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

Interim financial report

30 June 2017

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

Salini Impregilo S.p.A.

Share capital €544,740,000

Registered office in Milan, Via dei Missaglia 97

Tax code and Milan Company Registration no. 00830660155

R.E.A. no. 525502 - VAT no. 02895590962

Table of Contents

Company officers

Board of directors (i)	
Chairperson	Alberto Giovannini
Chief executive officer	Pietro Salini
Directors	Marco Bolgiani
	Marina Brogi
	Giuseppina Capaldo
	Mario Giuseppe Cattaneo
	Roberto Cera
	Nicola Greco
	Pietro Guindani
	Geert Linnebank
	Giacomo Marazzi
	Franco Passacantando
	Laudomia Pucci
	Alessandro Salini
	Grazia Volo
Risk and control committee	
Chairperson	Mario Giuseppe Cattaneo
	Marco Bolgiani
	Giuseppina Capaldo
	Pietro Guindani
	Franco Passacantando
Remuneration and appointment committee	
Chairperson	Marina Brogi
	Nicola Greco
	Geert Linnebank
	Laudomia Pucci
Related party transactions committee	
Chairperson	Marco Bolgiani
	Marina Brogi
	Giuseppina Capaldo
	Geert Linnebank
Board of statutory auditors (ii)	
Chairperson	Giacinto Gaetano Sarubbi
Standing statutory auditors	Alessandro Trotter
	Teresa Cristiana Naddeo
Substitute statutory auditors	Piero Nodaro
	Roberto Cassader
Independent auditors (iii)	KPMG S.p.A.

(i) Appointed by the shareholders on 30 April 2015; in office until approval of the financial statements as at and for the year ending 31 December 2017.

(ii) Appointed by the shareholders on 27 April 2017; in office until approval of the financial statements as at and for the year ending 31 December 2019.

(iii) Engaged by the shareholders on 30 April 2015; term of engagement from 2015 to 2023.

Key events of the period

March

Contract worth USD336 million awarded in Virginia (USA)

On 1 March 2017, Lane was awarded a new design-build contract worth USD336 million to extend the 395 Express Lanes in Virginia, USA, where Lane has already performed other works.

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

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

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

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

Consorzio Cociv

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

USD435 million contract awarded for an urban development project in Dubai

On 16 March 2017, the parent signed a USD435 million contract with Meydan Group LLC to build the Meydan One Mall in Dubai, United Arab Emirates.

According to the contract, Salini Impregilo will perform the structural works and oversee the excavations and building works.

The Mall is the first of several phases of this urban development project, which will include a water canal, a tourist port, walking and biking tracks and one of the tallest residential buildings in the world. Two metro lines will be built underneath it, one of which – the Green Line – will connect to Dubai Airport.

April

Contract worth USD188 million awarded in Indiana (USA)

On 6 April 2017, Salini Impregilo and S.A. Healy Company, a subsidiary of Lane Construction Corporation (Salini Impregilo Group) won a design-bid-build contract worth USD188 million in Indiana (USA).

The project includes a deep rock tunnel, drop shafts and consolidation sewers to collect and convey combined sewer overflow (CSO) from eight locations along the St. Mary and Maumee Rivers. Once completed, the CSO tunnel system will reduce 90% of combined sewage overflows into the rivers, which occur during large rain storms.

USD300 million contract in Saudi Arabia commissioned by Al Khozama

On 13 April 2017, Salini Impregilo was awarded a USD300 million contract to refurbish the Al Faisaliah Mall and demolish the adjacent Seyahiah and Al Khozama Centre buildings to extend the Mall and build a five star hotel.

The Al Faisaliah District Redevelopment project in Riyadh has been commissioned by Al Khozama Management Company, a leading developer and manager of commercial, luxury, hospitality and retail properties in Saudi Arabia.

Salini Impregilo (Fisia Italimpianti) won a USD255 million contract in Saudi Arabia as part of a joint venture

On 18 April 2017, through its subsidiary Fisia Italimpianti, Salini Impregilo was awarded the contract to design and build a desalination plant in Saudi Arabia worth USD255 million as part of a joint venture with a Spanish company. The client is ACWA Power.

Located in the Shuaiba area on the western coast of Saudi Arabia, the plant will use reverse osmosis technology to deliver 250,000 cubic metres of water per day, supplying potable water to more than one million residents in the cities of Mecca, Jeddah and Taif.

In a joint venture in which it holds 50%, Fisia Italimpianti has signed a Limited Notice To Proceed (LNTP) to start the preparatory work.

Directors' report -

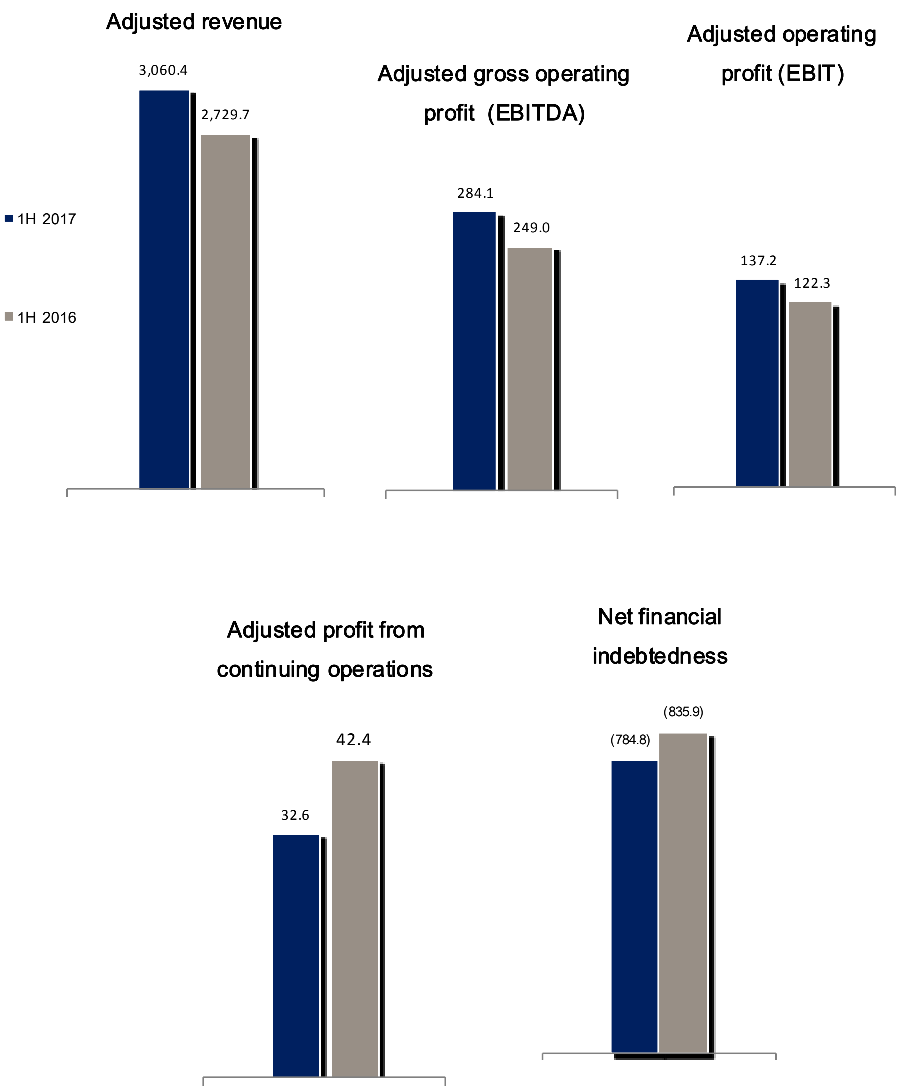
Part I

Financial highlights

Since the acquisition of 100% of Lane on 4 January 2016, the Group has monitored its key figures solely for management purposes adjusting Lane Group's IFRS figures to present the results of the joint ventures not controlled by Lane which are consolidated on a proportionate basis. These management accounts results show the progress made on the contracts managed directly by Lane or through its non-controlling investments in the joint ventures.

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

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



Statement of profit or loss

(in millions of Euros)	1st half 2017 Adjusted	1st half 2016 Adjusted
Revenue	3,060.4	2,729.7
Gross operating profit (EBITDA)	**284.1**	**249.0**
Gross operating profit margin %	9.3%	9.1%
Operating profit (EBIT)	**137.2**	**122.3**
R.o.S.	4.5%	4.5%
Net financing costs	(85.8)	(45.0)
Net gains (losses) on equity investments	2.0	(3.1)
Profit before tax	**53.4**	**74.2**
Income tax expense	(20.8)	(31.8)
Profit from continuing operations	**32.6**	**42.4**
Loss from discontinued operations	(1.3)	(13.2)
Non-controlling interests	(14.7)	(18.0)
Profit for the period attributable to the owners of the parent	**16.6**	**11.2**

Net financial indebtedness

(in millions of Euros)	30 June 2017	30 June 2016
Non-current financial assets	122.9	70.0
Current financial assets	234.4	363.4
Cash and cash equivalents	1,331.6	1,176.7
Total cash and cash equivalents and other financial assets	**1,688.9**	**1,610.1**
Bank and other loans and borrowings	(829.7)	(843.3)
Bonds	(870.1)	(692.3)
Finance lease liabilities	(98.7)	(102.2)
Total non-current indebtedness	**(1,798.5)**	**(1,637.8)**
Current portion of bank loans and borrowings and current account facilities	(597.1)	(733.4)
Current portion of bonds	(16.2)	(16.1)
Current portion of finance lease liabilities	(53.1)	(54.2)
Total current indebtedness	**(666.4)**	**(803.7)**
Derivative assets	0.1	-
Derivative liabilities	(2.8)	(8.1)
Net financial position (indebtedness) with unconsolidated SPEs	(6.0)	3.6
Total other financial liabilities	**(8.8)**	**(4.5)**
Net financial indebtedness - continuing operations	**(784.8)**	**(835.9)**
Net financial indebtedness - discontinued operations	(10.4)	(18.1)
Net financial indebtedness including discontinued operations	**(795.1)**	**(854.0)**

Adjusted revenue for the period is €3,060.4 million compared to revenue of €2,729.7 million for the corresponding period of 2016. It includes revenue of the unconsolidated joint ventures of Lane of €130.1 million and €96.2 million, respectively. The main factors driving the growth in the item are some large contracts such as the Riyadh Metro Line 3 in Saudi Arabia, the Rogun dam in Tajikistan, the Forrestfield Airport Link in Australia, the works to build motorways in Colombia and Poland and Lane's ongoing projects.

The adjusted gross operating profit amounts to €284.1 million, up 14.1% on the corresponding period of 2016 while the adjusted operating profit of €137.2 million shows an improvement of about 12.2%.

The adjusted gross operating profit is equal to 9.3% of revenue and the adjusted R.o.S. is 4.5%.

Net financing costs approximate €85.8 million compared to €45 million for the corresponding period of 2016. The item comprises financial income of €36.0 million, net exchange losses of €48.9 million and financial expense of €72.9 million.

The profit before tax amounts to €53.4 million, down on the amount for the first six months of 2016 (€74.2 million). The tax rate is roughly 39% compared to 42.8%.

The loss from discontinued operations is €1.3 million compared to €13.2 million for the corresponding period of 2016, which was affected by the realisation of net exchange losses accumulated in the translation reserve of € 13.9 million after the sale of Todini Costruzioni Generali S.p.A. in the first six months of 2016.

Non-controlling interests amount to €14.7 million and principally comprise €6.5 million for Line 3 of the Riyadh Metro in Saudi Arabia and €5.3 million for Lane's projects.

Net financial indebtedness from continuing operations amounts to €784.8 million, which is an improvement on the balance of €836 million at 30 June 2016. The reduction is mostly due to the greater cash and cash equivalents following the decrease in financial assets after the collections of the period.

At 30 June 2016, the Group's net financial indebtedness from discontinued operations amounted to €18.1 million compared to €10.4 million at 30 June 2017.

The Group’s performance in the first half of 2017

This section presents the Group’s reclassified statement of profit or loss and statement of financial position and a breakdown of its financial position at 30 June 2017. It also provides an overview of the main changes in the Group’s financial position and results of operations compared to the corresponding period of the previous year. Unless indicated otherwise, figures are provided in millions of Euros and those shown in brackets relate to the previous year.

The “Alternative performance indicators” paragraph gives a definition of the financial statements indicators used to present the Group’s financial position and results of operations for the six months.

Initial considerations on the comparability of data

Management accounts presentation of the figures for the reporting period and the corresponding period of 2016 (“work under management”)

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

The table shows the effects of this presentation on the condensed interim consolidated financial statements at 30 June 2017 compared with the Group’s figures at 30 June 2016:

	Work Under Management 1st half 2017			Work Under Management 1st half 2016			
(€’000)	Salini Impregilo Group	JV not controlled by Lane	Total WUM	Salini Impregilo Group	JV not controlled by Lane	Total WUM	Var. WUM
Revenue	2,930,291	130,111	3,060,402	2,633,521	96,205	2,729,726	330,676
Gross operating profit (EBITDA)	**276,476**	**7,598**	**284,074**	**238,426**	**10,529**	**248,955**	**35,119**
Gross operating profit margin %	*9.4%*	*5.8%*	*9.3%*	*9.1%*	*10.9%*	*9.1%*	
Operating profit (EBIT)	**129,561**	**7,598**	**137,159**	**111,759**	**10,529**	**122,288**	**14,871**
R.o.S. %	*4.4%*	*5.8%*	*4.5%*	*4.2%*	*10.9%*	*4.5%*	
Net financing costs	(85,777)	-	(85,777)	(44,956)	-	(44,956)	(40,821)
Net gains (losses) on equity investments	9,611	(7,598)	2,013	7,413	(10,529)	(3,116)	5,129
Profit before tax	**53,395**	**-**	**53,395**	**74,216**	**-**	**74,216**	**(20,821)**
Income tax expense	(20,824)	-	(20,824)	(31,769)	-	(31,769)	10,945
Profit from continuing operations	**32,571**	**-**	**32,571**	**42,447**	**-**	**42,447**	**(9,876)**
Loss from discontinued	(1,280)	-	(1,280)	(13,197)	-	(13,197)	11,917
Non-controlling interests	(14,651)	-	(14,651)	(18,026)	-	(18,026)	3,375
Profit for the period attributable to the owners of the parent	**16,640**	**-**	**16,640**	**11,224**	**-**	**11,224**	**5,416**

Sale of Todini Costruzioni Generali

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

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

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

The activities that Todini Costruzioni Generali transferred to HCE (Business A) were classified as assets held for sale in the condensed interim consolidated financial statements at 30 June 2016 based on the expressions of interest received at that date. Given the status of the negotiations, the HCE assets were classified under continuing operations in the 2016 consolidated financial statements and this classification has been maintained in these condensed interim consolidated financial statements at 30 June 2017. Therefore, it was necessary to restate the comparative figures for the first half of 2016 to be consistent with this approach used in the reporting period pursuant to IFRS 5.

Gross operating profit performance indicator (EBITDA)

Given the Group's optimisation of its geographical and commercial positioning, which led to its repositioning on the international market, and considering that other sector operators use a calculation method for gross operating profit different to that used previously by the Group, in order to facilitate a comparison with the figures of its key competitors, including on new markets, the Group decided to change the composition of this indicator to exclude provisions and impairment losses as, in some cases, they have a non-recurring nature. The Group deems that this new calculation method assists an understanding and the comparability of its performance indicators.

The new composition of the gross operating profit indicator required restatement of the figures for the first half of 2016 using the same approach, even though the effect is immaterial (higher gross operating profit of roughly €3 million).

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

The effects of the restatement of the statement of profit or loss are shown in the following table ("Sale of Todini Costruzioni Generali" and "Gross operating profit performance indicator"):

(€'000)	1st half 2016 Restated	1st half 2016 Published	Variation
Total revenue	**2,633,521**	**2,639,490**	**(5,969)**
Operating expenses	**(2,395,095)**	**(2,397,330)**	**2,235**
Gross operating profit (EBITDA)	**238,426**	**242,160**	**(3,734)**
Gross operating profit margin (EBITDA) %	*9.1%*	*9.2%*	
Amortisation, depreciation, impairment losses and provisions	(126,667)	(123,525)	(3,142)
Operating profit (EBIT)	**111,759**	**118,635**	**(6,876)**
Return on Sales	**4.2%**	**4.5%**	
Net financing costs	(44,954)	(44,611)	(345)
Net gains on equity investments	7,413	7,413	-
Net financing costs and net gains on equity investments	**(37,543)**	**(37,198)**	**(345)**
Profit before tax	**74,216**	**81,437**	**(7,221)**
Income tax expense	*(31,769)*	*(31,769)*	-
Profit from continuing operations	**42,447**	**49,668**	**(7,221)**
Loss from discontinued operations	*(13,197)*	*(20,418)*	*7,221*
Profit before non-controlling interests	**29,250**	**29,250**	**-**
Non-controlling interests	(18,026)	(18,026)	-
Profit for the period attributable to the owners of the parent	**11,224**	**11,224**	**-**

Group performance

Table 1 - Reclassified statement of profit or loss

(€'000)	Note (*)	1st half 2017	1st half 2016 (§)	Variation
Revenue		2,857,126	2,562,580	294,546
Other income		73,165	70,941	2,224
Total revenue	31	**2,930,291**	**2,633,521**	**296,770**
Operating expenses	32	(2,653,815)	(2,395,095)	(258,720)
Gross operating profit (EBITDA)		**276,476**	**238,426**	**38,050**
Gross operating profit margin (EBITDA) %		9.4%	9.1%	
Amortisation, depreciation, impairment losses and provisions	32.6	(146,915)	(126,667)	(20,248)
Operating profit (EBIT)		**129,561**	**111,759**	**17,802**
Return on Sales %		4.4%	4.2%	
Financing income (costs) and gains (losses) on equity				
Net financing costs	33	(85,777)	(44,955)	(40,822)
Net gains on equity investments	34	9,611	7,412	2,199
Net financing costs and net gains on equity investments		**(76,166)**	**(37,543)**	**(38,623)**
Profit before tax		**53,395**	**74,216**	**(20,821)**
Income tax expense	38	(20,824)	(31,769)	10,945
Profit from continuing operations		**32,571**	**42,447**	**(9,876)**
Loss from discontinued operations	18	(1,280)	(13,197)	11,917
Profit before non-controlling interests		**31,291**	**29,250**	**2,041**
Non-controlling interests		(14,651)	(18,026)	3,375
Profit for the period attributable to the owners of the parent		**16,640**	**11,224**	**5,416**

(*) The note numbers refer to the notes to the condensed interim consolidated financial statements where the items are analysed in detail.
(§)The statement of profit or loss for the first half of 2016 was restated to present the different classification of assets held for sale and the new method used to calculate the gross operating profit which excludes provisions and impairment losses.

Revenue

Total revenue for the period is €2,930.3 million (€2,633.5 million), including €2,707.7 million earned abroad (€ 2,391.3 million), of which €650.5 million in the US and €222.6 million in Italy (€242.2 million). The 11.3% increase on the corresponding period of 2016 is mostly due to the higher revenue earned in the US (approximately +€130 million).

The results for the period are affected by the seasonality of Lane Group's activities and, specifically, its Plant & Paving segment, which contributes a significant portion of its revenue. Its activities are limited during the winter and it is the most active in the second half of the year.

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

Operating profit

The gross operating profit (EBITDA) and the operating profit for the period amount to €276.5 million and € 129.6 million, respectively, with a gross operating profit margin of 9.4% (9.1%) and a R.o.S. of 4.4% (4.2%).

The central units' costs and other general expenses for the period come to approximately €75.9 million (€58.7 million).

The operating profit generated by the foreign operations amounts to €227.4 million while the Italian operations, excluding the corporate costs, made an operating loss of €21.8 million.

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

The Group recorded net financing costs of €85.8 million (€45 million) while net gains on equity investments amount to €9.6 million (€7.4 million).

Net financing costs include financial income of €36.0 million and financial expense of €72.9 million. The €10.2 million reduction in this item is mostly due to the higher financial income, principally as a result of the recognition of interest on amounts due from the mainly foreign clients. In addition, the Group's profit for the period is affected by financial expense of €5.8 million (€15.2 million, including €7.7 million for the financial debt restructuring that took place in the first half of 2016) arising from the application of the amortised cost method during the period.

Net exchange losses amount to €48.9 million (net gains of €2.1 million), mostly due to the depreciation of the US dollar and the Ethiopian birr against the Euro.

Income tax expense

The income tax expense for the period is €20.8 million (€31.8 million) calculated at the effective rate of 39% (42.8%), which is the rate expected to be applicable to the forecast profit for the entire year based on the updated estimates at the reporting date.

Loss from discontinued operations

The loss from discontinued operations amounts to €1.3 million (€13.2 million) and relates to the costs of the USW Campania business unit. The balance for the corresponding period of 2016 included the realisation of exchange losses of €13.9 million accumulated in the translation reserve related to the foreign operations of Todini Costruzioni Generali sold on 4 April 2016.

Non-controlling interests

Non-controlling interests amount to €14.7 million (€18 million), mainly related to the subsidiaries working in Saudi Arabia on the construction of the Riyadh Metro Line 3 (roughly €6.5 million) and some of Lane's subsidiaries (€5.3 million).

The Group’s financial position

Table 2 - Reclassified statement of financial position

(€’000)	Note (*)	30 June 2017	31 December 2016	Variation
Non-current assets	5-6-8	1,103,580	1,173,270	(69,690)
Goodwill	7	162,574	175,188	(12,614)
Net non-current assets held for sale	18	9,265	6,032	3,233
Provisions for risks	25	(100,472)	(105,765)	5,293
Post-employment benefits and employee benefits	24	(93,380)	(91,930)	(1,450)
Net tax assets	10-15-28	174,856	118,342	56,514
- Inventories	11	253,146	270,579	(17,433)
- Contract work in progress	12	2,578,421	2,367,263	211,158
- Progress payments and advances on contract work in progress	26	(2,526,150)	(2,455,632)	(70,518)
- Loans and receivables (**)	13	2,402,249	2,357,251	44,998
- Liabilities (**)	27	(2,237,288)	(2,337,406)	100,118
- Other current assets	16	659,976	591,270	68,706
- Other current liabilities	29	(326,598)	(356,315)	29,717
Working capital		803,756	437,010	366,746
Net invested capital		**2,060,179**	**1,712,147**	**348,032**
Equity attributable to the owners of the parent		**1,126,323**	**1,205,005**	**(78,682)**
Non-controlling interests		149,103	156,326	(7,223)
Equity	19	**1,275,426**	**1,361,331**	**(85,905)**
Net financial indebtedness		**784,753**	**350,816**	**433,937**
Total financial resources		**2,060,179**	**1,712,147**	**348,032**

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

(**) These items show loans and receivables of €2.1 million and liabilities of €8.1 million (loans and receivables of €2.0 million and liabilities of €7.3 million at December 31, 2016) classified in net financial indebtedness and related to the Group’s net amounts due from/to consortia and consortium companies (SPEs) operating under a cost recharging system and not included in the consolidation scope. The balance reflects the Group’s share of cash and cash equivalents or debt of the SPEs.

Net invested capital

This item increased by €348.0 million on the previous year end to €2,060.2 million at 30 June 2017. The main changes are due to the factors listed below.

Non-current assets

Non-current assets decreased by €69.7 million. They may be analysed as follows:

(€'000)	30 June 2017	31 December 2016	Variation
Property, plant and equipment	754,973	803,039	(48,066)
Intangible assets	137,707	168,763	(31,056)
Equity investments	210,900	201,468	9,432
Total non-current assets	**1,103,580**	**1,173,270**	**(69,690)**

Property, plant and equipment decreased by €48.1 million, mostly as a result of:

- depreciation of the period of €98.1 million;
- disposals of €41.8 million;
- exchange losses of €31.1 million, partly offset by
- investments of €122.9 million, mostly for the Milan - Genoa section of the high speed/capacity railway project in Italy and the Forrestfield Airport Link in Australia as well as investments made for Lane Group's contracts and projects in Peru, Kuwait and Ethiopia.

Intangible assets show a net decrease of €31.1 million mainly due to:

- classification of €16.5 million to non-current assets held for sale for rights to infrastructure and concessions related to Impregilo Parking Glasgow and Impregilo Wolverhampton;
- amortisation of the period (€14.8 million).

The €9.4 million increase in equity investments is chiefly a result of the following factors:

- the increase in the Grupo Unidos Por el Canal investment after payments of €29.5 million; partly offset by
- dividends from equity-accounted investees of €12.8 million; and
- a €9.5 million variation in the translation reserve of the equity-accounted investees.

Goodwill

This item refers to the acquisition of Lane Group (€137.5 million) and assets from Asphalt Roads and Materials Company Inc. (€25.1 million). The variation on the previous year end is entirely due to the US dollar's depreciation vis-à-vis the Euro. The Group calculated these balances after completion of the purchase price allocation procedure as required by (revised) IFRS 3 in 2016.

Net non-current assets held for sale

Net non-current assets held for sale at 30 June 2017 amount to €9.3 million and include the net assets (liabilities) of the following units:

- Impregilo Parking Glasgow Ltd (€2.5 million);
- Impregilo Wolverhampton Ltd (€4.3 million);
- the Campania-based activities of HCE Group and Salini Impregilo (-€3.2 million);
- the USW Campania projects (€5.7 million, unchanged from 31 December 2016).

The increase on the previous year end is basically due to classification of the net assets of Impregilo Parking Glasgow and Impregilo Wolverhampton following their sale completed on 14 July 2017 as well as the increase in liabilities related to some of the Campania-based activities of HCE Group and Salini Impregilo in the light of the sale expected to take place in the next few months.

Provisions for risks

These provisions of €100.5 million decreased by €5.3 million over 31 December 2016.

Post-employment benefits and employee benefits

This item amounts to €93.4 million and is substantially unchanged compared to 31 December 2016.

Net tax assets

The following table provides a breakdown of this reserve:

(€'000)	30 June 2017	31 December 2016	Variation
Deferred tax assets	66,394	121,925	(55,531)
Deferred tax liabilities	(36,329)	(108,493)	72,164
Net deferred tax assets	**30,065**	**13,432**	**16,633**
Current tax assets	133,269	135,987	(2,718)
Current tax liabilities	(85,728)	(109,991)	24,263
Net current tax assets	**47,541**	**25,996**	**21,545**
Other current tax assets	141,971	146,503	(4,532)
Other current tax liabilities	(44,721)	(67,589)	22,868
Net other current tax assets	**97,250**	**78,914**	**18,336**
Net tax assets	**174,856**	**118,342**	**56,514**

The variation in this item is due to the Group's taxable profit for the period, also considering the changes attributable to the foreign operations.

Working capital

Working capital increased by €366.7 million from €437 million at 31 December 2016 to €803.8 million at the reporting date.

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

- inventories decreased by €17.4 million to €253.1 million compared to the previous year end as a result of consumption of materials for the Group's main contracts;
- contract work in progress amounts to €2,578.4 million (€2,367.3 million) and refers to Italian contracts (€ 535.6 million) and foreign contracts (€2,042.8 million).

  The increase of €211.2 million in this item reflects the production progress calculated using the most recent estimates of the ongoing projects' profitability and is due to:

  - the rise in contract work in progress abroad of €129.1 million, mostly related to the contracts in Ethiopia (€65.7 million) and Poland (€63 million);
  - the €82.1 million increase in contract work in Italy, mainly due to work on the high speed/capacity Milan - Genoa railway section;
- progress payments and advances on contract work in progress include both advances and negative work in progress (i.e., progress billings in excess of the cumulative value of the works built) and amount to € 2,526.2 million, up €70.5 million on 31 December 2016. This increase is the result of the rise in negative work in progress of €69.2 million, mainly due to the Forrestfield Airport Link in Australia (€39 million) and Lane's contracts (€24.1 million);
- loans and receivables, which increased by €45.0 million and include amounts of €2,242.3 million with third parties (€2,203.6 million) and of €159.9 million with unconsolidated group companies and other related parties (€153.6 million). The receivables from Venezuelan clients for railway contracts amount to €242.0 million, mostly in hard currencies (Euros and US dollars).

  The increase is mainly a result of:

  - higher amounts from third parties of €38.7 million;
  - higher receivables of €6.4 million from unconsolidated group companies and other related parties;
- liabilities, which decreased by €100.1 million and include liabilities with third parties of €2,115.3 million (€ 2,233.6 million) and unconsolidated group companies and other related parties of €122.0 million (€103.8 million).

  The decrease in the item is mainly due to:

  - smaller liabilities with third parties of €118.3 million, including €48.2 million for the Line 3 Metro in Saudi Arabia and €44.9 million for the Danish contracts;
  - the €18.2 million increase in liabilities with unconsolidated group companies and other related parties, including the variation in the balances with Metro Blu S.c.r.l.;

- other assets increased by €68.7 million, mainly due to the higher advances to suppliers (+€31.6 million), mostly for the high speed/capacity Milan - Genoa railway section, the Polish road projects and the Al Bayt Stadium in Qatar;
- other current liabilities decreased by €29.7 million compared to 31 December 2016, mainly due to the smaller liabilities with employees and other liabilities. The approximate €19.2 million variation in other liabilities is chiefly the result of the reduction in liabilities for the Doha Red Line in Qatar, the Tunisian road projects being built by HCE Group and the Bologna - Florence high speed railway section for which work continued as normal, as well as the decrease in liabilities for contracts that have been completed or are nearing completion.

Net financial indebtedness

At 30 June 2017, the Group has net financial indebtedness from continuing operations of €784.8 million (indebtedness of €350.8 million), while its indebtedness from discontinued operations is €10.4 million (nil) following definition of the new IFRS 5 scope.

The increase in the Group's net financial indebtedness is mainly due to the rise in current bank loans and borrowings following the use of liquidity generated by operations, especially related to the increase in working capital.

Gross indebtedness increased by €138.5 million from 31 December 2016 to €2,470.9 million at the reporting date.

The debt/equity ratio (based on the net financial indebtedness from continuing operations) is 0.62 at group level at the reporting date.

Salini Impregilo has given guarantees of €248.8 million in favour of unconsolidated group companies securing bank loans.

The Group's net financial position at 30 June 2017 is summarised in the following table.

Table 3 - Net financial indebtedness of Salini Impregilo Group

(€'000)	Note (*)	30 June 2017	31 December 2016	Variation
Non-current financial assets	9	122,898	62,458	60,440
Current financial assets	14	234,433	323,393	(88,960)
Cash and cash equivalents	17	1,331,602	1,602,721	(271,119)
Total cash and cash equivalents and other financial assets		**1,688,933**	**1,988,572**	**(299,639)**
Bank and other loans and borrowings	20	(829,699)	(866,361)	36,662
Bonds	21	(870,097)	(868,115)	(1,982)
Finance lease liabilities	22	(98,700)	(119,742)	21,042
Total non-current indebtedness		**(1,798,496)**	**(1,854,218)**	**55,722**
Current portion of bank loans and borrowings and current account facilities	20	(597,117)	(398,589)	(198,528)
Current portion of bonds	21	(16,185)	(18,931)	2,746
Current portion of finance lease liabilities	22	(53,075)	(55,281)	2,206
Total current indebtedness		**(666,377)**	**(472,801)**	**(193,576)**
Derivative assets	9	60	156	(96)
Derivative liabilities	23	(2,843)	(7,180)	4,337
Net financial position with unconsolidated SPEs (**)		(6,030)	(5,345)	(685)
Total other financial liabilities		**(8,813)**	**(12,369)**	**3,556**
Net financial indebtedness - continuing operations		**(784,753)**	**(350,816)**	**(433,937)**
Net financial indebtedness - discontinued operations		(10,363)	-	(10,363)
Net financial indebtedness including discontinued operations		**(795,116)**	**(350,816)**	**(444,300)**

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

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

Directors' report -

Part II

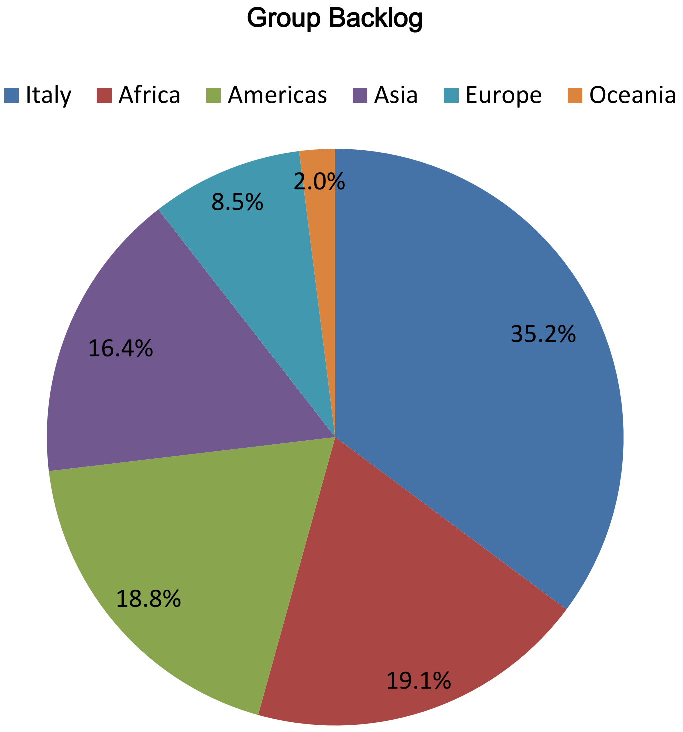
Order backlog

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

(Share in millions of Euros)

Area/Country	Residual order backlog at 30 June 2017	Percentage of total
Italy	12,554.2	35.2%
Africa	6,819.2	19.1%
Americas	6,710.6	18.8%
Asia	5,840.1	16.4%
Europe	3,035.8	8.5%
Oceania	713.6	2.0%
Total	**35,673.6**	**100.0%**

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



Performance by geographical segment

Italy

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

Macroeconomic scenario

The Italian economy showed signs that it was picking up despite structural weaknesses and the inadequate reforms, which hold back growth.

Figures for the first quarter of the year indicated GDP growth of 0.4%, boosted by the positive performance of private consumption and more stockpiling. The positive consumption rate recorded in April seems to have consolidated this trend although unemployment rates are still high and salary growth is stunted.

Moreover, the ECB president’s recent confirmation that the central bank will continue its expansionary monetary policy eased market fears about a possible hike in interest rates which would have adversely affected Italian debt sustainability.

OECD forecasts for GDP growth in the coming year are around 1%, with the rate at 0.8% for 2018.

Focus is again on the essential public sector investments and research, which would stimulate the economy’s recovery and also make an efficient contribution to growth, thus alienating the risk of stagnation.

Construction

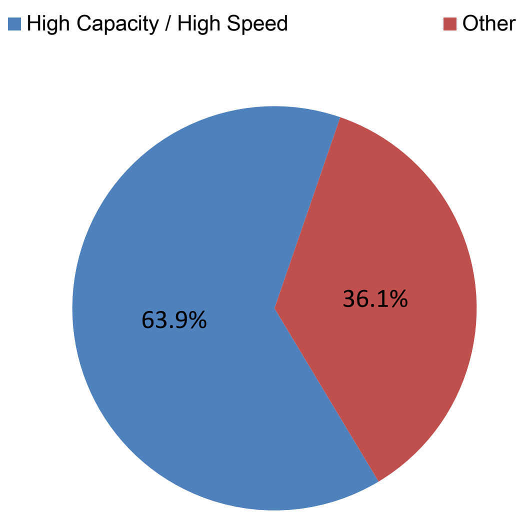
The order backlog for the Italian construction segment is as follows:

(Share in millions of Euros)

Project	Residual order backlog at 30 June 2017	Percentage of total
High speed/capacity	5,297.1	63.9%
Other projects	2,994.6	36.1%
Total	**8,291.8**	**100.0%**

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

Breakdown of the Italian construction order backlog



(Share in millions of Euros)

Project	Residual order backlog	Percentage of completion
Cociv Lot 1-6	3,362.8	25.6%
Iricav 2	1,691.1	0.2%
Other	243.3	
High speed/capacity	**5,297.2**	
Broni - Mortara	981.5	0.0%
Metro B	898.5	0.1%
Milan metro Line 4	363.3	31.1%
Jonica state highway 106	336.1	3.0%
Other	415.2	
Other work in Italy	**2,994.6**	
Total	**8,291.8**	

High-speed/capacity Milan - Genoa Railway Project

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

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

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

The works began on 2 April 2012 and the contract is worth approximately €4.5 billion.

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

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

Communication of the effectiveness of the fifth lot is scheduled for 2 May 2018. This fifth construction lot will increase the amount of financed works by €1.1 billion to €3.8 billion.

Information about the orders issued by the Rome and Genoa Public Prosecutors which, inter alia, involved certain parties related to the consortium is available in the "Main risk factors and uncertainties" section.

High-speed/capacity Verona - Padua Railway Project

The IRICAV DUE Consortium is RFI's general contractor for the design and construction of the high speed/capacity Verona-Padua section as per the agreement of 15 October 1991. Its role was confirmed by the arbitration award of 23-26 May 2012, which has become definitive.

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

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

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

On 14 April 2017, the Superior Council of Public Works issued its positive opinion on the project, while the environmental compatibility opinion had been obtained on 25 November 2016.

During the period, negotiations about the consideration between the general contractor and RFI continued and were finalised.

The next steps involve sending the design for the first functional lot by the Ministry of Infrastructure and Transport to the CIPE (the interministerial committee for economic planning) for its final approval. Completion of the Ministry's procedures and its providing of the project to CIPE is expected to take place by early August. Therefore, the rider to the agreement should be signed by the end of the year.

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

Outlook for 2017

Contributing 35% to the order backlog, Italy is one of the Group's key markets. At the end of 2016, the Ministry of Infrastructure and Transport launched new infrastructure policies. The new Public Tenders Code and Guidelines and the strategic "Connect Italy" document attached to the 2016 Economic and Financial Document ("DEF") mark a new phase of infrastructure development in Italy, including by aligning the domestic strategies with those of the EU for the TEN-T corridors and European networks.

In line with the new direction taken in 2016, the 2017 DEF divulges the strategies to define Italy's infrastructure requirements up until 2030, redefining all its priorities with a list of 119 projects split into six areas: railway, roads, ports and freight terminals, airports, "rail therapy" in 14 cities and bicycle paths.

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

The aforementioned strategies include some of the Group's major ongoing projects such as the Milan - Genoa high speed/capacity railway section and that of Verona - Padua, as well as new contracts for the Naples - Bari high speed/capacity section, for which a joint venture led by Salini Impregilo (with a 60% share) was awarded the first Naples - Cancello section worth approximately €400 million. The related contract should be signed with RFI by this autumn.

The Group does not limit itself to infrastructure. It is also engaged in acquiring orders in the commercial building sector, thus availing of development opportunities mostly created by the growth of Italy's large metropolitan areas. As a partnership with a leading group of investors and acting as contractor, Salini Impregilo has been awarded the concession for an "exclusive period" to finalise the negotiations for the construction of ENI's new offices in San Donato Milanese. This construction contract is worth roughly €180 million and should be signed by the end of July (Group share: 60%).

Concessions

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

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

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

MOTORWAYS

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

METROS

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

CAR PARKS

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

OTHER

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

Lane operating segment

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

Macroeconomic scenario

The US economy's expansionary phase is set to continue into 2017 and 2018 based on its positive performance in 2016, driven by the steady recovery of the industrial sector and upturn in private consumption, which benefited from the improved employment rate and higher salaries.

As the Federal Reserve tapers off its softer monetary policies, the US Administration and Congress are readying an expansionary tax policy to boost investments.

While it is still unclear at federal level how the announced infrastructure investment plans will affect the construction sector over the next few years, encouraging signs have been seen at individual state level. The six-year USD18.6 billion investment plan recently approved by the Virginia Department of Transportation exemplifies the potential of the local US infrastructure markets, which Lane can efficiently exploit.

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

(Share in millions of Euros)

Project	Residual order backlog	Percentage of completion
Purple Line	464.3	12.5%
I-4 Ultimate	363.7	32.4%
I-395 Express Lane	286.8	2.8%
Other	1,907.0	
Total	**3,021.8**	

Purple Line - Maryland

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

The project includes the construction of 21 stations along a 16-mile alignment, mainly between New Carrollton and Bethesda, north of Washington DC. Lane Construction is involved in the construction work with a 30% share.

The design stage is underway, including obtaining the permits and procurement of the main subcontracts.

I-4 Ultimate - Orlando - Florida

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

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

I-395 Express Lane - Virginia

On 1 March 2017, Lane won a new design-build contract worth USD336 million to extend the I-395 Express Lanes in Virginia by about eight miles between Fairfax and Arlington.

The project design stage is currently underway and the first subcontracts have been assigned.

Outlook for 2017

The US construction sector has become a core market for the Group, and is expected to contribute around 30% to its total revenue. With Lane, Salini Impregilo can compete and participate in a much larger pool of projects, especially in the highway, rail, environment and mobility sectors, including underground works using mechanised excavation machines. This is reflected in the new orders acquired in the first six months of 2017.

Specifically, Lane has been awarded the following contracts during the period:

- I-395, in Virginia (100% Lane) worth USD336 million;
- Three Rivers, in Fort Wayne, Indiana (joint venture of SA Healy and Salini Impregilo) worth USD188 million;
- Unionport Bridge, in New York City , NY (joint venture comprising Schiavone (55%) and Lane (45%)) worth USD232 million;
- I-70, in Maryland, (100% Lane) worth USD118 million;
- Florida Turnpike, Florida (100% Lane) worth USD177 million;
- Building the new runway at the Al Maktoum Airport in the United Arab Emirates (100% Lane International) worth USD125 million;
- North East Boundary Tunnel in Washington DC (joint venture comprising SA Healy (70%) and Salini Impregilo (30%)) worth USD580 million.

Abroad

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

Macroeconomic scenario

According to the latest IMF estimates, global GDP growth is expected to be 3.5% for 2017 and 3.6% in 2018. However, this growth trend is staggered from country to country.

The Eurozone's GDP is forecast to grow at a rate of between 1.3% and 1.6% in 2017 and 2018 according to Standard & Poor's. The low commodity prices and the ECB's expansionary policy have facilitated a recovery in investments in the construction sector, which in turn triggered an upswing in countries like France, Germany and most of North Europe.

The performance of the emerging economies varied greatly, although their contribution is increasingly important. Geopolitical factors affected growth in the Middle East, while volatile oil prices held back development of several economies. Some countries performed better than others and may represent an excellent opportunity for future development.

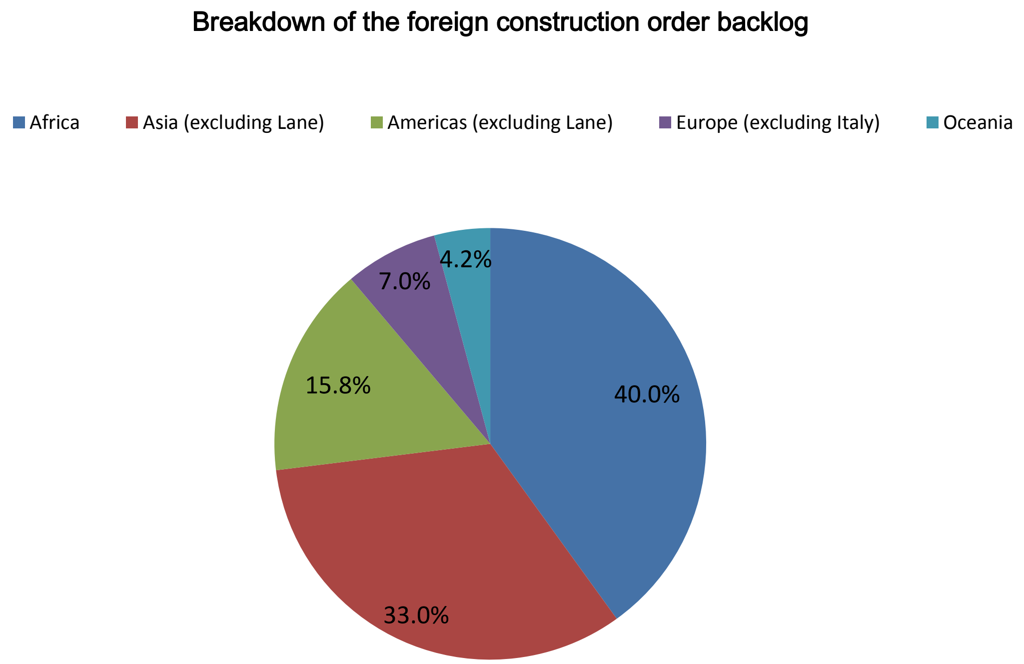
Construction

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

(Share in millions of Euros)

Area/Country	Residual order backlog at 30 June 2017	Percentage of total
Africa	6,819.2	40.0%
Asia (excluding Lane)	5,622.5	33.0%
Americas (excluding Lane)	2,688.0	15.8%
Europe (excluding Italy)	1,188.6	7.0%
Oceania	713.6	4.2%
Total	**17,031.9**	**100.0%**

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



Australia

Market

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

The Australian Bureau of Statistics estimates that the population will double by 2075 from the current 23 million residents to 46 million. The Australian economy has been driven and will continue to be driven by greater residential construction closely tied to the far-reaching public spending plan for infrastructure.

The most recent federal budgets include public works spending of around AUD75 billion (roughly €50 billion) to be allocated for railways, roads and transport in the ten-year period from 2017 to 2027.

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

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

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

(Share in millions of Euros)

Project	Residual order backlog	Percentage of completion
Forrestfield Airport Link	693.3	13.0%
NW Rail Link Project	20.3	95.6%
Total	**713.6**	

Forrestfield Airport Link

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

Outlook for 2017

The Group deems that the Australian market is fundamental for its growth strategy and will continue to pursue new business opportunities tied to the country's ongoing development in 2017.

Tajikistan

Market

This country's economy grew at a rate of 7.5% between 2011 and 2013 and the expected growth rate for 2017 is 4%, while the annual inflation rate is 8% for the year and the local currency's deprecation against the Euro and the US dollar is an average 8% in the period from August 2016 to June 2017.

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

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

(Share in millions of Euros)

Project	Residual order backlog	Percentage of completion
Rogun Hydropower Project	1,790.4	6.1%
Total	**1,790.4**	

Rogun Hydropower Project

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

The contract for Lot 2 will be executed by the Group's local branch.

Work has continued on schedule and the early generation phase (when electrical energy will be provided although at a lower output than when the project has been completed) is expected to commence within roughly one year.

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

Outlook for 2017

Another three lots of the project have to be completed as set out in the framework agreement with the client, once it has obtained the necessary financing.

Saudi Arabia

Market

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

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

(Share in millions of Euros)

Project	Residual order backlog	Percentage of completion
Riyadh Metro Line 3	1,372.6	50.2%
Other	261.1	
Total	**1,633.7**	

Riyadh Metro Line 3

On 29 July 2013, Salini Impregilo, as leader of an international consortium, won a portion of the maxi contract awarded by ArRiyadh Development Authority to design and construct the new Riyadh metro line (line 3, 41.2 km), the longest line of the challenging project for the metro system of Saudi Arabia's capital.

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

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

Outlook for 2017

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

Qatar

Market

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

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

(Share in millions of Euros)

Project	Residual order backlog	Percentage of completion
Al Bayt Stadium	544.6	31.6%
Red Line North	251.7	81.6%
Other	3.2	
Total	**799.5**	

Al Bayt Stadium

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

The Group's share of the contract is 40%.

Red Line North Underground, Doha

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

Outlook for 2017

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

Kuwait

Market

The Kuwaiti market has attracted more foreign investment over the last few years thanks to the introduction of new financial laws stimulating investments and trade relations. The local parliament has approved a five-year

2016-2020 investment plan, which includes investments of more than USD100 billion in the country's infrastructure. They comprise the construction of thousands of new homes, a railway network and metro system, new oil refineries and industrial plants. In addition, there are no limits to the transfer of capital and the strong and stable dinar can easily be converted into other currencies and transferred. Finally, the high per capita GDP and long-term budget surplus encourage investment in the local market.

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

(Share in millions of Euros)

Project	Residual order backlog	Percentage of completion
South Mutlaa City	434.5	7.1%
Total	**434.5**	

South Mutlaa City

On 17 June 2016, Kuwait's Public Authority for Housing Welfare assigned the contract for the construction of primary urbanisation works to build a new residential area in a 12 thousand hectares site located 40 km northwest of Kuwait City as part of the South Al Mutlaa Housing Project. The project, which is worth approximately €890 million, will be carried out by a consortium led by Salini Impregilo with a 55% stake and includes, inter alia, the construction of 150 km of roads and related structures and numerous other works.

The consortium was awarded additional works in June 2017 for approximately €20 million to move high tension power lines out of the way.

Outlook for 2017

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

Ethiopia

Market

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

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

(Share in millions of Euros)

Project	Residual order backlog	Percentage of completion
Koysha	2,306.3	9.3%
Gerd	1,243.4	68.1%
Gibe III	16.3	99.0%
Total	**3,566.1**	

Koysha Hydroelectric Project

This project is on the Omo River, about 370 km south-west of the capital Addis Abeba. It was commissioned by Ethiopian Electric Power (EEP) and includes the construction of a dam with a 9 billion cubic metre capacity reservoir, annual energy generation of 6,460 Gwh and total installed capacity of 2,200 MW. The project also includes the access roads, a new bridge over the river and a 400 KW transmission line from Koysha to Gibe III. The contract is worth approximately €2.5 billion and the Group’s share is 100%.

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

Gerd

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

Outlook for 2017

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

Peru

Market

The country is engaged in strengthening its democratic institutions to encourage private initiative in the economy. Its GDP growth rate has been fairly steady at around 4% per annum over the last few years. To this end, the current government has communicated its intention to stimulate investment in large infrastructural works to modernise Peru.

Between the end of 2017 and the first half of 2018, the government plans to call tenders for the Lima L3 Metro worth approximately €5,802 million as well as another two projects of a smaller amount for the ring road around Lima and the Longitudinal de la Sierra road.

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

(Share in millions of Euros)

Project	Residual order backlog	Percentage of completion
Lima Metro	622.1	10.3%
Total	**622.1**	

Lima M2 – Peru

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

The Group's share of the construction work is 25.5% of the civil works. The five-year project (extended to six years with addendum no. 1) includes the development of a 35 km-long underground line and 35 stations. The contract, updated by variations, is worth approximately USD3.1 billion.

Outlook for 2017

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

Denmark

Market

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

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

(Share in millions of Euros)

Project	Residual order backlog	Percentage of completion
Cityringen	259.5	88.5%
Total	**259.5**	

Copenhagen Cityringen

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

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

Outlook for 2017

The Group is monitoring the local market for new transport, tunnelling and hospital construction projects.

Poland

Market

Poland is a dynamic, fast-growing country with its GDP showing steady growth in recent years (+3.0% in 2015, +3.1% in 2016 and an estimated +3.2% in 2017). This market is very attractive to foreign companies given the large EU funding it receives, the low salaries, highly professional workforce and modest tax regime. Accordingly, Poland is one of the countries with the best development potential in the medium term.

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

(Share in millions of Euros)

Project	Residual order backlog	Percentage of completion
A1F Tuszyn-Pyrzowice	110.5	18.1%
Expressway S7 Krakow-Rabka	73.8	39.4%
Expressway S7 Checiny	44.5	62.2%
Expressway S3 Nowa Sol	42.6	60.1%
Expressway S8 Marki - Radzymin	12.9	80.5%
Total	**284.3**	

A1 Motorway

On 22 July 2015, the Group was awarded a contract worth approximately €137 million for the design and construction of a 20 km section of the A1 Motorway south of Warsaw near Katowice. The works are financed with EU and Polish state funds and have a term of 33 months. The Group's share is 100%.

Expressway S7 – South of Krakow

On 20 January 2016, the Group won a €123 million contract, signed on 31 March 2016, to build a section of Expressway S7 south of Krakow near the border with Slovakia. The project, which is EU and Polish state funded, will take 22 months. The Group's share is 100%.

Outlook for 2017

Work on the main motorway projects underway continued during the six months. Production has picked up speed steadily in the period as the contracts have now reached their peak production time. The Group's outlook for this country is tied to its participation in 23 pre-qualification rounds for tenders worth approximately €3 billion as well as the new EU funded infrastructure investment programme. At present, Salini Impregilo has qualified for all 23 projects and has been invited to present bids for 14 road tenders. In addition, there are D&B (Design and Build) procedures which have extended the number of calls for tender and the Group's options. On 8 June, Salini Impregilo was the best bidder in a call for tenders for the construction of 20 km of the Expressway S7 from Stregowo to Pienki, north of Warsaw, worth approximately €97 million. The Group also intends to participate in railway and hydraulic tenders in order to diversify its business.

Other countries

Argentina

Riachuelo – Buenos Aires

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

Following an addendum signed in the second half of 2016, the contract is now worth roughly €414 million (Salini Impregilo's share is 75%) and the project was 32% complete at 30 June 2017. Argentina's growth rate has been revised downwards from 3% to about 2.5% for 2017 with inflation around 24-26% (40% in 2016) in 2017. The government has rolled out a big public works investment plan, announced at the end of 2016, slightly behind schedule. Given these premises, the Group has decided to set up a branch office in Buenos Aires to evaluate the many bids (some of which already presented by the end of 2016 and start of 2017) for calls for tender in the second half of the year and 2018.

Slovakia

D1 Motorway - Lietavská Lúčka – Višňové – Dubná Skala Section

The "D1 Motorway - Lietavská Lúčka – Višňové – Dubná Skala section" project consists of the construction of roughly 13.4 km of the motorway, which includes a 7.5 km twin-tube tunnel, an intersection, a car park, nine bridges, a maintenance centre and sundry related works.

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

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

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

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

Concessions

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

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

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

MOTORWAYS

Country	Operator	% of investment	Total km	Stage	Start date	End date
Argentina	Iglys S.A.	98.0		holding		
Argentina	Autopistas Del Sol	19.8	120	active	1993	2020
Argentina	Puentes del Litoral S.A.	26.0	59.6	in liquidation	1998	
Argentina	Mercovia S.A.	60.0	18	active	1996	2021
Colombia	Yuma Concessionaria S.A. (Ruta del Sol)	48.3	465	active	2011	2036

METROS

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

ENERGY FROM RENEWABLE SOURCES

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

INTEGRATED WATER CYCLE

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

HOSPITALS

Country	Operator	% of investment	No. of beds	Stage	Start date	End date
GB	Impregilo Wolverhampton Ltd.	20.0	150k medical	active	2002	2032
GB	Ochre Solutions Ltd - Oxford Hospital	40.0	220	active	2005	2038
GB	Impregilo New Cross Ltd.	100.0		holding		
Turkey	Gaziantep Hospital	24.5	1875	Not yet active	2016	2044

CAR PARKS

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

The Wolverhampton and Impregilo Parking Glasgow concessions were included in the sales transactions of 14 July 2017.

Order backlog

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

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

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

The value of the order backlog decreases:

- when a contract is cancelled or decreased as agreed with the client;
- in line with the recognition of contract revenue in profit or loss.

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

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

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

Risk management system

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

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

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

During the period, the Group focused on strengthening its tools to efficiently manage the most significant risks, including specifically country, client, partner and subcontractor risks.

Based on the outcome of the risk assessment performed in the second half of 2016, the Group checked its risk exposure and identified the key risks so as to monitor them over time and implement any mitigation actions necessary.

It updated its regular stress test of its business plan targets during the reporting period by analysing the scenarios to activate appropriate measures to attain such targets.

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

Business risks

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

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

Strategic risks

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

Salini Impregilo considers risk as a key element for the preliminary assessment of decisions and strategic choices, so much so that it has envisaged integrating the strategy definition and development process with that for the identification, measurement and management of risks. The choices pertaining to the adoption of a business or organisational model, the assessment about the opportunity of proceeding with an extraordinary transaction or establishing a partnership are subject to preliminary analysis and evaluation of the related risks and opportunities, with the concurrent identification of risk management methods and strategies to be promptly activated should such risks arise.

Financial risks

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

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

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

Legal and compliance risk

This risk class includes risks for the management of legal issues and/or risks related to compliance with laws and regulations (e.g. taxation, local legislation, etc.) required in order to operate in the sector and/or specific countries. Salini Impregilo deems that monitoring contractual issues linked to contract management and, particularly, the relationship with relevant counterparties, is fundamental. This also includes any internal and external fraud risks, and, more generally, the compliance with procedures and policies established by the Group to govern its operations.

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

Operational risks

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

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

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

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

Country risk

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

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

Counterparty risk

The counterparty dimension identifies potential criticalities linked to relationships with the Group's clients, shareholders, subcontractors and suppliers, so as to create a comprehensive overview of the features of the partners with which Salini Impregilo may start or continue to collaborate. For each of the above counterparty types, risk factors linked to financial and operational reliability apply to a different extent, as does the potential strategic role of a partnership for a specific business initiative, as well as all aspects linked to legal and other compliance that safeguard the lawfulness of the relationship. The Group performs a counterparty analysis for each new analysis, involving all the competent departments and the Group Risk Officer, allowing a more precise identification of the critical issues that could arise during the contract's operational stages and more accurate planning of the possible mitigation actions.

Contract risk

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

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

Main risk factors and uncertainties

Main risk factors and uncertainties

In addition to the areas outlined in the “Business risk management” section above, the following specific situations linked to major outstanding claims and country risk exposure at 30 June 2017, characterised by risk and/or uncertainty profiles, should be added to the universe of risk events that may potentially impact on operations.

Litigation

USW Campania projects

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

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

(i) the “Contractual” phase which started in the 2000-2001 period with the signing by the two SPEs Fibe and Fibe Campania of the service contracts for the disposal of urban solid waste in the provinces of Campania and ended on 15 December 2005 with the “ope legis” termination of these contracts pursuant to Decree law no. 245/2005 (converted into Law no. 21 of 27 January 2006);

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

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

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

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

Administrative litigation

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

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

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

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

Request that Fibe take back ownership of certain areas and storage sites by the parties appointed by the government commissioner to handle technical and operating activities

Starting in 2008, Fibe had to deal with a number of repeated events where the parties appointed by the government commissioner to handle technical and operating activities demanded that Fibe take back ownership of certain areas and storage sites already handed over to the appointed parties in August 2008, since they were deemed not to be suitable for the management of the service. The Lazio Regional Administrative Court and the Council of State, following appeal of the relevant provisions by Fibe, confirmed the suitability of the aforementioned sites for the integrated waste cycle. The civil proceedings before the Naples Court initiated by S.A.P.NA. S.p.A., a local company set up by the Naples provincial authorities, are part of this situation. S.A.P.NA. S.p.A. challenged its takeover of title to certain temporary and definitive areas and storage sites in roughly 40 proceedings. It also requested to be indemnified and held harmless by Fibe and/or the government commissioner from the operating costs incurred in the meantime and yet to be incurred, including possible site reclamation. Following the rulings of the Ordinary Court of Naples, which found that jurisdiction rested with the Administrative Court, the majority of the aforementioned dispute was resumed by S.A.P. NA. S.p.A. before the Campania Regional Administrative Court. With the rulings filed for the first appeals discussed, the Campania Regional Administrative Court fully rejected all claims brought by S.A.P. NA. S.p.A.. In addition, S.A.P. NA filed notices of discontinuance for lack of interest and, hence, the related appeals were precluded from prosecution. The provincial companies GISEC (Caserta province) and SAMTE (Benevento province) commenced similar proceedings, which are still at the first level hearings.

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

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

As part of the aforementioned ruling, the Regional Administrative Court appointed an inspector who, on 31 March 2014, submitted a final report that compared the amounts stated by Fibe in its appeal and the supporting documentation, finding the figures to be substantially consistent. Allowing the inspection request submitted by Fibe, the Regional Administrative Court ordered an extension to the inspection performed, asking for the identification of the existence and extent of the amounts requested and documented by the applicants upon reporting, whose investigation was omitted or not fulfilled by the administration.

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

With their appeal notified on 18 May 2009 (RG no. 4189/09), the companies challenged the Prime Minister's Order no. 3748/09 before the Lazio Regional Administrative Court whereby it illegally stated that only waste produced and stored after the date of termination of the service contracts with the companies (15 December 2005) was to be transferred to the Acerra waste-to-energy plant. The appeal was ruled to be inadmissible due to lack of interest as the regulations in the challenged Prime Minister's Order did not have a detrimental effect on Fibe in ruling no. 7285/16.

Payment of the RDF plants

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

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

Environmental disputes

During the various stages of the USW Campania projects, the Group had to deal with a large number of administrative measures regarding reclamation and the implementation of safety measures at some of the landfills, storage areas and RDF plants. The unsuccessfully resolved proceedings are on hold pending the merit hearings. For the proceedings regarding the characterisation and emergency safety measures at the Pontericcio site, the RDF plant in Giugliano and the temporary storage area at Cava Giuliani, the Lazio Regional Administrative Court rejected the appeals filed by Fibe with ruling no. 6033 of 2012. An appeal against this ruling, based also on contamination found at a site different to those subject of the proceedings, was filed with the Council of State. It denied Fibe's precautionary motion to stay the enforcement of the decision. A date for the merits hearing has not been set yet. With respect to the Cava Giuliani landfill, the Lazio Regional Administrative Court, with ruling no. 5831/2012, found that it lacked jurisdiction in favour of the Superior Court of Public Waters, before which the appeal was summed up. Meanwhile, Fibe is continuing with the characterisation operations for the above sites, but this does not constitute any admission of liability whatsoever.

The civil litigation

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

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

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

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

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

The Ministry of Justice and the Cassa Ammende appealed against this decision before the Milan Appeal Court which handed down its ruling no. 580/17 confirming the first level sentence. The Ministry of Justice and Cassa Ammende have appealed to the Supreme Court.

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

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

Finally, the public administration has recently commenced proceedings challenging Fibe's operations with respect to the complex situation of receivables and payables arising from the "contractual phase". Although these are separate from the other proceedings described above, they refer to the same claims filed by Fibe in the administrative courts that the special commissioner is still working on. Accordingly and comforted by the advice of the legal advisors which support it in this complicated situation, the Group believes that Fibe's fully compliant conduct during the "contractual" period can reasonably be confirmed and that the risk of a negative outcome of these proceedings is a mere possibility. Specifically, the Group's legal advisors believes that the public administration's claims can reasonably be countered considering the counterclaims and, moreover, the admissibility in these proceedings of a court-ordered offsetting process.

Lastly, pending proceedings include a lawsuit in opposition to a payment order obtained by FS Logistica (formerly Ecolog) against the Office of the Prime Minister for the payment of consideration owed for assignments it received from 2001 to 2008 by the then government commissioner for shipment of waste outside Italy. The claim made through a summary procedure was brought against the Office of the Prime Minister, which, in turn, summoned Fibe as a guarantee, that, in turn, filed a counterclaim for the payment of the greater expenses incurred during the concession. The judge allowed a court-ordered technical expert's report only with regard to the claims of FS Logistica from the Office of the Prime Minister and covered by the order, adjourning the hearing to 31 March 2016. The parties then filed a settlement agreement and requested an extension to complete the procedure. The hearing has been deferred to acknowledge the settlement agreement and define the relationship between FS Logistica and the Office of the Prime Minister, while actions to hear the claims of Fibe and the Office of the Prime Minister will be continued.

Tax litigation

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

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

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

Criminal litigation

In September 2006, the public prosecutor at the Naples Court served Impregilo S.p.A. (now Salini Impregilo), Impregilo International Infrastructures N.V., Fibe S.p.A., Fibe Campania S.p.A., Fisia Italimpiant S.p.A. (now Fisia Ambiente S.p.A.) and Gestione Napoli S.p.A. in liquidation with a "Notice of the conclusion of the preliminary investigations about the administrative liability of companies" related to the alleged administrative crime pursuant to article 24 of Legislative decree no. 231/2001, as part of criminal proceedings against some former directors and employees of the above-mentioned companies, who were being investigated for the crimes covered by article 640.1/2.1, of the Criminal Code in connection with the contracts for management of the urban solid waste disposal cycle in Campania. Following the preliminary hearing of 29 February 2008, the Preliminary Investigations Judge at the Naples Court allowed the motions for indictment presented by the public prosecutor, rejecting all the civil parties' claims against the companies finding them to be unacceptable.

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

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

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In 2008, as part of a new investigation into waste disposal in the Campania region carried out after the ope legis termination of the contracts (on 15 December 2005), the Preliminary Investigations Judge, upon a request by the public prosecutor, issued personal preventive seizure measures against some managers and employees of Fibe, Fibe Campania and Fisia Ambiente and managers of the commissioner's office. As part of this investigation, which in the record is described both as a continuation of an earlier investigation and as separate proceedings based on new charges, the former service providers and Fisia Ambiente are again charged with the administrative liability attributable to companies pursuant to Legislative decree no. 231/01.

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

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

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

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

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

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

As it relates to events challenged in the period after the contracts were terminated, when the companies' activities were not solely specifically covered by Law no. 21/2006 but also carried out on behalf of the commissioner, the group companies involved are fully convinced that they acted in accordance with the law.

The directors' considerations about the USW Campania projects at 30 June 2017

The general situation of the Salini Impregilo Group with respect to the USW Campania projects at 30 June 2017 still continues to be extremely complex and uncertain (as can be seen from the complexity of the above information).

The decisions of the administrative courts regarding the claims made for the costs of the RDF plants that had not been depreciated when the service contracts were terminated (15 December 2005) and the decisions recently handed down for proceedings initiated by S.A.P. NA. S.p.A., as discussed earlier in this report, are positive and extremely important factors because they support the Group's arguments regarding the correctness of its conduct and the resulting assessments made to date.

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

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

Panama Canal extension project

With regard to this project, certain critical issues arose during the first stage of full-scale production which, due to their specific characteristics and the materiality of the work to which they relate, made it necessary to significantly negatively revise the estimates on which the early phases of the project had been based. The most critical issues related, inter alia, to the geological characteristics of the excavation areas, specifically with respect to the raw materials required to produce concrete and the processing of such raw materials during normal production activities. Additional problems arose due to the adoption by the client of operational and management procedures substantially different from those contractually agreed, specifically with regard to the processes for the approval of technical and design solutions suggested by the contractor. These facts, which were the subject of specific disclosures in previous reports published by the Group, continued in 2013 and 2014. Faced with the client’s persistent unwillingness to reasonably implement appropriate, contractually provided for measures to manage such disputes, the contractor - and thus the original contractor partners - was forced to acknowledge the resulting impossibility to continue the construction activities needed to complete the project at its full and exclusive risk by undertaking the relevant full financial burden without any guarantee of the commencement of objective negotiations with the counterparty. In this context, at the end of 2013, formal notice was sent to the client to inform it of the intention to immediately suspend work if the client refused once again to address this dispute in accordance with a contractual approach based on good faith and the willingness of all parties to reach a reasonable agreement.

Negotiations between the parties, supported by the respective consultants and legal/contract experts, were carried out through February 2014 and, on 13 March 2014, an agreement was signed. The essential elements of the agreement provided that the contractor would resume works and functionally complete them by 31 December 2015, while the client and contracting companies agreed to provide financial support for the works to be finished up to a maximum of about USD1.4 billion. The client met its obligation by granting a moratorium on the refunding of already disbursed contractual advances totalling about USD800 million and disbursing additional advances amounting to USD100 million. The group of contractor companies met their obligation by directly disbursing USD100 million and additional financial resources, through the conversion into cash of existing contractual guarantees totalling USD400 million.

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

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

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

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

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

B - Pending arbitration

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

The first relates to the Cofferdam dispute and is at an advanced stage with the award expected to be published shortly.

The second hearing covers DAB's decisions about the claims about the inadequate quality of the basalt compared to the quality guaranteed by ACP and the lengthy delays caused by ACP to approve the design formula for the concrete mix. After the initial stage which ended in favour of GUPC and an award confirming the arbitration tribunal competence to rule on the damages incurred by the individual members of the consortium, the merits hearing has commenced. In June 2016, GUPC and its partners filed their brief as part of the first of the two exchanges of briefs.

The third hearing relates to the extra costs incurred by the GUPC due to certain unjustified conditions imposed by ACP for the design of the lock gates and other claims about labour costs.

The fourth hearing involves sundry claims mentioned in the completion certification. Both of these hearings, commenced on 8 December 2016, are still at an initial stage (only the original process has been filed). The arbitration tribunals have not yet been constituted and no information is available at present about the hearing dates.

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

As the outcome of this recently-commenced arbitration hearing is uncertain, the Group cannot yet make any concrete assessments about it.

Already in previous years, the Group applied a valuation approach to the project on the basis of which significant losses to complete the contract were recognised, offset in part by the corresponding recognition of the additional consideration claimed from the client and determined based on the expectation that recognition of such consideration could be reasonably deemed to be highly probable based on the opinions expressed by its legal counsel and in light of the damages awarded by the DAB.

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

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

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

Copenhagen Cityringen

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

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

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

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

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

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

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

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

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

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

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

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

COCIV

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

The COCIV Consortium appeared in court and a date of 24 May 2018 has been set for clarification of the conclusions. The consortium, represented by its legal advisors, is confident that the arbitration award will be confirmed by the ruling.

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

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

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

- replacement of the individuals involved in the proceedings and withdrawal of their proxies;
- dismissal or suspension of these employees;
- ban on their access to work premises or corporate e-email or any document archives;
- lapse of all the contracts that showed their reprehensible conduct as per the remand orders;
- cancellation of ongoing tenders and an awarded tender to call them again after a clear-cut break with the past;
- termination of the contract with the works management service provider and temporary appointment, with the consent of RFI S.p.A., of two experts to perform this service, while communicating its willingness to transfer this duty (currently carried out by the consortium as per the contract) to the client, as per its request; as the result of the agreement entered into with RFI S.p.A. on 2 May 2017, it appointed ITALFERR as the works manager;
- on 19 January 2017, appointment by RFI S.p.A., upon COCIV's request, of an person identified by it to participate in the tender boards for the work that COCIV should assign under EU procedures.

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

On 31 January 2017, the Rome public prosecutor notified the completion of the preliminary investigations of the individuals involved in the alleged crimes of criminal organisation, as well as COCIV and Reggio Calabria - Scilla S.C.p.A. for the administrative offence as per articles 5 and 25 of Legislative decree no. 231/01. The preliminary hearing has been held, after which all the individuals have been ordered to appear in the hearing of 7 July 2017 before the Rome Court (moved to 26 September 2017).

The consortium deems that the crimes allegedly committed by its personnel (should they be found guilty by the court) were to its detriment and were essentially committed in their own interests (and, hence, not in the consortium's interest) by fraudulently circumventing the rules in place to control its activities. Moreover, these alleged offences would not have required RFI S.p.A. to pay a larger or undue amount or create economic benefits for the consortium but rather would have required it to pay higher costs. The consortium's new structure (senior management and operating personnel) is committed to ensuring that the works can continue while concurrently dealing with the social and employment issues arising from the discontinuity measures that the consortium has had to put in place vis-à-vis the third party companies involved in the legal proceedings.

The consortium has carefully checked the quality of the materials works previously carried out although this is not an issue raised by the public prosecutors. Its results are wholly in line with the findings of the expert appointed by the Genoa court which both found the full compliance of the materials used by the consortium with the quality levels specified in the contracts and relevant legislation.

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

The directors deem that the above measure does not affect the valuations made since 1 January 2014 about the existence of control as defined by IFRS 10, supported by the opinion of an external consultant.

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

Strait of Messina bridge - Eurolink

In March 2006, as lead contractor of the joint venture created for this project (interest of 45%) (subsequently merged into the SPE Eurolink S.C.p.A.), Impregilo S.p.A. (now Salini Impregilo S.p.A.) signed a contract with Stretto di Messina S.p.A. for its engagement as general contractor for the final and executive designs and construction of the 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 client was also given performance bonds of €239 million, as provided for in the contract. Reduction of the credit line to €20 million was approved in 2010.

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

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

Considering the complex nature of the various legal proceedings and although the legal advisors assisting Salini Impregilo and the general contractor are reasonably confident about the outcome of the proceedings and the recoverability of the remaining assets (mainly contract work in progress) recognised for this contract, it cannot be excluded that events not currently foreseeable may arise in the future which would require the current assessments to be revised.

Romania - Orastie-Sibiu highway

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

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

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

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

The directors (also based on the advice of their legal and technical experts), believe that the parent's operations were correct and that the amounts recognised as contract work in progress and loans and receivables at 30 June 2017, inclusive of requests for additional consideration also part of the claim, can be collected.

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

Rome Metro

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

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

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

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

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

The directors (also supported by their legal and technical experts) deem that the amounts recognised in contract work in progress at 30 June 2017, inclusive of the additional consideration claimed from the client and calculated based on the expectation that recognition of such consideration could be deemed to be reasonably certain also on the basis of the aforementioned expert opinions, are collectible.

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

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

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

In June 2011, the Florence public prosecutor, at the end of an investigation launched in 2005, charged some employees/senior managers of Todini Costruzioni Generali S.p.A. with environmental crimes allegedly related to the construction of the new route across the Apennines.

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

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

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

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

The investigation phase began in January 2014 and is still ongoing. At the hearing of 9 May 2016, HCE Costruzioni S.p.A. appeared in court as the transferee of Todini Costruzioni Generali S.p.A.'s Italia business unit, which includes the contested contract and related proceedings.

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

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

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

Sesto San Giovanni building

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

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

Ente Acque Umbre Toscane (Imprepar)

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

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

As part of a prior technical assessment resulting from a third-party complaint claiming damages of a minor amount (around €80,000), the judge ordered a technical appraisal by a court-appointed expert to determine the causes of the dam's subsidence. The court-ordered technical expert's report filed in June 2015 ascribes the cause of subsidence to various concurrent factors with different negligence percentages, and, specifically: design deficiencies 20%, execution deficiencies 60%, control deficiencies 20%. Imprepar challenged this report.

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

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

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

On 10 May 2017, the Supreme Court handed down its ruling no. 11446/17 which (i) rejected Confermi's main appeal and (ii) accepted the first and second part of FNME's counter appeal (damage to its reputation and return by Confermi of the amounts collected as part of the review of all the contractual prices - increase of 25% - allocated by Confemi by the judges who heard the merits case). The Supreme Court also dismissed the

Milan Appeal Court's ruling for the accepted reasons and deferred judgement about payment of the amounts of point (ii) to the same Appeal Court.

On 24 October 2014, FNME commenced a new proceeding at the Milan Court for the alleged joint liability of the consortium members together with Confemi. The Group's interest in the consortium had been obtained as a result of the parent's acquisition of the business unit related to the contract from Lodigiani S.p.A. (which also included the voided contract). Impregilo transferred its interest in Confemi to Imprepar in 2001 as part of the contribution of a business unit. Both Salini Impregilo and Imprepar have been summonsed by FNME.

Consorzio C.A.V.E.T. - Florence Appeal Court

With regard to the criminal proceedings commenced against the C.A.V.E.T. Consortium and certain individuals, including some former managers of the consortium, the appellate proceedings ended with a decision handed down on 27 June 2011, which reversed in full the lower court's decision, thus reversing the convictions handed down by the lower court and finding both the consortium and the indicted individuals not guilty of any of the charges. The public prosecutor of the Florence Court appealed this decision before the Supreme Court, which, on 18 March 2013, set aside in part the decision of the Florence Appeal Court ordering that the case be returned to such Appeal Court. The reinstated proceedings before the Court got underway on 30 January 2014 and, on 21 March 2014, the Appeal Court handed down a decision by which it rejected most of the charges levied by the public prosecutor, but upheld them in some important cases. The decision of the Florence Appeal Court was appealed by all defendants and by C.A.V.E.T, in its capacity as a party liable under civil law, and the relevant appeals were filed before the Supreme Court in September 2014.

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

The Ministry of the Environment has summarised the proceedings before the Florence Appeal Court, requesting that the existence of the environmental damage be recognised and that CAVET and some of the individuals already indicted in the criminal proceedings be ordered to adopt the remediation measures that have not yet been identified. The first hearing date has been set for 7 March 2018.

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

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

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

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

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

While aware of the strategic significance of the project for the purpose of completing the Naples ring railway system, the client was unable to honour its commitments due to the financial difficulties that characterised the budget of the Campania region, which, ultimately, created a shortage of financial resources at its subsidiary Metrocampania Nordest S.r.l., making disbursement of the consideration owed extremely difficult.

In light of this situation, the Ministry of Infrastructure and Transport, in accordance with the provisions of Decree law no. 83 of 22 June 2012 (converted into Law no. 134 of 7 August 2012), appointed a special commissioner tasked with determining the amounts of the payables and receivables of the companies that operate the regional railway services, with the aim of developing a plan to cover the assessed deficit.

At this point, the appointed commissioner has apparently completed their task regarding the investigative and planning phase and are now expected to announce their subsequent decisions.

Considering that, in order to allow the commissioner to carry out their activities, the above-mentioned Decree law specified that no payment enforcement actions may be activated or pursued against the companies owned by the regional administration that operate railway transportation services for 12 months from the effective date of the above-mentioned Decree law no. 83 (a deadline that has been extended several times and recently confirmed until 31 December 2016 by article 41.5 of Decree law no. 133/2014), Todini Costruzioni Generali S.p.A., subsequently replaced by HCE Costruzioni S.p.A., has nevertheless taken all actions that it deemed necessary to obtain satisfaction of its rights, while maintaining a non-confrontational relationship with its client, which still considers completion of the railway segment in question a priority for the effective operation of the metro railway loop.

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

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

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

Negotiations commenced to finalise the dispute about the Piscinolo - Secondigliano section led to the signing of a settlement agreement on 20 February 2017, covering:

- payment of €18,093,692.62 as accrued unpaid consideration and to settle the reserves recorded in the accounting books, which Ente Autonomo Volturno will pay in two instalments in March and June 2017.
- recommencement of part of the works after payment of the first instalment and commencement of the other works in December 2017;
- completion of the works by March 2019.

Negotiations to settle the dispute about the Secondigliano - Di Vittorio dispute have been finalised with the signing of a settlement agreement on 29 June 2017, covering:

- payment of €2,500,000.00 as a final settlement of any claims made by the joint venture for the delayed receipt of its profits and damages due to the contract’s irregular performance by 20 October 2017;
- recommencement of the works, which never really started, and their completion within 30 months.

Country risk

Libya

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

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

Impregilo Lidco won important contracts for the construction of:

- infrastructural works in Tripoli and Misuratah;
- university campuses in Misuratah, Tarhunah and Zliten;
- a new Conference Hall in Tripoli.

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

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

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

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

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

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

The subsidiary's legal advisors agree with this approach as can be seen in their reports.

No significant risks are deemed to exist for the recovery of the net assets attributable to the subsidiary, thanks in part to actions and claims filed against the clients.

This country's situation continues to be complex and highly critical, which does not allow the Group to make reliable forecasts about whether operations can be resumed in the short term.

Salini Impregilo will continue to guarantee the subsidiary's business continuity. However, it cannot be excluded that events which cannot currently be foreseen may take place after the date of preparation of this report that require changes to the assessments made to date.

Venezuela

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

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

With respect to the railway works and especially the P. Cabello - La Encrucijada project, the last significant considerations in hard currency collected were in January 2015. No large collections in either the local or foreign currency have taken place since then. In December 2016, the client issued a debt certification showing its liabilities with the railway consortia (including Caracas-Cua), confirming its interest in continuing the works.

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

Work on the Puerto Cabello project continued slowly during the period, given the collection difficulties and the country's continuously deteriorating situation. The two Guarico projects (San Juan de los Morros and Chaguaramas) had already officially been suspended on a temporary basis.

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

In October 2015, the dam's reservoir was filled to the planned level in line with schedules.

Despite the commitments taken on by the parties with the aforementioned addendum, works slowed down starting from the start of 2016 as a result of delays in the latest payments (about USD80 million and VEF1.2 billion scheduled for the last quarter of 2015) and non-compliance by the client with the agreements.

As agreed with the client, the works will be rescheduled so as to allow turbines 1 and 2 to be operational by the end of 2017. This will be covered by a new contractual addendum.

In addition to that set out above, Venezuela's central bank introduced the new exchange agreement no. 38 on 19 May 2017, with a new floating market exchange rate (DICOM), eliminating the previous rate. This new exchange rate has led to the local currency's depreciation by over 350%.

There has been a concurrent increase in inflation with forecasts hovering around an annual 1,000%, leading to a drop in consumption and a large loss in purchasing power. The continued social-economic-political uncertainty and oil price levels are having a dramatic influence on the country's entire production system.

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

However, in view of the delicate and complex uncertain situation that has developed at political level it cannot be excluded that events which cannot currently be foreseen may take place after the date of preparation of this report that require changes to the assessments made to date.

Nigeria

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

Nigeria's construction sector, like its other production sectors, is stagnant. The unemployment rate continues to rise, as do the widespread discontent and crime. The local currency prices of imported goods have increased significantly due to the central bank's official depreciation of the Naira in July 2016 with the resulting Naira/Euro exchange rate moving from about 220 to about 340.

There was a slight improvement in the first six months of 2017 with visible interest in continuing the production activities for projects deemed essential by the federal government.

In view of the present critical political and economic situation, it cannot be excluded that events which cannot currently be foreseen may take place after the date of preparation of this report that require changes to the assessments made to date.

Turkey

Despite internal political tension and the serious public order situations in certain areas which culminated with the coup d'état foiled in July 2016, Turkey showed its considerable ability to deal with the critical external and internal issues during the period. With respect to the Cetin contract, for which a dispute with the client and its parent Statkraft had been commenced, leading to legal action being taken by the joint venture and the Group in Italy, France and Norway in the period from March 2016 to June 2017, a settlement agreement was signed in June 2017. This had already been enforced in part and entailed the joint termination of the contract as well as the parties' waiver of any claims for damage and payment of €33.5 million by the client to the joint venture. In addition, Salini Impregilo will receive reimbursement of the amounts it paid when the performance bond was enforced in March 2017. The work site is currently being dismantled.

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

Ukraine

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

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

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

In addition, the parent’s sale of Todini Costruzioni Generali (which had been awarded both contracts in this country) made intensive communication with the client necessary to clarify the Group’s position and guarantee continuity in the Capital Repair M03 Kiyv-Kharkiv-Dovzhanskiy project. Moreover, Ukravtodor has not accepted the company’s position and communicated its intention to terminate the contract in August 2016. The Group defended its position following the contractually-specified procedure. In December 2016, the dispute arbitration board, appointed to rule on the termination, confirmed its illegality. The Group took all necessary steps to reach an agreement with Ukravtodor to recommence the contract activities, although the client has rejected its overtures and has not acknowledged that ordered by the dispute arbitration board. It has refused to come to an agreement with the Group. On 7 March 2017, Salini Impregilo thus communicated the termination as contractually provided for and the dispute is currently before the Paris International Court of Arbitration.

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

In view of the present critical situation, it cannot be excluded that events which cannot currently be foreseen may take place after the date of preparation of this report that require changes to the assessments made to date.

Human resources and organisation

At 30 June 2017, the group's workforce was as follows:

Total workforce by category	30 June 2017	31 December 2016
Managers	374	362
White collars	7,682	7,270
Blue collars	26,971	26,808
Total	**35,027**	**34,440**

Organisation

The Group strengthened its organisational model during the period by introducing solutions designed to optimise processes and respond to business requirements in an increasingly efficient and prompt manner.

Accordingly, it reorganised the corporate technical department, by strengthening the responsibility lines for the technical engineering and management services. This reorganisation aims to achieve an integrated process management model, which will provide a greater technical contribution starting from the selection of the commercial opportunities to be investigated right through to development of the bids and construction of the works.

The alignment of the other corporate departments with the new organisational model continued, with the roll out of reorganisation projects, staff structures and business lines, assisted by the hiring of new personnel on the market.

The Group also developed its procedure system and tested and updated it to comply with the new organisation and changes in the reference legislation.

As part of the process digitalisation projects, the Group adopted an employee standard identification system for more efficient HR management purposes. It also launched and adopted a travel management platform to integrate the various stages of business trips into one operating procedure, including from when the request is made, the booking made and presentation of the expense sheet.

Attraction and development of talent

The employer branding and talent attraction plan in the most important Italian and international universities was continued during the period. The Group successfully organised and carried out 13 different projects involving university students and the business world, including three at international level, designed to select talented graduates, provide professional counselling and tutoring about construction sector career opportunities. They are organised through strategic agreements with the major Italian and international universities and by leveraging engagement initiatives such as career days, recruiting days, themed workshops in university facilities, presentations and visits to construction sites as well as communications via digital and social media, university websites and the main on-line job boards, which facilitate direct, ongoing dialogue with potential candidates.

Master in International Construction Management

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

The Master course, held entirely in English, is attended by 15 Italian (73%) and international (27%) new graduates with degrees in civil engineering, construction systems, building architecture and environmental building, providing unique theoretical and practical training. The course has two sections: the first of which includes classroom lessons, workshops, project works and site visits, with more than 300 hours of lessons provided by Salini Impregilo professionals. The second section consists of on-the-job training where the students perform internships under the guidance of company tutors after which they are required to write their master theses.

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

The first masters course ended in May 2017 with the presentation of their theses by the students. They received more than 2,000 hours of education, demonstrating the Group’s investment in training professionals in the construction sector.

Salini Impregilo amongst Best Employers of Choice 2017

In 2016, Salini Impregilo entered the “Top 20” of the “Best Employer of Choice” list (the list of the most desirable employers in Italy for new graduates that Cesop Communication has compiled since 2002) and won the “Best New Entry 2016” award, with an overall ranking of 11 and as the only construction sector company.

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

Remuneration policies and Performance management

“Performance Management” programme

The assessment stage for the 2016 performance management programme took place during the period for a small group of the Group’s key employees. It will take place again during the year.

Short-term incentive plan for key management personnel

Like in previous years, the Group continued its short-term incentive plan for key management personnel in 2017. As set out in the 2016 remuneration report, the plan provides for a bonus if annual objectives set at group, business unit and individual level are met.

Labour relations

Office integration project

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

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

This agreement allows the parent, up until 31 October 2017, to encourage employees to terminate their employment relationship on a voluntary basis.

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

CO.GE.MA. S.p.A

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

Events after the reporting period

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

USD580 million contract for a tunnel in Washington D.C.

On 7 July 2017, Salini Impregilo and Lane Construction Corporation won a USD580 million contract to construct the Northeast Boundary Tunnel (NEBT) in Washington D.C. from the District of Columbia Water and Sewer Authority (DC Water). The NEBT is the biggest component of DC Water's Clean Rivers Project. The project will also include the construction of ventilation control facilities, storm water inlets and green infrastructure. Once it is connected to the other Clean Rivers Project tunnels, the NEBT will help reduce combined sewer overflows to the Anacostia River by 98% and the chance of flooding in the areas it serves from about 50% to 7% in any given year.

USD232 million contract to replace the Unionport Bridge in Bronx County, New York

On 12 July 2017, Lane Construction Corporation won a contract worth USD232 million to replace the Unionport Bridge in Bronx County in New York.

The contract, the first to be won by Lane in the New York City area, comprises the replacement of the moveable "bascule" bridge that allows the Bruckner Expressway to cross Westchester Creek. The new bridge will be constructed in 10 stages.

Lane will perform the contract as a joint venture with Schiavone Construction Company.

Sale of Impregilo Parking Glasgow Ltd and Impregilo Wolverhampton Ltd

On 14 July 2017, Impregilo International Infrastructures N.V. finalised its sale of Impregilo Parking Glasgow Ltd and Impregilo Wolverhampton Ltd to the English company Semperian (Glasgow) Limited for roughly €12 million. The transaction entailed the sale of shares and settlement of other items. Its effects will be seen in the second half of 2017 with the recognition of a gain of roughly €6 million in the statement of profit or loss and an increase of about €23 million in the net financial position.

Outlook

The ongoing growth trend continued during the first six months of 2017 even though the Group's markets are affected by numerous macroeconomic and political uncertainties, as described earlier in this Report.

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

The Group's large order backlog and the encouraging expectations about growth in the infrastructure market, especially in the US, where Salini Impregilo has strengthened its base through Lane, ensure continuation of the Group's progress as defined in its 2016-2019 strategic plan.

Alternative performance indicators

As required by Consob communication no. 0092543 of 3 December 2015, details of the performance indicators used in this Report and in the Group's institutional communications are given below.

Financial ratios:

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

Performance indicators:

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

   This can also be shown as the ratio of gross operating profit (EBITDA) to total revenue.
2. **Operating profit**: the operating profit given in the statement of profit or loss, being the sum of total revenue and total costs.

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

Given the Group's optimisation of its geographical and commercial positioning, which led to its repositioning on the international market, and considering that other sector operators use a calculation method for gross operating profit different to that used previously by the Group, in order to facilitate a comparison with the figures of its key competitors, including on new markets, the Group decided to change the composition of this indicator to exclude provisions and impairment losses as, in some cases, they have a non-recurring nature. The Group deems that this new calculation method assists an understanding and the comparability of its performance indicators.

Adjusted statement of profit or loss and net financial indebtedness

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

Other information

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

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

Research and development

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

Repurchase of treasury shares

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

Related parties

Reference should be made to note 36 to the condensed interim consolidated financial statements at 30 June 2017 for a description of related party transactions.

On behalf of the board of directors

Chairperson

(signed on the original)

Condensed interim consolidated financial statements as at and for the six months ended 30 June 2017

Condensed interim consolidated financial statements
Statement of financial position

ASSETS (€'000)	Note	30 June 2017	of which: related parties	31 December 2016	of which: related parties
Non-current assets					
Property, plant and equipment	5	754,973		803,039	
Intangible assets	6	137,707		168,763	
Goodwill	7	162,574		175,188	
Equity investments	8	210,900		201,468	
Derivatives and non-current financial assets	9	122,958	18,472	62,614	19,005
Deferred tax assets	10	66,394		121,925	
Total non-current assets		**1,455,506**		**1,532,997**	
Current assets					
Inventories	11	253,146		270,579	
Contract work in progress	12	2,578,421		2,367,263	
Trade receivables	13	2,404,316	161,990	2,359,273	155,629
Derivatives and other current financial assets	14	234,433	166,741	323,393	178,392
Current tax assets	15	133,269		135,987	
Other current tax assets	15	141,971		146,503	
Other current assets	16	659,976	38,787	591,271	35,623
Cash and cash equivalents	17	1,331,602		1,602,721	
Total current assets		**7,737,134**		**7,796,990**	
Non-current assets held for sale and discontinued operations	18	29,736		6,032	
Total assets		**9,222,376**		**9,336,019**	

EQUITY AND LIABILITIES	Note	30 June 2017	of which: related parties	31 December 2016	of which: related parties
(€'000)					
Equity					
Share capital		544,740		544,740	
Share premium reserve		120,798		120,798	
Other reserves		99,195		96,052	
Other comprehensive income (expense)		(23,675)		47,088	
Retained earnings		368,625		336,406	
Profit for the period/year		16,640		59,921	
Equity attributable to the owners of the parent		**1,126,323**		**1,205,005**	
Non-controlling interests		149,103		156,326	
Total equity	19	**1,275,426**		**1,361,331**	
Non-current liabilities					
Bank and other loans and borrowings	20	829,699		866,362	
Bonds	21	870,097		868,115	
Finance lease liabilities	22	98,700		119,742	
Non-current derivatives	23	-		4,429	
Post-employment benefits and employee benefits	24	93,380		91,930	
Deferred tax liabilities	10	36,329		108,493	
Provisions for risks	25	100,472		105,765	
Total non-current liabilities		**2,028,677**		**2,164,836**	
Current liabilities					
Current portion of bank loans and borrowings and current account facilities	20	597,117	13,010	398,589	13,707
Current portion of bonds	21	16,185		18,931	
Current portion of finance lease liabilities	22	53,075		55,281	
Derivatives and other current financial liabilities	23	2,843		2,751	
Progress payments and advances on contract work in progress	26	2,526,150		2,455,632	
Trade payables	27	2,245,385	130,126	2,344,773	111,162
Current tax liabilities	28	85,728		109,991	
Other current tax liabilities	28	44,721		67,589	
Other current liabilities	29	326,598	14,548	356,315	13,747
Total current liabilities		**5,897,802**		**5,809,852**	
Liabilities directly associated with non-current assets held for sale and discontinued operations	18	20,471		-	
Total equity and liabilities		**9,222,376**		**9,336,019**	

Statement of profit or loss

(€'000)	Note	1st half 2017	of which: related parties	1st half 2016 (*)	of which: related parties
Revenue					
Revenue	31	2,857,126	123,537	2,562,580	102,406
Other income	31	73,165	4,402	70,941	7,737
Total revenue		**2,930,291**		**2,633,521**	
Costs					
Purchases	32.1	(544,348)		(515,771)	(17)
Subcontracts	32.2	(756,077)	(384)	(645,470)	(986)
Services	32.3	(764,590)	(128,678)	(740,283)	(97,635)
Personnel expenses	32.4	(500,144)		(420,423)	
Other operating expenses	32.5	(88,656)	(11)	(73,148)	(834)
Amortisation, depreciation, provisions and impairment losses	32.6	(146,915)	(114)	(126,667)	
Total costs		**(2,800,730)**		**(2,521,762)**	
Operating profit		**129,561**		**111,759**	
Financing income (costs) and gains (losses) on equity investments					
Financial income	33.1	35,984	5,284	21,883	3,782
Financial expense	33.2	(72,874)	(141)	(68,983)	(117)
Net exchange gains (losses)	33.3	(48,887)		2,145	
Net financing costs		(85,777)		(44,955)	
Net gains on equity investments	34	9,611		7,412	
Net financing costs and net gains on equity investments		**(76,166)**		**(37,543)**	
Profit before tax		**53,395**		**74,216**	
Income tax expense	35	(20,824)		(31,769)	
Profit from continuing operations		**32,571**		**42,447**	
Loss from discontinued operations	18	(1,280)		(13,197)	
Profit for the period		**31,291**		**29,250**	
Profit for the period attributable to:					
Owners of the parent		16,640		11,224	
Non-controlling interests		14,651		18,026	

(*) The statement of profit or loss for the first half of 2016 was restated to comply with IFRS 5 after redefinition of the HCE business units.

Statement of comprehensive income

(€'000)	Note	1st half 2017	1st half 2016 (*)
Profit for the period (a)		**31,291**	**29,250**
Items that may be subsequently reclassified to profit or loss, net of the tax effect:			
Exchange losses on the translation of foreign companies' financial statements	19	(66,291)	(6,806)
Net gains on cash flow hedges, net of the tax effect	19	1,406	6,695
Other comprehensive expense related to equity-accounted investees	19	(7,311)	(440)
Items that may not be subsequently reclassified to profit or loss, net of the tax effect:			
Net actuarial gains (losses) on defined benefit plans	19	(1,142)	6,974
Other comprehensive income (expense) (b)		**(73,338)**	**6,423**
Comprehensive income (expense) (a) + (b)		**(42,047)**	**35,673**
Comprehensive income (expense) attributable to:			
Owners of the parent		(54,123)	18,289
Non-controlling interests		12,076	17,383

Earnings per share			
From continuing and discontinued operations	37		
Basic		0.04	0.05
Diluted		0.03	0.02
From continuing operations	37		
Basic		0.04	0.05
Diluted		0.03	0.02

(*) The statement of comprehensive income for the first half of 2016 was restated to comply with IFRS 5 after redefinition of the HCE business units.

Statement of cash flows

(€'000)	Note	1st half 2017	1st half 2016 (*)
Cash and cash equivalents	17	1,602,721	1,410,774
Current account facilities	20	(51,297)	(115,615)
Total opening cash and cash equivalents		**1,551,425**	**1,295,160**
Operating activities			
Profit from continuing operations		32,571	42,446
Amortisation of intangible assets	32	14,791	15,523
Depreciation of property, plant and equipment	32	98,065	108,053
Net impairment losses and provisions	32	34,059	3,090
Accrual for post-employment benefits and employee benefits	24	9,847	7,211
Net losses on the sale of assets		(742)	(6,353)
Deferred taxes	35	(10,461)	(1,192)
Share of loss of equity-accounted investees	34	(4,623)	(7,208)
Income taxes	35	31,285	32,961
Net financing costs		48,039	37,797
Other non-monetary items		3,168	15,242
Cash flows generated by operating activities		**255,999**	**247,571**
Increase in inventories and contract work in progress		(193,867)	(342,997)
Increase in trade receivables	13	(64,418)	(352,907)
(Decrease) increase in progress payments and advances on contract work	26	75,309	(54,978)
(Decrease) increase in trade payables	27	(72,145)	320,857
Increase in other assets/liabilities		(98,290)	(62,141)
Total changes in working capital		**(353,411)**	**(492,167)**
Increase in other items not included in working capital		(70,691)	(55,526)
Interest expense paid		(41,656)	(28,256)
Income taxes		(24,319)	(27,671)
Cash flows used in operating activities		**(234,077)**	**(356,049)**
Investing activities			
Net investments in intangible assets	6	(889)	(3,405)
Investments in property, plant and equipment	5	(122,909)	(137,278)
Proceeds from the sale or reimbursement value of property, plant and		42,566	39,853
Investments in non-current financial assets and capital transactions	8	(28,781)	(17,354)
Dividends and capital repayments from equity-accounted investees	8	12,746	15,926
Proceeds from the sale or reimbursement value of non-current financial		86	4,462
Acquisitions and/or sales of subsidiaries and business units net of cash and cash equivalents (**)		-	(374,782)

(€'000)	Note	1st half 2017	1st half 2016 (*)
Cash flows used in investing activities		**(97,181)**	**(472,578)**
Financing activities			
Dividends distributed	19	(49,410)	(24,119)
Capital injection by non-controlling interests in subsidiaries		1,895	56
Increase in bank and other loans	20	988,389	2,043,938
Decrease in bank and other loans	20	(898,246)	(1,384,848)
Change in other financial assets/liabilities		16,419	(27,389)
Cash flows generated by financing activities		**59,048**	**607,638**
Net cash flows from discontinued operations	**19**	**(2,305)**	**10,512**
Net exchange gains (losses) on cash and cash equivalents		**(66,327)**	**1,227**
Decrease in cash and cash equivalents		**(340,844)**	**(209,250)**
Cash and cash equivalents	17	1,331,602	1,176,680
Current account facilities	20	(121,019)	(90,771)
Total closing cash and cash equivalents		**1,210,583**	**1,085,909**

(*) The statement of cash flows for the first half of 2016 was restated to comply with IFRS 5 after redefinition of the HCE business units.

(**) The balance of "Acquisitions and/or sales of subsidiaries and business units net of cash and cash equivalents" for the first half of 2016 was reclassified to Investing activities to facilitate the comparability of the two periods.

Statement of changes in equity

(€'000)		Share capital	Share premium reserve	Legal reserve	Share capital increase related charges	Extraordinary and other reserves	Reserve for treasury shares	LTI reserve	Total other reserves	Translation reserve	Hedging reserve	Actuarial reserve	Total other comprehensive income (expense)	Retained earnings	Profit for the period	Equity attributable to the owners of the parent	Non-controlling interests	Total equity
				Other reserves						Other comprehensive income (expense)								
As at 1 January 2016	**19**	**544,740**	**120,798**	**101,535**	**(3,970)**	**136**	**(7,677)**	**139**	**90,163**	**(11,194)**	**(8,085)**	**(5,273)**	**(24,552)**	**324,259**	**60,592**	**1,116,000**	**100,860**	**1,216,860**
Allocation of profit and reserves	19			1,786					1,786				-	58,805	(60,592)	(1)		(1)
Dividend distribution	19								-				-	(19,982)		(19,982)		(19,982)
Change in consolidation scope	19								-				-			-	9,544	9,544
Stock option	19							2,084	2,084				-			2,084		2,084
Capital increase	19								-				-			-	56	56
Dividend distribution to non-controlling interests	19								-				-			-	(4,136)	(4,136)
Profit for the period	19								-				-		*11,223*	11,223	*18,026*	29,249
Other comprehensive income	*19*								-	*(6,525)*	*6,618*	*6,973*	7,066			7,066	*(643)*	6,423
Comprehensive income	*19*	-	--	--	--	-	-	-	-	*(6,525)*	*6,618*	*6,973*	*7,066*	-	*11,223*	18,289	*17,383*	35,672
As at 30 June 2016	**19**	**544,740**	**120,798**	**103,321**	**(3,970)**	**136**	**(7,677)**	**2,223**	**94,033**	**(17,719)**	**(1,467)**	**1,700**	**(17,486)**	**363,082**	**11,223**	**1,116,390**	**123,707**	**1,240,097**
As at 1 January 2017	**19**	**544,740**	**120,798**	**103,321**	**(3,970)**	**136**	**(7,677)**	**4,242**	**96,052**	**48,530**	**(533)**	**(909)**	**47,088**	**336,406**	**59,921**	**1,205,005**	**156,326**	**1,361,331**
Allocation of profit and reserves	19			3,230					3,230				-	56,691	(59,921)	-		-
Dividend distribution	19								-				-	(26,341)		(26,341)		(26,341)
Change in consolidation scope	19								-				-	1,869		1,869	(1,869)	-
Stock option	19							(87)	(87)				-			(87)		(87)
Capital increase	19								-				-			-	1,895	1,895
Dividend distribution to non-controlling interests	19								-				-			-	(19,325)	(19,325)
Profit for the period	19								-				-		*16,640*	16,640	*14,651*	31,291
Other comprehensive income (expense)	*19*								-	*(71,155)*	*1,535*	*(1,143)*	(70,763)			(70,763)	*(2,575)*	(73,338)
Comprehensive expense	*19*	-	--	--	--	-	-	-	-	*(71,155)*	*1,535*	*(1,143)*	*(70,763)*	-	*16,640*	(54,123)	*12,076*	(42,047)
As at 30 June 2017	**19**	**544,740**	**120,798**	**106,551**	**(3,970)**	**136**	**(7,677)**	**4,155**	**99,195**	**(22,625)**	**1,002**	**(2,052)**	**(23,675)**	**368,625**	**16,640**	**1,126,323**	**149,103**	**1,275,426**

Notes to the condensed interim consolidated financial statements

1. Basis of preparation

Salini Impregilo S.p.A. (the “parent” or “Salini Impregilo”) has its registered office in Italy. These condensed interim consolidated financial statements at 30 June 2017 include the financial statements of the parent and its subsidiaries (the “Group”). The Group, created by the merger of the Salini and Impregilo Groups, is a global player in the large-scale infrastructure sector.

Salini Impregilo Group has prepared its condensed interim consolidated financial statements at 30 June 2017 on a going concern basis and in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), endorsed by the European Union as required by Regulation 1606/2002 issued by the European Parliament and Council, implemented in Italy by Legislative decree no. 38/2005. Specifically, these condensed interim consolidated financial statements have been drawn up pursuant to IAS 34 - Interim financial reporting and should be read in conjunction with the 2016 Annual Report. They do not include all the information required for a full set of IFRS-compliant financial statements although they comprise certain disclosures to present significant events and transactions useful to understand variations in the Group’s financial position and performance of the period.

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

The accounting policies adopted to draw up these condensed interim consolidated financial statements at 30 June 2017 are consistent with those used to prepare the 2016 annual consolidated financial statements, to which reference should be made, except for the changes summarised in note 2.

Seasonality

The results for the period are affected by the seasonality of Lane Group’s activities and, specifically, its Plant & Paving segment, which contributes a significant portion of its revenue. Its activities are limited during the winter and it is the most active in the second half of the year.

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

At the end of the first half of 2014, the Group had to update the estimates for its industrial operations in Venezuela. In line with that already disclosed in previous reports, made available to the public as required by the current legal provisions, the deterioration of the country’s economic conditions, seen since early 2014, were such that it became necessary to review the time and financial parameters according to which the Group’s net assets can be realised in this area. Moreover, in light of the current general framework of the local currency/financial market situation, stemming from the conditions of the above-mentioned local economic system, and consistently with the changes to the currency regulations of the country during 2014, the Group considered it reasonable, inter alia, to adopt, with effect from 30 June 2014, a new reference exchange rate for the translation of both the present values of working capital denominated in the Venezuelan currency and the prospective assets/liabilities over the entire estimated life of the railway contract work in progress. Since then, the Venezuelan monetary authorities have amended the local currency conversion systems on several occasions up until the most recent change approved on 19 May 2017, introducing a complementary floating market exchange rate (DICOM).

Adoption of this exchange rate in 2017 led to a decrease of approximately €2.8 million in the carrying amount of the net assets expressed in local currency. This decrease had been €63.7 million in previous years.

2. Changes in standards

This section lists the standards, amendments and interpretations published by the IASB and endorsed by the European Union but which will become applicable after 30 June 2017:

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

The Group has not adopted the above standards in advance.

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

Standard, amendment or interpretation	Status
IFRS 14 - Regulatory deferral accounts issued in January 2014	The European Commission has decided not to commence the endorsement process of the draft standard until the final document has been issued.
IFRS 16 - Leases, issued in January 2016	Endorsement expected by the end of 2017
IFRS 17 - Insurance contracts, issued in May 2017	Applicable to annual periods beginning on or after 1 January 2021. The endorsement date is not yet known.
Amendments to IAS 12 - Recognition of deferred tax assets for unrealised losses, issued in January 2016	Endorsement expected by the end of 2017
Amendments to IAS 7 - Disclosure initiative, issued in January 2016	Endorsement expected by the end of 2017
Clarifications to IFRS 15: Revenue from contracts with customers, issued in April 2016	Endorsement expected by the end of 2017
Amendments to IFRS 2 - Classification and measurement of share-based payment transactions, issued in June 2016	Endorsement expected by the end of 2017
Amendments to IFRS 4: Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts, issued in	Endorsement expected by the end of 2017

Standard, amendment or interpretation	Status
September 2016	
Annual Improvements to IFRS Standards 2014-2016 Cycle, issued in December 2016	Endorsement expected by the end of 2017
IFRIC 22 - Foreign currency transactions and advance consideration, issued in December 2016	Endorsement expected by the end of 2017
Amendments to IAS 40: Transfers of investment property, issued in December 2016	Endorsement expected by the end of 2017
IFRIC 23 - Uncertainty over income tax treatments, issued in June 2017	Endorsement expected in 2018

Adoption of the above standards will not significantly affect the Group’s consolidated financial statements, except for IFRS 9, IFRS 15 and IFRS 16, for which the Group has commenced a specific adoption project. Brief information thereon is provided below.

The following paragraphs summarise the diagnostic phase of the Group's project for the implementation of the new standards, which it deems best represents the substance of its operations. However, it cannot be excluded that different interpretations may be made in the next few months leading to other conclusions. The effects arising from this diagnostic phase can only be quantified after the new standards have been implemented, as is currently the case, and this quantification will be completed within the timeframe established for the first-time application of the standards.

IFRS 9 - Financial instruments

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

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

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

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

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

IFRS 15 - Revenue from contracts with customers

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

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

- Identify the contract with a customer
- Identify the performance obligations (distinct elements that are part of a single contract but are separated for accounting purposes) in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation

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

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

1. **Identify the contract with a customer**. The concept of a contract matches that of a construction contract. Some ancillary services mainly related to the Group's transactions with its partners of the SPEs set up to perform the contracts are being analysed.
2. **Identify the performance obligations (distinct elements that are part of a single contract but are separated for accounting purposes) in the contract**. The performance obligation is usually the entire project, as provided for in the contract, as the different services are strongly inter-dependent and integrated and are aimed at transferring the project as a whole. Despite this, some services are currently being analysed, especially those provided after the project has been delivered as they could qualify as a separate performance obligation.
3. **Determine the transaction price**. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the infrastructure to the customer. To determine this amount, the Group considers various factors including:
   - variable consideration;
   - significant financing components;
   - consideration payable to a customers; and
   - non-cash consideration.

The Group is currently assessing the variable consideration which, together with that provided for by IFRS 15 about contract modifications, includes the issue of additional consideration. Under IAS 11, the Group recognises additional consideration if it has been substantially approved by the customer or, if not yet approved, when supported by valuations made by external consultants and/or documentation presented by contractual bodies. IFRS 15 provides that revenue recognition is tied to enforceable rights and that it must be highly probable that the revenue shall not be reversed in the future. This "highly probable" requirement strengthens the conditions required for recognition of the additional consideration with possible fallout on the Group's accounting policies which it is currently evaluating.

4. **Allocate the transaction price to the performance obligations**. Based on that set out in point 2, this should not give rise to particularly significant difficulties.

5. **Recognise revenue when (or as) the entity satisfies a performance obligation.** In the Group's case, revenue shall be recognised over time as it satisfies the performance obligations given that:

   - the customer controls the contract work as it is being built; and
   - the construction work creates an asset (infrastructure) for which an alternative use to that for which it is being constructed does not exist and the Group has the right to collect the consideration for the services over the contract term.

   The Group currently recognises revenue in accordance with IAS 11 using the percentage of completion approach and the cost-to-cost method. It does not believe this method needs to be changed following introduction of IFRS 15 as it is one of the input-based methods envisaged by the new standard. The Group currently deems that this is the most appropriate method as it best reflects the transfer of control of the contract work in progress to the customer.

The Group is analysing the effects of the new provisions about contract costs introduced by IFRS 15 with respect to the costs incurred to obtain the contract and the costs to fulfil the contract, which shall be recognised as an asset, when the standard's conditions are met, and amortised on a systematic basis over the contract term.

IFRS 15 is applicable to annual periods beginning on or after 1 January 2018 and it will not be adopted early.The original version of the standard was approved in September 2016 while some amendments published in the same year should be endorsed by the EU in 2017.

IFRS 16 - Leases

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

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

IFRS 16 is applicable to annual periods beginning on or after 1 January 2019. Early application is permitted if IFRS 15 has also been applied, but the Group does not currently plan to avail of this option. Endorsement by the EU is expected in 2017.

3. Business combinations

The 12-month period allowed by (revised) IFRS 3 for completion of the PPA procedure for the acquisitions of Lane Industries Incorporated and Asphalt Roads and Material Company Inc. (Virginia Beach) ended during the reporting period.

Reference should be made to the 2016 Annual Report for information about this procedure.

Other changes in the consolidation scope

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

4. Segment reporting

Impregilo Group’s combination with Salini Group has meant, inter alia, both the concentration of the Group’s industrial operations in its core business of the construction of complex large-scale infrastructure and the gradual disposal of assets no longer deemed strategic as well as a comprehensive review of the Group’s organisation and business processes.

As a result, segment reporting is presented according to macro geographical regions, based on the management review approach adopted by senior management, for the three geographical segments: “‘Italy”, “Abroad” and “Lane Group” (following acquisition of Lane Group on 4 January 2016).

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

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

These costs amounted to €75.9 million in the period compared to €58.7 million for the corresponding period of the previous year.

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

It measures their equity structure using their net invested capital.

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

Statement of profit or loss by geographical segment
1st half 2017

(€'000)	Italy (*)	Abroad	LANE Group	Total
Revenue	210,336	1,997,977	648,813	2,857,126
Other income	12,227	59,228	1,710	73,165
Total revenue	**222,563**	**2,057,205**	**650,523**	**2,930,291**
Costs				
Production costs	(181,370)	(1,434,126)	(449,518)	(2,065,014)
Personnel expenses	(86,425)	(208,868)	(204,851)	(500,144)
Other operating expenses	(21,362)	(62,748)	(4,547)	(88,657)
Total costs	**(289,157)**	**(1,705,742)**	**(658,916)**	**(2,653,815)**
Gross operating profit (loss)	**(66,594)**	**351,462**	**(8,392)**	**276,476**
Gross operating profit (loss) margin %	*-29.9%*	*17.1%*	*-1.3%*	*9.4%*
Amortisation, depreciation, provisions and impairment losses	(31,286)	(97,843)	(17,786)	(146,915)
Operating profit (loss)	**(97,880)**	**253,619**	**(26,178)**	**129,561**
Return on Sales				*4.4%*
Net financing costs and net gains on equity investments				(76,166)
Profit before tax				**53,395**
Income tax expense				(20,824)
Profit from continuing operations				**32,571**
Loss from discontinued operations				(1,280)
Profit for the period				**31,291**

(*) The operating profit includes the costs of the central units and other general costs of €75.9 million.

The figures for Lane Group in the above table are its IFRS-compliant figures. They do not include the non-controlling investments in joint ventures included under "Work Under Management" as presented in the Directors' report.

The Group monitors the key figures of Lane Group for management purposes adjusting the IFRS figures prepared for consolidation purposes to present the results of the joint ventures not controlled by Lane which are consolidated on a proportionate basis. These figures show the progress made on the contracts managed directly by Lane or through its non-controlling investments in joint ventures. Reference should be made to the section on "Initial considerations on the comparability of data" of the Directors' report for more information.

Statement of profit or loss by geographical segment (°)
1st half 2016

(€'000)	Italy (*)	Abroad	LANE Group	Total
Revenue	213,757	1,838,939	509,885	2,562,581
Other income	28,430	35,992	6,519	70,941
Total revenue	**242,187**	**1,874,931**	**516,404**	**2,633,521**
Costs				
Production costs	(168,925)	(1,385,284)	(347,314)	(1,901,523)
Personnel expenses	(81,649)	(167,912)	(170,861)	(420,422)
Other operating expenses	(24,592)	(44,510)	(4,047)	(73,149)
Total costs	**(275,166)**	**(1,597,706)**	**(522,223)**	**(2,395,094)**
Gross operating profit (loss)	**(32,979)**	**277,225**	**(5,819)**	**238,427**
Gross operating profit (loss) margin %	*-13.6%*	*14.8%*	*-1.1%*	*9.1%*
Amortisation, depreciation, provisions and impairment losses	(25,806)	(89,342)	(11,521)	(126,6468)
Operating profit (loss)	**(58,785)**	**187,883**	**(17,340)**	**111,759**
Return on Sales				*4.2%*
Net financing costs and net gainson equity investments				(37,543)
Profit before tax				**74,216**
Income tax expense				(31,769)
Profit from continuing operations				**42,447**
Loss from discontinued operations				(13,197)
Profit for the period				**29,250**

(*) The operating profit includes the costs of the central units and other general costs of €58.7 million.

(°) The statement of profit or loss for the first half of 2016 was restated to present the different classification of assets held for sale and the new method used to calculate the gross operating profit which excludes provisions and impairment losses.

Statement of financial position as at 30 June 2017 by geographical segment

(€'000)	Italy	Abroad	LANE Group	Total
Non-current assets	343,225	489,712	433,217	**1,266,154**
Assets held for sale, net	6,032	3,233	-	**9,265**
Provisions for risks	(82,579)	(12,279)	(5,614)	**(100,472)**
Post-employment benefits and employee benefits	(14,872)	(13,360)	(65,148)	**(93,380)**
Net tax assets (liabilities)	229,082	(33,145)	(21,081)	**174,856**
Working capital	*109,765*	*655,068*	38,922	**803,755**
Net invested capital	**590,653**	**1,089,230**	**380,296**	**2,060,179**
Equity				**1,275,426**
Net financial indebtedness				**784,753**
Total financial resources				**2,060,179**

Statement of financial position as at 31 December 2016 by geographical segment

(€'000)	Italy	Abroad	LANE Group	Total
Non-current assets	431,911	447,928	468,619	**1,348,457**
Assets held for sale, net	6,032	-	-	**6,032**
Provisions for risks	(83,663)	(16,297)	(5,805)	**(105,765)**
Post-employment benefits and employee benefits	(14,444)	(12,762)	(64,724)	**(91,930)**
Net tax assets (liabilities)	219,177	(73,073)	(27,762)	**118,342**
Working capital	*190,899*	*200,351*	45,761	**437,012**
Net invested capital	**749,911**	**546,147**	**416,089**	**1,712,148**
Equity				**1,361,330**
Net financial indebtedness				**350,818**
Total financial resources				**1,712,148**

Statement of financial position

5. Property, plant and equipment

Property, plant and equipment amount to €755.0 million, down from the 31 December 2016 figure by €48.1 million. The historical cost and carrying amount are given in the following table:

(€'000)	30 June 2017 Cost	30 June 2017 Acc. depreciation	30 June 2017 Carrying amount	31 December 2016 Cost	31 December 2016 Acc. depreciation	31 December 2016 Carrying amount
Land	55,816	-	55,816	60,107	-	60,107
Buildings	148,063	(64,754)	83,309	145,914	(62,920)	82,994
Plant and machinery	1,235,944	(740,592)	495,352	1,287,576	(733,247)	554,329
Industrial and commercial equipment	118,088	(97,493)	20,595	114,007	(98,026)	15,981
Other assets	100,147	(49,415)	50,732	103,440	(47,918)	55,522
Assets under const. and payments on account	49,169	-	49,169	34,106	-	34,106
Total	**1,707,227**	**(952,254)**	**754,973**	**1,745,150**	**(942,111)**	**803,039**

Changes during the period are summarised below:

(€'000)	31 December 2016	Increases	Depreciation	Reclassific-ations	Disposals	Exchange differences and other movem.	30 June 2017
Land	60,107	7	-	(2,016)	(59)	(2,223)	55,816
Buildings	82,994	11,051	(7,027)	(793)	(587)	(2,329)	83,309
Plant and machinery	554,329	74,068	(83,290)	6,961	(31,878)	(24,838)	495,352
Industrial and commercial equipment	15,981	10,788	(4,525)	(682)	(345)	(622)	20,595
Other assets	55,522	2,300	(3,222)	(3,470)	(143)	(256)	50,732
Assets under const. and payments on account	34,106	24,696	-	-	(8,738)	(895)	49,169
Total	**803,039**	**122,910**	**(98,064)**	**-**	**(41,750)**	**(31,163)**	**754,973**

The most significant changes include:

- increases of €122.9 million, mainly related to investments for foreign contracts including the Ethiopian branch (€2.9 million, principally relating to the Koysha project), the Forrestfield - Airport Link - Perth (Australia) (€37.6 million), the Lima Metro 2 (€7.5 million), Consorzio Collegamenti Integrati Veloci (CO.C.I.V.) (€10 million), the South Al-Mutlaa project (Kuwait) (€4.7 million) and Lane Group (€11.5 million);
- depreciation for the period of €98.1 million;
- disposals of €41.8 million, principally related to plant and machinery. These disposals mostly refer to contracts nearing completion;
- the closing balance at 30 June 2017 includes leased assets of €172.4 million recognised under “Buildings” (€0.5 million), “Plant and machinery” (€171.0 million), “Industrial and commercial equipment” (€0.8 million) and “Other assets (€0.1 million).

6. Intangible assets

Intangible assets amount to €137.7 million, down from the 31 December 2016 figure by €31.1 million. The historical cost and carrying amount are given in the following table:

(€'000)	30 June 2017 Cost	Acc. amortisation	Carrying amount	31 December 2016 Cost	Acc. amortisation	Carrying amount
Rights to infrastructure under concession	48,977	(2,758)	46,219	72,718	(9,469)	63,249
Contract acquisition costs	199,853	(110,567)	89,286	200,154	(97,510)	102,643
Other	8,251	(6,049)	2,202	8,526	(5,655)	2,871
Total	**257,081**	**(119,374)**	**137,707**	**281,398**	**(112,634)**	**168,763**

The rights to infrastructure under concession of €46.2 million decreased compared to the previous year-end balance. Changes of the period are detailed in the following table:

(€'000)	31 December 2016	Increases	Amortisation	Exchange differences	Reclassific-ations	30 June 2017
SA.BRO.M.	44,229	378				44,607
Parking Glasgow	17,214		(471)	(197)	(16,546)	-
Mercovia	1,806	220	(233)	(181)		1,612
Total	**63,249**	**598**	**(704)**	**(378)**	**(16,546)**	**46,219**

The increase in this item for SA.BRO.M. mainly comprises design costs, including the borrowing costs capitalised in accordance with IAS 23, which the Group expects to recover based on the outcome of the contract. The item is not amortised as the concession is currently inoperative.

The balance of €16.5 million for Parking Glasgow was reclassified to "Non-current assets held for sale and discontinued operations and associated liabilities" after its sale finalised on 14 July 2017.

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

Contract acquisition costs amount to €89.3 million and are analysed in the following table:

(€'000)	31 December 2016	Increases	Amortisation	Exchange losses	30 June 2017
Cociv (Milan - Genoa railway section)	40,575		(1,983)		38,592
Riyadh Metro - Saudi Arabia	38,832		(5,623)		33,209
Iricav Due (Verona - Padua railway section)	12,510				12,510
Thessalonica Metro - Greece	629		(213)		416
Yarull - Dom. Republic	3,005		(3,005)		-
Gerald Desmond Bridge - USA	3,549		(661)		2,888
Seli Tunnelling Denmark A.p.S.	1,083		(591)		492
Lane	2,460		(1,243)	(37)	1,180
Total	**102,643**	**-**	**(13,319)**	**(37)**	**89,287**

Contract acquisition costs include considerations paid to purchase stakes in projects/contracts representing intangible assets with a finite useful life, which are amortised in line with the stage of completion of the related contracts.

The balance for Lane was calculated considering the PPA procedure when the US investee was acquired.

With respect to the Verona - Padua section, amortisation of the acquisition cost will commence when work starts.

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

Other intangible assets amount to €2.2 million, down €0.7 million from the 31 December 2016 figure. The historical cost and carrying amount are given in the following table:

	30 June 2017			31 December 2016		
(€'000)	Cost	Acc. amortisation	Carrying amount	Cost	Acc. amortisation	Carrying amount
Industrial patents	144	(66)	78	75	(61)	14
Concessions	64	(64)	-	64	(64)	-
Software	7,138	(5,141)	1,997	7,292	(4,699)	2,593
Other	905	(778)	127	1,095	(831)	264
Total	**8,251**	**(6,049)**	**2,202**	**8,526**	**(5,655)**	**2,871**

Changes during the period are set out below:

(€'000)	31 December 2016	Increases	Amortisation	Other changes	Disposals	Exchange lossses	Change in consolidation scope	30 June 2017
Industrial patents	14	70	(6)					78
Software	2,593	221	(720)			(97)		1,997
Other intangible assets	264		(42)		(95)			127
Total	**2,871**	**291**	**(768)**	**-**	**(95)**	**(97)**	**-**	**2,202**

7. Goodwill

Goodwill of €162.6 million at the reporting date entirely relates to the acquisition of Lane Group finalised in 2016.

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

Changes during the period are set out below:

(€'000)	31 December 2016	Exchange losses	30 June 2017
Lane Group (04/01/16)	148,018	(10,541)	137,477
Asphalt Roads and Materials Co. assets (04/04/16)	27,170	(2,073)	25,097
Total	**175,188**	**(12,614)**	**162,574**

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

8. Equity investments

Equity investments increased by €9.4 million to €210.9 million.

(€'000)	30 June 2017	31 December 2016	Variation
Investments in subsidiaries	47	47	-
Investments in equity-accounted investees	194,292	183,509	10,783
Other investments	16,561	17,912	(1,351)
Total	**210,900**	**201,468**	**9,432**

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

(€'000)	1st half 2017
Change in consolidation scope	1,839
Capital transactions	28,781
Acquisitions, capital injections and disinvestments	(86)
Share of profit of equity-accounted investees	4,540
Dividends from equity-accounted investees	(12,808)
Reclassifications to comply with IFRS 5	(3,225)
Other changes including change in the translation reserve	(9,609)
Total	**9,432**

"Capital transactions" mainly relate to the recapitalisation of the SPE Grupo Unidos por el Canal (Panama).

The Group's share of profit of equity-accounted investees totals €4.5 million, considering also the figures shown in note 25, detailing the changes in the provision for risks on equity investments. The effect on profit or loss is analysed in note 34.

Dividends from equity-accounted investees refer to the non-consolidated joint ventures of Lane Group.

The item "Reclassifications to comply with IFRS 5" comprises the carrying amount of the investment in the English operator Impregilo Wolverhampton Ltd, measured using the equity method and classified in "Assets held for sale" to reflect its sale which was completed on 14 July 2017.

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

(€'000)						IFRS				
Entity	Country	Business	%	Carrying amount	Equity under local GAAP	Total assets	Net financial position (indebtedness)	Equity	Revenue	Profit (loss) for the period
Metro de Lima 2	Peru	Concession, construction and operation of Line 2 of the Lima Metro	18.25%	21,783	21,783	56,932	6,312	21,783	39,717	489
Cons Agua Azul S.A.	Peru	Operator - Water cycle	25.50%	6,608	6,608	7,221	939	6,608	1,682	558
Yuma	Colombia	Operator - Motorways	48.33%	12,603	12,603	129,517	(76,309)	12,603	31,494	509
Gaziantep Hastane Sanglik	Turkey	Operator - Hospital sector	24.50%	5,715	5,715	50,610	(41,413)	5,715	136	189
Ochre Solutions Ltd.	GB	Operator - Hospitals	40.00%	4,469	(2,815)	73,815	2,989	(2,815)	2,463	(426)
Grupo Unidos por el Canal	Panama	Construction work - Panama Canal extension project	38.40%	70,577	(202,513)	528,652	(188,572)	(202,513)	17,513	(4,425)
AGL Constructor JV	USA	Construction work	20.00%	2,217	2,217	14,233	4,742	2,217	25,814	(2,853)
Skanka Granite JV	USA	Motorway construction	30.00%	3,109	3,109	37,964	20,988	3,109	73,046	7,342
SGL I4 Leasing	USA	Lease services	30.00%	17,470	17,470	17,546	2,838	17,470	1,383	68
Fluor-Lane	USA	Motorway construction	35.00%	(384)	(384)	123	123	(384)	-	-
Fluor-Lane 95 LLC	USA	Motorway construction	35.00%	11	11	967	963	11	2	2
Flatiron- Lane	USA	Motorway construction	45.00%	33	33	144	144	33	-	-
GLLP Gemma Liberty	USA	Civil works construction	25.00%	(159)	(159)	22	22	(159)	30	6
GLPP Gemma Patriot	USA	Civil works construction	25.00%	(188)	(188)	23	23	(188)	-	-
Fluor-Lane South Carolina	USA	Motorway construction	45.00%	935	935	8,020	6,738	935	6,653	501
Purple Line	USA	Motorway construction	30.00%	6,888	6,888	43,885	39,717	6,888	22,726	2,470

9. Derivatives and non-current financial assets

Non-current financial assets of €123.0 million are analysed in the following table:

(€'000)	30 June 2017	31 December 2016	Variation
Other financial assets	14,973	17,877	(2,904)
Loans and receivables - unconsolidated group companies and other related parties	18,472	19,005	(533)
Loans and receivables - third parties	89,453	25,576	63,877
Derivatives	60	156	(96)
Total	**122,958**	**62,614**	**60,344**

The other financial assets include unlisted guaranteed-return securities which mature after one year. They amount to €15.0 million at period end (31 December 2016: €17.9 million) and mainly comprise units in the fund financing Yuma.

Loans and receivables - unconsolidated group companies and other related parties of €18.5 million (31 December 2016: €19 million) chiefly relate to loans granted to the UK associate Ochre Holding (€11.5 million) and the Swiss associates CSC (€3.8 million) and CEDIV (€3.2 million), owned by Salini Costruttori S.p.A..

Loans and receivables - third parties of €89.4 million increased by €63.9 million on 31 December 2016 and principally include:

- €67.9 million related to the CAV.TO.MI. Consortium for the amounts paid as a result of the Appeal Court ruling of 23 September 2015. This receivable was reclassified from current to non-current as the timeframe for the settlement of the dispute has been extended. Reference should be made to the "Main risk factors and uncertainties" section of the Directors' report for more information;
- €21.5 million related to the concessions of the indirect subsidiaries Corso del Popolo S.p.A. and Piscine dello Stadio S.r.l..

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

This item is analysed below:

(€'000)	30 June 2017	31 December 2016
Interest rate swaps - Cash flow hedges	60	156
Total non-current derivatives shown in the net financial position	**60**	**156**

Interest rate hedging derivatives with positive fair value and fair value gains or losses recognised in the hedging reserve

'000

Company	Agreement date	Expiry date	Currency	Notional amount (USD)	Fair value (€)
Lane Industries	07/10/2016	08/04/2021	USD	30,000	60
Total					**60**

10. Deferred tax assets and liabilities

Deferred tax assets and liabilities amount to €66.4 million and €36.3 million at 30 June 2017, respectively. Changes of the period, shown in the following table, reflect adjustments made on the basis of the information available at the reporting date:

(€'000)	30 June 2017	31 December 2016	Variation
Deferred tax assets	66,394	121,925	(55,531)
Deferred tax liabilities	(36,329)	(108,493)	72,164

11. Inventories

Inventories total €253.1 million at the reporting date, as shown in the following table:

	30 June 2017			31 December 2016			
(€'000)	Gross amount	Allowance	Carrying amount	Gross amount	Allowance	Carrying amount	Variation
Real estate projects	22,059	(8,597)	13,462	22,059	(8,597)	13,462	-
Finished products and goods	3,865		3,865	3,475		3,475	390
Raw materials, consumables and supplies	238,465	(2,646)	235,819	256,225	(2,583)	253,642	(17,823)
Total	**264,389**	**(11,243)**	**253,146**	**281,759**	**(11,180)**	**270,579**	**(17,433)**

Real estate projects

Real estate projects amount to €13.5 million, substantially unchanged from the previous year end. They mainly relate to the real estate project of €11.6 million (net of the related allowance of €7.8 million) for the construction of a trade point in Lombardy for which a dispute is pending about the zoning provisions of the area on which the property stands. Based also on its legal advisors' opinion, the Group deems that the carrying amount can be recovered through the real estate project or, alternatively, through recognition of the damage incurred due to non-authorisation of the zoning of the area by the competent authorities.

Finished products and goods and Raw materials, consumables and supplies

The carrying amount of these items totals €3.9 million and €235.8 million, respectively, and mainly relates to materials and goods to be used for foreign contracts, including those in Ethiopia (€124.8 million), for Lane

Industries Incorporated (€24.0 million), in Venezuela (€16.9 million), Colombia (€7.5 million) and Nigeria (€7.1 million).

The carrying amount of raw materials, consumables and supplies is net of an allowance of €2.6 million, analysed below:

(€'000)	31 December 2016	Accruals	Utilisations	Reversals	Other changes	Exchange differences	30 June 2017
Allowance - raw materials	(2,583)	(135)				72	(2,646)
Total	**(2,583)**	**(135)**	**-**	**-**	**-**	**72**	**(2,646)**

12. Contract work in progress

Contract work in progress totals €2,578.4 million at the reporting date, up €211.2 million on the previous year-end figure. The increase includes ongoing production calculated using the most recent estimates of the current contracts' profitability.

The following table shows contract work in progress calculated using the stage of completion method, net of losses realised or estimated at the reporting date and progress billings:

(€'000)	30 June 2017	31 December 2016	Variation
Contract work in progress	32,308,440	34,079,424	(1,770,984)
Progress payments and advances received (on approved work)	(29,730,019)	(31,712,161)	1,982,142
Total	**2,578,421**	**2,367,263**	**211,158**

The most significant work in progress relates to railway work in Venezuela (€236.4 million), the hydroelectric plants in Ethiopia (€180.9 million), the high speed/capacity railway work in Italy (€262.2 million), the hydroelectric, road and civil building works in Nigeria (€71.8 million), the Copenhagen Cityringen Metro in Denmark (€255.1 million), the Doha Metro and the Al Bayt Stadium in Al Khor, Qatar (€243.7 million), the design and construction of motorways in Romania (€72.6 million), the construction of the new metro line as part of the Sydney Metro Northwest Project in Australia (€142.3 million), road and motorway projects in Poland (€82.2 million), the hydroelectric plant in Tajikistan (€84.1 million), the Ruta del Sol road project in Colombia (€ 97.0 million) and work in progress in Libya (€146.2 million). With respect to the works in Libya, the subsidiary Lidco collected contractual advances in previous years amounting to €173.1 million at the reporting date, recognised as "Advances for contract work in progress" under liabilities in the statement of financial position.

The item shows an increase over 31 December 2016 mainly due to continuation of production on the contracts in Qatar (€26.9 million, mainly referred to construction of the Al Bayt Stadium in Al Khor and the Red Line North Underground), Tajikistan (€53.9 million, relating to the construction of an hydroelectric plant), Ethiopia (€65.7 million, for construction of hydroelectric plants) and Poland (€63.0 million, related to the road construction projects).

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

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

A breakdown of contract work in progress by geographical segment is as follows:

(€'000)	30 June 2017	31 December 2016	Variation
Italy	535,644	453,529	82,115
EU (excluding Italy)	456,305	462,173	(5,868)
Non-EU	117,308	124,420	(7,112)
Asia	127,906	75,017	52,889
Middle East	310,533	284,562	25,971
Africa	513,795	458,331	55,464
North America	33,749	30,412	3,337
Latin America	340,900	373,465	(32,565)
Oceania	142,281	105,354	36,927
Total	**2,578,421**	**2,367,263**	**211,158**

13. Trade receivables

At 30 June 2017, trade receivables amount to €2,404.3 million, a net increase of €45.0 million compared to 31 December 2016. The item includes receivables of €162.0 million from unconsolidated group companies and other related parties.

It is analysed in the following table:

(€'000)	30 June 2017	31 December 2016	Variation
Third parties	2,242,326	2,203,645	38,681
Unconsolidated group companies and other related parties	161,990	155,628	6,362
Total	**2,404,316**	**2,359,273**	**45,043**

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

(€'000)	30 June 2017	31 December 2016	Variation
Trade receivables	2,377,158	2,316,580	60,578
Allowance for impairment	(134,832)	(112,935)	(21,897)
Total	**2,242,326**	**2,203,645**	**38,681**

The balance relates to amounts due from customers for invoices issued and for work performed and approved by clients but still to be invoiced. It is substantially in line with that at 31 December 2016.

The item also includes €208.5 million due to Fibe by the Campania municipalities for its management services provided under contract until 15 December 2005 and the subsequent transition period (reference should be made to the “Main risk factors and uncertainties” section in the Directors’ report for more information about this complicated situation and the directors’ related assessments). In addition, it comprises trade receivables from Venezuelan customers for railway works, which the Group expects to collect after one year.

Retentions amount to €118.5 million at the reporting date compared to €126 million at 31 December 2016.

The allowance for impairment increased by €21.9 million to €134.8 million at the reporting date and includes impairment losses on trade receivables of €80.1 million (mostly for the Venezuelan branch) and on default interest of €54.8 million (mainly related to Fibe).

Impairment losses recognised during the period approximated €36.3 million and are mainly attributable to the Venezuelan branch for delays in payments by clients and receivables deemed non-recoverable related to the Cetim Dam contract in Turkey. More information is available in the paragraphs on Venezuela and Turkey in the section on the “Main risk factors and uncertainties” in the Directors’ report.

Changes in the allowance are shown in the next table:

(€'000)	31 December 2016	Impairment losses	Utilisations	Reversals	Change in consolidation scope	Reclassific-ations and ther changes	Exchange differences	30 June 2017
Trade receivables	58,130	36,341	(411)	(22,911)	(2)	9,075	(160)	80,062
Default interest	54,806			(17)		(19)		54,770
Total	**112,936**	**36,341**	**(411)**	**(22,928)**	**(2)**	**9,056**	**(160)**	**134,832**

Trade receivables from unconsolidated group companies and other related parties increased by €6.4 million to €162 million at 30 June 2017.

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

The balance includes €2.1 million equal to the Group’s share of the SPEs’ cash and cash equivalents. It is shown in the item “Net financial position with unconsolidated SPEs” in the schedule of the Group’s net financial indebtedness.

The increase is mostly due to the rise in the receivable from the Swiss consortia.

14. Derivatives and other current financial assets

At 30 June 2017, this item of €234.4 million (31 December 2016: €323.4 million) includes the following:

(€'000)	30 June 2017	31 December 2016	Variation
Government bonds and insurance shares	12,254	6,846	5,408
Loans and receivables - third parties	55,438	138,155	(82,717)
Loans and receivables - unconsolidated group companies and related parties	166,741	178,392	(11,651)
Total	**234,433**	**323,393**	**(88,960)**

The government bonds and insurance shares amount to €12.3 million compared to €6.8 million at 31 December 2016. The item includes unlisted guaranteed-return securities with maturities of less than one year. The increase in the period is principally due to the investment in securities by the Argentine subsidiary Impregilo Healy Ute, which was awarded the Riachuelo contract in Argentina.

Loans and receivables - third parties mainly consist of:

- €9.7 million related to the Danish subsidiary CMB for the amounts tied-up as part of the agreements with the subcontractor which will be used and/or released by 2017. Reference should be made to the section on the "Main risk factors and uncertainties" of the Directors' report for more information;

- €13.5 million due from the Romanian Ministry of Infrastructure and Transport related to the surety enforced during the previous period as a result of the disputes with the client about the Orastie-Sibiu motorway contract. The Group is confident that it will recover this amount, based also on the opinion of its legal advisors assisting it with the disputes. The section on the "Main risk factors and uncertainties" in the Directors' report provides more information;

- €4.0 million, relating to the subsidiary Impregilo International Infrastructures N.V., which is the current portion of the amount due for the sale of the investment in the Argentine operator Caminos de Las Sierras to the Cordoba provincial authorities (Argentina) in 2010. This amount bears interest at the fixed rate of 9.50% and collections have been regular to date in line with the contractual terms.

  The amount due from the Cordoba provincial authorities, which amounted to €1.9 million at 31 December 2016, was collected during the reporting period.

The receivable of €67.9 million due from the CAV.TO.MI Consortium related to the amounts paid as a result of the Appeal Court ruling of 23 September 2015 was reclassified from current to non-current loans and receivables as the timeframe for the settlement of the dispute has been extended. Reference should be made to the section on the "Main risk factors and uncertainties" in the Directors' report for more information.

The Group collected €15.1 million of the current amount due from Prime System Kz Ltd for the sale of Todini Costruzioni Generali S.p.A. during the period; at 31 December 2016, this receivable amounted to €16.1 million.

Loans and receivables with unconsolidated group companies and other related companies mainly consist of:

- €118.7 million due from Consorzio OIV Tocoma, the SPE in charge of a hydroelectric project in Venezuela;

- €10.2 million due from the SPE Linea M4 S.p.A. for the financing granted to it; this SPE was set up to design, build, maintain and operate the M4 line of the Milan metro under concession from the Milan municipality and to provide the related public service;
- €7.2 million due from Salini Costruttori S.p.A., principally relating to its participation in the VAT consolidation scheme. At 31 December 2016, this item amounted to €6.0 million.

15. Current tax assets and other current tax assets

Current tax assets amount to €133.3 million as follows:

(€'000)	30 June 2017	31 December 2016	Variation
Direct taxes	51,921	53,118	(1,197)
IRAP	4,830	957	3,873
Foreign direct taxes	76,518	81,912	(5,394)
Total	**133,269**	**135,987**	**(2,718)**

The 30 June 2017 balance mainly consists of:

- direct tax assets for excess taxes paid in previous years, which the Group has correctly claimed for reimbursement and which bear interest;
- foreign direct tax assets for excess taxes paid abroad by the foreign group companies which will be recovered as per the relevant legislation.

Other current tax assets decreased by €4.5 million to €142.0 million at the reporting date as follows:

(€'000)	30 June 2017	31 December 2016	Variation
VAT	125,543	129,590	(4,047)
Other indirect taxes	16,428	16,913	(485)
Total	**141,971**	**146,503**	**(4,532)**

VAT assets include €87.0 million due from the Italian tax authorities and €38.5 million from foreign tax authorities.

16. Other current assets

Other current assets of €660.0 million show an increase of €68.7 million on the previous year end and may be analysed as follows:

(€'000)	30 June 2017	31 December 2016	Variation
Other	293,042	275,177	17,865
Advances to suppliers	229,047	197,414	31,633
Other - unconsolidated group companies and other related parties	38,787	35,623	3,164
Prepayments and accrued income	99,100	83,057	16,043
Total	**659,976**	**591,271**	**68,705**

"Other" increased by €17.8 million, mainly as a result of the greater amounts due from the Group's partners.

Specifically, this item includes:

- €71.4 million (substantially unchanged from 31 December 2016) due from the public bodies involved in managing the waste emergency in Campania to Fibe. The section on the "USW Campania projects" and related assessments in the section of the Directors' report on the "Main risk factors and uncertainties" provides more information about these projects;
- €35.4 million due from the Argentine Republic as compensation for damage following the favourable award issued on 21 June 2011 and confirmed by the Buenos Aires Arbitration Tribunal on 24 January 2014. This award settled the proceedings commenced by the shareholders of the investee Aguas del Buenos Aires S.A. in liquidation (operator) against the Argentine Republic;
- €76.3 million due from some of the Group's partners of joint ventures around the world, mainly for the works for the housing project in South Al Mutlaa (Kuwait) and hydroelectric works in South Africa;
- €13.8 million related to Lane mainly for insurance policies taken out for key management personnel.

Advances to suppliers increased by €31.6 million over 31 December 2016, due to the advances made mostly for the Milan - Genoa section of the high speed/capacity contracts, the road contracts in Poland and the Al Bayt Stadium in Qatar. In addition, this item was offset in part during the period by the use of advances made in previous years for the new hydroelectric project in Tajikistan, the Lima metro line in Peru, as well as for works in Turkey and Colombia.

Other - unconsolidated group companies and other related parties increased by €3.2 million to €38.8 million, as a result of an increase in the amount due from the US investees engaged in the projects in California.

Prepayments and accrued income of €99.1 million show an increase of €16.0 million on 31 December 2016. The item mainly consists of insurance premiums, commissions on sureties and other contract costs which will be recognised in profit or loss in future periods based on the stage of completion of the related contracts. The increase, shown in the following table, is mainly due to Lane's new contracts in America and the Rogun hydroelectric plant in Tajikistan.

This item is summarised in the following table:

(€'000)	30 June 2017	31 December 2016	Variation
Accrued income:			
- Insurance	456	-	456
- Sureties	83	-	83
- Other	2,813	409	2,404
Total accrued income	**3,352**	**409**	**2,943**
Prepayments:			
- Insurance	52,038	43,912	8,126
- Sureties	9,593	5,722	3,871
- Other contract costs	34,117	33,014	1,103
Total prepayments	**95,748**	**82,648**	**13,100**
Total	**99,100**	**83,057**	**16,043**

17. Cash and cash equivalents

At 30 June 2017, cash and cash equivalents amount to €1,331.6 million, down by €271.1 million, as shown below:

(€'000)	30 June 2017	31 December 2016	Variation
Cash and cash equivalents	1,331,602	1,602,721	(271,119)

A breakdown by geographical segment is as follows:

(€'000)	30 June 2017	31 December 2016	Variation
Italy	130,468	259,273	(128,805)
EU (excluding Italy)	63,500	101,865	(38,365)
Non-EU	27,061	15,569	11,492
Asia	35,607	42,281	(6,674)
Middle East	583,681	790,000	(206,319)
Africa	190,222	116,037	74,185
North America	147,795	160,487	(12,692)
Latin America	62,395	71,209	(8,814)
Oceania	90,873	46,000	44,873
Total	**1,331,602**	**1,602,721**	**(271,119)**

The balance includes bank account credit balances at the end of the period and the amounts of cash, cheques and valuables at the registered offices, work sites and foreign branches. Liquidity management is designed to ensure the financial independence of ongoing contracts, considering the structure of the consortia and SPEs, which may limit the availability of financial resources to achievement of the related projects. Liquidity management also considers the existence of constraints to the transfer of currency imposed by certain countries.

The statement of cash flows shows the reason for the decrease in the item and changes in current account facilities (note 20).

At the reporting date, the cash and cash equivalents attributable to non-controlling interests of the consolidated SPEs amount to €205.2 million and mainly refer to the entities carrying out work on the Metro di Ryhad in Saudi Arabia, the Red Line North Underground, the Al Bayt Stadium in Al Khor, Qatar and Lane Group entities.

The deposits of Galfar – Salini Impregilo – Cimolai J.V. comprise a term deposit account of €5.3 million which will be released when the works in Qatar are completed, Imprepar's deposits include €5.5 million collected by it on behalf of third parties while Impregilo International Infrastructures N.V.'s deposits include €4.0 million tied up for 31 days.

18. Non-current assets and liabilities held for sale and discontinued operations and loss from discontinued operations

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

(€'000)	30 June 2017	31 December 2016	Variation
Non-current assets held for sale	29,736	6,032	23,704
Liabilities directly associated with non-current assets held for sale	(20,471)	-	(20,471)
Total	**9,265**	**6,032**	**3,233**

The increase of €3.2 million is basically due to classification of the net assets of Impregilo Parking Glasgow and Impregilo Wolverhampton following their sale completed on 14 July 2017 as well as the increase in liabilities related to some of the Campania-based activities of HCE Group and Salini Impregilo in the light of the sale expected to take place in the next few months.

A breakdown of this item is as follows:

30 June 2017

(€'000)	Parking Glasgow	Wolver-hampton	HCE (*)	USW Campania	Total
Non-current assets	16,553	4,298	6	5,683	26,540
Current assets	1,163	11	2,021	-	3,195
Non-current assets held for sale	**17,716**	**4,310**	**2,027**	**5,683**	**29,735**
Non-current liabilities	(14,385)	-	(24)	-	(14,409)
Current liabilities	(876)	-	(5,185)	-	(6,061)
Liabilities directly associated with non-current assets held for sale	**(15,262)**	**-**	**(5,209)**	**-**	**(20,470)**
Total	**2,454**	**4,310**	**(3,182)**	**5,683**	**9,265**
- including net financial indebtedness	*(11,042)*	*676*	*3*		*(10,363)*

(*) The Campania-based assets of HCE Group and Salini Impregilo (Alifana 1 and Alifana 2 contracts), given the sale planned to take place in the next few months.

31 December 2016

(€'000)	HCE	RSU Campania	Total
Non-current assets	349	5,683	6,032
Non-current assets held for sale	**349**	**5,683**	**6,032**
Total	**349**	**5,683**	**6,032**

The loss from discontinued operations in the first six months of 2017 and 2016 is analysed in the following table:

1st half 2017	
(€'000)	USW Campania
Revenue	
Costs	
Services	(1,280)
Total costs	**(1,280)**
Operating loss	**(1,280)**
Financing income (costs) and gains (losses) on equity investments	
Loss before tax	**(1,280)**
Loss from discontinued operations	**(1,280)**

1st half 2016			
(€'000)	Business unit B Todini	USW Campania	Total
Revenue			
Other revenue	1,523	-	1,523
Total revenue	**1,523**	**-**	**1,523**
Costs			
Amortisation, depreciation, provisions and impairment losses	(120)	(744)	(864)
Total costs	**(120)**	**(744)**	**(864)**
Operating profit (loss)	**1,403**	**(744)**	**659**
Financing (costs)			
Financial expense	(13,856)	-	(13,856)
Net financial expense	(13,856)	-	(13,856)
Net financing costs	**(13,856)**	**-**	**(13,856)**
Loss before tax	**(12,453)**	**(744)**	**(13,197)**
Loss from discontinued operations	**(12,453)**	**(744)**	**(13,197)**

19. Equity

Equity increased to €1,275.4 million at 30 June 2017 from €1,361.3 million at the end of 2016 as follows:

(€'000)	30 June 2017	31 December 2016	Variation
Equity attributable to the owners of the parent			
Share capital	544,740	544,740	-
Share premium reserve	120,798	120,798	-
- Legal reserve	106,551	103,321	3,230
- Reserve for share capital increase related charges	(3,970)	(3,970)	-
- Reserve for treasury shares	(7,677)	(7,677)	-
- LTI reserve	4,155	4,242	(87)
- Extraordinary and other reserves	136	136	-
Total other reserves	99,195	96,052	3,143
Other comprehensive income (expense)			
- Translation reserve	(22,625)	48,530	(71,155)
- Hedging reserve	1,002	(533)	1,535
- Actuarial reserve	(2,052)	(909)	(1,143)
Total other comprehensive income (expense)	(23,675)	47,088	(70,763)
Retained earnings	368,625	336,406	32,219
Profit for the period/year	16,640	59,921	(43,281)
Equity attributable to the owners of the parent	**1,126,323**	**1,205,005**	**(78,682)**
Share capital and reserves attributable to non-controlling interests	134,452	116,733	17,719
Profit for the period/year attributable to non-controlling interests	14,651	39,593	(24,942)
Share capital and reserves attributable to non-controlling interests	149,103	156,326	(7,223)
TOTAL EQUITY	**1,275,426**	**1,361,331**	**(85,905)**

Changes of the period in the different equity items are summarised in the relevant schedule of the condensed interim consolidated financial statements. Specifically, in their meeting held on 27 April 2017, the parent's shareholders resolved to allocate the profit for 2016 as follows:

- €3,230,154.26, equal to 5% of the profit for the year, to the legal reserve;
- €25,920,620.64 as a dividend to the holders of ordinary shares, equal to €0.053 per share, including the legal withholding, for each share with dividend rights and, therefore, excluding the 3,104,377 treasury shares currently held by the parent;
- €420,027.66 as a dividend to the holders of savings shares, equal to €0.26 per share, as per article 33.b) of the by-laws, including the legal withholding;
- €35,032,282.68 to be carried forward.

The reserve for treasury shares is unchanged from 31 December 2016. The Group launched the repurchase programme on 6 October 2014 and has bought back 3,104,377 shares for €7,676,914.46.

The LTI (long term incentive plan) reserve shows the fair value of €4.2 million of this plan rolled out in 2015. The following table provides a breakdown of the reserve:

Euro	No. of shares	Amount	Start date	End date	Average price	Fair value
Chief executive officer	569,573.00	2,198,551.78	17/12/2015	30/4/2018	3.86	1,012,375.91
Key management personnel	812,414.00	3,142,417.35	22/12/2015	30/4/2018	3.87	1,442,442.64
Other managers	958,732.00	3,708,375.38	22/12/2015	30/4/2018	3.87	1,699,020.26
Total	**2,340,719.00**	**9,049,344.51**				**4,153,838.81**

The main variation in other comprehensive income (expense) items relates to the effect of fluctuations in exchange rates as shown below:

(€'000)	1st half 2017	1st half 2016
Opening balance	48,530	(11,194)
Reclassification to profit or loss		13,857
Equity-accounted investees	(7,442)	228
Decrease	(63,713)	(20,610)
Total changes	(71,155)	(6,525)
Closing balance	**(22,625)**	**(17,719)**

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

(€'000)	1st half 2017	1st half 2016
Opening balance	(533)	(8,085)
Reclassification of fair value gains/losses on settled transactions to profit or loss	137	335
Reclassification from comprehensive income		9,920
Net fair value gains (losses)	1,159	(4,056)
Net exchange gains (losses) and other changes	108	494
Net gains (losses) for equity-accounted investees	131	(75)
Total changes	1,535	6,618
Closing balance	**1,002**	**(1,467)**

The actuarial reserve underwent the following changes:

(€'000)	1st half 2017	1st half 2016
Opening balance	(909)	(5,273)
Net actuarial gains (losses) recognised in OCI	(1,143)	6,973
Closing balance	**(2,052)**	**1,700**

Retained earnings

This item may be analysed as follows:

(€'000)	1st half 2017	1st half 2016
Opening balance	336,406	324,259
Allocation of profit	56,691	58,805
Dividend distribution	(26,341)	(19,982)
Change in consolidation scope	1,869	-
Closing balance	**368,625**	**363,082**

Share capital and reserves attributable to non-controlling interests

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

(€'000)	1st half 2017	1st half 2016
Opening balance	156,326	100,860
Capital increase	1,895	56
Profit attributable to non-controlling interests	14,651	18,026
Dividend distribution to non-controlling interests	(19,325)	(4,136)
Change in consolidation scope	(1,869)	9,544
Comprehensive income (expense)	(2,575)	(643)
Closing balance	**149,103**	**123,707**

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

Bank and other loans and borrowings increased by €161.9 million over 31 December 2016 to €1,426.8 million at the period end, as summarised below:

(€'000)	30 June 2017	31 December 2016	Variation
Non-current portion			
- Bank and other loans and borrowings	829,699	866,362	(36,663)
Current portion			
- Current account facilities and other loans	597,117	398,589	198,528
Total	**1,426,816**	**1,264,951**	**161,865**

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

	30 June 2017			31 December 2016		
(€'000)	Non-current	Current	Total	Non-current	Current	Total
Bank corporate loans	740,711	190,500	931,211	753,740	45,031	798,771
Bank construction loans	67,753	177,056	244,809	82,056	88,886	170,942
Bank concession financing	13,724	19,257	32,981	22,253	19,337	41,590
Financing and loans of companies in liquidation	2,136	-	2,136	2,136		2,136
Other financing	5,294	7,762	13,056	5,827	11,937	17,764
Total bank and other loans and borrowings	**829,618**	**394,575**	**1,224,193**	**866,012**	**165,191**	**1,031,203**
Current account facilities	-	121,019	121,019	-	51,297	51,297
Factoring liabilities	81	28,013	28,094	350	123,207	123,557
Loans and borrowings - unconsolidated group companies	-	53,510	53,510	-	58,894	58,894
Total	**829,699**	**597,117**	**1,426,816**	**866,362**	**398,589**	**1,264,951**

Bank corporate loans

Bank corporate loans amount to €931.2 million at the reporting date (31 December 2016: €798.8 million) and refer to the parent.

They have been granted by major banks and have repayment plans which provide for payment of the last

	Company	Interest rate	Expiry date	Note
Bank syndicate - Refinancing Facility A	Salini Impregilo	Euribor	2019	(1)
Bank syndicate - Refinancing Facility B	Salini Impregilo	Euribor	2020	(1)
Banca Popolare dell’Emilia Romagna	Salini Impregilo	Euribor	2019	
Monte dei Paschi di Siena	Salini Impregilo	Fixed	2019	(1)
Banca Popolare di Bergamo	Salini Impregilo	Fixed	2019	
Banca Popolare di Milan	Salini Impregilo	Euribor	2021	(1)
Banca IMI (€102 million)	Salini Impregilo	Euribor	2021	(1)
Banca IMI (€150 million)	Salini Impregilo	Euribor	2020	(1)
Banca del Mezzogiorno	Salini Impregilo	Euribor	2021	
BBVA	Salini Impregilo	Fixed	2020	

(1)The loans are backed by covenants that establish the requirement for the borrower to maintain certain financial and equity ratios, which at the date of this report are fully respected.

During the period, the Group agreed financing with BBVA (€50.0 million) and Banca del Mezzogiorno (€30.0 million).

Bank construction loans

Construction loans of €244.8 million at 30 June 2017 mainly relate to the contracts in Colombia (€47.8 million), North America (€39.1 million), Australia (€37.4 million), Romania (€28.3 million), Qatar (€19.4

million), the Metro B1 contract (€12.8 million), Switzerland (€8.5 million) and Nigeria (€4.4 million). The net increase is mostly due to the increase recorded for the contracts in Australia (€37.4 million), Romania (€28.2 million) and Qatar (€19.4 million) and the decrease on the contracts in Colombia (€14.8 million) and those of the American Lane Group companies (€14.2 million).

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

	Company	Country	Interest rate	Expiry date
Banco de Bogotà	Consorzio OHL	Colombia	DTF	2017
Banco Stato del Ticino	CSC	Switzerland	Fixed	2017
Unicredit	Lane Industries	USA	Prime	2021
Doha Bank S.A.	Lane Industries	Qatar	Fixed	2017
Skye Bank	Salini Nigeria	Nigeria	Fixed	2017
Banco de Bogotà	Ariguani	Colombia	IBR	2017
Banca del Mezzogiorno	Metro B1	Italy	Euribor	2019

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

Bank concession financing

At 30 June 2017, bank concession financing amounts to €33.0 million and refers to the Piscine dello Stadio and Corso del Popolo concessions and the Broni-Mortara (SA.BRO.M.) motorway concession.

€'000				30 June 2017			31 December 2016		
	Company	Currency	Country	Total concession	Current	Non-current	Total concession	Current	Non-current
Unicredit	S.A.BRO.M	Euro	Italy	18,150	18,150		18,152	18,152	
Monte dei Paschi di Siena	Corso del Popolo S.p.A.	Euro	Italy	8,337	808	7,529	8,337	529	7,808
Credito Sportivo	Piscine dello Stadio S.r.l.	Euro	Italy	6,494	298	6,196	6,601	293	6,308
Royal Bank of Scotland	Impregilo Parking Glasgow	Sterling	UK	-	-	-	8,500	363	8,137
Total				**32,981**	**19,256**	**13,725**	**41,590**	**19,337**	**22,253**

The outstanding financing from Royal Bank of Scotland at 31 December 2016 related to the operator Impregilo Parking Glasgow and, therefore, it was reclassified to liabilities held for sale at 30 June 2017, in accordance with IFRS 5.

The main conditions of the bank concession financing in place at 30 June 2017 are as follows:

	Company	Country	Interest rate	Expiry date
Monte dei Paschi di Siena	Corso del Popolo S.p.A.	Italy	Euribor	2028
Credito Sportivo	Piscine dello Stadio	Italy	IRS	2035
Unicredit	SA.BRO.M.	Italy	Euribor	2017

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

Financing and loans of companies in liquidation

This item of €2.1 million is substantially unchanged from 31 December 2016. The related repayment plans are linked to the liquidation procedures of the companies to which the financing and loans refer.

Other financing

This item may be analysed as follows:

€'000			30 June 2017			31 December 2016		
	Company	Country	Total other financing	Current	Non-current	Total other financing	Current	Non-current
Cat Finance	Salini Impregilo	Italy	4,373	2,283	2,090	6,977	4,096	2,881
Various	HCE	Italy	3,523	1,013	2,510	3,320	822	2,498
Various	Lane Industries	USA	3,357	3,006	351	2,585	2,480	105
Other	Other	Various	1,803	1,460	343	4,884	4,539	345
Total			**13,056**	**7,762**	**5,294**	**17,766**	**11,937**	**5,829**

The conditions of the main other financing may be summarised as follows:

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

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

Current account facilities

Current account facilities increased by €69.7 million to €121.0 million at the reporting date. The increase mainly refers to the larger bank overdrafts of HCE (€23.4 million), the subsidiary CMT (€24.9 million) and the parent (€22.9 million).

Factoring liabilities

(€'000)	30 June 2017	31 December 2016	Variation
CMT (SACE Factoring S.p.A.)	19,342	15	19,327
Ethiopian branch (Factorit)	8,510	9,957	(1,447)
Sierra Leone branch (Factorit)	160	160	
Venezuelan branch (various)	81	349	(268)
Salini Impregilo S.p.A. (SACE Factoring S.p.A.)	-	53,794	(53,794)
Impregilo-SK E&C-Galfar al Misnad J.V. (SACE Factoring S.p.A.)	-	42,205	(42,205)
Salini Namibia PTY (SACE Factoring S.p.A.)	-	14,893	(14,893)
Salini Impregilo S.p.A. (Unicredit)	-	2,176	(2,176)
JV Mukorsi (Factorit)	-	9	(9)
Total	**28,094**	**123,557**	**(95,462)**

Factoring liabilities related to the factoring of receivables and decreased by €95.5 million, mainly due to the repayments made by the subsidiary Impregilo-SK E&C-Galfar al Misnad J.V. and the parent to SACE Factoring S.p.A. (€42.2 million and €53.8million, respectively).

Net financial indebtedness of Salini Impregilo Group

(€'000)	Note (*)	30 June 2017	31 December 2016	Variation
Non-current financial assets	9	122,898	62,458	60,440
Current financial assets	14	234,433	323,393	(88,960)
Cash and cash equivalents	17	1,331,602	1,602,721	(271,119)
Total cash and cash equivalents and other financial assets		**1,688,933**	**1,988,572**	**(299,639)**
Bank and other loans and borrowings	20	(829,699)	(866,361)	36,662
Bonds	21	(870,097)	(868,115)	(1,982)
Finance lease liabilities	22	(98,700)	(119,742)	21,042
Total non-current indebtedness		**(1,798,496)**	**(1,854,218)**	**55,722**
Current portion of bank loans and borrowings and current account facilities	20	(597,117)	(398,589)	(198,528)
Current portion of bonds	21	(16,185)	(18,931)	2,746
Current portion of finance lease liabilities	22	(53,075)	(55,281)	2,206
Total current indebtedness		**(666,377)**	**(472,801)**	**(193,576)**
Derivative assets	14	60	156	(96)
Derivative liabilities	23	(2,843)	(7,180)	4,337
Net financial position with unconsolidated SPEs (**)		(6,030)	(5,345)	(685)
Total other financial liabilities		**(8,813)**	**(12,369)**	**3,556**
Net financial indebtedness - continuing operations		**(784,753)**	**(350,816)**	**(433,937)**
Net financial indebtedness - discontinued operations		(10,363)	-	(10,363)
Net financial indebtedness including discontinued operations		**(795,116)**	**(350,816)**	**(444,300)**

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

(**) This item shows the Group's net amounts due from/to unconsolidated consortia and consortium companies (SPEs) operating under a cost recharging system. The balance reflects the Group's share of cash and cash equivalents or debt of the SPEs. The balances are shown under trade receivables and payables in the condensed interim consolidated financial statements.

At 30 June 2017, the Group has net financial indebtedness from continuing operations of €784.8 million (indebtedness of €350.8 million as at December 31, 2016), while its indebtedness from discontinued operations is €10.4 million (nil) following definition of the new IFRS 5 scope.

The increase in the Group's net financial indebtedness is mainly due to the rise in current bank loans and borrowings following the use of liquidity generated by operations, especially related to the increase in working capital.

Gross indebtedness increased by €138.5 million from 31 December 2016 to €2,470.9 million at the reporting date.

The debt/equity ratio (based on the net financial indebtedness from continuing operations) is 0.62 at group level at the reporting date.

21. Bonds

The outstanding bonds at 30 June 2017 relate to the parent, Salini Impregilo (€886.3 million). They are analysed in the following table:

(€'000)	30 June 2017	31 December 2016	Variation
Non-current portion	870,097	868,115	1,982
Current portion	16,185	18,931	(2,746)
Total	**886,282**	**887,046**	**(764)**

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

		30 June 2017			31 December 2016		
(€'000)	Expiry date	Nominal amount	Non-current portion (net of related charges)	Current portion (accrued interest)	Nominal amount	Non-current portion (net of related charges)	Current portion (accrued interest)
€ 400,000,000 6.125%	1 August 2018	283,026	281,899	15,816	283,026	281,385	7,219
€ 600,000,000 3.75%	24 June 2021	600,000	588,198	369	600,000	586,730	11,712
Total		**883,026**	**870,097**	**16,185**	**883,026**	**868,115**	**18,931**

On 23 July 2013, Salini S.p.A. (now part of Salini Impegilo S.p.A.) issued senior unsecured bonds for a nominal amount of €400 million to be redeemed on 1 August 2018, intended for international institutional investors. The bonds, which have a minimum denomination of €100,000 and an annual gross coupon of 6.125%, were placed with primary international institutional investors at a price of €99.477. The issue is secured by covenants that establish the requirement for the borrower to maintain certain financial and equity ratios which, at the date of this Interim Financial Report, are fully respected.

On 24 June 2016, the parent announced the placement of bonds with a nominal amount of €428.3 million reserved for institutional investors. They have a fixed rate coupon of 3.75%. The bonds are listed on the Irish Stock Exchange in Dublin with a redemption date of 24 June 2021. Part of the bonds, with a nominal amount of €128.3 million, was assigned to the holders of the senior unsecured bonds that adhered to the parent's offer. The exchange rate applied to the existing bonds was 109.75%. After the exchange, the outstanding senior unsecured bonds amounted to €283 million. The parent used the proceeds of €300 million from the new issue, not used for the bond exchange, to repay part of the bridge financing taken out to acquire Lane Group. The Group assessed the continuity of the previous bonds (exchanged) with the bonds placed on 24 June 2016. On 11 July 2016, the parent placed more bonds with institutional investors for a total nominal amount of roughly €172 million. The new bonds are part of a single series with the previous €428 million issued on 24 June 2016 and redeemable on 24 June 2021, bringing the total bond issue to €600 million. The transaction has strengthened the Group's debt profile, extended its average debt repayment dates by more than one year and increased its fixed rate debt component.

No bonds were issued during the reporting period.

The bonds issued in 2016 are backed by covenants that require the parent to maintain certain financial and equity ratios, which at the date of this Interim Financial Report are fully respected.

22. Finance lease liabilities

Finance lease liabilities may be broken down as follows at 30 June 2017:

(€'000)	30 June 2017	31 December 2016	Variation
Non-current portion	98,700	119,742	(21,042)
Current portion	53,075	55,281	(2,206)

This item includes the principal of future lease payments at the reporting date for the purchase of plant, machinery and equipment with an average life of between 3 to 8 years.

At 30 June 2017, the effective average rate ranged between 2% to 5% for the Italian companies.

Liabilities for these finance leases are guaranteed to the lessor via rights to the leased assets.

The present value of the minimum future lease payments is €151.8 million (31 December 2016: €175 million) as follows:

(€'000)	30 June 2017	31 December 2016
Minimum lease payments:		
Due within one year	60,451	62,110
Due between one and five years	101,613	122,863
Due after five years	3,019	3,607
Total	**165,083**	**188,580**
Future interest expense	(13,308)	(13,557)
Net present value	**151,775**	**175,023**
The net present value is as follows:		
Due within one year	53,075	55,281
Due between one and five years	95,814	116,348
Due after five years	2,886	3,394
Total	**151,775**	**175,023**

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

Estimated commitments for future non-cancellable lease payments (€m) - June 2017			
Within one year	Between one and five years	Due after five years	Total
41	52	3	**96**

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

23. Derivatives and other current financial liabilities

These items show the reporting-date fair value of the currency and interest rate hedges. They may be broken down as follows:

(€'000)	30 June 2017	31 December 2016	Variation
Non-current portion	-	4,429	(4,429)
Current portion	2,843	2,751	92
Total	**2,843**	**7,180**	**(4,337)**

The following table analyses the item:

(€'000)	30 June 2017	31 December 2016	Variation
Interest rate swaps - Cash flow hedges	1,720	7,096	(5,376)
Forward currency purchases and sales - FVTPL	1,123	84	1,039
Total derivatives presented in net financial indebtedness	**2,843**	**7,180**	**(4,337)**

Interest rate swaps - Cash flow hedges: negative fair values

Company	Agreement date	Expiry date	Currency	Notional amount	Fair value (€)
Salini Impregilo	24/05/2017	24/08/2017	EUR	75,000,000	(859,703)
Salini Impregilo	24/05/2017	24/08/2017	EUR	75,000,000	(859,703)
Total					**(1,719,406)**

This item includes the reporting-date fair value of derivatives that have been entered into to hedge the Group against interest rate risks and that meet IFRS hedge accounting requirements. To check compliance with these requirements, the effectiveness of the hedges has been verified and confirmed and, therefore, their fair value changes have been recognised in the hedging reserve (see note 19).

At 31 December 2016, the balance included the derivatives entered into by the subsidiary Impregilo Parking Glasgow which were reclassified to "Liabilities held for sale" during the reporting period following redefinition of IFRS 5. More information is available in note 18 "Non-current assets and liabilities held for sale and discontinued operations and loss from discontinued operations".

Forward currency purchases and sales - FVTPL

Company	Agreement date	Expiry date	Currency	Notional amount	Fair value (€)
Salini Impregilo S.p.A. (Tajikistan)	19/06/2017	19/07/2017	USD	17,000,000	(337,467)
Salini Impregilo S.p.A. (Tajikistan)	19/06/2017	19/07/2017	USD	20,000,000	(397,019)
Salini Impregilo S.p.A. (Tajikistan)	22/06/2017	24/07/2017	USD	20,000,000	(388,523)
Total					**(1,123,009)**

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

24. Post-employment benefits and employee benefits

At 30 June 2017, the Group's liability due to its employees determined using the criteria set out in IAS 19 is €93.4 million.

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

- turnover rate: 7.25%;
- discount rate: 0.45%;
- advance payment rate: 3%;
- inflation rate: 1.5%.

The Group has used the Iboxx AA Corporate index for the Eurozone, which has an average financial duration in line with the fund being valued, to calculate the discount rate.

The balance mainly consists of the liability for Lane Group's defined benefit plan for its full-time employees. This liability is calculated on the basis of the employees' years of service and remuneration and is subjected to an actuarial valuation. Lane Group also provides healthcare cover to retired employees, hired before 31 December 1992 with at least 20 years of service.

The item also includes the Italian post-employment benefits (TFR) related to Salini Impregilo and its Italian subsidiaries. The liability is the outstanding amount at the reform effective date, net of benefits paid up to the reporting dates. The liability is considered part of a defined benefit plan under IAS 19 and has, therefore, been subjected to actuarial valuation.

Changes in the item are as follows:

(€'000)	31 December 2016	Accruals	Payments	Net actuarial losses	Change in consolidation scope and other changes	Contributions paid to INPS treasury and other funds	30 June 2017
Post-employment benefits and employee benefits	**91,931**	**9,847**	**(13,441)**	**(1,452)**	**12,165**	**(5,670)**	**93,380**

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

Lane Construction Corporation Defined Benefit Pension Plan

Through its US subsidiary Lane Industries Inc., the Group contributes to a pension plan that qualifies as a defined benefit plan, The Lane Construction Corporation Defined Benefit Pension Plan, which pays benefits to employees or former employees who met the related vesting conditions when they retire. The subsidiary also pays benefits to a supplementary pension plan for some senior executives. In addition, it provides employees who have reached retirement age with healthcare benefits. These employees were hired before 31 December 1992 and reached retirement age after at least 20 years' service and are also beneficiaries of The Lane Construction Corporation Defined Benefit Pension Plan.

A reconciliation between the opening balance and the closing balance of the Group's liability for employee benefits and the plan assets is as follows (€'000):

(€'000)	Liability for employee benefits	Plan assets	Variation
1 January 2017	**206,374**	**(144,056)**	**62,318**
Contribution cost	2,257	-	2,257
Interest	4,396	(3,126)	1,270
Gains on the change in the expected return on the plan assets	-	(9,663)	(9,663)
Net losses on changes in the financial assumptions	11,559	-	11,559
Net gains from experience	(74)	-	(74)
Employer contributions	(553)	-	(553)
Payments	(2,415)	2,561	146
Healthcare services provided	35	-	35
Exchange differences	(16,676)	11,647	(5,029)
30 June 2017	**204,903**	**(142,637)**	**62,266**

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

	Pension benefits		Other benefits	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Discount rate	4.12%	4.49%	3.72%	4.02%
Expected rate of return on plan assets	6.75%	7.25%	n.a.	n.a.
Salary increase rate	3.50%	3.50%	n.a.	n.a.

The long-term expected rate of return on plan assets is calculated based on the investments' performance and the plan asset mix over the period the assets are expected to increase in value before final payment.

Assumptions about the rise in healthcare service costs are set out below:

	30 June 2017	31 December 2016
Annual growth rate	7.18%	7.00%
Ultimate trend rate	4.32%	4.50%
Year in which the ultimate trend rate is expected to be reached	2039	2028

The next table shows how the liability for employee benefits would change if the main assumptions changed:

(€'000)	Variation	Increase	Decrease
Discount rate	1.00%	(27,833)	35,297
Salary increase rate	1.00%	10,570	(9,385)

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

(€'000)	30 June 2017	%	31 December 2016	%
Common / collective trusts	142,264	99.74%	143,188	99.40%
Interest-bearing deposits	373	0.26%	868	0.60%
Total	**142,637**	**100.00%**	**144,056**	**100.00%**

The plan assets are selected to ensure a combination of returns and growth opportunity using a prudent investment strategy. Investments usually include 35% in fixed income funds, 45% in equity investments (large and small caps) and 20% in international companies. The subsidiary's management regularly revises its objectives and strategies.

A breakdown of the plan assets' fair value by asset category is as follows:

(€'000)	Listed prices	Other observable significant inputs	Other non-observable significant inputs	30 June 2017
	Level 1	**Level 2**	**Level 3**	**Total**
Common / collective trusts	142,264	-	-	142,264
Interest-bearing deposits	373	-	-	373
Total	**142,637**	**-**	**-**	**142,637**

(€'000)	Listed prices	Other observable significant inputs	Other non-observable significant inputs	31 December 2016
	Level 1	**Level 2**	**Level 3**	**Total**
Common / collective trusts	143,188	-	-	143,188
Interest-bearing deposits	868	-	-	868
Total	**144,056**	-	-	**144,056**

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

(€'000)	Pension benefits	Other benefits
2017	5,649	1,387
2018	5,835	1,386
2019	6,336	1,377
2020	6,727	1,446
2021	7,129	1,441
2022 - 2026	39,758	9,149

Lane pays benefits to multi-employer pension plans, as provided for by national labour agreements for its employees represented by trade unions. The risks of participating in these plans, which involve more than one employer, vary depending on the plan and are borne by each employer as follows:

- the assets contributed by an employer to a multi-employer pension plan may be used to provide benefits to the employees of the other employers involved in the plan;

- if an employer stops contributing to a multi-employer pension plan, its unmet obligations are covered by the other employers participating in the plan;
- if an employer decides to withdraw from a multi-employer pension plan, it may be required to pay the plan an amount calculated considering its possible undercapitalisation at the withdrawal date.

		Zone Status (Pension Protection Act) [1]		Contributions (€'000)		
Pension plan	**Number**	**30 June 2017**	**31 December 2016**	**30 June 2017**	**31 December 2016**	**Plan end date; Presence of "MFA"** [2]
IUOE Local 4 Pension Fund	04-6013863; 001	Green	Green	283	838	5/31/2017; No
IUOE Local 98 Benefits Funds	04-6127765; 001	Green	Green	337	832	5/31/2020; No
Operating Engineers' Constr. Ind. and Misc. Pension Fund	25-6135579; 001	Green	Green	252	711	12/31/2019; No
Massachusetts Laborers' Pension Fund	04-6128298; 001	Green	Green	181	547	3/31/2017; No
New England Teamsters' Fund	04-6372430; 001	Red	Red	141	468	4/30/2018; No
Western Penn Laborers' District Council Fund	25-6135576; 001	Red	Red	374	1,243	12/31/2019; No

Notes to the above table:

[1] The "zone status" is based on information received from the plan. Plans in the "red zone" are less than 65% funded, plans in the "orange zone" are between 65% and 80% funded, plans in the "green zone" are more than 80% funded.

[2] "MFA" stands for "minimum funding arrangement".

25. Provisions for risks

These provisions amount to €100.5 million at the reporting date, as follows:

(€'000)	30 June 2017	31 December 2016	Variation
Provisions for risks on equity investments	2,601	2,526	75
Other provisions	97,871	103,239	(5,368)
Total	**100,472**	**105,765**	**(5,293)**

The provision for risks on equity investments relates to expected impairment losses on the carrying amount of the Group's investments in associates for the part that exceeds their carrying amounts.

Changes in this provision are detailed below:

(€'000)	1st half 2017
Change in consolidation method	
Acquisitions/disinvestments	
Share of loss of equity-accounted investees	(68)
Dividends from equity-accounted investees	
Other changes including change in the translation reserve	143
Total	**75**

Other provisions comprise:

(€'000)	30 June 2017	31 December 2016	Variation
USW Campania projects	32,760	32,760	-
Provisions set up by Imprepar and its subsidiaries	34,795	36,327	(1,532)
Ongoing litigation	871	1,556	(685)
Building segment litigation	795	795	-
Tax and social security litigation	-	2,240	(2,240)
Other	28,650	29,561	(911)
Total	**97,871**	**103,239**	**(5,368)**

The provision for the USW Campania projects mainly consists of the estimated potential costs for the environmental clean-up. The section on the "Main risk factors and uncertainties" in the Directors' report includes a description of the litigation and risks related to the USW Campania projects.

The provisions set up by Imprepar and its subsidiaries include accruals made for probable future charges related to the closing of contracts and potential developments in ongoing litigation.

The provision for ongoing litigation refers to disputes involving Salini Impregilo and certain of its subsidiaries.

"Other" mainly comprises amounts accrued in 2016 for certain foreign contracts completed in previous years for which disputes are ongoing with the clients. Relationships with these clients are difficult and, therefore, the Group is unable to estimate exactly when the related receivables will be collected.

Changes in the item in the period are summarised below:

(€'000)	31 December 2016	Impairment losses	Utilisations/ Releases	Reclassific- ations	Exchange differences	Discounting and other changes	30 June 2017
Total	**103,239**	6,226	(10,875)	-	(719)	-	**97,871**

Changes of the period comprise:

- accruals of €6.2 million, mainly related to the subsidiary Imprepar (€3.4 million), HCE Group for future costs to dismantle work sites (€0.7 million) and the subsidiary Salini Insaat - NTF J.V. (€1.3 million);
- utilisations of €10.8 million, mostly related to the subsidiary Imprepar, and HCE Group due to the occurrence of the events for which the provision had been set up.

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

26. Progress payments and advances on contract work in progress

This item, included in "Current liabilities", amounts to €2,526.2 million, up €70.5 million on the figure at 31 December 2016. It comprises:

(€'000)	30 June 2017	31 December 2016	Variation
Contract work in progress	(4,604,443)	(5,384,910)	780,467
Progress payments and advances received (on approved work)	5,265,752	5,976,936	(711,184)
Negative work in progress	**661,309**	**592,026**	**69,283**
Contractual advances	1,864,841	1,863,606	1,235
Total	**2,526,150**	**2,455,632**	**70,518**

Work in progress recognised under liabilities (negative WIP) of €661.3 million is the negative net balance, for each contract, of work performed to date and progress billings and advances.

The following table shows the contribution by geographical segment of negative WIP and contractual advances:

(€'000)	30 June 2017	31 December 2016	Variation
Italy	231,016	147,524	83,492
EU (excluding Italy)	251,123	341,552	(90,429)
Non-EU	69,742	67,384	2,358
Asia	205,008	92,478	112,530
Middle East	444,870	523,676	(78,806)
Africa	938,541	965,076	(26,535)
America	244,077	235,628	8,449
Oceania	141,773	82,314	59,459
Total	**2,526,150**	**2,455,632**	**70,518**

The contracts that contributed the most to the negative WIP were those in the US (€130.8 million), Ethiopia for the Koysha dam (€328.1 million), Austria (€19.7 million), Denmark (€9.8 million), Peru (€33.2 million) and Australia (€91.4 million).

The most significant contractual advances, which total €1,864.8 million, relate to the following contracts: the Koysha dam (€124.5 million), Gibe III (€49.4 million) and the Grand Ethiopian Renaissance Dam (Gerd) project in Ethiopia (€142.4 million), the Copenhagen Cityringen Metro in Denmark (€160.8 million), contracts in Libya (€181.7 million), the Riyadh Metro Line 3 in Saudi Arabia (€190.3 million), projects in Nigeria (€91.8 million), construction of the Ruta del Sol motorway in Colombia (€44.9 million), motorway projects in Poland (€ 44.6 million), the metro line in Australia (€50.4 million), design and construction of the Red Line North in Doha (€48.9 million), construction of the Al Bayt Stadium in Al Khor in Qatar (€56.6 million) and the hydroelectric project in Tajikstan (€205.0 million).

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

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

27. Trade payables

Trade payables amount to €2,245.4 million at the reporting date, a decrease of €99.4 million on 31 December 2016. They are made up as follows:

(€'000)	30 June 2017	31 December 2016	Variation
Third parties	2,115,259	2,233,611	(118,352)
Unconsolidated group companies and other related parties	130,126	111,162	18,964
Total	**2,245,385**	**2,344,773**	**(99,388)**

The net decrease is the result of opposing factors. The reduction is chiefly due to settlement of payables as part of the normal production process for the Milan - Genoa section of the high speed/capacity railway project (€33.6 million), the Metro Line 3 in Saudi Arabia (€48.2 million), the Red Line Metro in Qatar (€32.4 million) and the Cityringen metro in Denmark (€44.9 million) as well as the works being carried out in Ethiopia (€28.6 million). On the other hand, increases in trade payables mostly refer to the road works in Poland (€42.1 million), the Perth Metro in Australia (€42.1 million) and the hydroelectrical plant in Tajikistan (€8.3 million).

Trade payables to unconsolidated group companies and other related parties increased by €18.9 million to € 130.1 million at the reporting date due to the consortium company Metro Blu S.c.r.l.. The item mostly consists of payables from unconsolidated SPEs accrued on work performed by them for contracts with Italian and foreign public administrations.

28. Current tax liabilities and other current tax liabilities

Current tax liabilities amount to €85.7 million as follows:

(€'000)	30 June 2017	31 December 2016	Variation
IRES	6,703	7,838	(1,135)
IRAP	6,452	2,118	4,334
Foreign taxes	72,572	100,035	(27,463)
Total	**85,727**	**109,991**	**(24,264)**

"Foreign taxes" include €8.7 million related to a tax dispute involving Impregilo International Infrastructures N.V. (see note 30 for more information).

Other current tax liabilities of €44.7 million decreased by €22.9 million over 31 December 2016. They may be analysed as follows:

(€'000)	30 June 2017	31 December 2016	Variation
VAT	25,692	48,062	(22,370)
Other indirect taxes	19,029	19,527	(498)
Total	**44,721**	**67,589**	**(22,868)**

29. Other current liabilities

Other current liabilities of €326.6 million (€356.3 million) comprise:

(€'000)	30 June 2017	31 December 2016	Variation
Social security institutions	24,523	23,271	1,252
Employees	69,430	82,206	(12,776)
Compensation and compulsory purchases	5,835	5,739	96
State bodies	115,588	115,588	-
Other payables	75,012	94,180	(19,168)
Unconsolidated group companies and other related parties	14,548	13,747	801
Accrued expenses and deferred income	21,662	21,584	78
Total	**326,598**	**356,315**	**(29,717)**

"Employees" relate to accrued unpaid remuneration. The large decrease in this item during the period mainly refers to the parent and Lane Group.

"Compensation and compulsory purchases" relate to the high speed/capacity railway contracts and principally the Milan - Genoa and Bologna - Florence sections.

"State bodies" (€115.6 million) entirely relate to the transactions with the commissioner, the provincial authorities and municipalities of Campania in connection with the USW Campania projects. Reference should be made to the "Main risk factors and uncertainties" section in the Directors' report for more information about the complicated situation surrounding the USW Campania projects.

"Other" of €75.0 million decreased by roughly €19.2 million on the 31 December 2016 balance of €94.2 million. Such reduction is mainly attributable to the decrease in the liabilities for the Red Line project in Doha, Qatar (€5.1 million), the road works in Tunisia performed by HCE Group (€4.3 million) and the Bologna - Florence section of the high speed/capacity project (€3.2 million), as well as the decrease in liabilities for contracts completed or nearing completion, such as the Injula hydroelectric project in South Africa (€3.9 million) as work on these projects continued.

"Unconsolidated group companies and other related parties" of €14.5 million increased by €0.8 million on 31 December 2016, mainly due to the higher liabilities with Consorzio OIV Tocoma, offset by the reduction in the liability with the Argentine investee Eriday UTE.

Accrued expenses and deferred income of €21.7 million include the ten-year post-contract guarantee of €4.0 million and are in line with the previous year end as follows:

(€'000)	30 June 2017	31 December 2016	Variation
Accrued expenses:			
- Commissions on sureties	2,181	4,267	(2,086)
- Other	13,930	11,138	2,792
Total accrued expenses	**16,111**	**15,405**	**706**
Deferred income:			
- Provision of services	5,551	6,179	(628)
Total deferred income	**5,551**	**6,179**	**(628)**
Total	**21,662**	**21,584**	**78**

30. Guarantees, commitments, risks and contingent liabilities

Guarantees and commitments

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

- contractual sureties: these total €13,184.3 million (including €4,780.9 million issued directly by Lane Group) and are given to clients as performance bonds, to guarantee advances, withholdings and involvement in tenders for all ongoing contracts. In turn, the group companies have guarantees given by their subcontractors;
- sureties for credit of €263.9 million;
- sureties granted for export credit of €157.7 million;
- other guarantees of €1,407.9 million consisting of guarantees related to customs and tax obligations (€ 58.3 million) and for other commitments (such as environmental clean-ups and export credit) (€1,349.6 million);
- collateral related to a lien on the shares of the SPE M4 (€3.4 million).

Tax disputes

<u>Salini Impregilo S.p.A.</u>

With respect to the principal dispute with the tax authorities:

- as described in detail in previous reports, the dispute about the assessment notice challenging the tax treatment of impairment losses and losses on the sale of assets recognised by the parent in 2003 is currently before the Supreme Court, following the tax authorities' appeal. The main issue about the sale by Impregilo S.p.A. of its investment in the Chilean operator Costanera Norte SA to Impregilo International Infrastructures N.V. was cancelled by the Milan Regional Tax Commission on 11 September 2009 (higher assessed tax base of €70 million);
- the parent's appeal about reimbursement of tax assets with a nominal amount of €12.3 million acquired from third parties as part of previous non-recurring transactions is still pending before the Supreme Court;

- a dispute about the technique used to "realign" the carrying amount of equity investments as per article 128 of Presidential decree no. 917/86 (greater assessed tax base of €4.2 million) is still pending before the first level court;
- with respect to another dispute again related to 2005 and the costs of a joint venture set up in Venezuela for which the greater assessed tax base is €6.6 million, the Regional Tax Commission filed its ruling entirely in the parent's favour on 19 May 2015; the tax authorities appealed to the Supreme Court on 28 December 2015 challenging the procedure while stating that the findings do not relate to the appeal. The parent has filed its defence brief;
- the parent was notified of: (i) a payment order from the tax authorities for Icelandic taxes of €4.6 million, which was cancelled after the first and second level sentences in favour of the parent; the tax authorities appealed to the Supreme Court on 11 May 2017 and the parent has presented its defence brief, and (ii) a payment bill for the same taxes which the parent appealed. It won again both at first and second level. On 18 January 2016, the tax authorities presented their appeal to the Supreme Court and the parent filed its defence brief;
- on 29 December 2016, the parent received two assessment reports for IRES and IRAP purposes covering 2011 and alleging unpaid IRES taxes of €21.2 million and IRAP taxes of €2.9 million. Both these reports were based on a preliminary assessment report issued by the tax police and notified to the parent on 27 September 2016. They refer to: (i) for a minimum part, the alleged applicability of the "transfer price" regulations to sureties given free of charge on behalf of foreign subsidiaries, for which the tax police asserted that the normal commission income would have been €0.7 million; (ii) the non-deductibility of costs of €36.4 million incurred to purchase goods and services to perform works for the Abu Dhabi and Panama contracts, both of which countries have a preferential tax regime, due to the alleged insufficient evidence that the suppliers carried out commercial activities in those countries and that the related purchases were in Salini Impregilo's effective interest. During the mutually-agreed settlement procedure, the tax authorities revised their position and, after the discussions, the related agreements were signed on 5 June 2017 settling the dispute with payment of €0.3 million by the parent.

With respect to the above pending disputes, after consulting its legal advisors, the parent believes that it has acted correctly and deems that the risk of an adverse ruling is not probable.

Finally, the Milan unit of the tax police completed its tax audit of the IRES, IRAP and VAT paid in 2012 on 27 March 2017 with notification of the related preliminary assessment report containing two findings: (i) non-compliance with transfer pricing regulations of the fees on sureties issued by the parent to third parties on behalf of foreign subsidiaries and minor issues about compliance with the accruals-based principle; and (ii) all the transactions between Salini Impregilo (former Impregilo) and suppliers resident in Black List countries (especially those with local suppliers by the Abu Dhabi and Panama branches). These are the same findings made for 2011 which, as mentioned above, were settled with the mutually-agreed settlement procedure.

After the tax audit into 2011, 2012 and 2013 for the Ethiopian branch, the inspectors reported findings about the measurement of revenue from contract work in progress and the deduction of some costs. During the audit, the branch negotiated a significant decrease in these findings and the settlement of the findings for all three years.

Icelandic branch

With respect to the completed contract for the construction of a hydroelectric plant in Karanjukar (Iceland), a dispute arose with the Icelandic tax authorities in 2004 about the party required to act as the withholding agent for the remuneration of foreign temporary workers at the building site. Salini Impregilo was firstly wrongly held responsible for the payment of the withholdings on this remuneration, which it therefore paid. Following the definitive ruling of the first level court, the parent's claims were fully satisfied. Nevertheless, the local authorities subsequently commenced a new proceeding for exactly the same issue. The Supreme Court rejected the parent's claims in its ruling handed down in February 2010, which is blatantly contrary to the previous ruling issued in 2007 on the same matter by the same judiciary authority. The parent had expected to be refunded the unduly paid withholdings of €6.9 million (at the original exchange rate). After the last ruling, the parent took legal action at international level (appeal presented to the EFTA Surveillance Authority on 22 June 2010) and, as far as possible, again at local level as it deems that the last ruling issued by the Icelandic Supreme Court is unlawful both in respect of local legislative and international agreements regulating trade relations between the EFTA countries and international conventions which do not allow application of discriminatory treatments to foreign parties (individuals and companies) working in other EFTA countries. On 8 February 2012, the EFTA Surveillance Authority sent the Icelandic government a communication notifying the infraction of the free exchange of services and requested the government to provide its observations about this. In April 2013, the EFTA Surveillance Authority issued its documented opinion finding the Icelandic legislation to be inconsistent with the regulations covering trade relations between the member countries with respect to the regulations for the above dispute. It asked that Iceland take steps to comply with these regulations. Accordingly, the parent requested the case be re-examined locally and has engaged a leading legal firm to assess whether to take additional action at international level.. Based on the above, Salini Impregilo does not believe objective reasons currently exist to change the valuations made about this dispute.

Imprepar

The Milan Regional Tax Commission filed a ruling on the IRES assessment notices for 2006/2007/2008 received by the subsidiary Imprepar at the end of March 2015 cancelling all the main findings notified by the tax authorities on the assessment notices for 2006 and 2007 for €12 million. In November 2015, the tax authorities appealed against the Milan Regional Tax Commission before the Supreme Court and the company filed its defence brief in December. After consulting its legal advisors, the subsidiary did not set up a provision for this tax dispute as it deems that the risk of an adverse ruling is not probable.

Fibe

As disclosed in previous reports, Fibe has a pending dispute about the local property tax (ICI) on the Acerra waste-to-energy plant.

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

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

HCE

The hearing for the appeal against the tax claims for the years from 2014 to 2016 about the assessed taxability of transferred funds used to cover costs incurred for the works tendered in Ukraine is pending. As these claims are clearly groundless, the parent has challenged the related ruling.

Statement of profit or loss

31. Revenue

Revenue for the first half of 2017 amounts to €2,930.3 million, up 11% on the corresponding period of the previous year:

(€'000)	1st half 2017	1st half 2016	Variation
Revenue	2,857,126	2,562,580	294,546
Other income	73,165	70,941	2,224
Total revenue	**2,930,291**	**2,633,521**	**296,770**

The €296.8 million growth in revenue is mainly due to the higher revenue recognised by the subsidiary Lane. The increase is due to the works carried out to construct the Rogun dam in Tajikstan and the Ruta del Sol motorway in Colombia. In addition, some smaller variations due to continuation of work on certain large foreign contracts and the completion of other contracts also contributed to the increase.

A breakdown of revenue is given in the following table:

(€'000)	1st half 2017	1st half 2016	Variation
Works invoiced to customers	2,680,371	2,399,326	281,045
Services	125,216	117,234	7,982
Sales	51,539	46,020	5,519
Total revenue	**2,857,126**	**2,562,580**	**294,546**

Services include revenue of €51.8 million for costs recharged to third party partners of fully consolidated consortia and consortium companies.

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

(€'000)	1st half 2017	1st half 2016	Variation
Recharged costs	34,971	32,919	2,052
Gains on the disposal of non-current assets	6,409	8,684	(2,275)
Prior year income	14,937	11,913	3,024
Other income	16,847	17,425	(578)
Total	**73,165**	**70,942**	**2,223**

32. Costs

Costs for the period amount to €2,800.7 million compared to €2,521.8 million for the first half of 2016. They account for 95.6% of revenue.

The item may be broken down as follows:

(€'000)	1st half 2017	1st half 2016	Variation
Purchases	544,348	515,771	28,577
Subcontracts	756,077	645,470	110,607
Services	764,590	740,283	24,307
Personnel expenses	500,144	420,423	79,721
Other operating expenses	88,656	73,148	15,508
Amortisation, depreciation, provisions and impairment losses	146,915	126,667	20,248
Total	**2,800,730**	**2,521,762**	**278,968**

The variation in the individual items compared to the corresponding period of 2016 is due to the different cost structures that vary from contract to contract and may, in some cases, entail changes in the industrial operating model for the one project from one year to another. Moreover, as these are large-scale infrastructural works that take several years to complete, resort to normal production factors depends on the stage of completion of each contract in any given year. These changes may generate significant variations in the percentage of the related cost categories depending on the contract and the period, while not affecting the total percentage of operating costs of total revenue.

32.1 Purchases

The cost of raw materials and consumables incurred in the first six months of 2017 increased by €28.6 million to €544.3 million compared to the corresponding period of 2016:

(€'000)	1st half 2017	1st half 2016	Variation
Purchases of raw materials and consumables	532,333	508,967	23,366
Change in raw materials and consumables	12,015	6,804	5,211
Total	**544,348**	**515,771**	**28,577**

The rise in the cost of raw materials and consumables is attributable to Lane Group and, for €26.0 million, the fact that some large international projects (especially in Qatar and Colombia) and Italian projects (continuation of the Milan - Genoa section of the high speed/capacity project) are fully operational.

32.2 Subcontracts

Costs of subcontracts increased to €756.1 million, up €110.6 million on the corresponding period of 2016 as shown in the following table:

(€'000)	1st half 2017	1st half 2016	Variation
Subcontracts	756,077	645,470	110,607
Total	**756,077**	**645,470**	**110,607**

The €110.6 million increase is due to Lane for € 87.8 million in in line with the rise in revenue and the increase in work on Salini Polska Sp. Z.o.o.'s Polish contracts (€29.3 million), the subcontract costs of the Colombian contracts of Constructora Aiguani (the San Roque Ye de Cienaga and Valledupar motorways) (€22.0 million), the Cityringen project of CMT I/S in Copenhagen, Denmark (€15.8 million), Impregilo Sk-Galfar's contracts in

Qatar (€29.2 million) and Western Station J.V.'s contracts in Saudi Arabia (€18.9 million). These increases were offset by the reduction in the subcontract costs for the Salerno Reggio Calabria contracts as they near completion.

32.3 Services

This item increased to €764.6 million, up €24.3 million on the corresponding period of 2016, as shown in the following table:

(€'000)	1st half 2017	1st half 2016	Variation
Consultancy and technical services	300,650	283,713	16,937
Fees to directors, statutory auditors and independent auditors	5,586	6,251	(665)
Employee travel costs	2,881	2,275	606
Maintenance and testing	19,276	18,987	289
Transport and customs	52,213	61,606	(9,393)
Insurance	26,345	28,042	(1,697)
Recharging of costs by consortia	121,870	92,346	29,524
Rent and leases	126,609	114,241	12,368
Charge backs	22	34	(12)
Other	109,138	132,788	(23,650)
Total	**764,590**	**740,283**	**24,307**

"Other" decreased by €23.7 million over the first six months of 2016 due to the smaller volumes of activities carried out for the civil works of CMT IS' Danish contract (Cityringen project) and the renegotiation of some contracts for the same project leading to the related reclassification of the costs from "Other" to "Subcontracts".

"Consultancy and technical services" increased by €16.9 million and mainly consist of the design and construction costs incurred by the SPEs and legal and administrative consultancy fees. A breakdown of this item is as follows:

(€'000)	1st half 2017	1st half 2016	Variation
Design and engineering services	185,688	201,855	(16,167)
Legal, administrative and other services	39,954	33,556	6,398
Testing	577	378	199
Construction	74,431	47,924	26,507
Total	**300,650**	**283,713**	**16,937**

32.4 Personnel expenses

Personnel expenses for the period amount to €500.1 million, up by €79.7 million on the corresponding period of 2016. The item is made up as follows:

(€'000)	1st half 2017	1st half 2016	Variation
Wages and salaries	396,766	335,574	61,192
Social security and pension contributions	86,679	69,986	16,693
Post-employment benefits and employee benefits	9,882	7,211	2,671
Other	6,817	7,652	(835)
Total	**500,144**	**420,423**	**79,721**

The increase mostly relates to Lane, development of the Perth work site of Salini Australia Pty, the increase of works and, hence, labour for the Al Bayt Stadium contract in Qatar and continuation of work on the Colombian projects (the San Roque Ye de Cienaga and Valledupar della Constructora Ariguani motorways). “Other” mainly relates to termination benefits and reimbursements of travel expenses.

32.5 Other operating expenses

Other operating expenses amount to €88.7 million, up €15.5 million on the corresponding period of 2016.

This item is made up as follows:

(€'000)	1st half 2017	1st half 2016	Variation
Other operating costs	42,466	38,548	3,918
Commissions on sureties	21,858	21,105	753
Bank charges	2,870	5,449	(2,579)
Losses on the disposal of property, plant and equipment	5,667	2,331	3,336
Other non-recurring costs	-	2	(2)
Other prior year expense	15,795	5,713	10,082
Total	**88,656**	**73,148**	**15,508**

This item’s increase is chiefly due to the rise in other prior year expense, mostly related to HCE due to the negative outcome of the Keiff Eddir award in Tunisia (€3.5 million), prior year expense recognised in Italy (€0.9 million) for the Todini - Akkord - Salini JV (€1.3 million) and the losses for costs referred to supplies of the Algerian subsidiary Inc II nuovo Castoro Algerie (€1.0 million) and the COCIV Consortium (€1.0 million).

32.6 Amortisation, depreciation, provisions and impairment losses

This item of €146.9 million shows an increase of €20.2 million on the balance for the corresponding period of the previous year. It may be analysed as follows:

(€'000)	1st half 2017	1st half 2016	Variation
Impairment losses	37,700	4,206	33,494
Provisions	(3,641)	(1,116)	(2,525)
Total provisions and impairment losses, net of the release of provisions	**34,059**	**3,090**	**30,969**
Amortisation of intangible assets	768	774	(6)
Depreciation of property, plant and equipment	98,065	108,053	(9,988)
Amortisation of rights to infrastructure under concession	704	666	38
Amortisation of contract acquisition costs	13,319	14,084	(765)
Total amortisation and depreciation	**112,856**	**123,577**	**(10,721)**
Total	**146,915**	**126,667**	**20,248**

"Impairment losses" increased by €33.5 million in the period, mostly as a result of the impairment losses (€ 37.7 million) recognised by the Venezuelan branch on the late payments from clients and the impairment losses on receivables deemed non-recoverable related to the Cetim Dam contract in Turkey (see the paragraphs on "Venezuela" and "Turkey" respectively in the section on the "Main risk factors and uncertainties" in the Directors' report).

The provisions reflect:

- releases following completion of contracts in Ukraineby HCE Group (€3.9 million);
- releases related to a dispute involving Imprepar, which was settled during the period and related to the construction of the Dschang-Bamoungoun road in the Republic of Cameroon (€2.6 million);
- accruals of €3.2 million to the provision for risks made by Imprepar for the dispute with the Ministry of Transport about the Naples Palazzo di Giustizia (court house).

This item mostly included the release of accruals made in previous years in the corresponding period of 2016 following the updated risk forecasts for the consortium active in the Dominican Republic.

Amortisation and depreciation of €112.9 million decreased by €10.7 million compared to the same period of the previous year and are in line with the progress made on the related contracts. The decrease refers to contracts nearing completion while the increases refer to contracts for which production is now at 100%.

33. Net financing costs

Net financing costs amount to €85.8 million compared to €45.0 million for the first half of 2016.

The item may be broken down as follows:

(€'000)	1st half 2017	1st half 2016	Variation
Financial income	35,984	21,883	14,101
Financial expense	(72,875)	(68,983)	(3,892)
Net exchange gains (losses)	(48,887)	2,145	(51,032)
Net financing costs	**(85,778)**	**(44,955)**	**(40,823)**

33.1 Financial income

Financial income totals €36.0 million (€21.9 million) and is made up as follows:

(€'000)	1st half 2017	1st half 2016	Variation
Gains on securities	**3,238**	**6,256**	**(3,018)**
Interest and other income from unconsolidated group companies and other related parties	**5,284**	**5,104**	**180**
- Interest income	5,284	3,781	1,503
- Financial income	-	1,323	(1,323)
Interest and other financial income	**27,462**	**10,523**	**16,939**
- Interest income on correspondence accounts	267	308	(41)
- Interest on financing	424	1,260	(836)
- Bank interest	4,918	2,753	2,165
- Interest on receivables	18,467	3,560	14,907
- Financial discounts and allowances	877	230	647
- Other	2,509	2,412	97
Total	**35,984**	**21,883**	**14,101**

The €14.1 million increase is mostly due to the recognition of interest on the amounts due from mainly foreign clients to Salini Impregilo.

Other financial income of €2.5 million is in line with the amount for the corresponding period of 2016 and includes interest income on the amounts due from the Argentine Republic (€1.0 million) and the Argentine operator Caminos de Las Sierras (€0.4 million).

33.2 Financial expense

Financial expense totals €72.9 million compared to €69.0 million for the corresponding period of 2016 and is made up as follows:

(€'000)	1st half 2017	1st half 2016	Variation
Intragroup interest and other expense	**(211)**	**(52)**	**(159)**
Interest and other financial expense	**(72,664)**	**(68,931)**	**(3,733)**
- Bank interest on accounts and financing	(24,272)	(41,397)	17,125
- Interest on bonds	(21,746)	(14,104)	(7,642)
- Interest on tax liabilities	(14,563)	(711)	(13,852)
- Bank fees	(2,392)	(1,400)	(992)
- Factoring and leases	(3,002)	(3,056)	54
- Other	(6,689)	(8,263)	1,574
Total	**(72,875)**	**(68,983)**	**(3,892)**

Financial expense increased by €3.9 million on the corresponding period of 2016. This variation is mainly due to the higher interest related to a tax bill notified to the Ethiopian branch by the local tax authorities and settled on 7 July 2017 and the reduction in interest expense on bank accounts and financing and bonds (€9.5 million) after renegotiation of the corporate finance debt in June and July 2016.

The decrease of €1.5 million in "Other" reflects the reduction in interest expense due to other financial backers on the factoring of tax and trade receivables, mostly for the Milan - Genoa section of the high capacity/speed railway project (€0.9 million) and the smaller loss on the securities of the Colombian company Yuma Concessionaria S.A. (€0.6 million)

In addition:

- interest on bank accounts and financing of €24.3 million includes €3.8 million arising from the application of the "amortised cost" method, which did not entail cash outlays during the period as it was paid in full in previous years;
- interest on bonds of €21.7 million includes the effect of the amortised cost method for €2.0 million.

33.3 Net exchange losses

The net exchange losses amount to €48.9 million compared to net gains of €2.1 million for the corresponding period of 2016.

The difference of €51.0 million is due to the fluctuations in exchange rates with certain foreign currencies, especially the Birr, recognised by the Ethiopian branch, and the US dollar, which mainly affected the parent and the Venezuelan branch.

During the first half of 2016, the net exchange gains benefitted from the positive effect (€17 million) on the measurement of Salini Nigeria's receivables in the hard currency rather than the naira, which lost value significantly during that period. This effect decreased significantly in the reporting period due to changes in the investee's credit/debit position.

34. Net gains on equity investments

Net gains on equity investments amount to €9.6 million, up €2.2 million on the corresponding period of 2016. The item may be broken down as follows:

(€'000)	1st half 2017	1st half 2016	Variation
Share of profit of investees	4,585	7,266	(2,681)
Dividends	4,323	234	4,089
Loss on the disposal of equity investments	(13)	(311)	298
Other income	716	223	493
Total	**9,611**	**7,412**	**2,199**

The variation is mainly due to the following factors:

- the dividend distribution of €4.3 million approved by the Argentine associate Autopista del Sol S.A. during the period;
- recognition of the profit for the period of the equity-accounted investees (€4.6 million), which decreased by €2.7 million mainly for the Lane Group's US joint ventures.

The following table provides a breakdown of this item:

(€'000)	1st half 2017	1st half 2016	Variation
Share of profit (loss) of investees			
Yuma Concessionaria	508	1,149	(641)
Agua Azul	558	558	-
Impregilo Arabia	(210)	(173)	(37)
Gupc	(4,425)	(4,993)	568
Ochre Holding Solution	(551)	(365)	(186)
Wolverhampton	(72)	(82)	10
Gaziantep Hastane Saglik	138	(28)	166
Interstate Healy JV	62	(18)	80
Metro de Lima Linea 2 S.A.	489	319	170
Yacilec	575	(74)	649
Edilfi scrl in liq.	-	236	(236)
Autopista del Sol	-	(12)	12
Montenero Scrl	-	68	(68)
Other	(24)	-	(24)
Sub-total	**(2,952)**	**(3,415)**	**463**
Lane Group companies:			
Agl Constructor JV	(2,853)	1,425	(4,278)
Gemma Lane Liberty	6	904	(898)
Gemma Lane Patriot	-	2,149	(2,149)
Fluor Lane 95	2	627	(625)
Purple Line	2,470	259	2,211
Skanska Granite Lane JV	7,342	5,223	2,119
SGL Leasing	68	92	(24)
Fluor Lane South Caroline	502	-	502
Total Lane Group joint ventures	**7,537**	**10,679**	**(3,142)**
Total	**4,585**	**7,264**	**(2,679)**

35. Income tax expense

The Group's income tax expense for the period is €20.8 million. It is calculated using the tax rate expected to be applied to the forecast annual profit based on updated estimates at the reporting date. The tax rate used for this reporting period was 39%.

The tax audit into 2011, 2012 and 2013 for the Ethiopian branch has been completed with settlement of the findings as described in the section on "Tax disputes".

36. Related party transactions

Transactions with related parties, as defined by IAS 24, were of an ordinary nature and were carried out with the following counterparties in the first half of 2017:

- directors, statutory auditors and key management personnel, solely related to the contracts regulating their positions within the Group;
- associates and joint arrangements; these transactions mainly relate to:

  - commercial assistance with purchases and procurement of services necessary to carry out work on contracts, contracting and subcontracting;
  - services (technical, organisational, legal and administrative), carried out at centralised level;
  - financial transactions, namely loans and joint current accounts as part of cash pooling transactions and guarantees given on behalf of group companies.

  Transactions are carried out with associates in the interests of Salini Impregilo, aimed at building on existing synergies in the Group in terms of production and sales integration, efficient use of existing skills, streamlining of centralised structures and financial resources. These transactions are regulated by specific contracts and are carried out on an arm's length basis;
- other related parties: the main transactions with other related parties, identified pursuant to IAS 24, including companies managed and coordinated by Salini Costruttori S.p.A., are summarised below:

Related party (€'000)	**Loans and receivables**	**Financial assets**	**Other services**	**Trade payables**	**Financial liabilities**	**Total revenue**	**Total costs**	**Financing income (costs)**
C.Tiburtino	38					9		
Casada S.r.l.	46			8		9	136	
CEDIV S.p.A.	1,757	3,241				9		24
Corso del Popolo Immobiliare S.r.l	3,130							
Dirlan	118					13		
G.A.B.I.RE S.r.l.	1,176	18,001				10		9
Galla Placida	34					10		
Imm. Agricola San Vittorino	76					7		
Infernetto	18					3		
Iniziative Immobiliari Italiane S.p.A.	17			279			538	
Madonna dei Monti S.r.l	3					6	28	
Nores	34			9		3		
Plus	204					15		
Salini Costruttori S.p.A.	79	7,207	11,957		8,162	77	43	16
Salini Simonpietro & C.	13					7		
Studio Avv. Grazia Volo Associazione Professionale				26			58	
Todini Finanziaria	1,480							
Zeis	8	1,109		10		143	72	19
World Nature Conservation S.r.l.						194		
Total	**8,231**	**29,558**	**11,957**	**332**	**8,162**	**515**	**875**	**68**

Most of the Group's production is carried out through SPEs, set up with other partners that have participated with Salini Impregilo in tenders. The SPEs carry out the related contracts on behalf of its partners.

The other transactions refer to costs for design and similar activities, incurred when presenting bids and for recently started contracts. They are also governed by specific agreements and carried out on an arm's length basis and, where applicable, in line with the contract terms.

Their effects on the statement of financial position and statement of profit or loss are shown together with the related contract, when appropriate.

In December 2016, the ultimate parent SAPA granted Salini Costruttori S.p.A. shares free of charge, which may be converted into Salini Impregilo shares, to Salini Impregilo employees.

37. Earnings per share

Earnings per share are disclosed at the foot of the statement of profit or loss.

Basic earnings per share are calculated by dividing the profit (loss) for the period attributable to the owners of the parent by the weighted average of the shares outstanding during the year. Diluted earnings per share are calculated considering the weighted average of the outstanding shares adjusted by assuming the conversion of all the shares with potentially diluting effects.

The following table summarises the calculation. Following the merger resolution of 12 September 2013, 44,974,754 new ordinary Salini Impregilo S.p.A. shares were issued to Salini Costruttori S.p.A. to service the merger.

On 30 June 2014, the board of directors approved a capital increase with the related issue of 44,740,000 new shares. This took place on 25 June 2014 and the parent's share capital comprises 492,172,691 ordinary shares and 1,615,491 savings shares.

In October 2014, the parent repurchased 3,104,377 own shares. No shares have been subsequently issued or repurchased.

(€'000)	1st half 2017	1st half 2016 (*)
Profit from continuing operations	32,571	42,477
Non-controlling interests	(14,651)	(18,026)
Profit from continuing operations attributable to the owners of the parent	**17,920**	**24,451**
Profit from continuing and discontinued operations	31,229	29,250
Non-controlling interests	(14,651)	(18,026)
Profit from continuing and discontinued operations attributable to the owners of the parent	**16,640**	**11,224**
Profit earmarked for holders of savings shares	**588**	**588**
Average outstanding ordinary shares	489,069	489,069
Average outstanding savings shares	1,615	1,615
Average number of shares	**490,684**	**490,684**
Dilutive effect	2,512	-
Average number of diluted shares	**493,196**	**490,684**
Basic earnings per share (from continuing operations)	**0.04**	**0.05**
Basic earnings per share (from continuing and discontinued operations)	**0.03**	**0.02**
Diluted earnings per share (from continuing operations)	**0.04**	**0.05**
Diluted earnings per share (from continuing and discontinued operations)	**0.03**	**0.02**

(*) The statement of profit or loss for the first half of 2016 was restated to comply with IFRS 5 after redefinition of the HCE business units.

38. Events after the reporting date

Sale of Impregilo Parking Glasgow Ltd and Impregilo Wolverhampton Ltd

On 14 July 2017, Impregilo International Infrastructures N.V. completed its sale of Impregilo Parking Glasgow Ltd and Impregilo Wolverhampton Ltd to the English company Semperian (Glasgow) Limited for roughly €12 million. The transaction entailed the sale of shares and settlement of other items. Its effects will be seen in the second half of 2017 with the recognition of a gain of roughly €6 million in the statement of profit or loss and a decrease of about €23 million in net financial indebtedness.

39. Significant non-recurring events and transactions

The Group's financial position, performance and cash flows were not affected by significant non-recurring events and transactions, as defined by Consob communication no. DEM/6064293[1].

[1] Significant non-recurring events and transactions are those that do not frequently occur in the normal course of business.

40. Balances or transactions arising from atypical and/or unusual transactions

During the six months, Salini Impregilo Group did not carry out any atypical and/or unusual transactions, as defined in the above Consob communication no. DEM/6064293[2].

On behalf of the board of directors

Chairperson

(signed on the original)

[2] Atypical and/or unusual transactions are those that, due to their significance and relevance, the counterparty, the object of the transaction, exchange pricing and timing, may cast doubts as to the accuracy and completeness of disclosures, conflicts of interest, protection of the company's assets and non-controlling interests.

List of Salini Impregilo Group companies

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
Salini Impregilo S.p.A.	**Italy**	**Euro**	**544,740,000**	**100**	**100**			**line-by-line**
A1 Motorway Tuszyn-Pyrzowice lot F Joint Venture	Poland	PLN		100	94.99	5	Salini Polska L.t.d. Liability Co	line-by-line
						0.01	HCE Costruzioni S.p.A.	
Al Maktoum International Airport J.V.	United Arab Emirates			29.4		29.4	Lane Mideast Contracting LLC	line-by-line
Alia S.c.r.l. (in liq.)	Italy	Euro	10,200	100		100	Imprepar S.p.A.	line-by-line
Ancipa S.c.r.l. (in liq.)	Italy	Euro	10,200	100		100	Imprepar S.p.A.	line-by-line
Bocoge S.p.A. - Costruzioni Generali	Italy	Euro	2,003,200	100		100	Imprepar S.p.A.	line-by-line
Brennero Galleriaacque S.c.r.l.	Italy	Euro	10,000	51		51	Fisia Italimpianti S.p.A.	line-by-line
Collegamenti Integrati Veloci C.I.V. S.p.A.	Italy	Euro	20,000	85	85			line-by-line
Compagnia Gestione Finanziarie - Co.Ge.Fin S.r.l.	Italy	Euro	100,000	100	100			line-by-line
Compagnia Gestione Macchinari CO.GE.MA. S.p.A.	Italy	Euro	200,000	100	100			line-by-line
Congressi 91 S.c.r.l. (in liq.)	Italy	Euro	25,000	100		80	Impresa Castelli S.r.l.	line-by-line
						20	Bocoge S.p.A.	
Consorcio Acueducto Oriental	Dom. Republic			67	67			line-by-line
Consorcio Constructor Salini Impregilo - Cigla	Brazil			100	60	40	Cigla S.A.	line-by-line
Consorcio Impregilo - OHL	Colombia			100		100	Impregilo Colombia SAS	line-by-line
Consorcio Impregilo Yarull	Dom. Republic			70	70			line-by-line
Consorzio Alta Velocità Torino/Milano - C.A.V.TO.MI.	Italy	Euro	5,000,000	74.69	74.69			line-by-line
Consorzio C.A.V.E.T. - Consorzio Alta Velocità Emilia/Toscana	Italy	Euro	5,422,797	75.983	75.983			line-by-line
Consorzio Caserma Donati (in liq.)	Italy	Euro	300,000	84.2		84.2	Imprepar S.p.A.	line-by-line
Consorzio Cociv	Italy	Euro	516,457	68.25	64	4.25	C.I.V. S.p.A.	Line-by-line
Consorzio Libyan Expressway Contractor	Italy	Euro	10,000	58	58			line-by-line
Consorzio Scilla (in liq.)	Italy	Euro	1,000	51		51	Imprepar S.p.A.	line-by-line
Consorzio Torre (in liq.)	Italy	Euro	5,000,000	94.6		94.6	Imprepar S.p.A.	line-by-line
Consorzio/Vianini lavori/Impresit/Dal	Italy	Euro	25,822	60		60	Imprepar S.p.A.	line-by-line
Constructora Ariguani SAS	Colombia	COP	100,000,000	100	100			line-by-line

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
Constructora Mazar Impregilo-Herdoiza Crespo	Ecuador			70	70			line-by-line
Construtora Impregilo y Associados S.A.-CIGLA S.A.	Brazil	BRL	7,641,014	100	100			line-by-line
Copenaghen Metro Team I/S	Denmark			99.989	99.989			line-by-line
Corso del Popolo Engineering S.c.r.l.	Italy	Euro	10,000	64.707		64.707	HCE Costruzioni S.p.A.	line-by-line
Corso del Popolo S.p.A.	Italy	Euro	1,200,000	55		55	HCE Costruzioni S.p.A.	line-by-line
Costruzioni Ferroviarie Torinesi Duemila S.c.r.l. (in liq.)	Italy	Euro	10,328	100		100	INCAVE S.r.l.	line-by-line
CSC Impresa Costruzioni S.A.	Switzerland	CHF	2,000,000	100	100			line-by-line
Diga Ancipa S.c.r.l. (in liq.)	Italy	Euro	10,200	100		100	Imprepar S.p.A.	line-by-line
Empresa Constructora Angostura Ltda	Chile	CLP	22,422,000	65	65			line-by-line
Empresa Constructora Metro 6 L.t.d.a.	Chile	CLP	25,000,000	100	99.9	0.1	Cigla S.A.	line-by-line
EURL Todini Algerie (in liq.)	Algeria	DZD	5,000,000	100		100	HCE Costruzioni S.p.A.	line-by-line
Eurotechno S.r.l. (in liq.)	Italy	Euro	26,245	100		100	Imprepar S.p.A.	line-by-line
Fibe S.p.A.	Italy	Euro	3,500,000	99.998	99.989	0.003	Impregilo Intern. Infrastruc. N.V.	line-by-line
						0.006	Fisia Ambiente S.p.A.	
Fisia - Alkatas Joint Venture	Turkey			51		51	Fisia Italimpianti S.p.A.	line-by-line
Fisia Ambiente S.p.A.	Italy	Euro	3,000,000	100	100			line-by-line
Fisia Italimpianti S.p.A.	Italy	Euro	7,000,000	100	100			line-by-line
Galfar - Salini Impregilo - Cimolai J.V.	Qatar			40	40			line-by-line
Generalny Wykonawca Salini Polska - Impregilo - Kobylarnia	Poland			66.68	33.34	33.34	Salini Polska L.t.d. Liability Co	line-by-line
Gestione Napoli S.p.A. (in liq.)	Italy	Euro	10,000	99	24	75	Fisia Ambiente S.p.A.	line-by-line
Groupe Mediterraneen di Travaux d'Infrastructures (in liq.)	Algeria	DZD	1,000,000	98		98	HCE Costruzioni S.p.A.	line-by-line
Groupement Todini - Enaler Autoroute Algeria (in liq.)	Algeria	DZD	1,000,000	84		84	HCE Costruzioni S.p.A.	line-by-line
Grupo ICT II SAS	Colombia	COP	2,942,980,000	100	100			line-by-line
HCE Costruzioni S.p.A.	Italy	Euro	2,186,743	100	100			line-by-line
HCE Costruzioni Ukraine LLC	Ukraine	Euro	10,000	100	1	99	HCE Costruzioni S.p.A.	line-by-line
I.L.IM. - Iniziative Lombarde Immobiliari S.r.l. (in liq.)	Italy	Euro	10,000	100	100			line-by-line
IGLYS S.A.	Argentina	ARS	10,000,000	100		98	Impregilo Intern. Infrastruc. N.V.	line-by-line
						2	INCAVE S.r.l.	

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
Impregilo Colombia SAS	Colombia	COP	6,455,000,000	100	100			line-by-line
Impregilo International Infrastructures N.V.	Netherlands	Euro	50,000,000	100	100			line-by-line
Impregilo Lidco Libya Co	Libya	DL	5,000,000	60	60			line-by-line
Impregilo New Cross Ltd	GB	GBP	2	100		100	Impregilo Intern. Infrastruc. N.V.	line-by-line
Impregilo Parking Glasgow Ltd	GB	GBP	1,000	100		100	Impregilo Intern. Infrastruc. N.V.	line-by-line
Impregilo-SK E&C-Galfar al Misnad J.V.	Qatar			41.25	41.25			line-by-line
Impregilo-Terna SNFCC J.V.	Greece	Euro	100,000	51	51			line-by-line
Imprepar-Impregilo Partecipazioni S.p.A.	Italy	Euro	3,100,000	100	100			line-by-line
Impresa Castelli S.r.l. (in liq.)	Italy	Euro	10,000	100		100	Imprepar S.p.A.	line-by-line
Impresit del Pacifico S.A. (in liq.)	Peru	PEN	35,000	99.994		99.994	Imprepar S.p.A.	line-by-line
INC - Algerie S.a.r.l.	Algeria	DZD	301,172,000	99.983		99.983	SGF INC S.p.A.	line-by-line
INCAVE S.r.l. (in liq.)	Italy	Euro	90,000	100		100	Imprepar S.p.A.	line-by-line
IS Joint Ventures	Australia			100	50	50	Salini Australia PTY L.t.d.	line-by-line
Joint Venture Impregilo S.p.A. - S.G.F. INC S.p.A.	Greece			100	99	1	SGF INC S.p.A.	line-by-line
JV Salini - Secol	Romania			80	80			line-by-line
Lane Abrams Joint Venture	USA			51		51	Lane Construction Corporation	line-by-line
Lane Construction Corporation	USA	USD	1,392,955	100		100	Lane Industries Incorporated	line-by-line
Lane Corman Joint Venture	USA			60		60	Lane Construction Corporation	line-by-line
Lane DS - NC Consortium	United Arab Emirates			24.5		24.5	Lane Mideast Contracting LLC	line-by-line
Lane Industries Incorporated	USA	USD	1	100		100	Salini Impregilo - US Holdings Inc.	line-by-line
Lane Infrastructure Inc.	USA	USD	10	100		100	Lane Industries Incorporated	line-by-line
Lane International B.V.	USA	USD	18,000	100		100	Lane Worldwide Infrastructure Inc..	line-by-line
Lane Mideast Contracting LLC	United Arab Emirates	AED	300,000	49		49	Lane International B.V.	line-by-line
Lane Mideast Qatar LLC	Qatar	QAR	5,000,000	49		49	Lane International B.V.	line-by-line
Lane National Contracting Joint Ventures	United Arab Emirates			24.99		24.99	Lane Mideast Contracting LLC	line-by-line
Lane Power Energy Solutions Inc.	USA	USD	100	100		100	Lane Industries Incorporated	line-by-line
Lane Solid - Tadmur Joint Venture	Qatar			24.5		24.5	Lane Mideast Qatar LLC	line-by-line
Lane Worldwide Infrastructure Inc..	USA	USD	10	100		100	Lane Industries Incorporated	line-by-line

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
Lanecon Corporation	USA			100		100	Lane Construction Corporation	line-by-line
Librino S.c.r.l. (in liq.)	Italy	Euro	45,900	66		66	Imprepar S.p.A.	line-by-line
Melito S.c.r.l. (in liq.)	Italy	Euro	77,400	66.667		66.667	Imprepar S.p.A.	line-by-line
Mercovia S.A.	Argentina	ARS	10,000,000	60		60	Impregilo Intern. Infrastruc. N.V.	line-by-line
Metro B S.r.l.	Italy	Euro	20,000,000	52.52	52.52			line-by-line
Metro B1 S.c.a.r.l.	Italy	Euro	100,000	80.7	80.7			line-by-line
Perugia 219 S.c.r.l. (in liq.)	Italy	Euro	10,000	55		55	Imprepar S.p.A.	line-by-line
PGH Ltd	Nigeria	NGN	52,000,000	100	100			line-by-line
Pietrarossa S.c.r.l. (in liq.)	Italy	Euro	10,200	100		100	Imprepar S.p.A.	line-by-line
Piscine dello Stadio S.r.l.	Italy	Euro	1,100,000	70		70	HCE Costruzioni S.p.A.	line-by-line
Piscine S.c.r.l. (in liq.)	Italy	Euro	10,000	70		70	HCE Costruzioni S.p.A.	line-by-line
Reggio Calabria - Scilla S.c.p.a.	Italy	Euro	35,000,000	51	51			line-by-line
RI.MA.TI. S.c.a.r.l. (in liq.)	Italy	Euro	100,000	83.42		83.42	Imprepar S.p.A.	line-by-line
Rivigo J.V. (Nigeria) Ltd	Nigeria	NGN	100,000,000	70		70	PGH Ltd	line-by-line
S. Leonardo Due S.c.r.l. (in liq.)	Italy	Euro	40,800	60		60	Imprepar S.p.A.	line-by-line
S.A. Healy Company	USA	USD	11,320,863	100		100	Lane Construction Corporation	line-by-line
S.G.F. - I.N.C. S.p.A.	Italy	Euro	3,859,680	100	100			line-by-line
Salerno-Reggio Calabria S.c.p.a.	Italy	Euro	50,000,000	51	51			line-by-line
Salini - Impregilo Joint Venture for Mukorsi	Zimbabwe			100	99.9	0.1	Imprepar S.p.A.	line-by-line
Salini Australia PTY L.t.d.	Australia	AUD	4,350,000	100	100			line-by-line
Salini Bulgaria A.D.	Bulgaria	BGN	50,000	100	100			line-by-line
Salini Hydro L.t.d.	Ireland	Euro	20,000	100	100			line-by-line
Salini Impregilo - Duha Joint Venture	Slovakia			75	75			line-by-line
Salini Impregilo - Healy J.V. (Cleveland)	USA			100	60	40	S.A. Healy Company	line-by-line
Salini Impregilo - Healy J.V. (Tunnel 3RPORT Indiana)	USA			100	30	70	S.A. Healy Company	line-by-line
Salini Impregilo - NRW Joint Venture	Australia			80	80			line-by-line
Salini Impregilo - Salini Insaat - NTF J.V.	Turkey			85	55	30	Salini Insaat T.S.V.T.A.S.	line-by-line
Salini Impregilo - US Holdings Inc.	USA	USD	1,000	100	100			line-by-line

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
Salini Impregilo S.p.A. - S.A. Healy Company Jose J Chediack S.A.	Argentina	ARS	10,000	75	73	2	S.A. Healy Company	line-by-line
Salini India Private L.t.d.	India	INR	93,500,000	100	95	5	CO.GE.MA. S.p.A.	line-by-line
Salini Insaat Taahhut Sanayi Ve Ticaret Anonim Sirketi	Turkey	TRY	50,000	100	100			line-by-line
Salini Malaysia SDN BHD	Malaysia	MYR	1,100,000	100	90	10	CO.GE.MA. S.p.A.	line-by-line
Salini Namibia Proprietary L.t.d.	Namibia	NAD	100	100	100			line-by-line
Salini Nigeria L.t.d.	Nigeria	NGN	10,000,000	100	99	1	CO.GE.MA. S.p.A.	line-by-line
Salini Polska - Todini - Salini Impregilo - S7 JV	Poland	PLN		100	74.99	25	Salini Polska L.t.d. Liability Co	line-by-line
						0.01	HCE Costruzioni S.p.A.	
Salini Polska - Todini - Salini Impregilo - Pribex - S3 JV	Poland	PLN		95	71.24	23.75	Salini Polska L.t.d. Liability Co	line-by-line
						0.01	HCE Costruzioni S.p.A.	
Salini Polska - Todini - Salini Impregilo - Pribex - S8 JV	Poland	PLN		95	71.24	23.75	Salini Polska L.t.d. Liability Co	line-by-line
						0.01	HCE Costruzioni S.p.A.	
Salini Polska L.t.d. Liability Co	Poland	PLN	393,000	100	100			line-by-line
Salini Saudi Arabia Company L.t.d.	Saudi Arabia			51	51			line-by-line
Salini-Kolin-GCF Joint Venture	Turkey	Euro	4,000	38	38			line-by-line
San Martino Prefabbricati S.p.A. (in liq.)	Italy	Euro	10,000	100		100	Impresa Castelli S.r.l.	line-by-line
Savico S.c.r.l. (in liq.)	Italy	Euro	10,200	100		100	Imprepar S.p.A.	line-by-line
Seli Tunneling Denmark A.p.s.	Denmark	DKK	130,000	100		100	Impregilo Intern. Infrastruc. N.V.	line-by-line
Società Autostrade Broni-Mortara S.p.A.	Italy	Euro	28,902,600	60	60			line-by-line
Società Industriale Prefabbricazione Edilizia del	Italy	Euro	10,000	100		100	Imprepar S.p.A.	line-by-line
Sti Abwicklungs Gmbh	Germany	Euro	25,000	100		100	Impregilo Intern. Infrastruc. N.V.	line-by-line
Suramericana de Obras Publicas C.A.- Suropca C.A.	Venezuela	VEB	2,874,118,000	100	99	1	CSC S.A.	line-by-line
Sviluppo Applicazioni Industriali - SAPIN S.r.l. (in liq.)	Italy	Euro	51,480	100		100	Imprepar S.p.A.	line-by-line
TB Metro S.r.l. (in liq.)	Italy	Euro	100,000	51	51			line-by-line
Todini - Hamila	Tunisia			100		100	HCE Costruzioni S.p.A.	line-by-line
Todini Akkord Salini	Ukraine			100	25	75	HCE Costruzioni S.p.A.	line-by-line
Trincerone Ferroviario S.c.r.l. (in liq.)	Italy	Euro	45,900	60		60	Imprepar S.p.A.	line-by-line
Vegas Tunnel Constructors	USA			100	40	60	S.A. Healy Company	line-by-line

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
Vittoria S.c.r.l. (in liq.)	Italy	Euro	20,400	58		58	Imprepar S.p.A.	line-by-line
Western Station J.V.	Saudi Arabia			51	51			line-by-line
Arge Tulfes Pfons	Austria	Euro	1,000	49	49			joint oper.
Arriyad New Mobility Consortium	Saudi Arabia			33.48	33.48			joint oper.
Civil Works Joint Ventures	Saudi Arabia			59.14	52	7.14	Salini Saudi Arabia Company L.t.d.	joint oper.
CMC - Mavundla - Impregilo J.V.	South Africa			39.2	39.2			joint oper.
Consorcio Contuy Medio Grupo A C.I. S.p.A. Ghella Sogene C.A.,	Venezuela			36.4	36.4			joint oper.
Consorzio Constructor M2 Lima	Peru			25.5	25.5			joint oper.
Ghazi-Barotha Contractors J.V.	Switzerland			57.8	57.8			joint oper.
Impregilo-Healy-Parsons J.V.	USA	USD		65	45	20	S.A. Healy Company	joint oper.
Kayi Salini Samsung Joint Venture	Turkey	Euro		33	33			joint oper.
Nathpa Jhakri J.V.	India	USD	1,000,000	60		60	Imprepar S.p.A.	joint oper.
Riyadh Metro Line 3	Saudi Arabia	SAD	10,000,000	66	66			joint oper.
South Al Mutlaa J.V.	Kuwait			55	55			joint oper.
Tristar Salini Joint Venture	United Arab Emirates			40	40			joint oper.
UTE Abeima Fisia Shuaibah	Saudi Arabia			50		50	Fisia Italimpianti S.p.A.	joint oper.
Aegek-Impregilo-Aslom J.V.	Greece			45.8	45.8			equity
AGL Constructor JV	USA			20		20	Lane Construction Corporation	equity
Aguas del Gran Buenos Aires S.A. (in liq.)	Argentina	ARS	45,000,000	42.589	16.504	23.727	Impregilo Intern. Infrastruc. N.V.	equity
						2.358	Iglys. S.A.	
Arge Haupttunnel Eyholz	Switzerland			36		36	CSC S.A.	equity
Arge Sisto N8	Switzerland			50		50	CSC S.A.	equity
Autopistas del Sol S.A.	Argentina	ARS	175,396,394	19.818		19.818	Impregilo Intern. Infrastruc. N.V.	equity
Barnard Impregilo Healy J.V.	USA			45	25	20	S.A. Healy Company	equity
C.P.R.2	Italy	Euro	2,066	35.97		35.97	Imprepar S.p.A.	equity
C.P.R.3	Italy	Euro	2,066	35.97		35.97	Imprepar S.p.A.	equity
C.U.S. Consorzio Umbria Sanità (in liq.)	Italy	Euro	10,000	31		31	Imprepar S.p.A.	equity
Cagliari 89 S.c.r.l. (in liq.)	Italy	Euro	10,200	49		49	Sapin S.r.l.	equity

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
CE.S.I.F. S.c.p.a. (in liq.)	Italy	Euro	250,000	24.175	24.175			equity
CGR Consorzio Galliera Roveredo	Switzerland			37.5		37.5	CSC S.A.	equity
Churchill Construction Consortium	GB			30		30	Impregilo New Cross Ltd	equity
Churchill Hospital J.V.	GB			50		50	Impregilo New Cross Ltd	equity
CMC - Consorzio Monte Ceneri lotto 851	Switzerland			40		40	CSC S.A.	equity
Coincar S.A.	Argentina	ARS	40,465,122	35	26.25	8.75	Iglys S.A.	equity
Con. Sal S.c.n.c. (in liq.)	Italy	Euro	15,494	30		30	Imprepar S.p.A.	equity
Consorcio Agua Azul S.A.	Peru	PEN	69,001,000	25.5		25.5	Impregilo Intern. Infrastruc. N.V.	equity
Consorcio Cigla-Sade	Brazil			50		50	Cigla S.A.	equity
Consorcio Contuy Medio	Venezuela			29.04	29.04			equity
Consorcio Federici/Impresit/Ice Cochabamba	Bolivia	USD	100,000	25		25	Imprepar S.p.A.	equity
Consorcio Grupo Contuy-Proyectos y Obras de Ferrocarriles	Venezuela			33.329	33.329			equity
Consorcio Normetro	Portugal			13.18	13.18			equity
Consorcio OIV-TOCOMA	Venezuela			40	40			equity
Consorcio V.I.T. - Tocoma	Venezuela			35	35			equity
Consorcio V.I.T. Caroni - Tocoma	Venezuela			35	35			equity
Consorcio V.S.T.	Venezuela			35		35	Suropca C.A.	equity
Consorcio V.S.T. Tocoma	Venezuela			30	30			equity
Consortium CSC Zuttion	Switzerland			50		50	CSC S.A.	equity
Consorzio 201 Quintai	Switzerland			60		60	CSC S.A.	equity
Consorzio 202 Quintai	Switzerland			30		30	CSC S.A.	equity
Consorzio Astaldi-Federici-Todini (in liq.)	Italy	Euro	46,000	33.34		33.34	HCE Costruzioni S.p.A.	equity
Consorzio Astaldi-Federici-Todini Kramis	Italy	Euro	100,000	49.995		49.995	HCE Costruzioni S.p.A.	equity
Consorzio Biaschina	Switzerland			33.34		33.34	CSC S.A.	equity
Consorzio CEMS	Switzerland			33.4		33.4	CSC S.A.	equity
Consorzio CGMR	Switzerland			40		40	CSC S.A.	equity
Consorzio Coltum	Switzerland			50		50	CSC S.A.	equity
Consorzio Consavia S.c.n.c. (in liq.)	Italy	Euro	20,658	50		50	Imprepar S.p.A.	equity

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
Consorzio Costruttori Strade Lazio - COSTRAL (in liq.)	Italy	Euro	20,000	70		70	Imprepar S.p.A.	equity
Consorzio CRS 9	Switzerland			33.33		33.33	CSC S.A.	equity
Consorzio del Sinni	Italy	Euro	51,646	43.16		43.16	Imprepar S.p.A.	equity
Consorzio di Riconversione Industriale Apuano - CO.RI.A.	Italy	Euro	46,481	10		10	Imprepar S.p.A.	equity
Consorzio EPC	Peru			18.25	18.25			equity
Consorzio Felce BP	Switzerland			33.34		33.34	CSC S.A.	equity
Consorzio Ferrofir (in liq.)	Italy	Euro	30,987	33.333		33.333	Imprepar S.p.A.	equity
Consorzio Ferroviario Milanese	Italy	Euro	154,937	18.26		18.26	Imprepar S.p.A.	equity
Consorzio H20 Morobbia	Switzerland			50		50	CSC S.A.	equity
Consorzio Imprese Lavori FF.SS. di Saline - FEIC	Italy	Euro	15,494	33.333		33.333	Imprepar S.p.A.	equity
Consorzio Iniziative Ferroviarie - INFER	Italy	Euro	41,316	35		35	Imprepar S.p.A.	equity
Consorzio Iricav Due	Italy	Euro	510,000	34.09	34.09			equity
Consorzio Kallidromo	Greece	Euro	8,804	23		23	HCE Costruzioni S.p.A.	equity
Consorzio MM4	Italy	Euro	200,000	32.135	32.135			equity
Consorzio MPC	Switzerland			33		33	CSC S.A.	equity
Consorzio NOG.MA (in liq.)	Italy	Euro	600,000	14		14	Imprepar S.p.A.	equity
Consorzio Pedelombarda 2	Italy	Euro	10,000	40		40	Imprepar S.p.A.	equity
Consorzio Piottino	Switzerland			25		25	CSC S.A.	equity
Consorzio Pizzarotti Todini-Kef-Eddir.	Italy	Euro	100,000	50		50	HCE Costruzioni S.p.A.	equity
Consorzio Portale Vezia (CVP Lotto 854)	Switzerland			60		60	CSC S.A.	equity
Consorzio Probin	Switzerland			50		50	CSC S.A.	equity
Consorzio Sarda Costruzioni Generali - SACOGEN	Italy	Lit	20,000,000	25		25	Sapin S.r.l.	equity
Consorzio Sardo d'Imprese (in liq.)	Italy	Euro	103,291	34.38		34.38	Sapin S.r.l.	equity
Consorzio SI.VI.CI.CA.	Switzerland			25		25	CSC S.A.	equity
Consorzio SIVICICA 3	Switzerland			25		25	CSC S.A.	equity
Consorzio SIVICICA 4	Switzerland			25		25	CSC S.A.	equity
Consorzio Stazione Mendrisio	Switzerland			25		25	CSC S.A.	equity
Consorzio Trevi - S.G.F. INC per Napoli	Italy	Euro	10,000	45		45	SGF INC S.p.A.	equity

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
Constuctora Embalse Casa de Piedra S.A. (in liq.)	Argentina	ARS	821	72.933		72.933	Imprepar S.p.A.	equity
Depurazione Palermo S.c.r.l. (in liq.)	Italy	Euro	10,200	50		50	Imprepar S.p.A.	equity
E.R. Impregilo/Dumez y Asociados para Yaciretê - ERIDAY	Argentina	USD	539,400	20.75	18.75	2	IGLYS S.A.	equity
EDIL.CRO S.c.r.l. (in liq.)	Italy	Euro	10,200	16.65		16.65	Bocoge S.p.A.	equity
Edil.Gi. S.c.r.l. (in liq.)	Italy	Lit	20,000,000	50		50	Imprepar S.p.A.	equity
Enecor S.A.	Argentina	ARS	8,000,000	30		30	Impregilo Intern. Infrastruc. N.V.	equity
Eurolink S.c.p.a.	Italy	Euro	150,000,000	45	45			equity
Executive J.V. Impregilo S.p.A. Terna S.A. - Alte S.A. (in liq.)	Greece			33.333	33.333			equity
FE.LO.VI. S.c.n.c. (in liq.)	Italy	Euro	25,822	32.5		32.5	Imprepar S.p.A.	equity
Flatiron-Lane J.V.	USA			45		45	Lane Construction Corporation	equity
Fluor-Lane 95 LLC	USA			35		35	Lane Construction Corporation	equity
Fluor-Lane LLC	USA			35		35	Lane Construction Corporation	equity
Fluor-Lane South Carolina LLC	USA			45		45	Lane Construction Corporation	equity
Forum S.c.r.l. (in liq.)	Italy	Euro	51,000	20	20			equity
Galileo S.c.r.l. (in liq.)	Italy	Euro	10,000	40		40	Imprepar S.p.A.	equity
Gaziantep Hastane Sanglik Hizmetleri Isletme Yatrim Joint	Turkey	TRY	175,000,000	24.5	24.5			equity
Gaziantep Hastanesi Isletme Ve Bakim Hizmetleri	Turkey			50	50			equity
Gemma-Lane Liberty Partners	USA			10		10	Lane Construction Corporation	equity
Gemma-Lane Patriot Partners	USA			10		10	Lane Construction Corporation	equity
Grupo Empresas Italianas - GEI	Venezuela	VEB	10,000,000	33.333	33.333			equity
Grupo Unidos Por El Canal S.A.	Panama	USD	1,000,000	48	48			equity
Healy-Yonkers-Atlas-Gest J.V.	USA			45		45	S.A. Healy Company	equity
I4 Leasing LLC	USA			30		30	Lane Construction Corporation	equity
Impregilo Arabia Ltd	Saudi Arabia	SAD	40,000,000	50	50			equity
Impregilo Wolverhampton Ltd	GB	GBP	1,000	20		20	Impregilo Intern. Infrastruc. N.V.	equity
Imprese Riunite Genova Irg S.c.r.l. (in liq.)	Italy	Euro	25,500	26.3		26.3	Imprepar S.p.A.	equity
Imprese Riunite Genova Seconda S.c.r.l. (in liq.)	Italy	Euro	25,000	26.3		26.3	Imprepar S.p.A.	equity
Impresit Bakolori Plc	Nigeria	NGN	100,800,000	50.707	50.707			equity

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
Interstate Healy Equipment J.V.	USA			45		45	S.A. Healy Company	equity
IRINA S.r.l. (in liq.)	Italy	Euro	103,000	36		36	Imprepar S.p.A.	equity
Isarco S.c.r.l.	Italy	Euro	10,000	41	41			equity
Isibari S.c.r.l.	Italy	Euro	15,300	55		55	Bocoge S.p.A.	equity
Joint Venture Aegek-Impregilo-Ansaldo-Seli-Ansaldobreda	Greece			26.71	26.71			equity
Joint Venture Aktor Ate - Impregilo S.p.A. (Constantinos)	Greece			40	40			equity
Joint Venture Impregilo S.p.A. - Empedos S.A. - Aktor A.T.E.	Greece			66		66	Imprepar S.p.A.	equity
Joint Venture Terna - Impregilo	Greece			45	45			equity
Kallidromo Joint Venture	Greece	Euro	29,347	23		20.7	HCE Costruzioni S.p.A.	equity
						2.3	Consorzio Kallidromo	
La Quado S.c.a.r.l. (in liq.)	Italy	Euro	10,000	35		35	Imprepar S.p.A.	equity
Line 3 Metro Stations	Greece			50	50			equity
Metro Blu S.c.r.l.	Italy	Euro	10,000	50	50			equity
Metro de Lima Linea 2 S.A.	Peru	PEN	368,808,060	18.25	18.25			equity
Metrogenova S.c.r.l.	Italy	Euro	25,500	35.627	35.627			equity
Ochre Solutions Holdings Ltd	GB	GBP	20,000	40		40	Impregilo Intern. Infrastruc. N.V.	equity
Olbia 90 S.c.r.l. (in liq.)	Italy	Euro	10,200	24.5		24.5	Sapin S.r.l.	equity
Pantano S.c.r.l. (in liq.)	Italy	Euro	40,800	10.5		10.5	Imprepar S.p.A.	equity
Passante di Mestre S.c.p.A. (in liq.)	Italy	Euro	10,000,000	42		42	Imprepar S.p.A.	equity
Passante Dorico S.p.A.	Italy	Euro	24,000,000	47	47			equity
Pedelombarda S.c.p.A.	Italy	Euro	80,000,000	47	47			equity
Pedemontana Veneta S.p.A. (in liq.)	Italy	Euro	6,000,000	21.345		21.345	Imprepar S.p.A.	equity
Puentes del Litoral S.A. (in liq.)	Argentina	ARS	43,650,000	26	22	4	Iglys S.A.	equity
Purple Line Transit Constructors LLC	USA			30		30	Lane Construction Corporation	equity
RCCF Nodo di Torino S.c.p.a. (in liq.)	Italy	Euro	102,000	26		26	INCAVE S.r.l.	equity
Riviera S.c.r.l.	Italy	Euro	50,000	12.94	12.94			equity
S. Anna Palermo S.c.r.l. (in liq.)	Italy	Euro	40,800	71.6	71.6			equity
S. Ruffillo S.c.r.l.	Italy	Euro	60,000	35	35			equity

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
Salini Acciona Joint Venture	Ethiopia	Euro	20,000	50	50			equity
Salini Strabag Joint Ventures	Guinea	Euro	10,000	50	50			equity
San Benedetto S.c.r.l. (in liq.)	Italy	Euro	25,823	57		57	Imprepar S.p.A.	equity
San Giorgio Caltagirone S.c.r.l. (in liq.)	Italy	Euro	25,500	33		33	Imprepar S.p.A.	equity
SCAT 5 S.c.r.l. (in liq.)	Italy	Euro	25,500	24.996		24.996	Imprepar S.p.A.	equity
Sclafani S.c.r.l. (in liq.)	Italy	Euro	10,400	41		41	Imprepar S.p.A.	equity
SEDI S.c.r.l.	Italy	Euro	10,000	34		34	HCE Costruzioni S.p.A.	equity
SFI Leasing Company	USA			30	30			equity
Shimmick CO. INC. - FCC CO S.A. - Impregilo S.p.A. -J.V.	USA			30	30			equity
SI.VI.CI.CA. 2	Switzerland			25		25	CSC S.A.	equity
Sibar Arge	Switzerland			60		60	CSC S.A.	equity
Sirjo S.c.p.A.	Italy	Euro	30,000,000	40	40			equity
Sistranyac S.A.	Argentina	ARS	3,000,000	20.101		20.101	Impregilo Intern. Infrastruc. N.V.	equity
Skanska-Granite-Lane J.V.	USA			30		30	Lane Construction Corporation	equity
Società di Progetto Consortile per Azioni M4 (in liq.)	Italy	Euro	360,000	28.9		28.9	Imprepar S.p.A.	equity
Soingit S.c.r.l. (in liq.)	Italy	Lit	80,000,000	29.489		29.489	Imprepar S.p.A.	equity
SPV Linea M4 S.p.A.	Italy	Euro	26,700,000	9.634	9.634			equity
Stazione Tribunale S.c.r.l.	Italy	Euro	20,000	43	43			equity
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A.-Iglys S.A. UTE	Argentina			35	26.25	8.75	IGLYS S.A.	equity
Thessaloniki Metro CW J.V.	Greece			42.5	42.5			equity
TM-Salini Consortium	Malaysia			90	90			equity
Todedil S.c.r.l. (in liq.)	Italy	Euro	10,200	85		85	Imprepar S.p.A.	equity
Variante di Valico S.c.r.l. (in liq.)	Italy	Euro	90,000	100	66.667	33.333	Imprepar S.p.A.	equity
VE.CO. S.c.r.l.	Italy	Euro	10,200	25	25			equity
Yacylec S.A.	Argentina	ARS	20,000,000	18.67		18.67	Impregilo Intern. Infrastruc. N.V.	equity
Yuma Concessionaria S.A.	Colombia	COP	26,000,100,000	48.326	40	8.326	Impregilo Intern. Infrastruc. N.V.	equity
Acqua Campania S.p.A.	Italy	Euro	4,950,000	0.1		0.1	Impregilo Intern. Infrastruc. N.V.	cost
CAF Interregionale Dipendenti S.r.l.	Italy	Euro	275,756	0.038		0.038	Imprepar S.p.A.	cost

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
Calpark S.c.p.A.	Italy	Euro	512,569	1.317		1.317	Bocoge SpA	cost
CE.DI.R. S.c.r.l. (in liq.)	Italy	Euro	10,200	1		1	Imprepar S.p.A.	cost
Consorzio Aree Industriali Potentine (in liq.)	Italy	Euro	408,000	2		2	Fisia Ambiente S.p.A.	cost
Consorzio Casale Nei	Italy	Euro	22,466	3.45		3.45	Bocoge S.p.A.	cost
Consorzio Costruttori TEEM	Italy	Euro	10,000	0.01		0.01	Imprepar S.p.A.	cost
Consorzio infrastruttura area metropolitana - Metro Cagliari (in	Italy	Euro	129,114	7.5		7.5	Sapin S.r.l.	cost
Consorzio Nazionale Imballaggi - CO.NA.I.	Italy	Euro	130	1	1			cost
Consorzio Terme di Sardara - CON.TER.SAR. (in liq.)	Italy	Lit	50,000,000	0.1		0.1	Sapin S.r.l.	cost
Consorzio TRA.DE.CI.V.	Italy	Euro	155,535	8.058	8.058			cost
Emittenti Titoli S.p.A.	Italy	Euro	4,264,000	0.24	0.24			cost
Empr. Constr. Delta S.A., JosÅ Cartellone Constr. Civ. S.A., Iglys	Argentina		-	5		5	Iglys S.A.	cost
G.T.B. S.c.r.l. (in liq.)	Italy	Euro	51,000	0.01	0.01			cost
GE.A.C. S.r.l.	Italy	Euro	10,400	4		4	Imprepar S.p.A.	cost
Golf Pordenone S.r.l.	Italy	Euro	1,177,958	0.387	0.387			cost
Grassetto S.p.A. (in liq.)	Italy	Euro	56,941,500	0.001		0.001	Imprepar S.p.A.	cost
Hobas Italiana S.p.A. (in liq.)	Italy	Lit	350,000,000	8.829		8.829	Imprepar S.p.A.	cost
I_Faber S.p.A.	Italy	Euro	5,652,174	8	8			cost
Immobiliare Golf Club Castel D'Aviano S.r.l.	Italy	Euro	3,891,720	0.444		0.444	Imprepar S.p.A.	cost
Impregilo S.p.A.-Avax S.A.-Ate Gnomon S.A., J.V.	Greece	GRD	3,000,000	1		1	Imprepar S.p.A.	cost
Istituto per lo Sviluppo Edilizio ed Urbanistico - ISVEUR S.p.A.	Italy	Euro	2,500,000	2.4	1	1.4	Imprepar S.p.A.	cost
Istituto Promozionale per l'Edilizia S.p.A. - Ispredil S.p.A.	Italy	Euro	111,045	0.416		0.119	ILIM Srl	cost
						0.297	Bocoge S.p.A.	
Italian Exhibition Group S.p.A.	Italy	Euro	42,294,067	1.692	1.692			cost
Joint Venture Aktor S.A. - Impregilo S.p.A.	Greece			0.1	0.1			cost
Lambro S.c.r.l.	Italy	Euro	200,000	0.01		0.01	Imprepar S.p.A.	cost
M.N. 6 S.c.r.l.	Italy	Euro	51,000	1	1			cost
Manifesto S.p.A. (in liq.)	Italy			0.36		0.36	CO.GE.MA. S.p.A.	cost
Markland S.r.l. (in liq.)	Italy	Euro	66,810	1.9	1.9			cost

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
Metropolitana di Napoli S.p.A.	Italy	Euro	3,655,397	5.176	5.176			cost
Nomisma - Società di Studi Economici S.p.A.	Italy	Euro	6,605,830	0.245		0.245	Imprepar S.p.A.	cost
Normetro - Agrupamento Do Metropolitano Do Porto, ACE	Portugal	PTE	100,000	2.12		2.12	Imprepar S.p.A.	cost
Parco Scientifico e Tecnologico della Sicilia S.c.p.a.	Italy	Euro	13,531,173	0.038		0.038	Imprepar S.p.A.	cost
S.I.MA. GEST 3 S.c.r.l. (in liq.)	Italy	Euro	50,000	0.01		0.01	Imprepar S.p.A.	cost
Salini Impregilo Bin Omran J.V.	Qatar			50	50			cost
Sarmento S.c.r.l. (in liq.)	Italy	Euro	10,200	0.01		0.01	Bocoge S.p.A.	cost
Seveso S.c.a.r.l. (in liq.)	Italy	Euro	10,000	4		4	Imprepar S.p.A.	cost
Skiarea Valchiavenna S.p.A.	Italy	Euro	10,568,180	0.925		0.925	Imprepar S.p.A.	cost
Società di gestione SSIC-TI	Switzerland	CHF	1,000,000	5		5	CSC S.A.	cost
Tangenziale Esterna S.p.A.	Italy	Euro	464,945,000	3.747	3.747			cost
Todini Diekat J.V.	Greece			10		10	HCE Costruzioni S.p.A.	cost
Todini-Impregilo Almaty Khorgos J.V.	Kazakhstan			0.01	0.01			cost
Transmetro - Construcao de Metropolitano A.C.E.	Portugal			5		5	Imprepar S.p.A.	cost
Wurno Construction Materials - WUCOMAT Ltd	Nigeria	NGN	3,300,000	5.071		5.071	Impresit Bakolori Plc	cost

The following companies have been included in the list since 1 January 2017:

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
Al Maktoum International Airport J.V.	United Arab Emirates			29.4		29.4	Lane Mideast Contracting LLC	line-by-line
Brennero Galleriaacque S.c.r.l.	Italy	Euro	10,000	51		51	Fisia Italimpianti S.p.A.	line-by-line
Consorcio Constructor Salini Impregilo - Cigla	Brazil			100	60	40	Cigla S.A.	line-by-line
Lane Power Energy Solutions Inc.	USA	USD	100	100		100	Lane Industries Incorporated	line-by-line
Salini Impregilo - Healy J.V. (Tunnel 3RPORT Indiana)	USA			100	30	70	S.A. Healy Company	line-by-line
UTE Abeima Fisia Shuaibah	Saudi Arabia			50		50	Fisia Italimpianti S.p.A.	joint oper.
Consorzio H20 Morobbia	Switzerland			50		50	CSC S.A.	equity

The following companies have been excluded from the list since 1 January 2017:

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
CIS Divisione Prefabbricati Vibrocesa Scac - C.V.S. S.r.l. (in	Italy	Euro	10,000	100		100	INCAVE S.r.l.	line-by-line
Consorzio FAT	Italy	Euro	45,900	100		99	Imprepar S.p.A.	line-by-line
						1	CO.GE.MA. S.p.A.	
CO. MAR. S.c.r.l. (in liq.)	Italy	Euro	10,200	84.99		84.99	Imprepar S.p.A.	line-by-line
Consorzio tra le Società Impregilo/Bordin/Coppetti/Icep -	Italy	Euro	51,129	96.97	96.97			line-by-line
Effepi - Finanza e Progetti S.r.l. (in liq.)	Italy	Euro	78,000	100		100	SGF INC S.p.A.	line-by-line
Engeco France S.a.r.l.	France	Euro	15,470	100		99.67	Imprepar S.p.A.	line-by-line
						0.33	Incave S.r.l.	
S. Leonardo S.c.r.l. (in liq.)	Italy	Euro	25,500	99.99		99.99	Imprepar S.p.A.	line-by-line
Aguas del Oeste S.A.	Argentina	ARS	170,000	33.33		33.33	Iglys S.A.	equity
ANBAFER S.c.r.l. (in liq.)	Italy	Euro	25,500	50		50	Imprepar S.p.A.	equity
Consorcio Carvalho Pinto	Brazil			40	20	20	Cigla S.A.	equity
Consorcio Serra do Mar	Brazil			40	20	20	Cigla S.A.	equity
Consorzio Felce lotto 101	Switzerland			25		25	CSC S.A.	equity
Consorzio MARC - Monitoraggio Ambientale Regione Campania (in	Italy	Euro	25,822	10		10	Effepi S.r.l.	equity

Consorzio MITECO (in liq.)	Italy	Euro	10,000	44.16	44.16			equity
Risalto S.r.l. (in liq.)	Italy	Euro	89,000	100	66.67	33.33	Imprepar S.p.A.	equity
Strade e Depuratori Palermo S.c.r.l. (in liq.)	Italy	Euro	10,200	16		16	Imprepar S.p.A.	equity
Trasimeno S.c.r.l. (in liq.)	Italy	Euro	10,000	30		30	Imprepar S.p.A.	equity
Road Link Ltd	GB	GBP	1,000	18.8		18.8	Imprepar S.p.A.	cost
SO.C.E.T. Societa' Costruttori Edili Toscani S.p.A.	Italy	Euro	350,753	0.082		0.082	Imprepar S.p.A.	cost
Consorzio TAT-Tunnel Alp Transit Ticino, Arge	Switzerland	-	-	25	17.5	7.5	CSC S.A.	equity

The percentages of the following companies have changed since 1 January 2017:

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
Constructora Ariguani SAS	Colombia	COP	100,000,000	100	100			line-by-line
Savico S.c.r.l. (in liq.)	Italy	Euro	10,200	100		100	Imprepar S.p.A.	line-by-line
Gaziantep Hastane Sanglik Hizmetleri Isletme Yatrim Joint	Turkey	TRY	175,000,000	24.5	24.5			equity

Statement on the condensed interim consolidated financial statements

pursuant to article 81-ter of Consob regulation no. 11971 of 14 May 1999 and subsequent amendments and integrations

1. Pietro Salini, as chief executive officer, and Massimo Ferrari, as manager in charge of financial reporting, of Salini Impregilo S.p.A., considering the provisions of article 154-bis.3/4 of Legislative decree no. 58 of 24 February 1998, state:

- that the administrative and accounting procedures are adequate given the Group's characteristics and
- that they were actually applied during the first half of 2017 to prepare the condensed interim consolidated financial statements.

2. No significant issues arose.

3. Moreover, they state that:

3.1 the condensed interim consolidated financial statements:

a) have been prepared in accordance with the applicable International Financial Reporting Standards endorsed by the European Union pursuant to EC Regulation 1606/2002 of the European Parliament and Council of 19 July 2002;

b) are consistent with the accounting records and entries;

c) are suitable to give a true and fair view of the financial position at 30 June 2017 and the results of operations and cash flows for the six months then ended of the Issuer and its consolidated companies;

3.2 the Directors' report includes a reliable analysis of the key events that took place during the period and their impact on the condensed interim consolidated financial statements, together with information about the main risks and uncertainties to which the group is exposed for the second half of the year. It also sets out a reliable analysis of relevant related party transactions.

Milan, 26 July 2017

Chief executive officer	Manager in charge of financial reporting
Pietro Salini	Massimo Ferrari
(signed on the original)	(signed on the original)

Report of the independent auditors

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

Report on review of condensed interim consolidated financial statements

To the shareholders of
Salini Impregilo S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Salini Impregilo Group, comprising the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of cash flows, statement of changes in equity and notes thereto, as at and for the six months ended 30 June 2017. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Salini Impregilo Group as at and for the six months ended 30 June 2017 have not been prepared, in all

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material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Emphasis of matters

Without modifying our conclusion, we bring your attention to the following matters:

- the directors have described the significant litigation and exposure to countries with risk and/or uncertainty profiles. Reference should be made to the "Main risk factors and uncertainties" section of the directors' report and the notes to the condensed interim consolidated financial statements;
- the directors have described the methods used to restate the prior year corresponding figures presented for comparative purposes. Reference should be made to the "Initial consideration on the comparability of data" section of the directors' report and the notes to the condensed interim consolidated financial statements.

Milan, 3 August 2017

KPMG S.p.A.

(signed on the original)

Paola Maiorana
Director of Audit