down on 27 June 2011 reversed the first level decision in full, thus quashing the measures and fully absolving both the consortium and the individuals of the charges made against them. Following the appeal to the Supreme Court by the Florence public prosecutor, the Supreme Court cancelled part of the ruling issued by the Florence Appeal Court on 18 March 2013. It ordered that the case be returned to the latter court.

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

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

Alternative performance indicators

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

Financial ratios:

Net debt/equity ratio: this ratio shows net financial position (shown with a minus sign when negative, i.e., net financial indebtedness) as the numerator and equity as the denominator. The statement of financial position items making up the financial position are shown in the related schedules and highlighted with an asterisk (*). The equity items are those included in the relevant section of the statement of financial position. For consolidation purposes, equity used for this ratio also includes that attributable to non-controlling interests.

Performance indicators:

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

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

2. **Operating profit:** the operating profit given in the income statement, 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.

On behalf of the board of directors
Chairperson
(signed on the original)

Statement by the manager in charge of financial reporting pursuant to article 154-bis.2 of Legislative decree no. 58/1998 (Consolidated Finance Act)

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

Interim consolidated financial statements as at and for the
nine months ended 30 September 2013

Impregilo group has prepared its interim consolidated financial statements at 30 September 2013 on a going concern basis and in line with the International Financial Reporting Standards (IFRS). The format and content of these interim consolidated financial statements comply with the disclosure requirements of article 154-*ter* of the Consolidated Finance Act. The recognition and measurement criteria comply with those issued by the International Accounting Standards Board (IASB) and endorsed by the European Union as required by Regulation no. 1606/2002 issued by the European Parliament and Council and enacted in Italy by Legislative decree no. 38/2005.

The accounting policies adopted to draw up these interim consolidated financial statements at 30 September 2013 are consistent with those used to prepare the 2012 annual consolidated financial statements, to which reference should be made, except for the IFRS applicable to annual periods beginning on or after 1 January 2013. Application of these new standards has not affected the interim consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€000)

ASSETS	30 September 2013	31 December 2012
Non-current assets		
Property, plant and equipment	242,213	298,777
Intangible assets - Rights to infrastructure under concession	52,759	12,818
Other intangible assets	55,942	34,043
Goodwill	30,390	30,390
Equity investments	78,197	62,637
Available-for-sale financial assets	0	0
Non-current financial assets (*)	10,867	16,335
Non-current intragroup loans and receivables	10,824	10,892
Other non-current assets	36,308	42,700
Deferred tax assets	104,420	105,484
Total non-current assets	621,920	614,076
Current assets		
Inventories	88,761	95,376
Contract work in progress	1,072,326	864,368
Trade receivables	840,641	809,180
Current intragroup loans and receivables	262,797	253,685
Derivatives and other current financial assets (*)	1,299	11,681
Current tax assets	86,554	67,253
Other current tax assets	93,498	80,579
Other current assets	275,806	296,268
<i>of which: related parties</i>	0	0
Cash and cash equivalents (*)	672,477	1,243,086
Total current assets	3,394,159	3,721,476
Non-current assets held for sale	7,513	307,588
Total assets	4,023,592	4,643,140

(*) Items included in net financial position.

(€000)

EQUITY AND LIABILITIES	30 September 2013	31 December 2012
Equity		
Share capital	718.364	718.364
Share premium reserve	1.222	1.222
Other reserves and retained earnings	486.328	478.709
Profit for the period/year	136.584	602.659
Equity attributable to the owners of the parent	1.342.498	1.800.954
Non-controlling interests	14.990	4.851
Total equity	1.357.488	1.805.805
Non-current liabilities		
Bank and other loans (*)	44.527	138.549
Bonds (*)	149.124	148.840
Finance lease payables (*)	18.279	40.028
Non-current derivatives (*)	4.865	5.200
Post-employment benefits and employee benefits	18.425	20.234
Non-current intragroup payables	0	0
Deferred tax liabilities	48.242	46.507
Provisions for risks	92.775	98.285
Other non-current liabilities	2.891	2.601
Total non-current liabilities	379.128	500.244
Current liabilities		
Current portion of bank loans and current account facilities (*)	270.737	235.211
Current portion of bonds (*)	8.484	113.689
Current portion of finance lease payables (*)	25.922	22.785
Derivatives and other current financial liabilities (*)	0	65
Progress payments and advances on contract work in progress	817.611	844.440
Trade payables	694.586	731.484
<i>of which: related parties</i>	<i>0</i>	<i>0</i>
Current intragroup payables	115.967	87.115
Current tax liabilities	100.725	52.630
Other current tax liabilities	12.975	16.603
Other current liabilities	239.969	233.069
<i>of which: related parties</i>	<i>0</i>	<i>0</i>
Total current liabilities	2.286.976	2.337.091
Liabilities directly associated with non-current assets held for sale		
Total equity and liabilities	4.023.592	4.643.140

(*) Items included in net financial position.

CONSOLIDATED INCOME STATEMENT

(€000)

	9 months 2013	9 months 2012 (§)
Revenue		
Operating revenue	1,702,454	1,684,795
Other revenue	37,284	33,629
<i>of which: related parties</i>	0	
Total revenue	1,739,738	1,718,424
Costs		
Raw materials and consumables	(277,869)	(253,933)
Subcontracts	(435,229)	(383,081)
Other operating expenses	(546,203)	(718,352)
Personnel expenses	(292,193)	(289,350)
Amortisation, depreciation, provisions and impairment losses	(71,144)	(81,045)
<i>of which: related parties</i>	0	
<i>of which: non-recurring</i>	0	0
Total costs	(1,622,638)	(1,725,761)
Operating profit (loss)	117,100	(7,337)
Gain on the partial sale of an investment in a subsidiary	0	0
Financing income (costs) and gains (losses) on investments		
<i>Financial income</i>	16,072	36,476
<i>Financial expense</i>	(57,405)	(58,809)
<i>Net exchange rate gains (losses)</i>	6,199	(5,104)
Net financing costs	(35,134)	(27,437)
<i>of which: related parties</i>	0	
Net gains on investments	1,422	457
Net financing costs and net gains on investments	(33,712)	(26,980)
Profit (loss) before tax	83,388	(34,317)
Income tax expense	(29,926)	(17,167)
Profit (loss) from continuing operations	53,462	(51,484)
Profit from discontinued operations	83,377	32,361
Profit (loss) for the period	136,839	(19,123)
Profit (loss) for the period attributable to:		
Owners of the parent	136,584	(20,145)
Non-controlling interests	255	1,022

(§) Restated figures due to application of IFRS 5 to EcoRodovias group - see note 17 - and the retrospective application of IAS 19 revised in 2011.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€000)

	9 months 2013	9 months 2012 (\$)
Profit (loss) for the period (a)	136,839	(19,123)
- items that may be subsequently reclassified to profit or loss, net of the tax effect:		
Change in the translation reserve	7,759	(20,928)
Net gains on cash flow hedges, net of the tax effect	335	392
Other comprehensive income (expense) related to equity-accounted investees	(1,239)	1,104
- items that may not be subsequently reclassified to profit or loss, net of the tax effect:		
Net actuarial losses on defined benefit plans	(125)	(1,455)
Other comprehensive income (expense) (b)	6,730	(20,887)
Total comprehensive income (expense) (a) + (b)	143,569	(40,010)
Total comprehensive income (expense) attributable to:		
Owners of the parent	144,036	(40,489)
Non-controlling interests	(467)	479

(\$ Restated figures due to application of IFRS 5 to EcoRodovias group - see note 17 - and the retrospective application of IAS 19 revised in 2011.

CONSOLIDATED STATEMENT OF CASH FLOWS

(€000)

	9 months 2013	9 months 2012 (\$)
Cash and cash equivalents	1.243.086	678.389
Current account facilities	(83.935)	(102.448)
Total opening cash and cash equivalents	1.159.151	575.941
Operating activities		
Profit (loss) from continuing operations	53.462	(54.847)
Amortisation of intangible assets	3.469	1.001
Amortisation of rights to infrastructure under concession	551	524
Depreciation of property, plant and equipment	64.649	73.343
Net impairment losses and provisions	2.474	6.179
Accrual for post-employment benefits and employee benefits	12.177	11.530
Net losses on the sale of assets	3.391	3.553
Deferred taxes	7.207	(6.718)
Share of profit or loss of equity-accounted investees	(1.454)	(382)
Impairment losses on available-for-sale financial assets		0
Other non-monetary items	7.609	5.708
Total income statement	153.535	39.891
Decrease (increase) in inventories	(200.654)	(228.277)
Decrease (increase) in trade receivables	(37.083)	6.705
Decrease (increase) in intragroup loans and receivables	340	(20.579)
(Decrease) increase in progress payments and advances from customers	(32.718)	52.457
(Decrease) increase in trade payables	(56.833)	98.855
(Decrease (increase) in intragroup payables	24.663	35.314
Decrease (increase) in other assets/liabilities	5.344	(24.663)
<i>of which: cash flows from related party transactions</i>		
Total operating cash flows	(296.941)	(80.188)
Cash flows used in operating activities	(143.406)	(40.297)
Investing activities		
Net investments in intangible assets	(1.860)	(584)
Acquisitions, net of cash acquired	(20.973)	0
Investments in property, plant and equipment	(30.537)	(59.356)
Proceeds from the sale or reimbursement value of property, plant and equipment	8.592	14.515
Investments in non-current financial assets	(25.616)	(15.094)
Dividends and capital repayments from equity-accounted investees	441	636
Proceeds from the sale or reimbursement value of non-current financial assets	41	100
Cash flows used in investing activities	(69.912)	(59.783)
Financing activities		
Share capital increase		
Dividend distribution to Impregilo shareholders	(602.238)	(36.641)
Dividend distribution to other shareholders	0	(210)
Increase in bank and other loans	87.421	290.574
Decrease in bank and other loans	(284.678)	(538.002)
Change in other financial assets/liabilities	15.260	(22.972)
Cash flows used in financing activities	(784.235)	(307.251)

(€000)

	9 months 2013	9 months 2012
		(\$)
Net cash flows from discontinued operations	427.548	360.090
Net exchange rate losses on cash and cash equivalents	(3.177)	(4.871)
Decrease in cash and cash equivalents	(573.182)	(52.112)
Cash and cash equivalents	672.477	614.303
Current account facilities	(86.508)	(90.474)
Total closing cash and cash equivalents	585.969	523.829
Other information:		
Income taxes paid during the year	(29.217)	(37.181)
Net interest paid during the year	(24.789)	(47.462)

(\$) Restated figures due to application of IFRS 5 to EcoRodovias group - see note 17 - and the retrospective application of IAS 19 revised in 2011.