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CONSOLIDATED FINANCIAL REPORT AS AT DECEMBER 31, 2017

Cooperativa Muratori & Cementisti
CMC di Ravenna
Registered offices at Via Trieste 76, Ravenna
Tax code and VAT no.: 00084280395
Ravenna Companies Register no. 014-567
Ravenna Chamber of Commerce no. 1660

CMC IN THE WORLD

In the past	
Botswana	Ivory Coast
Burkina Faso	Lesotho
Belgium	Lybia
Bulgaria	Malaysia
Chile	Morocco
Colombia	Saudi Arabia
Czech Republic	Somalia
Eritrea	Sudan
Ethiopia	Taiwan
Germany	Tanzania
India	Zimbabwe

Today	
Algeria	Namibia
Angola	Nepal
Argentina	Pakistan
China	Singapore
Egypt	South Africa
France	Swaziland
Italy	Sweden
Kenya	Thailand
Laos	The Philippines
Lebanon	USA
Malawi	Zambia
Mozambique	

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- CMC RAVENNA EURL

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- CMC di Ravena Argentina Branch

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Argentina

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- C.M.C. di Ravenna Sofia Branch

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- Cmc Kenya Branch

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- CMC Laos Branch

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- CMC Malawi Branch

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- CMC MAPUTO BRANCH

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- DUNROSE INVESTMENTS (Pty)Ltd.
- MORESIDE INVESTMENTS (Pty) Ltd
- SIDEBAR MANUFACTURING (Pty) Ltd

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- DiFazio Industries

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BUSINESS AREAS

CMC Group has a proud record of delivering world-class infrastructural projects, with a focus on the following business areas:

Transport
Roads, motorways
Tunnels, bridges and viaducts
Railways and underground
Airports

Water and irrigation works
Dams
Hydroelectric plant
Tunnels
Aqueducts
Irrigation channels

Ecology and environment
Water treatment and sanitation services
Sewage systems
Treatment of toxic waste

Building projects
Civil and public buildings (hospitals and clinics, schools, sport structures, correctional facilities)
Executive and service buildings (hypermarkets, shopping malls, post offices)
Hotels and resorts
Industrial plants (power stations, silos)
Maintenance and refurbishment

Water control and marine works
Coastal protection, piers and jetties, dredging

Integrated territorial development projects

ORGANISATION CHART

Domestic operations

Overseas operations

GED Srl (**Precast)**

SIC Spa (**Building materials**)

CMC **I**mmobiliare Spa **(Real estate)**

CORPORATE GOVERNANCE

Board of Directors [1]

Chairman

Alfredo Fioretti

Deputy

Valerio Giuliani

Grazia Benazzi
Marco Bulgarelli
Marcello Cacucciolo
Mauro Calandrini
Alessandro Cardellini
Sabina Cipollini
Fabio Monti
Giovanni Monti
Andrea Sanulli

Chief Executive Officer

Roberto Macrì

Statutory Auditors [1]

Chairman

Gian Luca Bandini

Auditors

Maurizio Rivalta
Gian Marco Venturi

Audit Committee [1]
ex art. 6 Legislative Decree 231/2001

Chairman

Desiree Fondaroli

Members

Leonardo Potenza
Riccardo Suprani

Independent Auditors [2]

Ria Grant Thornton Spa

[1] In charge for the 2017-2020 period

[2] In charge until approval of the 2019 financial statements

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FINANCIAL HIGHLIGHTS

Income Statement	Q4 2017	Q4 2016	FY 2017	FY 2016
Construction Revenue	311.6	292.6	1,085.9	1,026.7
- Italy	*121.4*	*107.7*	*442.9*	*464.0*
- Overseas	*190.2*	*184.9*	*643.0*	*562.7*
Total turnover	**313.8**	**299.2**	**1,118.9**	**1,063.2**
EBITDA	**61.7**	**46.8**	**171.6**	**151.7**
EBITDA Margin	**19.7%**	**15.6%**	**15.3%**	**14.3%**
Consolidated net income	10.1	-5.6	14.5	10.3

New Orders	Q4 2017	Q4 2016	FY 2017	FY 2016
- Italy	-	-	*261.2*	*205.7*
- Overseas	*34.8*	*546.8*	*1,362.1*	*918.6*
Total new orders	**34.8**	**546.8**	**1,623.3**	**1,124.3**

Cash Flows	Q4 2017	FY 2017	FY 2016 Restated
- CF from operations	*(40.0)*	*(11.4)*	*92.3*
- CF from inv. activities	*(24.7)*	*(84.3)*	*(93.6)*
- CF from fin. activities	*95.4*	*176.8*	*(0.1)*
- Others	*9.6*	*3.6*	*(2.8)*
Total Cash Flow	**40.3**	**84.7**	**(4.2)**

Balance Sheet	Dec-17	Sep-17	Dec-16
Net working capital	505.1	422.0	368.6
Net financial position	659.2	602.2	563.4
Adj. net financial position	669.9	613.5	575.6
Shareholders Equity	149.7	124.4	119.9

Key LTM financials	Dec-17	Sep-17	Dec-16
LTM Construction revenue	1,085.9	1,066.9	1,026.7
LTM EBITDA	171.6	156.7	151.7

Key Ratios	Dec-17	Sep-17	Dec-16
Backlog / LTM Constr. revenue	3.43x	3.74x	3.34x
NFP / EBITDA	3.84x	3.84x	3.71x
Adj. NFP / EBITDA	3.90x	3.92x	3.79x

Backlog	Dec-17	Sep-17	Dec-16
Italy	**948.9**	**1,093.5**	**1,118.0**
- Southern Africa	*792.3*	*819.8*	*489.9*
- Asia	*416.6*	*449.2*	*330.8*
- Northern Africa	*197.1*	*196.7*	*373.7*
- Estern Africa	*618.3*	*626.5*	*536.6*
- South America	*170.0*	*172.0*	*33.6*
- North America	*260.7*	*300.5*	*97.4*
- Europe	*168.1*	*173.8*	*184.0*
- Middle East	*156.8*	*162.3*	*261.3*
Total international	**2,779.9**	**2,900.8**	**2,307.3**
Total backlog	**3,728.8**	**3,994.3**	**3,425.3**

INTRODUCTION

This report was prepared by the Board of Directors of COOPERATIVA MURATORI & CEMENTISTI - CMC DI RAVENNA, on April 5, 2018 and shows the consolidated results of the CMC Group for the period ended December 31, 2017.

Unless stated otherwise, figures are shown in millions of euro.

Most of the Group's companies operate in the construction sector. Given the current country exposure, results may be seasonally affected by weather conditions.

KEY EVENTS

- We were awarded new contracts in 2017 worth € 1,623 million, of which € 261 million in Italy and € 1,362 million internationally.

  The main contracts awarded in the year are summarised below:

  Italy

  - Civil works for the Merano North-West road by-pass (section 2). The total contract value is approximately €100 million (67% CMC).
  - Commercial area in Ravenna (17,000 sqm). The total contract value is approximately €15 million (100% CMC).
  - Malta (included in the Italian backlog) – Construction of the John Paul II La Valletta Hospital. The total contract value is approximately €65 million (100% CMC).
  - Additional works on our Agrigento/Caltanissetta (Section 2) project for a total amount of €74 million.
  - Additional works on existing projects for a total amount of €40 million (100% CMC).

  International

  - USA - New contracts acquired by our US subsidiaries LMH in Boston area and Di Fazio Industries in New York area for a total amount of €283 million (100% CMC).
  - USA – Greenville tunnel in South Carolina. The total contract value is approximately €30 million (49% CMC).
  - Zambia - Kabwe – Piccadilly – Mkushi road construction (section 1). The total contract value is approximately €200 million (100% CMC).
  - Zambia – underground copper mine. The total contract value is approximately €270 million (100% CMC).
  - Kenya - Design and construction of Kithino multipurpose water project. The total contract value is approximately €123 million (100% CMC).
  - Argentina – Rio Subterraneo water supply project, including 13.5 km hydraulic tunnel with pumping station in Buenos Aires. The total contract value is approximately €172 million (100% CMC).
  - The Philippines – Novaliches-Bakara aqueduct NBQ4 water supply project in Manila, with 7 km hydraulic tunnel. The total contract value is approximately €90 million (50% CMC).

- Nepal – Hydroelectric plants in Likhu for a total of 54.7 MW. The total contract value is approximately €34 million (100% CMC).
- Nepal - Hydroelectric plants in Trishuli for a total of 216 MW. The total contract value is approximately €87 million (100% CMC).
- Zambia - Additional works on existing projects for a total amount of €40 million (100% CMC).
- Southern Africa - Additional works on existing projects for a total amount of €42 million (100% CMC).

- On 19 January, we obtained a VAT refund of €6 million following a claim filed at the end of September 2016. This was the latest outcome of the tax audit performed by the tax authorities in 2015, and completed in 2016.
- On 25 February, CMC di Ravenna's shareholders general meeting approved the 2017-2019 Business Plan presented by the C.E.O. Roberto Macrì.
- On 15 February, we secured a €20 million medium term loan provided by Interbanca (Banca IFIS Group Bank), which will support the development of our international contract portfolio.
- At the beginning of March, the Asian Development Bank (ADB) and the Nepalese Ministry of Finance nominated CMC as the Best 2016 Contractor as a result of the successful Melamchi Water Supply Project financed by ADB.
- Since March 31, 2017, we have decided that two projects should be removed from our backlog for a total of €79.0 million (Hydroelectric plant in Chile, due to the delivery of a termination notice, and Milan subway lines 1 Sesto FS-Cinisello Monza in Italy, due to the fact that the entity that we were supposed to replace in the execution of the project managed to regain the necessary technical and honorability requirements pending the approval of public funding necessary to start the works).In April 2017, the Court of Trani postponed the hearing related to the Molfetta trial. The hearing has been rescheduled on May 21, 2018.
- On May 6, 2017, the Shareholders' Meeting approved the FY 2016 Financial Report and appointed the new CMC's Board of Directors, which will remain in charge for a three-year period.
- On May 10, 2017, in its first meeting, the Board of Directors appointed Mr. Alfredo Fioretti (former in-house Counselor) Chairman of the Cooperative Mr. Massimo Matteucci retired after 43 years of which the last 21 as Chairman.
- In June 2017, we acquired an additional 33% of Di Fazio Industries for $10.4 million, bringing our shareholding to 67%. Di Fazio Industries operates in the Metropolitan Area of New York.
- In July, CMC issued a new €250 million senior unsecured 2022 bond at par with a 6.875% coupon. The 144A/Reg S five-year, NC3 is listed on the Luxembourg Stock Exchange and governed by New York Law. The bond was assigned a B (S&P) /B2 (Moody's) rating. Proceeds were used for refinance existing debt, significantly improving our liquidity profile.
- In August 2017, as a result of the enforcement of the performance bond guarantees granted in connection with our terminated project in Chile, and the subsequent removal of the suspension order on both the first guarantee and the counter guarantee, we paid to Unicredit €19.5m.

- In October we entered into an addendum providing for ANAS' obligation to pay a total aggregate amount of approximately €76.0 million, of which €57.7 million of claims regarding additional works already carried out by us and €18.4 million for additional works to be executed.
- In November, CMC issued a new €325 million senior unsecured 2023 bond at par with a 6.00% coupon. The 144A/Reg S 5.25 year NC2 is listed on the Luxembourg Stock Exchange and governed by New York Law. The bond was assigned a B (S&P) /B2 (Moody's) rating. The proceeds were used to finance the satisfaction and discharge and ultimate redemption of all €300.0 million 7.50% senior unsecured notes due 2021, issued by CMC on July 18, 2014, including accrued interest and premiums. This new transaction is expected to improve our liquidity profile and lower our cost of debt.
- In November 2017, we fulfilled the clean-down provision of our RCF.

UPDATE ON KEY RELEVANT MARKETS

Italy and Europe

In Italy, we depend to a significant extent on the civil engineering and infrastructure investment projects that are determined and approved by the Italian national, regional, provincial, municipal and local governments. In the last three years, Italy's GDP has confirmed positive signs of recovery. In particular, according to the Italian National Institute of Statistics, Italy's GDP decreased by 0.4% in 2014, increased by 0.8% in 2015, by 0.9% in 2016 and by 1.5% in 2017 (Source: ISTAT). Public funds set aside for infrastructure projects in Italy were 72% higher in the 2016-2018 period compered to the previous 3-year period, but the inefficiency of the public administration and the difficult implementation of the new public tender rules introduced in 2016 prevented this to translate into actual significant public expenditures in new projects. As a result, capex in public works decreased by 3% in 2017 compared to the previous year. However, a reversal is expected in 2018 with public works forecasted to increase by 2.5% (Source: ANCE, 21 february 2018). In the first quarter of 2018, capex in public works increased by 38% compared to the same period of 2017, backed by a boost in projects tendered by the local administrations (Source: Cresme Europa Servizi observatory).

Amid a challenging year, we maintained a backlog of approximately €1.0 billion in Italy, which we expect to cover our revenue forecasted for the next two years for this region. We expect that, in the short to medium-term, opportunities will arise to win new contracts in railway, maritime, healthcare and US Government related projects, and we believe we are well-positioned to take advantage of the recent €29.5 billion investment plan recently announced by ANAS, the Italian road tendering authority, of which €3.9 billion were allocated to new projects (Source: ANAS, Investment Plan announced on October 4, 2017).

According to Eurostat, in 2017 GDP rose by 2.3% in the Euro area and by 2.4% in the EU28, compared to 1.8% and 2.0% respectively in 2016 (Source: Eurostat, 7 March 2018). The expansion in Europe is expected to continue, boosted by global economic activity growth and export demand. We continue to seek new projects in Scandinavia, where we are executing our Stockholm road bypass project, and the UK, where we recently established a local subsidiary.

North and South America

The US market is becoming increasingly important for us, as it represented 11% of our 2017 construction revenue, which made it our third largest market after Italy and Asia. We reported a record €298 million of new orders in2017, and we expect a further increase also due to the full consolidation of our subsidiary Di Fazio Industries. According to the US Bureau of Economic Analysis, US real GDP rose by 2.3% in 2017, an acceleration from the 1.5% reported in 2016. Economists expect annual GDP growth will hit the government's 3% target this year, boosted in part by a weak dollar, rising oil prices and strengthening global economy. In the New York Metropolitan Area, Andrew Cuomo announced a bold plan to update the state's infrastructure to 21st century standards, and has allocated approximately $100 billion to that end (New York State, FY2018 Executive Budget Briefing Book). In Massachusetts, the local government has set total capital investments for 2017 at approximately $4.0 billion, with a focus on maintaining and modernizing existing infrastructure. The 2018-2022 capital investment plan released by the MassDOT includes significant strategic investments (MassDOT 2017-2022 Capital Investment Plan). We are progressively bidding for larger projects, and expanding our footprint to other areas of the US, particularly Florida and South Carolina, where we recently secured a new project.

After the recent cancellation of our project in Chile, our presence in South America is limited to Argentina, where we secured in 2017 a large water supply project in Buenos Aires.

Southern and Eastern Africa

According to World Bank, Sub-Saharan Africa's economy increased by 2.4% in 2017, after a 1.3% decline in 2016, backed by an increase in commodity prices, lower inflation and improved global demand. The economy in the region is expected to grow by 3.2% in 2018 and 3.5% in 2019. (Source: World Bank, Global Economic Prospects, released on January 8, 2018).

In South Africa, where we have a historical presence and several projects in execution, the World Bank expects the economy to further increase by 1.1% in 2018 from the 0.8% reported in 2017, thanks to higher commodity prices and agricultural production.

Mozambique has experienced a significant slowdown in 2016 (+3.8%) and 2017 (+3.7%) compared to the +7% average annual growth in the 2011-2015 period, following the disclosure of $1.4 billion of hidden-debt, which triggered rating downgrades and undermined investors' confidence and resulted in a decrease in direct investments in the country. GDP is expected to recover and maintain a 3% annual growth innthe medium term (World Bank, Mozambique Economic Outlook, updated in April 2018. The significant LNG reserves might still generate significant revenues and attract foreign investments in the medium-term. We have limited our activities in the country to projects carried out for large multinationals, such as the US oil & gas company Anadarko, for which we have recently secured a €100m project envisaging the construction of a residential compound.

Angola is another country which experienced a slowdown in 2016 mainly due to the low oil prices and cut to public investments caused by the reduction in foreign currency reserves. According to the African Development Bank, GDP is expected to increase by 2.1% in 2017 and 2.4% in 2018. Infrastructure investments is expected to benefit from a new strategy based on the use of public debt to partially offset the impact of swings in the economy due to the volatility of oil prices (AfDB, African Economic Outlook 2018). After the completion of our Luanda-Soyo Motorway project in 2017, we do not have current active projects in the country.

In Namibia, where we are executing a road project, real GDP contracted by 1.0% in 2017 after a period of significant growth, mainly as a result of the end of large mining construction projects and the adoption of a tight fiscal consolidation. Construction activities were significantly affected, with a decrease of 30% compared to 2016. However, in 2018 GDP is expected to bounce back to 1.5% in 2017, driven by higher agriculture output and new investment in the mining industry (World Bank, Namibia Economic Outlook, updated in April 2018).

Zambia, a country where we recently secured the Kabwe-Piccadilly-Mkushi road project and an underground copper mine project, reported a 3.9% GDP growth in 2017, backed by higher agricultural production and better electricity supply. GDP is expected to rise by over 4.0% in 2018, also backed by higher copper prices (World Bank, Zambia Economic Outlook, updated in April 2018).

Kenya, where we are particularly active having secured large water projects in the last two years, is expected to report a 5.5% GDP growth in 2017, and an acceleration is expected in 2018 (+5.8%) and 2019 (+6.1%). Infrastructure projects and political stability are seen as key to unlock the economy's productive capacity (World Bank, kenya Economic Outlook, updated in April 2018).

Middle East and Northern Africa

According to the World Bank, the Middle East and Northern Africa's economy has recently experienced a slowdown caused by the attempt to reduce public debt and/or by decreased oil production. In particular, the area's GDP growth is expected to have decelerated to 1.8% in 2017 from 5.0% in 2016. However, the economy is expected to recover pace this year with GDP to increase to 3.0% in 2018. (World Bank MENA Economic Outlook, updated in January 2018).

In Lebanon, where we are executing the Great Beirut Water Supply project, GDP is expected to grow at an average of 2% per annum in the medium term, with an increase in public spending in 2018 before the parliamentary elections due in May (World Bank, Lebanon Economic Outlook, updated in April 2018).

In Egypt, where we are completing the road tunnels under the Suez Canal, the economy is gaining momentum, with GDP expected to grow by 5.0% in 2018 after a 4.1% reported in the previous year, backed by strong private consumption and investment, and a gradual increase of exports. (World Bank, Egypt Economic Outlook, updated in April 2018, and African Economic Outlook 2018).

In Algeria, where we are executing the construction of the Toll System for the management of the East-West Motorway, the economy is expected to recover sharply (+3.5%) in 2018 after a slow-down in 2017, and a new public investment plan has been recently announced. However, despite the high profitability of of local projects, we are not actively seeking new projects in the country, which still presents risk of delay in collection of receivables. (World Bank, Algeria Economic Outlook, updated in April 2018).

Following the opening of our Dubai branch, we have recently set foot in the Persian Gulf by securing two primary urbanisation projects in Kuwait (€270m) and UAE (€15m). In Kuwait, the World Bank expects to increase by 3.5% per annum by 2019 backed by public investments, as oil production cuts taper off, and oil output and exports increase (World Bank, Kuwait Economic Outlook, updated in April 2018). In UAE, the World Bank expects GDP growth to have slowed down to 1.4% from 3.0% in 2016, but the economy is expected to grow faster in the next years as a result of infrastructure investments, such as the UAE Expo 2020, and reforms to promote the non-oil sector activity (World Bank, UAE Economic Outlook, updated in April 2018).

Asia

According to IMF, the Asia-Pacific area continues to maintain a strong outlook with growth expected to increase to 5.6% in 2017 from 5.5% in 2016, with higher than expected growth in China, Japan, Korea and South East Asia Nations more than offsetting a weaker performance in Australia and India. (IMF, Asia-Pacific Regional Economic Outlook, October 2017).

In China, where we are completing a river diversion project, GDP growth is expected to gradually slow down to 6.8% in 2017 and 6.5 % in 2018, but to maintain a strong infrastructure spending in the medium term. (IMF, Asia-Pacific Regional Economic Outlook, October 2017).

Singapore, where we have recently completed our underground projects, is expected to have reported a 2.5% increase in 2017, and to grow by 2.6% in 2018, backed by higher domestic demand (IMF, Asia-Pacific Regional Economic Outlook, October 2017).

In the Philippines, where we secured a large hydraulic project in 2016 and more recently a water supply work in Manila, the IMF expects GDP to have grown by 6.6% in 2017 and to grow by 6.7% in 2018, remaining one of the most interesting potential source of new orders in the region (IMF, Asia-Pacific Regional Economic Outlook, October 2017).

Another fast-growing country with a significant public plan for infrastructure projects is Laos, where IMF expects the economy to have grown by 6.9% in 2017, and where we secured a large hydroelectric project in 2016 (IMF, Asia-Pacific Regional Economic Outlook, October 2017).

In Pakistan, where we secured a hydropower project in 2016, GDP grew by 5.5% in 2017, backed by higher performance in services and agriculture. IMF expects GDP to stabilize to approximately 6% over the medium-term, backed by improved power supply, investments related to the China-Pakistan Economic Corridor, strong consumption and recovery in agricultural production. (IMF, press release, March 6, 2018).

In Nepal, where we recently secured two large hydroelectric projects, the economy is improving after two challenging years. The Asian Development Bank expects GDP to have grown by 6.9% in 2017, and to slow down to +4.9% in 2018. A large infrastructure programme, previously delayed by the earthquakes, has been launched, and we are well-positioned to be a leading player in its execution, also thanks to our excellent credentials earned in the country with the execution of the Melamchi Water Supply project (Asian Development Bank, Asian Development Outlook 2018, released in April 2018).

OVERVIEW

In this financial report we present certain financial measures, including EBITDA, net financial position and adjusted net financial position that are not required by, or presented in accordance with, Italian GAAP or IFRS. These measures are utilised by our management to monitor the performance of CMC. We believe that the presentation of these meaaures is helpful to investors because these and other similar measures and ratios are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. However, these measures may not be comparable to similarly-titled measures or ratios used by other companies, and you should not construe these measures as alternatives to net income or operating profit determined in accordance with Italian GAAP or to cash flows generated by operating activities, investing activities or financing activities, or any other measure or ratio required by, or presented in accordance with, Italian GAAP.

Set out below is an overview of our results and key indicators related to the year ended December 31, 2017, compared to the year ended December 31, 2016.

- *Total turnover:* increased by € 55.7 million (+5%), from € 1,063.2 million to € 1,118.9 million. In particular, construction revenue increased by € 59.2 million, from € 1,026.7 million to € 1,085.9 million, due to a € 80.3 million increase overseas which more than offset a € 21.1 million decrease in Italy.
- *EBITDA:* increased by € 19.9 million, from € 151.7 million to € 171.6 million. As a percentage of total turnover, EBITDA increased to 15.3% in 2017 from 14.3% in 2016.
- *Net income:* income before tax rose to € 32.8 million from the € 27.0 million reported in 2016, while income after tax increased to € 14.5 million from € 10.3 million reported in 2016.
- *New orders:* in 2017 these amounted to € 1,623.3 million compared to € 1,124.3 of 2016. Significant boost in new orders came from USA, Southern and Eastern Africa, Argentina, Nepal and the Philippines.
- *Cash flow from operating activities:* decreased from € 92.3 million to € (11.4) million, mainly due to the temporary increase in net working capital, despite the higher EBITDA reported in the year.
- *Cash flow used in investing activities:* decreased from € 93.6 million to € 84.3 million.
- *Cash flow from financing:* increased from € (0.1) million to € 176.8 million, as a result of the unpredicted events which led to a temporary increase in financial debt.

Set out below is a review of our key indicators as at December 31, 2017 compared to December 31, 2016:

- *Backlog*: increased by € 303.5 million, to € 3,728.8 million, compared to the 2016 € 3,425.3 million. Backlog / construction revenue ratio increased from 3.34x to 3.43x. 75% of the backlog as at December 31, 2017 was related to overseas projects;
- *Net working capital:* increased by € 136.5 million, from € 368.6 million to € 505.1 million, mainly due to an increase in contract work in progress with ANAS, expected to reverse in 2018-2019, resulting from the kick-off of new projects, and the late collection of contract advance payments.
- *Adjusted net financial position:* increased by € 94.3 million, from € 575.6 million to € 669.9 million, as a result of the following unpredicted events: termination of the Chile project; expenses incurred for the issuance of two bonds; delay in collection of contract advance payments; impact of the new Italian VAT Law. Adjusted net financial position / EBITDA slightly increased from 3.79x to 3.90x.
- *Shareholders Equity*: increased by € 29.8 million, from € 119.9 million at the 2016 year end to € 149.7 million at the 2017 year end.

BACKLOG AND NEW ORDERS

Backlog by geographic area

The following table sets forth a breakdown of our order backlog by geographic area as at December 31, 2017, September 30, 2017, December 31, 2016:

	December 31, 2017	September 30, 2017	December 31, 2016
		(€ in million)	
Italy ……………	**948.9**	**1,093.5**	**1,118.0**
Southern Africa ……………	792.3	819.8	489.9
Asia……………	416.6	449.2	330.8
Northern Africa……………	197.1	196.7	373.7
Eastern Africa ……………	618.3	626.5	536.6
South America……………	170.0	172.0	33.6
North America……………	260.7	300.5	97.4
Europe……………	168.1	173.8	184.0
Middle east……………	156.8	162.3	261.3
Total International……………	**2,779.9**	**2,900.8**	**2,307.3**
Total backlog……………	**3,728.8**	**3,994.3**	**3,425.3**

Backlog by business area

The following table sets forth a breakdown of our order backlog by business area as at December 31, 2017, September 30, 2017, December 31, 2016:

	December 31, 2017	September 30, 2017	December 31, 2016
		(€ in million)	
Transport Infrastructure……………	1,695.6	1,864.7	1,781.9
Road and motorways……………	*1,374.0*	*1,520.8*	*1,340.4*
Railways and subways……………	*321.6*	*343.9*	*441.5*
Water and Irrigation Works……………	1,417.2	1,490.9	1,361.5
Building Projects……………	307.1	325.8	245.8
Water Control and Marine Works……………	12.8	13.9	25.1
Mining and Waste Treatment Infrastructure Works……………	296.1	299.0	11.0
Total backlog……………	**3,728.8**	**3,994.3**	**3,425.3**

Our order backlog, which is entirely attributable to our construction activities, amounted to € 3,728.8 million at 31 December 2017, compared to € 3,425.3 million at the 2016 year end. The weight of international projects increased from 67% to 75% from December 31, 2016.

New orders by geographic area

The following table sets forth a breakdown of our new orders by geographic area for the three-month period ended December 31, 2017, for the twelve-month period ended December 31, 2017 and for the twelve-month period ended December 31, 2016:

	Three months ended December 31, 2017	Twelve months ended December 31, 2017	Twelve months ended December 31, 2016
		(€ in milion)	
Italy	**-**	**261.2**	**205.7**
Southern Africa	22.5	556.8	139.1
Asia	0.9	187.1	333.1
Northern Africa	3.8	3.8	155.2
Eastern Africa	-	123.1	106.8
South America	-	172.0	-
North America	-	297.7	114.0
Middle east	7.6	21.6	70.4
Total International	**34.8**	**1,362.1**	**918.6**
Total new orders	**34.8**	**1,623.3**	**1,124.3**

New orders by business area

The following table sets forth a breakdown of our new orders by business area for the three-month period ended December 31, 2017, for the twelve-month period ended December 31, 2017 and for the twelve-month period ended December 31, 2016:

	Three months ended December 31, 2017	Twelve months ended December 31, 2017	Twelve months ended December 31, 2016
		(€ in milion)	
Transport Infrastructure	10.2	657.6	312.9
Road and motorways	10.2	*657.6*	*225.0*
Railways and subways	-	-	*87.9*
Water and Irrigation Works	-	509.6	706.1
Building Projects	12.1	140.8	95.9
Water Control and Marine Works	-	-	9.4
Mining and Waste Treatment Infrastructure Works	12.5	315.3	-
Total new orders	**34.8**	**1,623.3**	**1,124.3**

New orders awarded in 2017 amounted to € 1,623.3 million, of which € 261.2 million in Italy and € 1,362.1 million overseas. In particular, we secured €298 million of new orders in the USA, including a tunnel project in South Carolina. Other large orders included a €270 million copper mine and a €200 million road construction project in Zambia, a €123 million hydroelectric plant project in Kenya, a €172 million water supply project in Argentina, two hydroelectric plant projects in Nepal for a combined value of €121 million and a €45 million water supply project in the Philippines.

Transport infrastructure projects significantly increased from €312.9 million at the end of 2016 to €657.6 as at December 31, 2017, mainly due to the new project in Zambia and USA. Water and irrigation works decreased from €706.1 million to €509.6 million, despite the acquisition of several projects in this category.

Mining and waste treatment had a significant increase due to the new project in Zambia for copper mine.

A description of the new orders secured in FY2017 is provided in the Key Events section.

REVIEW OF RESULTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2017

The following table sets out the items from our consolidated statement of income for the three-month period ended December 31, 2017 and December 31, 2016, and the percentage change from period to period:

Consolidated Income Statement

	Three months ended December 31, 2017	Three months ended December 31, 2016	% of change
	(€ in milllion)		
Revenue[1]	310.6	293.1	6.0
Other income and proceeds[2]	3.2	6.1	(47.5)
Total turnover[3]	**313.8**	**299.2**	**4.9**
Raw materials, comsumables and goods[4]	(51.9)	(33.7)	54.0
Services, lease and hire[5]	(135.8)	(127.5)	6.5
Personnel	(54.1)	(52.1)	3.8
Provisions for risk and charges[6]	6.5	(20.2)	(132.2)
Other operating costs	(16.8)	(18.9)	(11.1)
EBITDA	**61.7**	**46.8**	**31.8**
Depreciation, amortisation and write-offs of receivables	(36.1)	(31.6)	14.2
Operating profit	**25.6**	**15.2**	**68.4**
Net financial income and charges[7]	(6.4)	(12.1)	(47.1)
Income before tax	**19.2**	**3.1**	**519.4**
Income taxes	1.3	(8.8)	(114.8)
Income before minority interests	**20.5**	**(5.7)**	**(459.6)**
Minority interests	(10.4)	0.1	(10,500.0)
Consolidated net income	**10.1**	**(5.6)**	**(280.4)**

(1) Includes (i) revenue from sales and services, (ii) variations in inventories of work in progress, semi-finished and finished products and, (iii) variations in contracts in progress.

(2) Includes, among others, capitalization of costs related to deferred charges or the internal construction of fixed assets, gains on the disposal of fixed assets, use of reserves previously accrued for risks and charges, refund of expenses, recharge of expenses to subcontractors, proceeds from insurance claims and contribution grants.

(3) Represents total value of production.

(4) Represents the sum of purchases of raw materials, consumables and goods and the variations in the related inventories, as reported in our interim consolidated financial statements.

(5) Includes (i) service costs and (ii) lease and hire cost.

(6) Includes (i) provisions for risks and (ii) other provisions.

(7) Includes (i) financial income and charges and (ii) adjustment to value of financial assets.

Turnover

The table below provides a breakdown of our turnover by category:

	Three months ended December 31, 2017	2016	% of change
	(€ in millioni)		
Revenue	310.6	293.1	6.0
Construction revenue	*311.6*	*292.6*	*6.5*
Revenue from other activities	*(1.0)*	*0.5*	*(300.0)*
Other income and proceeds	3.2	6.1	(47.5)
Increases in fixed assets for internal work	-	*3.6*	*(100.0)*
Other	*3.2*	*2.5*	*28.0*
Total turnover	**313.8**	**299.2**	**4.9**

Total turnover for the three-month period ended December 31, 2017 was €313.8 million, compared to €299.2 million reported in the three months ended December 31, 2016.

Construction revenue by geographic area

The following table provides a geographic breakdown of our construction revenue for the three-month period ended December 31, 2017, and December 31, 2016 and as a percentage of our total construction revenue:

	Three months ended December 31, 2017		Three months ended December 31, 2016		
	(€ in milllion)	% on Constr. Revenue	(€ in milllion)	% on Constr. Revenue	% of variation
Italy	**121.4**	**39.0**	**107.7**	**36.8**	**12.7**
Southern Africa	40.9	13.1	92.5	31.6	(55.8)
Asia	84.3	27.1	14.7	5.0	473.5
North Africa	8.0	2.6	20.4	7.0	(60.8)
Eastern Africa	13.4	4.3	-	-	-
South America	(4.8)	(1.5)	4.5	1.5	(206.7)
North America	30.2	9.7	22.7	7.8	33.0
Europe	(9.7)	(3.1)	0.8	0.3	(1,312.5)
Middle east	27.9	9.0	29.3	10.0	3.4
Total International	**190.2**	**61.0**	**184.9**	**63.2**	**2.9**
Total construction revenue	**311.6**	**100.0**	**292.6**	**100.0**	**6.5**

International projects generated a slightly lower percentage of total construction revenue in the three months ended December 31, 2017 compared to the same period ended December 31, 2016.

Revenue from Italy was €121.4 million in the three months ended December 31, 2017, compared to €107.7 million for the three months ended December 31, 2016, mainly driven by our projects in Sicily.

International revenue was €190.2 million in the fourth quarter of 2017, slightly higher compared to the €184.9 million reported in the same period of 2016.

Revenue from Southern Africa in the three months ended December 31, 2017 was lower than in the three months ended December 31, 2016, manly due to the completion of the Ingula hydroelectric plant and of the TCTA water treatment plant in South Africa.

The increase in Asian revenue was mainly due to the start of the new projects in Laos and The Philippines. Revenue from the region is expected to further increase in 2018 as a result of these projects achieving the full revenue generation stage.

Eastern Africa revenue increased compared to the same period of 2016 due to the kick-off of the Itare project in Kenya.

Revenue from North Africa decreased due to the lower revenue from the Algeria project in the three month-period ended December 31, 2017, compared to the same period in 2016.

Revenue from the USA was higher, due to the contribution of new projects acquired by our subsidiaries LMH Civil Construction and Di Fazio Industries.

Revenue from the Middle East was substantially stable.

Revenue from South America and Europe was negative due to the changes in the consolidation area, in compliance with the relevant accounting criteria. In particular, we removed from our financial results the revenue earned during 2017 from our project in Chile, due to the termination notice. We also removed the revenue generated in 2017 by our project in Sweden, as the project JV (49% CMC) is now consoilidated with the equity method.

Construction revenue by business area

The following table sets forth a breakdown of our construction revenue by business areas for the three-month period ended December 31, 2017, December 31, 2016 and as a percentage of our total construction revenue:

	Three months ended December 31, 2017		Three months ended December 31, 2016		
	(€ in milllion)	% on Constr. Revenue	(€ in milllion)	% on Constr. Revenue	% of variation
Transport Infrastructure……	150.0	48.1	165.7	56.6	(9.5)
Road and motorways……	*119.6*	38.4	*151.9*	51.9	(21.3)
Railways and subways……	*30.4*	9.8	*13.8*	4.7	120.3
Water and Irrigation Works……	140.9	45.2	106.7	36.5	32.1
Building Projects……	19.0	6.1	10.9	3.7	74.3
Water Control and Marine Works……	1.7	0.5	4.0	1.4	(57.5)
Mining and Waste Treatment Infrastructure Works……	-	-	5.3	1.8	(100.0)
Total construction revenue……	**311.6**	**100.0**	**292.6**	**100.0**	**6.5**

Transport infrastructure, and in particular its Roads and motorways sub-business area, still represented the largest business area, with significant contribution coming from the construction of the Motorway SS640 Agrigento/Caltanissetta (section 2), the Motorway SS121 Palermo/Lercara Friddi, SS1 road access network to Savona-Albissola, the tunnelling project in Egypt and from several Transport Infrastructure projects in the USA and Southern Africa.

Water and irrigation works represented a higher percentage of total turnover compared to the fourth quarter 2016, due to the contribution of the Lebanon, Nepal, and Zambia projects.

There was no significant changes in the remaining business areas Building projects, Water control and marine works and Mining and waste treatment infrastructure works.

Raw materials, consumables and goods

Cost of raw materials, consumables and goods, including change in inventories from the prior year, for the three-month period ended December 31, 2017, was €51.9 million, representing 16.5% of our total revenue for the period, compared to the €33.7 million, or 11.3% of total turnover, for the three months ended December 31, 2016.

Services, lease and hire costs

The following table sets forth a breakdown of our cost of services for the three-month period ended December 31, 2017, December 31, 2015 and as a percentage of our total turnover:

	Three months ended December 31, 2017		Three months ended December 31, 2016		
	(€ in milllion)	% on Total turnover	(€ in milllion)	% on Total turnover	% of variation
Subcontracts	(65.3)	(20.8)	(76.9)	(25.7)	(15.1)
Transport	(8.7)	(2.8)	(9.8)	(3.3)	(11.2)
Consultancy, legal and notarial	(9.2)	(2.9)	(2.7)	(0.9)	240.7
Hiring of operated machinery	(3.2)	(1.0)	(1.1)	(0.4)	190.9
Studies and design	(2.1)	(0.7)	(1.7)	(0.6)	23.5
Utilities	(1.9)	(0.6)	(1.5)	(0.5)	26.7
Maintenance and repairs	(0.7)	(0.2)	(1.2)	(0.4)	(41.7)
Lease and hire	(4.1)	(1.3)	(8.1)	(2.7)	(49.4)
Other services	(40.6)	(12.9)	(24.5)	(8.2)	65.7
Total service, lease and hire costs	**(135.8)**	**(43.3)**	**(127.5)**	**(42.6)**	**6.5**

Total cost of services, lease and hire costs for the three-month period ended December 31, 2017 was €135.8 million, representing 43.3% of our total revenue for the period, vis-à-vis 42.6% for the three months ended December 31, 2016. Of these, a considerable portion was attributable to subcontracts, transport and consultancy expenses.

Personnel expenses

The following table sets forth a breakdown of our personnel expenses for the three-month period ended December 31, 2017, December 31, 2016 and as a percentage of our total turnover:

	Three months ended December 31, 2017		Three months ended December 31, 2016		
	(€ in milllion)	% on Total turnover	(€ in milllion)	% on Total turnover	% of variation
Wages and salaries	(40.9)	(13.0)	(38.9)	(13.0)	5.1
Social security contributions	(10.9)	(3.5)	(11.4)	(3.8)	(4.4)
Severance Indemnity	(1.3)	(0.4)	(1.3)	(0.4)	0.0
Other costs	(1.0)	(0.3)	(0.5)	(0.2)	100.0
Total	**(54.1)**	**(17.2)**	**(52.1)**	**(17.4)**	**3.8**

Personnel cost for the fourth quarter of 2017 was €54.1 million, representing 17.2% of our total turnover vis-à-vis 17.4% reported in the three months ended December 31, 2016.

Provisions for risks and charges

During the three-month period ended December 31, 2017, provisions for risks and charges amounted to a positive €6.5 million, compared to the negative €20.2 million of the same period of 2016.

Other operating costs

Other operating costs for the third quarter of 2017 were €16.8 million, representing 5.4% of our total turnover for the period, mainly attributable to custom and insurance costs and other tax charges.

EBITDA

Our EBITDA for the three months ended December 31, 2017 was €61.7 million, or 19.7% of total turnover, €14.9 million higher than €46.8 million, or 15.6% of total turnover reported in the three months ended December 31, 2016.

Depreciation and amortization and write-downs of receivables

Depreciation and amortization charges mainly relating to plant, machinery and equipment for the three months ended December 31, 2017 were €36.1 million, representing 11.5% of total revenue for the period, compared to €31.6 million, or 10.6% of total turnover in the three months ended December 31, 2016.

Operating profit

Our operating profit for the three-month period ended December 31, 2017 was €25.6 million, representing 8.2% of our total revenue for the period, compared to €15.2 million, or 5.1% of total turnover in the three months ended December 31, 2016.

Net financial income and charges

Net financial income and charges for the three-month period ended December 31, 2017 were equal to net charges of €6.4 million compared to net charges of €12.1 million for the three months ended December 31, 2016. The negative €6.4 million included €14.7 million of interest charges and €11.4 million of exchange rate conversion gains. The balance is represented by guarantee charges and bank commissions.

Income before tax

As a result of the above, our income before tax for the three-month period ended December 31, 2017 was €19.2 million, compared to €3.1 million for the three-month period ended December 2016.

Income taxes

Income taxes accrued during the three months ended December 31, 2017 were positive €1.3 million, compared to the negative €8.8 million reported in same period of 2016.

Consolidated net income

Our consolidated net result before minority interest for the three-month period ended December 31, 2017, was €20.5 million (negative €5.7 million for the three months ended December 31, 2016), while consolidated net income relating to our shareholders was €10.1 million, compared to negative €5.6 million for the same period of 2016.

REVIEW OF RESULTS AS AT DECEMBER 31, 2017

The following table sets out the items from our consolidated statement of income for the twelve-month period ended December 31, 2017 and December 31, 2016, and the percentage change between the two periods:

	Twelve months ended December 31,		% of
	2017	2016	change
	(€ in milllion)		
Revenue[1]	1,095.4	1,038.3	5.5
Other income and proceeds[2]	23.5	24.9	(5.6)
Total turnover[3]	**1,118.9**	**1,063.2**	**5.2**
Raw materials, comsumables and goods[4]	(205.5)	(168.5)	22.0
Services, lease and hire[5]	(484.9)	(478.7)	1.3
Personnel	(202.5)	(198.3)	2.1
Provisions for risk and charges[6]	(4.8)	(27.6)	(82.6)
Other operating costs	(49.6)	(38.4)	29.2
EBITDA	**171.6**	**151.7**	**13.1**
Depreciation, amortisation and write-offs of receivables	(82.2)	(68.8)	19.5
Operating profit	**89.4**	**82.9**	**7.8**
Net financial income and charges[7]	(56.6)	(55.9)	1.3
Income before tax	**32.8**	**27.0**	**21.5**
Income taxes	(6.0)	(17.9)	(66.5)
Income before minority interests	**26.8**	**9.1**	**194.5**
Minority interests	(12.3)	1.2	(1,125.0)
Consolidated net income	**14.5**	**10.3**	**40.8**

(1) Includes (i) revenue from sales and services, (ii) variations in inventories of work in progress, semi-finished and finished products and, (iii) variations in contracts in progress.

(2) Includes, among others, capitalization of costs related to deferred charges or the internal construction of fixed assets, gains on the disposal of fixed assets, use of reserves previously accrued for risks and charges, refund of expenses, recharge of expenses to subcontractors, proceeds from insurance claims and contribution grants.

(3) Represents total value of production.

(4) Represents the sum of purchases of raw materials, consumables and goods and the variations in the related inventories, as reported in our interim consolidated financial statements.

(5) Includes (i) service costs and (ii) lease and hire cost.

(6) Includes (i) provisions for risks and (ii) other provisions.

(7) Includes (i) financial income and charges and (ii) adjustment to value of financial assets.

Turnover

In the twelve-month period ended December 31, 2017, our total turnover was €1,118.9 million compared to €1,063.2 million reported for the same period ended December 31, 2016. The table below provides a breakdown of our turnover by category:

	Twelve months ended December 31,		% of change
	2017	2016	
	(€ in millioni)		
Revenue	1,095.4	1,038.3	5.5
Construction revenue	*1,085.9*	*1,026.7*	*5.8*
Revenue from other activities	*9.5*	*11.6*	*(18.1)*
Other income and proceeds	23.5	24.9	(5.6)
Increases in fixed assets for internal work	*0.8*	*4.9*	*(83.7)*
Other	*22.7*	*20.0*	*13.5*
Total turnover	**1,118.9**	**1,063.2**	**5.2**

The increase in total turnover in the year 2017 compared to the same period of 2016 was mainly driven by higher construction revenue.

Construction revenue by geographic area

The following table provides a geographic breakdown of our construction revenue for the twelve-month period ended December 31, 2017, compared to the same period ended December 31, 2016:

	Twelve months ended December 31, 2017		Twelve months ended December 31, 2016		
	(€ in milllion)	% on Constr. Revenue	(€ in milllion)	% on Constr. Revenue	% of variation
Italy	**442.9**	**40.8**	**464.0**	**45.2**	**(4.5)**
Southern Africa	211.1	19.4	297.6	29.0	(29.1)
Asia	164.1	15.1	96.3	9.4	70.4
North Africa	16.9	1.6	34.8	3.4	(51.4)
Eastern Africa	47.6	4.4	-	-	-
South America	1.4	0.1	19.9	1.9	(93.0)
North America	121.3	11.2	82.0	8.0	47.9
Europe	-	-	0.8	0.1	(100.0)
Middle east	80.6	7.4	31.3	3.0	157.5
Total International	**643.0**	**59.2**	**562.7**	**54.8**	14.3
Total construction revenue	**1,085.9**	**100.0**	**1,026.7**	**100.0**	**5.8**

International construction revenue was higher than revenue from Italian projects in both the twelve months ended December 31, 2017 and December 31, 2016.

Revenue from Italy was €442.9 million in the twelve months of 2017, compared to €464.0 million for the same period of 2016, mainly due to lower production in the ANAS projects in Sicily. However, this was more than offset by the significant increase in International revenue, up from €562.7 million to €643.0 million.

Revenue from Southern Africa was lower in the year 2017, mainly due to the completion of two road constructions projects in Mozambique as well as due to the completion of the Ingula hydroelectric plant and of the TCTA water treatment plant in South Africa. Revenue from this area is expected to increase significantly as a result of the start of the new projects secured in Zambia.

We reported higher revenue from Asia, mainly due to the start of the new projects in Laos and The Philippines. Revenue of the region is expected to further increase in the following years as a result of these projects achieving the full revenue generation stage.

Eastern Africa revenue increased compared to the same period of 2016 due to the kick-off of the Itare project in Kenya.

Revenue from South America was lower than in 2016, due to the early termination of the project in Chile.

Revenue from the USA was significantly higher, due to the contribution of new projects acquired by our subsidiaries LMH Civil Construction and Di Fazio Industries. The area is expected to report a significant boost in revenue resulting from the large amount of new orders secured in 2017.

Middle East revenue increased as a result of the full production stage achieved by our project in Beirut.

Revenue in Europe was lower due to the changes in the consolidation area.

Construction revenue by business area

The following table sets forth a breakdown of our construction revenue by business areas for the year ended December 31, 2017 and December 31, 2016, and as a percentage of our total construction revenue:

	Twelve months ended December 31, 2017		Twelve months ended December 31, 2016		
	(€ in milllion)	% on Constr. Revenue	(€ in milllion)	% on Constr. Revenue	% of variation
Transport Infrastructure	645.2	59.4	644.7	62.8	0.1
Road and motorways	*533.5*	49.1	*573.8*	55.9	(7.0)
Railways and subways	*111.7*	10.3	*70.9*	6.9	57.5
Water and Irrigation Works	354.3	32.6	288.6	28.1	22.8
Building Projects	67.7	6.2	62.9	6.1	7.6
Water Control and Marine Works	5.7	0.5	9.2	0.9	(38.0)
Mining and Waste Treatment Infrastructure Works	13.0	1.2	21.3	2.1	(39.0)
Total construction revenue	**1,085.9**	**100.0**	**1,026.7**	**100.0**	**5.8**

Transport infrastructure, and in particular its Roads and motorways sub-business area, still represented the largest business area, with a significant contribution coming from the construction of the Motorway SS640 Agrigento/Caltanissetta (section 2), the Motorway SS121 Palermo/Lercara Friddi, SS1 road access network to Savona-Albissola, the tunnelling project in Egypt and from several Transport Infrastructure projects in USA and Southern Africa.

Water and irrigation works represented a higher percentage of total turnover compared to the same period of 2016, due to the contribution of the Lebanon, Nepal, and Zambia projects.

There were no significant changes in the remaining business areas Building projects, Water control and marine works and Mining and waste treatment infrastructure works.

Raw materials, consumables and goods

Costs for raw materials and consumables and goods, including change inventories from the prior year, was €205.5 million, or 18.4% of total turnover, for the period ended December 31, 2017, compared to €168.5 million, or 15.8% of total turnover, for the year 2016.

Services, lease and hire costs

The following table sets forth a breakdown of our cost of services for the twelve-month period ended December 31, 2017 and December 31, 2016:

	Twelve months ended December 31, 2017		Twelve months ended December 31, 2016		
	(€ in milllion)	% on Total turnover	(€ in milllion)	% on Total turnover	% of variation
Subcontracts	(266.5)	(23.8)	(289.3)	(27.2)	(7.9)
Transport	(31.2)	(2.8)	(32.6)	(3.1)	(4.3)
Consultancy, legal and notarial	(28.1)	(2.5)	(23.0)	(2.2)	22.2
Hiring of operated machinery	(8.6)	(0.8)	(6.5)	(0.6)	32.3
Studies and design	(4.9)	(0.4)	(5.2)	(0.5)	(5.8)
Utilities	(7.8)	(0.7)	(7.4)	(0.7)	5.4
Maintenance and repairs	(3.5)	(0.3)	(3.0)	(0.3)	16.7
Lease and hire	(26.2)	(2.3)	(31.3)	(2.9)	(16.3)
Other services	(108.1)	(9.7)	(80.4)	(7.6)	34.5
Total service, lease and hire costs	**(484.9)**	**(43.3)**	**(478.7)**	**(45.0)**	**1.3**

Total services, lease and hire costs for the year ended December 31, 2017 were €484.9 million, or 43.3% of total turnover, compared to €478.7 million, or 45.0% of total turnover for the year ended December 31, 2016.

Personnel expenses

The following table sets forth a breakdown of our personnel expenses for the period ended December 31, 2017 and December 31, 2016:

	Twelve months ended December 31, 2017		Twelve months ended December 31, 2016		
	(€ in milllion)	% on Total turnover	(€ in milllion)	% on Total turnover	% of variation
Wages and salaries	(151.5)	(13.5)	(153.1)	(14.4)	(1.0)
Social security contributions	(43.2)	(3.9)	(38.6)	(3.6)	11.9
Severance Indemnity	(4.9)	(0.4)	(5.0)	(0.5)	(2.0)
Other costs	(2.9)	(0.3)	(1.6)	(0.2)	81.3
Total	**(202.5)**	**(18.1)**	**(198.3)**	**(18.7)**	**2.1**

Personnel expenses for the period ended December 31, 2017 were €202.5 million, or 18.1% of total turnover, compared to €198.3 million, or 18.7% of total turnover, for the year ended December 31, 2016.

Our average headcount decreased by 857 employees to an average of 6,905 employees in the year 2017, from an average of 7,762 employees for the year 2016, as a result of a lower involvement in projects in which we used our own personnel.

Provisions for risks and charges

During the year 2017, provisions for risks amounted to €0.1 million, compared to €6.5 million reported in the same period of 2016.

In the year 2017, other provisions amounted to €4.7 million, compared to €21.1 million reported in the same period of 2019. In 2017, €4.1 million were referred to the quota attributable to our minority partner of the net results of CMI, the joint venture that is executing the Ingula hydroelectric plant in South Africa, of which we hold a 51% interest, and the balance was related to additional costs on executed projects, postponement of revenues on activities certified but not yet executed and possible future write-offs.

Other operating costs

Other operating costs for the year ended December 31, 2017, were €49.6 million, compared to €38.4 million reported in the year ended December 31, 2016.

EBITDA

Our EBITDA for the year ended December 31, 2017 was €171.6 million, or 15.3% of total turnover, an increase of €19.9 million compared to €151.7 million, or 14.3% of total turnover, reported in the year ended December 31, 2016.

Depreciation and amortization and write-downs of receivables

Depreciation and amortization charges mainly relating to plant, machinery and equipment for the year ended December 31, 2017 were €82.2 million, or 7.3% of total turnover, compared to the €68.8 million, or 6.5% on total turnover reported for the year ended December 31, 2016.

Operating profit

Operating profit reported in the year ended December 31, 2017 was €89.4 million, or 8.0% of total turnover, higher than the €82.9 million, or 7.8% of total turnover, reported in the year ended December 31, 2016.

Net financial income and charges

Net financial charges for the period ended December 31, 2017 slightly increased to a negative of €56.6 million from a negative of €55.9 million reported in the same period ended December 31, 2016. Financial income was €3.9 million, interest charges were €53.6 million, exchange rate conversion profits were €6.2 million, net adjustments to value of financial assets (which include revaluations and devaluations of our investments) were negative €0.7 million and the balance was represented by guarantee charges and bank commissions.

Income before tax

As a result of the above, our income before tax for the year ended December 31, 2017 was €32.8 million, higher than the €27.0 million reported in the year ended December 31, 2016.

Income taxes

Income taxes accrued during the year ended December 31, 2017 were €6.0 million, a decrease of €11.9 million compared to €17.9 million reported in the year ended December 31, 2016.

Consolidated net income

Our consolidated net income before minority interests for year ended December 31, 2017, was €26.8 million, higher then the €9.1 million reported in the year 2016. Considering €12.3 million of profits attributable to minority interests, consolidated net income was €14.5 million, compared to €10.3 million reported in the year 2016.

KEY BALANCE SHEET AND CASH FLOW ITEMS

Net working capital

Our net working capital is the sum of our inventories, receivables, trade payables and other elements of working capital, as detailed in the following table, which summarizes its composition as at December 31, 2017, September 30, 2017 and December 31, 2016:

	December 31, 2017	September 30, 2017	December 31, 2016
		(€ in million)	
Inventories[1]	83,2	70,7	71,5
Raw materials and consumables	*53,8*	*47,3*	*48,8*
Work in progress and semi-finished products	*16,9*	*13,0*	*12,3*
Finished products and goods	*12,5*	*10,4*	*10,4*
Contract work in progress	772,6	740,2	650,7
Receivables from clients	315,7	289,7	373,7
Receivables from non-consolidated affiliates[2]	64,6	62,5	34,2
Other current assets[3]	275,1	206,4	226,3
Total current assets........	**1.511,2**	**1.369,5**	**1.356,4**
Contractual advances payments from clients	229,8	203,0	200,3
Advances	22,1	22,8	40,6
Trade payables to suppliers[4]	447,6	462,4	445,2
Payables to non-consolidated affiliates[5]	59,9	52,7	41,2
Other current liabilities[6]	221,1	184,2	235,0
Reserves for risks and charges	25,6	22,4	25,5
Total current liabilities	**1.006,1**	**947,5**	**987,8**
Net Working Capital	**505,1**	**422,0**	**368,6**

(1) Represents inventories net of contract work-in-progress, which are disclosed separately, and advances, which have been included among other short-term assets.

(2) Includes total receivables from non-consolidated subsidiaries and associated companies including among current assets as well as receivables from non-consolidated subsidiaries and associated companies including among financial assets.

(3) Includes total tax receivables, total deferred tax assets, total receivables from others as included among current assets as well as accrued income and prepayments, advances and receivables from others as included among financial assets.

(4) Includes payables to suppliers net of the amounts owned under leasing agreements which have been included within financial debts respectively for €25.6 million, €28.8 million and €31.8 million respectively, as at December 31, 2017, September 30, 2017, December 31, 2016.

(5) Includes total payables from non-consolidated subsidiaries and associated companies.

(6) Includes tax and social security payables, payables to employees and other payables and accrued liabilities and deferred income.

Total current assets increased by €154.8 million compared to December 31, 2016: the significant reduction in trade receivables, positively affected by the collection of payments from Angola, was more than offset by the €121.9 million increase in contract work in progress. In particular, contract work in progress in our projects carried out in Italy for ANAS increased by €33.3 million from €320.3 million to €353.6 million, A significant reduction of this portion of our work in progress is expected in 2018-2019 as a result of the settlements with ANAS and the completion of the SS640 Agrigento-Caltanissetta project, estimated by H1 2019.

In relation to the Section 1 of the SS640 Agrigento-Caltanissetta, a project which is now almost completed, we are in a legal dispute with ANAS. The amount claimed is approximately €600 million. A technical expert appointed by the Court of Rome has already confirmed a compensation for CMC and a new technical expert appointed by the Court is expected to complete the assessment by the end of 2018.

In relation to the Section 2 of the SS640 Agrigento-Caltanissetta, we expect to receive stage payments in 2018, which will significantly decrease the contract work in progress in our balance sheet, in addition to which we will receive further amount relating to the amicable settlement with ANAS signed in October 2017.

In relation to the other projects carried out for ANAS, namely the SS121 Palermo Lercara Friddi in Sicily and the SS 1 Nuova Aurelia in Liguria, we are finalising contract variations, which are expected to be certified and collected in 2019.

The balance of the increase in contract work in progress was mainly due to the normal build-up resulting from the start of new projects in Monte Po Station (Sicily), Nepal, Stesicoro Airport (Sicily), Lingotto Bengasi (Italy) and to the price adjustment requested on our project in Angola, which is expected to be certified in 2018.

Total current liabilities increased by € 18.3 million compared to December 31, 2016. Contractual advance payments increased by € 29.5 million to € 229.8 million, but significantly lower than expected considering the large new orders secured during the year. The collection of contract advances is expected to positively affect net working capital in 2018.

As a result of the above, net working capital temporarily increased by €136.5 million from December 31, 2016 to December 31, 2017, moving from €368.6 million to €505.1 million. As a percentage of LTM total turnover, net working capital was 45.1% as at December 31, 2017, compared to 34.7% as at December 31, 2016 and €38.2% as at September 30, 2016.

Capital Expenditures

Our intangible and tangible capital expenditure requirements consist mainly of technical investments in property, plant and equipment required to start-up construction activities, such as logistical infrastructure at the construction site, machinery and equipment. In the ordinary course of business, we make investments in corporate entities and consortia organized to execute the projects in which we participate. These investments are recorded as financial investments in our financial statements. In addition, in recent years we have made investments in the concession companies for the construction and management of the External eastern ring road of Milan (*TEM—Tangenziale Esterna Est di Milano*) and the Livorno-Civitavecchia Motorway (*SAT—Società Autostrada Tirrenica*), and made selective acquisitions of construction companies in markets that we consider strategic, such as LMH and Di Fazio in the United States. We disposed our investment in SAT in November 2015 and we are planning to dispose our investment in TEM in the near future.

In compliance with the Italian GAAP, and to provide more clarity and transparency on our financial statements, we have adopted a new indirect cash flow statement format, which isolates the effect of the non-monetary elements in the cash flow (for instance, the changes due to exchange ratio translation adjustments and the effect of changes in the consolidation perimeter). The table below sets forth our capital expenditures for the three months ended December 31, 2017 (calculated using the new methodology), twelve months ended December 31, 2017 (calculated using the new methodology), December 31, 2016 Restated (using the new methodology) and December 31, 2016 (using the previous methodology):

	Three months ended December 31, 2017	Twelve months ended December 31, 2017	Twelve months ended Restated	Twelve months ended Old version
	(€ in million)			
Capital expenditures in intangible fixed assets(1)	(2.6)	(0.1)	11.7	11.2
Capital expenditures in tangible fixed assets(2)	27.5	76.5	79.9	69.2
Total capital expenditures	**24.9**	**76.4**	**91.6**	**80.4**

(1) Represents total investments during the period in intangible assets net of related disposals during the period.

(2) Represents total investments during the period in tangible assets net of disposals during the period. In the ordinary course of our business, we manage our technical equipment to keep it current and located in areas where it is more efficiently put to use,

including by selling or exchanging obsolete machinery for new machinery, or disposing of machinery that is located in regions where we do not anticipate using it for the foreseeable future. Includes investments in fixed assets made under our finance lease agreements.

Total intangible and tangible capital expenditures for the three months ended December 31, 2017 were €25.1 million, while for the twelve months ended December 31, 2017 were €76.4 million compared to €91.6 for the twelve months ended December 31, 2016. 2016 capital expenditures presented with the old cash flow accounting methodology were slightly understated, mainly as a result of the the devaluation of certain assets due to exchange ratio translation adjustments, which is a non-monetary element. The 2016 Restated figures do not take into account non-monetary elements, providing a more meaningful picture of the actual cash utilised in capital expenditures.

Net financial position

We define net financial position as our total financial debt, less the amount of our cash and cash equivalents and certain short-term financial assets, and we define adjusted net financial position as net financial position plus shareholders' loans. We believe that our net financial position and adjusted net financial position and the ratios derived therefrom are important supplemental measures of our financial position and can assist securities analysts, investors and other parties to evaluate our business.

The following table shows our net financial position as at December 31, 2017, September 30, 2017 and December 31, 2016, and the adjustments to achieve at the adjusted net financial position.

	December 31, 2017	September 30, 2017	December 31, 2016
		(€ in million)	
Cash and cash equivalents[1]	(181.1)	(140.8)	(96.4)
Short-term financial assets[2]	(2.3)	(2.2)	(1.1)
Liquid assets	**(183.4)**	**(143.0)**	**(97.5)**
Short-term bank loans and borrowings	110.5	38.9	134.1
Recourse factoring[6]	22.8	20.6	20.1
Current portion of non-current borrowings	9.5	13.1	21.0
Other short-term debt[3]	17.7	18.2	19.5
Current financial debt	**160.5**	**90.8**	**194.7**
Net current financial debt	**-22.9**	**-52.2**	**97.2**
Notes issued on July 2014	-	294.5	293.6
Notes issued on July 2017	244.5	244.3	-
Notes issued on November 2017	303.5	-	-
Revolving Credit Facility..	98.2	73.0	118.5
Non-current bank loans and borrowings	11.6	15.3	23.9
Other non-current loans[4]	24.3	27.3	30.2
Non-current financial debt	**682.1**	**654.4**	**466.2**
Total financial debt[5]	**842.6**	**745.2**	**660.9**
Net financial position	**659.2**	**602.2**	**563.4**
Shareholder loans	10.7	11.3	12.2
Total adjustments	**10.7**	**11.3**	**12.2**
Adjusted net financial position	**669.9**	**613.5**	**575.6**
LTM EBITDA	**171.6**	**156.7**	**151.7**
Net financial position/LTM EBITDA	**3.84**	**3.84**	**3.71**
Adj. Net financial Position/LTM EBITDA	**3.90**	**3.92**	**3.79**

(1) Cash and cash equivalents consist of cash (both at parent company level, at the level of the other companies in our Group and at the level of our Italian and foreign consortia) and bank and post office deposits.

(2) Includes current accounts held with, and our pro quota share of marketable securities held by, consortia in which we participate.

(3) Includes the current portion of amounts owed under certain leasing agreements that we report under trade payables in our financial statements in an amount of €12.5 million, €12.8 million, and €13.9 million respectively, as at December 31, 2017, September 30, 2017, December 31, 2016.

(4) Includes also the non-current portion of amounts owed under certain leasing agreements that we report under trade payables in our financial statements in an amount of €13.2 million, €15.9 million and €17.9 million respectively, as at December 31, 2017, September 30, 2017, December 31, 2016.

(5) The reported total financial debt does not include recourse factoring arrangements, shareholder loans, nor does it include performance or similar guarantees and guarantees that we issue pro quota for the benefit of our subsidiaries and other investees.

(6) We also entered into non-recourse factoring arrangements in connection with our contracts with ANAS. The amount outstanding under such non-recourse factoring arrangements was €30.9 million, €27.2 million and €72.8 million respectively, as at December 31, 2017, September 30, 2017, December 31, 2016. These amounts represent off-balance sheet items.

As at December 31, 2017, our net financial position was €659.2 million, €95.8 million higher than the €563.4 million reported on December 31, 2016. Net financial position / EBITDA moved from 3.71x to 3.84x in the year 2017.

Our adjusted net financial position increased by €94.3 million from €575.6 million on December 31, 2016 to €669.9 million on December 31, 2017. Adjusted net financial position / EBITDA moved from 3.79x to 3.90x in the year 2017.

The increase in adjusted net financial position in 2017 was mainly due to the following unpredictable elements:

- Payment due to the termination of our project in Chile (≈€20 million);
- Expenses incurred for the issuance of two bonds in 2017 (≈€30 million);
- Delay in collection of expected advance payments on new contracts (≈€60 million):
- Impact of the new Italian VAT LAW (≈20 million).

The expected reversal in net working capital, to be driven by a reduction in contract work in progress and collection of contract advance payments, might lead to a significant reduction in our adjusted net financial position in 2018 and 2019.

Cash flow

In compliance with the Italian GAAP, and to provide more clarity and transparency on our financial statements, we have adopted a new indirect cash flow statement format, which isolates the effect of the non-monetary elements in the cash flow (for instance, the changes due to exchange ratio translation adjustments and the effect of changes in the consolidation perimeter). The table below summarises our consolited cash flow statement for the three months ended December 31, 2017 (calculated using the new methodology), for the twelve months ended December 31, 2017 (calculated using the new methodology), for the twelve months ended December 31, 2016 Restated (using the new methodology) and for the twelve months ended December 31, 2016 (using the previous methodology):

	Three months ended December 31, 2017	Twelve months ended December 31, 2017	Twelve months ended December 31, 2016 Restated	Twelve months ended December 31, 2016 Old version
		(€ in million)		
Cash and cash equivalents at start of the period ……….	**140.8**	**96.4**	**100.6**	**100.6**
Cash flow generated by operating activities ……………….	(40.0)	(11.4)	92.3	166.8
Cash flow generated by/(used in) investing activities …….	(24.7)	(84.3)	(93.6)	(84.4)
Cash flow generated by/(used in) financing activities …….	95.4	176.8	(0.1)	(86.6)
Changes due to translation of liquid assets/change in consolidation perimeter……………………………….. …….	9.6	3.6	(2.8)	-
Cash and cash equivalents at the end of the period ……	**181.1**	**181.1**	**96.4**	**96.4**

Cash flow from operating activities was €(40.0) million in the three months ended December 31, 2017, while in the twelve months ended December 31, 2017 it was €(11.4) million, compared to €92.3 million reported for the twelve months ended December 31, 2016. The negative cash flow from operations was mainly due to the temporary increase in net working capital.

Cash flow used in investing activities was €(24.8) million in the three months ended December 31, 2017, while in the twelve months ended December 31, 2017 it was €(84.3) million, lower compared to €(93.6) million reported for the twelve months ended December 31, 2016.

Cash flow from financing was €95.4 million in the three months ended December 31, 2017, while in the twelve months ended December 31, 2017 it was €176.8 million, compared to €(0.1) million reported for the first twelve months of 2016.

OFF-BALANCE SHEET ARRANGEMENTS

Guarantees

As part of our construction activities, we are generally required to post performance bonds, primarily to guarantee our performance under such agreements. We also provide guarantees and sureties in favour of our subsidiaries, associates and other investees relating to advances and release of amounts withheld in guarantee, as well as price revisions. As of December 31, 2017, the overall amount of these was equal to an aggregate of €1,087.1 million compared to €1,207.5 million as of December 31, 2016 and includes the following items:

- sureties for works, issued for various purposes by banks and insurance companies in the interest of the Group, in favour of the contract customer, for a total amount of €914.4 million, compared to €1,064.7 million as of December 2016; and
- other sureties to third parties (including tax authorities) for €172.7 million, compared to €142.8 million as of December 2016.

HUMAN RESOURCES

During 2017, the personnel utilised at our headquarters decreased by 14 units, as a result of the net difference between retired units and new units added to our personnel, mainly as a result of the enrollment of people previously utilised in projects worldwide.

The personnel employed locally on a project-basis decreased mainly as a reult of the comletion of projects in Mozambique and Singapore.

HUMAN RESOURCES	Workers		Employees/Managers		Total	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Fixed personnel	95	108	324	324	419	432
Local personnel (Italy and Overseas)	4,434	5,422	1,823	1,743	6,257	7,165
Totale	**4,529**	**5,530**	**2,147**	**2,067**	**6,676**	**7,597**

KEY PROJECTS

We are currently involved in more than 100 projects. The table below presents our primary current construction projects by business areas as at December 31, 2017.

Country	Project	Contract value (1)	Completion percentage (2)	Backlog (3)	CMC % of partecipation (4)	Expected completion year (5)
		(€ in million, except percentages)				
Transport Infrastructure						
Roads and motorways						
Italy	Motorway SS640 Agrigento/Caltanisetta (section 1).....................	354.4	100%	0.4	80%	2018
Italy	Quadrilatero Surface Road Network Marche & Umbria..........................	336.3	99%	3.4	28%	2018
Italy	Motorway SS640 Agrigento/Caltanisetta (section 2).....................	669.1	86%	96.4	82%	2018
Italy	Motorway SS121 Palermo/Lercara Friddi.....	184.6	86%	25.1	80%	2019
Italy	External Eastern Ring Road of Milan (TEM-Tangenziale Esterna Est di Milano)......................	109.1	100%	0.0	9%	2017
Italy	SS1 Nuova Aurelia Road Access Network to Savona-Albissola............	83.6	89%	9.2	51%	2019
Italy	Merano North-West road.......	63.7	0%	63.7	67%	2021
Angola	Luanda Motorway-Soyo (44 Kilometers)...............	256.5	100%	0.0	100%	2017
Zambia	Construction 300 Km of the Kawbe-Piccadilly-Mkushi Road..	200.0	0%	200.0	100%	2021
Algeria	Toll Systerm for the Management of the East-West Motorway (Section East)................	144.5	44%	80.9	54%	2020
Libya	Ras Ejdyer-Emssad Motorway (section 1).......	106.0	0%	106.0	11%	2020
South Africa	Mount Edgecombe Junction........................	93	98%	1.9	100%	2018
Sweden	Stokoholm Road By Pass	185.2	9%	168.5	49%	2021
Egypt	Road tunnels under Suez Canal	24.0	83%	4.1	100%	2018
Namibia	Windhoek-Okahandja road	68.8	51%	33.7	100%	2019
Railways and subways						
Singapore	Singapore Metro Downtown line 3 (sections C926 and C927).............	252.4	100%	0.0	100%	2017
Italy	Light Rail Transit System Seregno........................	102.8	7%	95.1	100%	2021
	Light Rail Transit System Cosenza-Rende..........	87.9	3%	85.4	100%	2020
Italy	Tunnel for Maddalena di Chiomonte (Piedmont)-Part of the Turin-Lyon Railway Project..............	59.4	93%	4.2	48%	2018
France	French Exploration Tunnel......	62.6	56%	27.3	16%	2020
Italy	Turin Metroline subway line 1 (sections Lingotto-Bengasi)..	82.3	77%	19.3	100%	2018
Italy	Metro lotto Nesina -- Catania (Sicily)...............	81.2	86%	11.6	100%	2018
Italy	Metro lotto Stesicoro -- Catania (Sicily)...............	58.9	29%	41.8	100%	2019
USA	Rehabilitation of the Wollaston Station in Boston............	57.0	6%	53.6	100%	2019

Country	Project	Contract value (1)	Completion percentage (2)	Backlog (3)	CMC % of partecipation (4)	Expected completion year (5)
Water and Irrigation Works						
Kenya	Itare Dam water supply Project……………………….	241.0	29%	171.1	100%	2020
Kenya	Construction of Kithino Multipurpose Water Project…..	123.1	0%	123.1	100%	2022
South Africa	Infrastructure Facilities for Acid Water Treatment for a Mine……………………….	79.3	100%	0.0	100%	2017
Nepal	Deviation of Melamchi River…..	93.8	92%	7.5	100%	2018
China	Middle Shanxi River Diversion Project………….	55.3	88%	6.6	75%	2018
Lesotho	Metolong Water Treatment Plant………………………….	59.6	100%	0.0	100%	2017
South Africa	Water Treatment Plant Sebokeng………………….	31.6	98%	0.6	100%	2018
South Africa	Mogalakwena Water Treatment Plant	19.9	100%	0.0	80%	2018
Laos	Hydroelectric plant…….. Nam Theun 1 - Contract A	168.7	31%	116.4	40%	2020
Mozambique	Massingir Dam…………………	42.7	97%	1.3	100%	2018
Lebanon	Beirut Water Supply	170.9	51%	83.7	100%	2020
Philippines	Angat - Tunnel Water Transmission	69.0	27%	50.4	100%	2020
Pakistan	Hydropower project - Gorkin Matiltan	75.6	11%	67.3	60%	2020
Kenya	Arror Dam water supply Projects……………………..	116.9	3%	113.4	51%	2020
Argentina	Water Supply project a Lomas…….	150.0	1%	148.5	100%	2021
Philippines	Novaliches-Balara Acquduct NBQ4 Water Supply Project….	43.7	4%	42.0	50%	2021
Nepal	Hydroelectric plant Likhu IV a Kathmandu……………………	34.4	0%	34.4	100%	2020
Nepal	Hydroelectric Project Solu Khola……………………	58.3	5%	55.4	100%	2020
Italia	Water Softener of Trento……..	23.6	7%	21.9	45%	2020
South Africa	Thukela Water Scheme………	36.5	22%	28.5	100%	2019
Building Projects						
Italy	Government Building in Rome……………………….	119.3	74%	30.9	100%	2018
Italy	New Hospital "Ospedale dei Castelli" in Ariccia…….	41.1	91%	3.5	50%	2018
Italy	Conversion of Alvisi-Faenza Cellar……………..	16.4	44%	9.2	70%	2020
Italy	Hospital - Camerano	34.2	3%	33.0	71%	2020
Italy	Commercial area in Ravenna	18.8	0%	18.8	100%	2020
Italy	Rimini-Shopping Mall………….	14.7	79%	3.1	100%	2018
Mozambique	Resettlement Village Palma……	118.4	4%	113.7	100%	2020
Malta	Hospital Jonh Paul II - La Valletta…	65.0	1%	64.6	100%	2020
Water Control and Marine Works						
Italy	Molfetta Commercial Port……..	27.8	65%	9.7	39%	2018
Italy	Port Authority in Piombino…….	53.3	99%	0.6	51%	2018
Mining and Waste Treatment Infrastructure Works						
Zambia	Underground Copper Mine…….	44.9	100%	0.0	100%	2017
Zambia	Underground Copper Mine…….	297.5	2%	291.5	100%	2021

(1) Represents the Group's share of the construction contract value, unless fully consolidated in our financial statements, based on our interest in the relevant project company.

(2) Represents the percentage of the work completed during the contract term, calculated by applying the "cost-to-cost" method, according to which the percentage of completion is calculated by comparing the costs effectively incurred with the estimated total contract costs.

(3) Represents the part of the Group's share of the contract value that remains to be executed and is included in our backlog.

(4) Represents the Group's equity interest in project companies which are not wholly owned by the Group.

(5) Reflects the delivery date as set forth under the relevant contract, taking into consideration any amendment agreed upon with the relevant customer.

NON-CORE ACTIVITIES

The values indicated in the table below are determined according to clause 4 of art. 2426 of the Italian Civil Code, and represent the valuation utilised for the preparation of the consolidated financial statements. As a result, they are different from the values indicated in the financial statement of our subsidiary due to the reclassification of leasing contracts under the financial accounting method.

CMC IMMOBILIARE S.p.A. € million	**2013**	**2014**	**2015**	**2016**	**2017**
Revenue	2.2	,2.2	2.7	2.8	2.9
Pre-tax net income	0.1	0.1	0.1	0.2	0.4
Shareholders Funds	27.9	27.8	26.9	25.7	26.0

CMC Immobiliare S.p.A. operates as a subsidiary dedicated to the future development of the Ravenna dock and to the management of CMC's real estate assets, after the acquisition of a parcel of land and the Ravenna headquarters building from our parent company, and the acquisition, through a leasing contract, of an industrial plant located in Cesena from our subsidiary GED S.r.l..

The increase in Shareholders Funds reported in 2017 is due to the positive net income and to the decrease of the equity negative reserve related to the hedging instrument (IRS) on the leasing contract related to the GED industrial plant.

SIC S.p.A. – Emir S.r.l. € million	**2013**	**2014**	**2015**	**2016**	**2017**
Revenue	14,0	9,5	4,2	6,6	7,3
Pre-tax net income	-0,7	- 1,8	-1,5	-0,7	-0,4
Shareholders Funds	3,2	2,0	1,5	1,0	0,9

SIC S.p.A. and Emir S.r.l. operate in the provinces of Ravenna and Rimini in the quarrying, processing and selling of aggregates and building materials for civil construction. 2017 was a challenging year for the sector, and the demand decrease led the company ACR S.r.l., 50% owned by SIC and operating in the sale of building materials, to request a bankruptcy protection. As a result, SIC claimed back the going concern previously leased to ACR. In 2017, the company reported an increase in revenue compared to 2016.

GED S.r.l. € million	**2013**	**2014**	**2015**	**2016**	**2017**
Revenue	20.8	13.0	7.0	18.6	15.2
Pre-tax net income	-0.6	-2.1	-2.2	--	--
Shareholders Funds	7.2	5.5	3.8	3.8	3.8

GED S.r.l. operates in the production of prefabricated concrete and steel structures and components for the construction industry. Today, GED is largely dependent on the projects carried out by our parent company. Due to the financial crisis which hit the industry, the company has completed a restructuring process, and is now well positioned to take advantage of the expected recovery in the industry, both in Italy and overseas.

RISK MANAGEMENT

We have set up and implemented a comprehensive risk management process aimed at minimising risks at all stages of our operating activity and preserving/incressing value for our stakeholders. The main risk categories, which are continuously monitored by our management, are listed below:

- Operating risk, related to the execution of our projects and the relationship with our clients, and the concentration of our backlog and our earnings;
- Financial risk, sub-divided in the following categories:
  - Market risk, related to the fluctuation of interest rates, exchange rates and price of raw materials;
  - Credit risk, related to the exposure of possible losses generted by the possible inability of some of our clients to fulfill their obligations;
  - Liquidity risk, related to the need to maintain adequate sources of liquidity to fulfill our financial obligations, also considering possible contraints in the movement of cash from certain local subsidiaries to our parent company.

INTER-COMPANY TRANSACTIONS

Inter-company transactions are carried out at market price, and are mainly represented by the following categories:

- Services provided by our headquarters, in terms of:
  - technical/organisational assistance;
  - financial assistance to secure credit lines and/or guarantees for the execution of projects;
  - administrative, fiscal, corporate, insurance assistance.
- Commercial transactions related to the purchase of machinery, spare parts, raw materials and other materials for the execution of projects;
- Transactions related to the contracts allocated to our subsidiaries GED, SIC and ACR, specialised in the production of prefabricated components and the supply of construction materials.

A description of the inter-company transactios is presented in the notes to the Consoldiated Financial Results as at December 31, 2017.

RESEARCH AND DEVELOPMENT ACTIVITIES

In 2017, we did not carried out significant research and developemnt activities.

HEDGING INSTRUMENTS

The CMC Group utilises financial derivative instruments for the hedging against specific exchange or interest rate risks. The accounting methodology, including the accounting of gains and losses arising from the change in the fair value valuation in the income statement, depends on whether the derivative meets the criteria set by OIC 32 for the application of the hedging accounting. If it meets these criteria, then the accounting procedure depends on whether the derivative is entred into with the purpose of a fair value hedge or a cash flow hedge, as described below:

- Fair value hedge: if the derivative instrument is entered into with the purpose of hedging against the fluctuation of the fair value of a recognised asset or liability due to a particular risk that can have effects on the income statement, gains and losses arising from the change in the fair value of the derivative instrument are recorded in the income statement. Gain and losses on the hedged asset or liability, arising from the hedged risk, change the carrying value of the asset or liability, and are recorded in the income statement.
- Cash flow hedge: if the derivative instrument is enterd into with the purpose of heging against the risk of fluctuations of the cash flows generated by a recognised asset or a liability, or of an expected transaction which might have an impact of the income statement, the effective gains and losses on the derivative instruments are recorded in the cash flow hedge reserve, while the ineffective gains and losses are recorded in the income statement. When the hedged future cash flows affect income statement, or when a hedged forecast transaction occurs, the related cash flow hedge reserve is then removed form the shareholders funds and recorded in the income statement.

If the derivative instrument does not meet the OIC 32 criteria for the application of the hedging accounting, the fair value of the hedging instrument is recorded in the income statement.

SHAREHOLDING STRUCTURE

Number of shareholders by category

Category	31/12/2014	31/12/2015	31/12/2016	31/1/.2017
Cooperative employees	401	389	361	340
Retired employees	565	539	532	520
Supporting shareholders	2	1	1	1
Financing shareholders		1	1	1
Total	***968***	***930***	***895***	***862***

As at December 31, 2017, our supporting shareholder, as defined by Law n.59/1992, was Federazione delle Cooperative, while our financing shareholder was Coopfond.

As at December 31, 2017, we had 340 cooperative employees, 21 less than at December 31, 2016. We reported 7 new admissions and 28 shareholders leaving CMC as they retired or resigned. The average age was 49.9 years compared to 49.0 years in 2016.

The admission criteria and procedures are set by an internal regulation, which increased to €7,500 the minimum payment for the admission as a cooperative employee, and to €50 the admission tax for 2017. The admission of the new cooperative employees was approved by the Board on May 3, 2017.

Number of cooperative employees by role

Role	31.12.2015		31.12.2016		31.12.2017	
	N.	%	N.	%	N.	%
Workers	104	*26,8*	90	24,9	82	24,1
Admin. employees	162	*41,8*	146	40,4	144	42,4
Middle-management	82	*20,9*	85	23,6	79	23,2
Directors	41	*10,6*	40	11,1	35	10,3
Total	**389**	***100,0***	**361**	***100,0***	**340**	***100,0***

Share capital

The subscribed share capital decreased from €25.6 million in december 2016 to €25.2 million in december 2017.

Subscribed share capital
(€ million)

Category	31.12.2015	31.12.2016	31.12.2017
Cooperative employees	16,4	14,3	13,7
Retired employees	1,9	2,0	2,2
Supporting shareholders	7,9	8,0	8,0
Financing shareholders	1,3	1,3	1,3
TOTAL	***27,5***	***25,6***	***25,2***

Mutual purpose of the cooperative

Despite the fact that since 2015 we no longer meet the criteria to be defined as a "prevalently mutual" cooperative, we keep focussing our strategy on our employees and the value created for them. Our general meeting held on 16 September 2016 confirmed our intention to maintain the basic mutual requirements which define a cooperative.

Corporate events

The shareholders meeting held on May 6, 2017 appointed the Board of Directors and the Statutory Auditors, which will ramain in place for the 2017/2020 period. In its first meeting, the Board of Directors appointed Avv. Alfredo Fioretti as Chairman of the Board, and Valerio Giuliani as Deputy Chairman.

On July 28, 2017, the Board of Directors appointed, in compliance with D.Lgs. n. 231/2001, the members of the Audit Committee, which will remain in place for three years, namely Prof.ssa Avv. Desireè Fondaroli, Ing. Leonardo Potenza and Ing. Riccardo Suprani.

Social Report

In 2017 we released the "Social Report 2016", the 15th edition of a document which summarises our efforts in terms of corporate social responsibility. The Social Report 2016 was written under the guidelines set out by the GBS (Gruppo Italiano di Studio per il Bilancio Sociale), to present an analysis of the our performance and the value generated for our employees and stakeholders based also on qualitative parameters.

Corporate communication

In recent years our cooperative has increased its focus on communication as an essential tool to deliver and share our objectives and strategies. Our aim is to enhance our visibiity, reputation and credibility, which we consier key success factors. To this end, we confirmed in 2017 our consultancy contract with the PR company Barabino & P. In addition, we further improved our modern communication tools, such as our website, our “app” CMC di Ravenna, our blog and social network, our in-house magazine La Betoniera (now available in italian and English), our intranet “Il Ponte”, and the Social Report.

POST BALANCE SHEET EVENTS

- In February, at the construction offices of "China Gezhouba Group Co. Ltd" in South Al Mutlaa, Kuwait, CMC signed the contract for the construction, completion and maintenance of roads and infrastructure networks for four of the eight districts awarded to the Chinese contractor in the construction of the South Al Mutlaa Housing Project (the construction of a new city about 40 km from Kuwait City, destined for the new Kuwaiti families). The amount of the subcontract amounts to approximately € 275 million and includes, among the various activities, 10 million cubic meters of earthmoving.
- In April, CMC obtained from the Revenue Agency the VAT reimbursement of approximately € 10.5 million related to the effect of the split payment of the third quarter 2017, and filed an application for repayment, due to the effect of the split payment, relating to the fourth quarter 2017.

CONCLUSIONS

Dear Shareholders, in a relatively short time frame we implemented new commercial strategies which proved effective in securing more projects in existing and new jurisdictions, also thanks to our representative offices in various countries. In Italy, amid a lack of new availble tenders, we maintained a good backlog with a focus on the acquisition of contracts previously assigned to other contruction companies, or on the execution of variations and integrations on our existing projects. As a result, our backlog of €3.7 billion at the end of December 2017 provides good visibility on the expected revenue of the next two years.

In our local market, the Romagna region, we believe our Cooperative achieved important goals, securing an adequate number of projects to provide for full employment of our local workforce and maintain or increase our profitability.

Mainly due to unpredicted events and to the persisting challenging environment for the industry in Italy, we did not meet our deleveraging target set in our previous industrial plan, despite our full commitment and dedication. However, we managed to achieve and in some cases exceed important goals in terms of growth, profitability, backlog, granularity and diversification, and we significantly improved our liquidity and maturity profile with the issuance of two bonds in 2017.

Our business plan 2018-2020 is based on the same key objectives which shaped the previous plan. With the Italian costruction sector still in stagnation and affected by the uncertain politial environment, we confrim our focus on a further expansion in international markets. In the coming years, this may lead to an adjustment to our current organisation, particularly towards higher flexibility of our human resources to face an increasing presence overseas. The increased geographical presence in new markets will also require further attention to manage currency, political, credit, liquidity and environmental risks.

In these years our Cooperative has earned a significant know-how in our core business related to civil infrastructure. We have to invest in our human resources to maintain this competitive advantage, and to achieve more efficency in terms of execution time.

Most importantly, our focus in the coming years must be on delivering a significant debt reduction, also through a better working capital management and the resolution of our outstanding claims and litigations.

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

CONSOLIDATED BALANCE SHEET

Balance Sheet, **Asset**	December 31, **2017**		December 31, **2016**	
A) RECEIVABLE FROM SHAREHOLDERS FOR PAYMENTS DUE				
I) Subscribed capital not paid up		18,033		19,912
Total recivable from shareholders		**18,033**		**19,912**
B) FIXED ASSETS				
I) Intangible fixed assets				
1) incorporation and expansion costs		1,353		3,262
2) development costs		-		-
3) industrial patents and intellectual property rights		1,071,987		1,217,819
4) concessions, licences, trade-marks and similar rights		38,746		39,758
5) goodwill		-		-
6) fixed assets in progress and advances		1,855,905		3,186,501
7) others		1,691,648		3,176,015
a) contracts' deferred charges	*1,691,648*		*3,176,015*	
Total intangible fixed assets		**4,659,639**		**7,623,355**
II) Tangible fixed assets				
1) land and buildings		62,508,990		63,408,591
2) plant and machinery		133,402,898		139,203,068
3) industrial and commercial equipment		33,900,075		28,503,408
4) other assets		601,491		2,453,084
5) fixed assets in progress and advances		21,801,676		28,441,844
Total tangible fixed assets		**252,215,130**		**262,009,995**
III) Financial assets				
1) investments in		72,854,932		72,086,256
a) non-consolidated subsidiary companies	*2,337,284*		*2,781,619*	
b) associated companies	*23,833,078*		*22,199,761*	
d bis) other companies	*47,190,440*		*47,610,746*	
investments' write off	*(505,870)*		*(505,870)*	
2) receivables from		54,149,956		29,251,748
a) non-consolidated subsidiaries		14,898,984		10,965,990
1) due within 12 months	*14,898,984*		*10,965,990*	
b) associated companies		26,827,884		6,713,207
1) due within 12 months	*26,827,884*		*6,713,207*	
c) parent companies		-		-
d bis) others		12,423,088		11,572,551
1) due within 12 months	*11,049,433*		*9,824,264*	
2) due after 12 months	*1,373,655*		*1,748,287*	
3) other securities		-		-
4) derivatives financial instruments		-		-
Total financial fixed assets		**127,004,888**		**101,338,004**
Total fixed assets		**383,879,657**		**370,971,354**
C) CURRENT ASSETS				
I) Inventories				
1) raw materials and consumables		53,775,499		48,848,284
2) work in progress and semi-finished products		16,894,654		12,280,519
3) contract work in progress		772,648,788		650,710,184
4) finished products and goods		12,491,886		10,441,712
5) advances		36,535,771		30,385,997
Total inventories		**892,346,598**		**752,666,696**
II) Receivables from				
1) customers		315,702,375		373,741,097
a) due within 12 months	*278,735,270*		*353,960,014*	
b) due after 12 months	*36,967,105*		*19,781,083*	
2) non-consolidated subsidiaries		13,747,976		8,737,473
a) due within 12 months	*13,747,976*		*8,737,473*	
b) due after 12 months	-		-	
3) associated companies		9,165,669		7,812,625
a) due within 12 months	*9,165,669*		*7,812,625*	
b) due after 12 months	-		-	
4) parent companies		-		-
5 bis) taxes		62,668,438		57,602,289
a) due within 12 months	*62,602,048*		*57,494,918*	
b) due after 12 months	*66,390*		*107,371*	
5 ter) deferred tax assets		27,644,551		23,400,361
a) due within 12 months	*27,644,551*		*23,400,361*	
b) due after 12 months	-		-	
5 quater) others		119,070,554		88,245,556
a) due within 12 months	*115,066,375*		*84,518,179*	
b) due after 12 months	*4,004,179*		*3,727,377*	
Total receivables		**547,999,563**		**559,539,401**
III) Financial assets				
4) other investments		-		1,082
6) other securities		2,348,347		1,050,614
Total financial assets		**2,348,347**		**1,051,696**
IV) Cash and cash equivalents				
1) bank and postal accounts		175,238,214		87,388,789
2) cheques		5,220,017		6,867,716
3) cash on hand		588,303		2,146,683
Total Cash and cash equivalents		**181,046,534**		**96,403,188**
Total Current Assets		**1,623,741,042**		**1,409,660,981**
D) ACCRUED INCOME AND PREPAYMENTS		**16,818,897**		**15,017,615**
TOTAL ASSETS		**2,024,457,629**		**1,795,669,862**

Balance Sheet, **Liabilities**			December 31, **2017**		December 31, **2016**	
A)		**SHAREHOLDERS' EQUITY**				
	I)	Capital		25,203,483		25,566,096
	II)	Paid-in capital		-		-
	III)	Revaluation reserve		-		-
	IV)	Legal reserve		86,984,670		77,437,035
	V)	Statutory reserves		-		-
	VI)	Other reserves		(9,510,777)		(5,397,275)
	1)	*extraordinary reserve*	*31,144,199*		*28,952,638*	
	2)	*consolidation reserve*	*3,627,260*		*16,790,872*	
	3)	*reserve for translation adjustments*	*(41,704,508)*		*(39,593,298)*	
	4)	*retained earnings reserve*	*(2,577,728)*		*(11,547,487)*	
	VII)	Cash flow hedge reserve		(884,233)		(1,151,262)
	VIII)	Retained earnings (accumulated losses)		-		-
	IX)	Net income (loss) for the period		14,479,927		10,339,910
	X)	Negative treasury stock reserve		-		-
	XI)	Minority interest		33,433,435		13,101,125
		Total Shareholders' Equity		**149,706,505**		**119,895,629**
B)		**RESERVES FOR RISKS AND CHARGES**				
	1)	for pension payment and similar obligations		-		-
	2)	for taxes		302,220		315,214
	3)	derivatives financial instruments		1,140,306		1,466,320
	4)	other		24,179,559		23,745,152
	a)	*contractual risks*	*477,072*		*401,949*	
	b)	*overseas operations*	*4,169,344*		*5,089,344*	
	c)	*other risks and charges*	*19,533,143*		*18,253,859*	
		Total reserves for risks and charges		**25,622,085**		**25,526,686**
C)		**SEVERANCE INDEMNITY**		**15,424,023**		**15,043,106**
D)		**PAYABLES**				
	1)	bond		548,022,886		293,603,589
	a)	*due within 12 months*	-		-	
	b)	*due after 12 months*	*548,022,886*		*293,603,589*	
	2)	convertible debentures		-		-
	3)	shareholders loan		10,704,929		12,197,830
	a)	*due within 12 months*	*2,244,370*		*2,505,350*	
	b)	*due after 12 months*	*8,460,559*		*9,692,480*	
	4)	banks		252,564,840		317,600,999
	a)	*due within 12 months*	*142,743,840*		*175,229,999*	
	b)	*due after 12 months*	*109,821,000*		*142,371,000*	
	5)	other financers		16,354,452		17,839,612
	a)	*due within 12 months*	*5,181,982*		*5,340,455*	
	b)	*due after 12 months*	*11,172,470*		*12,499,157*	
	6)	advances		22,078,067		40,613,655
	a)	*due within 12 months*	*22,078,067*		*40,613,655*	
	7)	suppliers		473,189,127		476,942,159
	a)	*due within 12 months*	*446,679,629*		*453,370,949*	
	b)	*due after 12 months*	*26,509,498*		*23,571,210*	
	8)	payables represented by credit instruments		-		-
	9)	payables to non-consolidated subsidiaries		45,744,671		36,957,377
	a)	*due within 12 months*	*45,744,671*		*36,957,377*	
	10)	payables to associated companies		14,181,776		4,189,347
	a)	*due within 12 months*	*14,181,776*		*4,189,347*	
	b)	*due after 12 months*	-		-	
	11)	payables to parent companies		-		-
	12)	taxes		44,886,565		36,745,335
	a)	*due within 12 months*	*44,886,565*		*36,731,128*	
	b)	*due after 12 months*	-		*14,207*	
	13)	payables to social security		5,060,464		5,897,046
	a)	*due within 12 months*	*4,943,618*		*5,777,853*	
	b)	*due after 12 months*	*116,846*		*119,193*	
	14)	other payables		153,844,039		176,821,571
	a)	*due within 12 months*	*135,296,876*		*158,468,925*	
	b)	*due after 12 months*	*18,547,163*		*18,352,646*	
	15)	advance payments from clients and customers		229,798,282		200,294,530
	a)	*due within 12 months*	*58,126,395*		*76,678,117*	
	b)	*due after 12 months*	*171,671,887*		*123,616,413*	
		Total payables		**1,816,430,098**		**1,619,703,050**
E)		**ACCRUED LIABILITIES AND DEFERRED INCOME**		**17,274,918**		**15,501,391**
		TOTAL LIABILITIES		**2,024,457,629**		**1,795,669,862**

CONSOLIDATED INCOME STATEMENT

Income Statement			2017 (Annual)		2016 (Annual)	
A)	**VALUE OF PRODUCTION**					
	1)	revenues from sales and services		1,010,561,463		960,465,515
	2)	variations in inventories of work in progress, semi-finished and finished products		1,917,869		4,041,428
	3)	variations in contracts in progress		82,911,646		73,759,245
	4)	increases in fixed assets for internal work		794,012		4,863,616
	5)	other income and proceeds		22,677,116		20,096,557
		a) capitalisation of deferred charges	*377,084*		*420,088*	
		b) use of reserves	*416,398*		*50,446*	
		c) other income	*21,883,634*		*19,626,023*	
	Total value of production			**1,118,862,106**		**1,063,226,361**
B)	**PRODUCTION COSTS**					
	6)	raw materials, consumables and goods		(212,404,333)		(176,773,627)
	7)	services		(458,565,269)		(447,360,624)
	8)	lease and hire		(26,255,682)		(31,252,671)
	9)	personnel		(202,466,702)		(198,255,429)
		a) wages and salaries	*(151,477,676)*		*(153,062,087)*	
		b) social security contributions	*(43,228,918)*		*(38,605,157)*	
		c) severance indemnity	*(4,898,519)*		*(4,971,804)*	
		d) pension payments and similar obligations	-		-	
		e) other costs	*(2,861,589)*		*(1,616,381)*	
	10)	depreciation, amortization and writedown of receivables		(82,248,359)		(68,848,243)
		a) intangible fixed assets	*(2,759,620)*		*(13,660,712)*	
		b) tangible fixed assets	*(75,231,004)*		*(52,438,997)*	
		c) other fixed asset writeoffs	-		*(957)*	
		d) writedowns of receivables included in current assets	*(4,257,735)*		*(2,747,577)*	
	11)	variations in inventories of raw materials, consumables and goods		6,960,956		8,164,240
	12)	provisions for risks		(106,029)		(6,500,000)
	13)	other provisions		(4,729,504)		(21,090,422)
	14)	other operating costs		(49,628,883)		(38,395,752)
	Total production costs			**(1,029,443,805)**		**(980,312,528)**
Difference between Value and Cost of Production (A-B)				**89,418,301**		**82,913,833**
C)	**FINANCIAL INCOME AND CHARGES**					
	15)	*income from investments*		*77,374*		*1,268,611*
		b) in associated companies	-		-	
		c) in other companies	*77,374*		*1,268,611*	
	16)	*other financial income*		*3,899,564*		*8,460,955*
		a) from receivables entered in the fixed assets		-		-
		4) from others	-		-	
		b) from securities entered in the fixed assets that do not costitute investments		-		-
		c) from securities entered in the current assets that do not costitute investments		-		-
		d) other income		3,899,564		8,460,955
		1) from non-consolidated subsidiary companies	-		-	
		2) from associated companies	-		-	
		3) from parent companies	-		-	
		5) from others	*3,899,564*		*8,460,955*	
	17)	*interest and other financial charges*		*(66,136,335)*		*(52,195,127)*
		a) from non-consolidated subsidiaries	-		-	
		b) from associated companies	-		-	
		c) from parent companies	-		-	
		d) from others	*(66,136,335)*		*(52,195,127)*	
	17 bis)	*exchange profits and losses*		*6,154,293*		*(12,556,733)*
		a) exchange profits	*78,744,728*		*181,657,706*	
		b) exchange losses	*(72,590,435)*		*(194,214,439)*	
	Total Financial Income and Charges (15+16-17±17bis)			**(56,005,104)**		**(55,022,294)**
D)	**ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS AND LIABILITIES**					
	18)	*revaluation*		*307,659*		*34,500*
		a) of investments	*307,659*		*29,047*	
		d) of derivates financial instruments	-		*5,453*	
	19)	*devaluation*		*(974,634)*		*(881,248)*
		a) of investments	*(949,294)*		*(881,248)*	
		c) of securities entered in the current assets that do not costitute investments	-		-	
		d) of derivates financial instruments	*(25,340)*			
	Total Adjustments to Value of Financial Assets (18-19)			**(666,975)**		**(846,748)**
Income before tax (A-B+C+D+E)				**32,746,222**		**27,044,791**
	20)	income taxes		(5,989,811)		(17,943,376)
		a) Current	*(12,608,918)*		*(15,859,043)*	
		b) previous periods	*(1,307,997)*		*(819,101)*	
		c) Deferred	*7,927,104*		*(1,265,232)*	
21)	**income (loss) before minority interest**			**26,756,411**		**9,101,415**
	22)	minority interest		(12,276,484)		1,238,495
23)	**CONSOLIDATED NET INCOME (LOSS) FOR THE PERIOD**			**14,479,927**		**10,339,910**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	SHARE CAPITAL	LEGAL RESERVE	CASH FLOW HEDGE RESERVES	OTHER RESERVES	NET PROFIT	MINORITY INTERESTS	EQUITY
Year end 2015	**27,522**	**95,279**	**(1,229)**	**1,036**	**9,994**	**9,068**	**141,670**
Share capital							
- new subscriptions	38	-	-	-	-	-	38
- additional subscriptions	-	-	-	-	-	-	-
- paid off	(1,994)	-	-	-	-	-	(1,994)
Allocation of CMC net income :							
- revaluation of share capital	-	-	-	-	-	-	-
- legal reserve	-	1,442	-	-	(1,442)	-	-
- extraordinary reserve	-	-	-	3,221	(3,221)	-	-
- reserve ex art, 2426		(19,284)	-	19,284	-	-	-
- dividends	-	-	-	-	-	-	-
- mutual fund	-	-	-	-	(144)	-	(144)
- reclassification	-	-	-	-	-	-	-
Change in minority interests	-	-	-	-	-	5,271	5,271
Change in consolidation reserve	-	-	-	5,187	(5,187)	-	-
Translation adjustment / other variations	-	-	78	(34,125)	-	-	(34,047)
Net profit of the period	-	-	-	-	10,340	(1,238)	9,101
December 31, 2016	**25,566**	**77,437**	**(1,151)**	**(5,397)**	**10,340**	**13,101**	**119,896**
Share capital							
- new subscriptions	53	-	-	-	-	-	53
- additional subscriptions	-	-	-	-	-	-	-
- paid off	(1,702)	-	-	-	-	-	(1,702)
Allocation of CMC net income :							
- revaluation of share capital	1,286	-	-	-	(1,286)	-	-
- legal reserve	-	1,301	-	-	(1,301)	-	-
- extraordinary reserve	-	-	-	2,192	(2,192)	-	-
- reserve ex art, 2426		8,247		(8,247)	-	-	-
- dividends	-	-	-	-	(715)	-	(715)
- mutual fund	-	-	-	-	(130)	-	(130)
Change in minority interests	-	-	-	-	-	8,056	8,056
Change in consolidation reserve	-	-	-	4,716	(4,716)	-	-
Translation adjustment / other variations	-	-	267	(2,774)	-	-	(2,507)
Net profit of the period	-	-	-	-	14,480	12,276	26,756
December 31, 2017	**25,203**	**86,985**	**(884)**	**(9,510)**	**14,480**	**33,433**	**149,707**

CONSOLIDATED STATEMENT OF CASH-FLOWS

Cash Flow (indirect method)	December 31, 2017	December 31, 2016
A. Cash flows from operating activities		
Profit (loss) for the year	*26,756*	*9,101*
Income taxes	*5,990*	*17,943*
Financial (Income)/Charges/Rate exchange	*56,082*	*56,291*
(Dividend collected)	*(77)*	*(1,269)*
1. Profit before taxes, interest, dividends, gains / losses	***88,751***	***82,067***
Adjustments for non-monetary items		
Funds for risks and charges Provisions	*489*	*-*
Net change severance indemnity	*438*	*925*
Technical assets depreciation	*75,231*	*52,440*
Intagible assets depreciation	*2,760*	*13,661*
Credit write-down	*4,258*	*2,748*
Write-downs / (Revaluations) of derivative financial instruments	*25*	*(5)*
Devaluation of financial assets	*949*	*881*
(Revaluation of financial assets)	*(308)*	*(29)*
	83,843	***70,620***
2. Cash Flow before NWC changes	***172,594***	***152,687***
NWC Changes		
Decrease/(increase) inventories	*(143,479)*	*(84,127)*
Decrease/(increase) clients	*55,726*	*89,938*
Decrease/(increase) receivables from group companies	*(30,373)*	*14,568*
Decrease/(increase) receivables from others	*(34,216)*	*(26,643)*
Decrease/(increase) accruals&deferred	*351*	*5,480*
Increase/(decrease) advances	*(19,842)*	*31,297*
Increase/(decrease) payables to suppliers	*4,367*	*33,251*
Increase/(decrease) payables to group companies	*19,517*	*(15,054)*
Increase/(decrease) payables to others	*31,620*	*(26,714)*
Increase/(decrease) accruals&deferred	*1,002*	*(3,106)*
	(115,328)	***18,890***
3. Cash Flow after NWC changes	***57,266***	***171,577***
Other Changes		*-*
Interest received (paid)	*(54,795)*	*(54,705)*
Income taxes paid	*(13,917)*	*(16,678)*
(Dividend collected)	*77*	*1,269*
Use of funds for risks and charges	*-*	*(9,153)*
	(68,634)	***(79,267)***
CASH FLOW FROM OPERATING ACTIVITIES (A)	***(11,368)***	***92,309***
B. CASH FLOWS FROM INVESTMENTS		
Tangible fixed assets net (investments)/disinvestments	*(76,533)*	*(79,859)*
Intangible fixed assets net (investments)/disinvestments	*71*	*(11,713)*
Financial assets net (investments)/disinvestments	*(7,541)*	*(1,945)*
Other securities net (investments)/disinvestments	*(328)*	*(76)*
CASH FLOW FROM INVESTMENTS (B)	***(84,331)***	***(93,592)***
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Third party financing		
Increase/(Decrease) payables to banks	*(65,365)*	*(5,293)*
Increase/(Decrease) bonds payables	*252,384*	*-*
Increase/(Decrease) payables to other loans	*(7,683)*	*8,267*
Equity financing		
Decrease/(increase)receivables from shareholders for payments due	*2*	*1*
Increase/(Decrease) shared capital	*(363)*	*(1,956)*
Increase/(Decrease) payables in shareholders loan	*(1,493)*	*(1,155)*
(Dividend paid)	*(715)*	*-*
CASH FLOW FROM FINANCING ACTIVITIES (C)	***176,767***	***(136)***
Exchange differences on the translation of liquid assets and the effect of the change in the consolidation area D	*3,576*	*(2,802)*
Increase/(Decrease) Cash and Cash Equivalents	***84,644***	***(4,221)***
		-
Cash and Cash Equivalents as of January, 1st	***96,403***	***100,624***
CASH AND CASH EQUIVALENTS AS END OF THE PERIOD	181,047	96,403

NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2017

(in thousands of Euro)

The financial statements as at 31 December 2017, and these notes have been prepared pursuant to the Italian Civil Code on financial statements as revised by Decree Law 139/15 in application of the European Directive 2013/34.

The legal requirements have been supplemented, where necessary, with reference to the accounting standards issued by the Italian Accounting Profession and to the documents issued by the Italian Accountancy Board (OIC).

The financial statements are made up of the following documents:
- Balance Sheet;
- Income Statement;
- Statement of cash flows;
- Explanatory notes.

The purpose of the explanatory notes is to provide, analyse, explain and, in some cases, supplement the information reported on the face of the financial statements. They contain the disclosures required by art. 2427 of the Italian Civil Code which are consistent with the amendments introduced by Decree Law 139/15 and with other standards recommended by the Italian Accounting Profession.

Consistent with the requirements of the Italian Civil Code and the approach adopted in the prior year, new captions have been added to the financial statements if their content is not covered by any of the captions specified in arts. 2424 and 2425. The preparation of these financial statements has taken account of any contingencies or losses relating to the year, even if they became known after year end.

The consolidated balance sheet and income statement are presented in whole Euro, without decimals, as required by art. 16 of Decree 213/98 and art. 8 of the Italian Civil Code, while these explanatory notes are presented in thousands of Euro.

The activities carried out by the Group and the events arising subsequent to year end are described in the report on operations.

It is also confirmed that:

- the consolidated financial statements were prepared using the separate financial statements at 31 December 2017 of the Parent Company and the companies included within the scope of consolidation, as approved by their governing bodies. The financial statements at 31 December 2017 of the Group's Italian companies were prepared in accordance with the requirements of the Italian Civil Code on financial statements as revised by Decree 139/15 in application of the European Directive 2013/34. The application of this legislation has had no effect on the economic and financial position presented in these consolidated financial statements.
- the financial statements used for consolidation purposes were appropriately adjusted, where necessary, for consistency with the measurement criteria described below, and reclassified into the format required by the Italian Civil Code.
- the financial statements of a number of investees have been adjusted to align the measurement criteria applied by local Directors to measurement criteria deemed to be more correct by the Directors of the Parent Company.

In the circumstances, the differences in measurement criteria principally related to the depreciation rates applied and to the method adopted for the translation of foreign currency items. For consolidation purposes, these were aligned with the criteria adopted by CMC, the Parent Company.

CONSOLIDATION PRINCIPLES

The main consolidation principles adopted for the drawing up of the consolidated financial statements are described below:

- the carrying amount of investments in companies consolidated on a line-by-line basis, recorded in the financial statements of the Parent Company and the other consolidated companies, is eliminated against the related shareholders' equity, while their total assets, liabilities, costs and revenues are combined without regard for the percentage interest held;
- any differences between purchase cost and the above shareholders' equity are allocated, where possible, to the assets and liabilities of the consolidated companies concerned, without exceeding their fair value. Any residual differences representing unallocated purchase costs are classified as "Goodwill arising on consolidation" and amortised on a straight-line basis over the period of expected recoverability, while those representing an equity surplus are classified among the "Reserves arising on consolidation" within the equity accounts. In the circumstances, no differences have been allocated to assets and/or liabilities, or classified as goodwill arising on consolidation, since only positive differences - classified among the reserves arising on consolidation - have emerged since the first-time consolidation of the Group;
- significant unrealised profits and losses deriving from intercompany transactions are eliminated, net of any tax effects, as are all intercompany receivables and payables;
- minority interests in members' and shareholders' equity are classified separately within the equity accounts, while their interests in the net results of subsidiaries are classified separately within the consolidated income statement.

Companies that operate in the construction business for which the Group exercises de facto control in relation to the agreements defined in the shareholders' agreements are consolidated line-by-line.

Consortium and construction companies which the Group controls jointly together with other partners are consolidated using the proportional method described in art. 37 of Decree 127/91. The main policies adopted for the application of this method are described below:

- only the Group's interest in the assets, liabilities, revenues and costs of the businesses concerned is consolidated, rather than the total amount. In addition, the carrying amount of the investments is eliminated against the Group's interest in the related shareholders' equity. Accordingly, the "Minority interest" and "Net income attributable to minority shareholders" captions of the balance sheet and income statement are not disclosed;
- intercompany profits and losses are eliminated on a proportional basis, and all other consolidation adjustments are carried out proportionally;
- on the elimination of receivables and payables arising between affiliates consolidated in different ways, the third-party interest identified upon proportional consolidation is classified among the amounts due to and from third parties;
- any differences arising on consolidation are treated in a manner similar to that described in relation to line-by-line consolidation.

Investments in subsidiaries and associates not active in the construction sector are measured using the equity method pursuant to art. 36 of Decree 127/91.

Investments in other companies, and those in subsidiaries and associates that are in liquidation or which are dormant, are carried at cost.

TRANSLATION INTO EURO OF FOREIGN CURRENCY FINANCIAL STATEMENTS

Since the businesses concerned are essentially autonomous, the financial statements are translated to euro using the year-end exchange rates for balance sheet items and the average rates for the year for income statement items.

The Parent Company's permanent establishments abroad have a high degree of operational autonomy and use multi-currency accounting systems. Their transactions and balances originating in currencies other than the euro are translated at year end using the spot rates at that time.

The net effect of translating the financial statements of foreign companies and the balances relating to permanent establishments abroad is classified among the equity accounts as the "Cumulative translation adjustment".

The following exchange rates used:

		2017		2016	
Currency	Code	December 31	Average (Annual)	December 31	Average (Annual)
US Dollar	USD	1.20	1.13	1.05	1.11
Rand (South Africa)	ZAR	14.81	15.04	14.46	16.26
New Metical (Mozambique)	MZN	70.66	71.68	75.20	69.32
Dollar (Singapore)	SGD	1.60	1.56	1.52	1.53
Kwanza (Angola)	AOA	198.91	187.39	175.76	182.08
Dinar (Algeria)	DZD	137.83	125.31	116.38	121.10
Kip (Laos)	LAK	9946.00	9314.00	8626.75	8991.75
Loti (Lesotho)	LSL	14.81	15.04	14.46	16.26
Kwacha (Zambia)	ZMW	11.97	10.75	10.43	11.40
Pound (Sudan)	SDG	8.41	7.56	6.95	6.86
Yuan (China)	CNY	7.80	7.63	7.32	7.35
Dollar (Namibia)	NAD	14.81	15.04	14.46	16.26
New Lev (Bulgaria)	BGN	1.96	1.96	1.96	1.96
Peso (Philippines)	PHP	59.80	56.94	52.27	52.56
Rupia (Pakistan)	PKR	132.72	118.98	110.47	115.92
Ruble (Russia)	RUB	69.39	65.89	64.30	74.14
Yen (Japan)	JPY	135.01	126.65	123.40	120.20
Kwacha (Malawi)	MWK	868.61	818.67	766.82	786.76
Rupee (Nepal)	NPR	122.57	117.60	114.55	117.20
Lilangeni (Swaziland)	SZL	14.81	15.04	14.46	16.26
Peso (Argentina)	ARS	22.93	18.73	16.75	16.34
Peso (Chile)	CLP	737.29	732.19	704.95	748.48

SCOPE OF CONSOLIDATION

The scope of consolidation at 31 December 2017 includes the following companies:

Company	Registered offices	%
Line-by-line consolidation		
C.F.C. JV(**)	Filippine	50.00
CMC Africa Austral Lda	Mozambique	100.00
CMC di Ravenna Algerie Eurl	Algeria	100.00
CMC di Ravenna - PG Mavundla J.V.	South Africa	51.00

Company	Registered offices	%
CMC di Ravenna (Parent Company)	Ravenna	100.00
CMC di Ravenna France Sarl	Francia	100.00
CMC di Ravenna Otesa JV	Namibia	100.00
CMC di Ravenna USA inc.	U.S.A.	100.00
CMC Holding Overseas Spa	Italia	54.81
CMC CMC GRC JV	Pakistan	60.00
CMC Immobiliare Spa	Ravenna	96.00
CMC ltd Song Da JV(***)	Laos	40.00
CMC ITINERA KENIA JV(**)	Kenia	51.00
CMC Mavundla Eastern Basin JV	South Africa	100.00
CMC NY Construction LLC	U.S.A.	54.81
CMC Tecrover JV(***)	South Africa	80.00
CMC –Bomar J.V.	Zambia	100.00
CMC – Botjheng J.V.	Lesotho	100.00
Di Fazio Industries INC. (***)	U.S.A.	36.54
Concrete Finance srl	Ravenna	100.00
G.E.D. Srl	Cesena (FC)	80.00
Groupement G.R.I.E.A.	Algeria	54.07
Iniziative Immobiliari Siciliane Srl	Palermo	100.00
LMH CC LCC	U.S.A.	54.81
LMH CMC USA JV	U.S.A.	76.95
LMH CMC USA MBTA JV	U.S.A.	76.95
Società Adriatica Impianti e Cave – S.I.C. Spa	Ravenna	85.50
Side Investment (Pty) Ltd	South Africa	100.00
Sulbrita Lda	Mozambique	54.81
Proportional consolidation		
AUSA Scarl	Ravenna	52.45
Bolognetta Scpa	Ravenna	80.00
Colfiorito Scrl	Roma	52.10
Conero Scarl	Ravenna	71.00
Consorcio Sulbrita Condor JV	Mozambique	27.41
Empedocle Scpa	Ravenna	80.00
Empedocle 2 Scpa	Ravenna	82.00
Iper Tre Ravenna Scarl	Ravenna	70.00
JV-CMC Razel (Nampula RioLigonha)	Mozambique	50.00
Mazara Hospital Scrl	Ravenna	60,00
Norte Scrl	Reggio Emilia	54.49
Sistema 3 Scrl	Ravenna	41,00
Travessas Do Norte SA	Mozambico	21.90
Trento Tre Scar	Ravenna	45.00
Venaus Scrl	Ravenna	47.82

Company	Registered offices	%
Consolidated in accordance with Equity method (*)		
Alvisi Srl	*Ravenna*	*90.00*
Antares Scrl	*Ravenna*	*28.00*
BE Inrastrutture Srl	*Ravenna*	*70.00*
CMC Embassy Srl	*Ravenna*	*100.00*
Dunrose Investments (Pty) Ltd	*South Africa*	*100.00*
EMIR S.p.A (***)	*Ravenna*	*41.90*
Granarolo ImmobiliareSpa	*Ravenna*	*30.00*
Gruppo ImmobiliareSrl	*Morciano (RN)*	*100.00*
J.F. White – LM Heavy JV(***)	*U.S.A.*	*19.18*
Lovon Samverkan AB (***)	*Stockholm*	*49.00*
Moreside Investments (Pty) Ltd	*South Africa*	*100.00*
Sidebar Manufacturing (Pty) Ltd	*South Africa*	*100.00*

(*) The line-by-line consolidation of the subsidiaries accounted for using the equity method would not have had a significant impact on the consolidated financial statements.

(**) New entries into the scope of consolidation.

(***) Companies consolidated using the proportional method in 2016

As shown in the table, the companies *CMC ltd Song Da JV, CMC Tecrover JV* e *Di Fazio Industries INC.*, consolidated using the proportional method in the previous year, were consolidated on a line-by-line basis in consideration of the fact that CMC exercises de facto control, based on what is defined in the shareholders' agreements. For the same reason the companies entered the consolidation area C.F.C. JV and CMC ITINERA KENIA JV were consolidated on a line-by-line basis.

The companies *EMIR S.p.A, J.F. White - LM Heavy JV and Lovon Samverkan AB*, consolidated using the proportional method in the previous year, were consolidated using the equity method as they were not subject to de joint control by CMC.

The companies CETA-CMC JV (Macurungo), Gammon CMC JV, Constructora Nuevo Maipo SA, Padiglioni Expo Scrl, have disappeared from the consolidation area compared to 2016, in consideration of the fact that companies have almost completed the projects for which they were set up and that the amounts involved are no longer significant enough to justify their inclusion in the scope of consolidation, it has been decided to deconsolidate companies as from the year just ended.

The following subsidiaries and associates are carried at cost or at the value they have been evaluated in the last financial statement where they were consolidate on line by line basis:

Company	Registered offices	%
Immaterial for the Group:		
Acquapura Scrl	*Ravenna*	*60.00*
Ancona Newport Scrl	*Ravenna*	*53.10*
Autostrada Romagna1 Scrl	*Ravenna*	*35.00*
CE.DI.R Scrl (being wound up)	*Ravenna*	*86.00*
Ceta-CMC JV (Macurungo) (*)	*Mozambique*	*49.00*
CMC Engoa Groupment	*Algeria*	*70.00*
CMC di Ravenna Malaysia Sdn Bhd	*Malaysia*	*100.00*
CMC Swaziland (Pty) Ltd (by pass)	*Swaziland*	*100.00*
CMC di Ravenna –WBHO Jv Massingir	*Ravenna*	*60.00*

(*) Change in the scope of consolidation compared with the financial statements closed at 31 December 2016

CO.L.I.SPA Scrl (being wound up)	Ravenna	29.76
Consorzio 2T Scrl	Milano	31.00
Consorzio C.I.R.C. (being wound up)	Milano	25.00
Consorzio JV CB	Ravenna	50.00
Constructora Nuevo Maipo SA (*)	Cile	30.00
Elaion Scrl	Portomaggiore	40.50
FDA Srl	Milano	20.00
Fontana Nuova Scrl	Roma	51.00
Gammon CMC JV (*)	India	50.00
Holcoap Spa	Ravenna	15.00
Itaca Scrl (being wound up)	Ravenna	34.60
Italia 61 Scrl	Ravenna	99.99
Letimbro Scrl	Ravenna	51.00
Lodigiani –CMC Malaysia SDN	Malaysia	50.00
Mirandola Scrl	Ravenna	45.10
Molfetta Newport Scrl	Ravenna	38.50
Opera 3 Scrl	Ravenna	34.67
Ospedale dei Castelli Scrl	Ravenna	50.10
JV CCC – CMC	Ravenna	66.00
Padiglioni Expo Scrl (being wound up) (*)	Milano	51.00
Palazzo Rasponi Scrl	Roma	100.00
Piombone Scrl	Ravenna	49.00
Rodano Consortile scrl	Reggio Emilia	46.43
Rugula Scrl (being wound up)	Ravenna	50.00
Sistema 2 Srl	Ravenna	37.00
Tangenziale Esterna Spa	Milano	3.24
Under Water Anchors Srl	Ravenna	33.33
Val Di Chienti Scpa	Ravenna	28.00
Villamarina Scrl	Ravenna	51.00
Since no longer operational:		
ACR Srl (being wound up)	Ravenna	42.75
Agata Scrl	Reggio Emilia	70.10
Baglio la Camperia Srl	Palermo	20.00
CMC DI RAVENNA MOTA-ENGIL J.V (Liwonde-Naminga)	Malawi	100.00
CMC Stroy LCC- Moscow	Russia	100.00
Consorzio Nuova Darsena Scrl	Ravenna	28.50
CTM BAU Srl	Bolzano	42.00
Eurolink Scpa	Roma	13.00
G.T.R.E.K. Groupement Cmc di Ravenna	Algeria	70.00
Habitur Lda	Mozambique	40.00
Ravenna Tunnel Scpa	Ravenna	99.00
Solarmaas Srl (in liquidazione)	Aci Castello	51.00

Had these investments been consolidated line-by-line or carried at equity, the effect on the consolidated financial statements at 31 December 2017 would not have been significant.

The interest in the capital of C.S.C. – Coop. Servizi Cultura is also carried at cost since the Group does not hold the majority of voting rights at members' meetings, given that the company is a Cooperative.

ACCOUNTING POLICIES

The accounting standards and accounting policies adopted are thus compliant with the requirements of the Italian Civil Code and the accounting policies issued by the Italian Accounting Profession (represented by the Consiglio Nazionale dei Dottori Commercialisti e dei Ragionieri) and by the Italian National Standard Setter (OIC).

The accounting standards shown below were reformulated by the OIC in the version issued on 22 December 2016 following the changes introduced by Legislative Decree 139/2015 and amended by the "Amendments" issued on 29 December 2017.

The "Amendments" concerned the following accounting standards: - OIC 12 Composition and layouts of the financial statements;

- OIC 13 Inventories;

- OIC 16 Tangible fixed assets;

- UCI 17 Consolidated Financial Statements and the equity method;

- OIC 19 Debts;

- OIC 21 Participations;

- OIC 24 Intangible fixed assets;

- OIC 29 Changes in accounting policies, changes in accounting estimates, correction of errors, events occurring after the closing date of the financial year;

- OIC 32 Derivative financial instruments.

These "Amendments" did not have any impact on the valuation of the financial statement items of the Company as of December 31, 2017.

The measurement of the financial statement components was based on prudence and matching concepts and on the assumption that the Group will continue as a going concern, as well as by taking account of the economic reality of the assets and liabilities in question.

Intangible fixed assets

Intangible fixed assets are recorded at purchase cost including directly-related charges, at their contributed value or at the cost directly incurred to create them; they are amortised over their expected useful lives.
Incorporation and expansion costs, goodwill (recorded with the consent from the Board of Statutory Auditors), patents and intellectual property rights, concessions, licences and trademarks are amortized on a straight-line basis over five years, as required by Italian Civil Code.

Deferred charges attributable to contracts, such as start-up costs, site preparation, studies and design work and contract warranties are are recognized in the income statement and are included in the contract costs as indicated in the paragraph on the comment of contract work in progress.

Similarly, the costs of participation in tenders, the outcome of which is unknown and which, up until the financial statements for the year ended 31 December 2015, were capitalised as assets in process of formation in the year when incurred, as long as they were specifically incurred for contracts considered winnable with reasonable certainty, have been reclassified to and recognised as contract work in progress.

Research and development costs are charged to income in the year they are incurred.

If an asset is found to be impaired after its initial recognition at purchase or production cost, it is written down accordingly; if the reasons for writedowns cease to apply in subsequent years, the original value is reinstated, net of amortisation, with the exception of goodwill and deferred charges for which the reversal of an impairment loss is prohibited.

Tangible fixed assets

Tangible fixed assets are recorded at purchase cost, including related charges, or at their construction cost, comprising the direct costs incurred plus a reasonable allocation of indirect costs. The carrying amount of certain assets has also been adjusted in accordance with specific monetary revaluation laws. Amounts are stated net of the related accumulated depreciation.

Additions relating to fixed assets produced in-house are measured in accordance with the actual usage of materials, internal labour and general expenses.

Related costs, such as transport, freight, insurance and customs charges pertaining to the transfer of machinery are capitalised as "ordinary deferred charges" and are amortised based on the stage of completion of the related contract.

Repairs and maintenance costs are charged to income in the year they are incurred; the cost of upgrades and improvements that extend the useful life of an asset are capitalised and depreciated at the rate applicable to the asset in question.

Depreciation is calculated on a systematic basis using rates deemed representative of the residual useful lives of the assets concerned. The rates applied by asset category are set out below:

Land and buildings		***Industrial and commercial equipment***	
- Industrial buildings	*3.0%*	*- Excavators and loaders*	*20.0%*
Plant and machinery		*- Transport vehicles*	*20.0%*
- Temporary constructions	*12.5%*	*- Motor cars, motor vehicles and similar*	*25.0%*
- General plant	*10.0%*	*- Ordinary office furniture and machines*	*12.0%*
- Specific plant and machinery	*15.0%*	*- Electronic office machines*	*20.0%*
- Formwork and metal sheet piles	*25.0%*	*- Hardware*	*20.0%*
- Sundry equipment	*40.0%*		

When an asset enters into service, depreciation is charged in proportion to the number of days it is used in the first year.

Regardless of the depreciation recorded, if an asset is found to be impaired subsequent to its initial recognition at purchase or production cost, it is written down accordingly; if the reasons for writedowns cease to apply in subsequent years, the original value are reinstated net of the related depreciation charges.

Financial fixed assets

Investments in associated companies not operating in the construction sector and investments in subsidiaries not deemed significant, for which it is not possible to obtain all the information needed for line-by-line consolidation, are carried at equity except as specified in the “Scope of Consolidation” paragraph above. Accordingly, their carrying amount represents the Group's interest in the shareholders' equity reported in their latest available financial statements, prepared pursuant to arts. 2423 and 2423 bis of the Italian Civil Code, net of dividends received and after the appropriate consolidation adjustments.

Investments in subsidiaries and associates that are in liquidation or which are dormant are carried at cost, together with the equity investments held in other companies. Carrying amount is determined with reference to purchase or subscription cost, or the contributed value. Cost is written down in the case of impairment, when the investments have incurred losses that are unlikely to be recovered from profits earned in the immediate future. The original value is reinstated in subsequent years if the reasons for the write-down made cease to apply.

The other financial fixed assets comprising receivables are stated at their estimated realisable value.

Inventories

Inventories of raw and ancillary materials are stated at the lower of weighted-average purchase or production cost (including related charges and direct cost allocations) or their corresponding market value.
Inventories related to direct property initiatives, classified as “Work in progress”, are measured with reference to the costs incurred, represented by the purchase cost of the land and related charges, plus construction costs, adjusted, if necessary, to bring them into line with their estimated realisable value.

Long-term contract work in progress, classified as "Contract work in progress", is essentially measured on a stage-of-completion basis that recognises the total agreed revenues using the cost-to-cost method. Progress reports approved by principals are recognised as revenue in the period and are deducted from the value of inventories. Closing inventories, measured on the basis described above, represent the production carried out since the last approved progress report.
As previously explained in the paragraph on “Intangible fixed assets”, deferred charges attributable to contracts, such as start-up costs, site preparation, studies and design work and contract warranties are are recognized in the income statement on an accruals basis according to the progress of the works determined using the methods envisaged for the application of the percentage of completion criterion.

Similarly, the costs of participation in tenders, the outcome of which is unknown are classified to and recognised as contract work in progress.

Advances paid by contractors during construction, in relation to work carried out and normally agreed through "progress reports", are recorded as a reduction in the value of work in progress inventories, up to capacity: any excess is recorded in D.6 in the item "Advances". The advances from customers collected at the beginning of the works and the milestones provided for in the contract are recorded under item D.15 "Advances from Customers and Customers" of the liabilities.

Claims for additional revenue are recognised on a prudent basis. Accordingly, the reimbursement of extra costs incurred for the completion of works or the extra revenues requested are only recognised as the deferral of costs or the recognition of revenues if the timing and extent of collection is reasonably certain. In this regard, reasonable certainty is usually deemed to exist if the claim is collected prior to the approval of the financial statements and/or if the claim is subject to a dispute where the counterparty has, nevertheless, recognised the right to additional payment and only the amount needs to be settled, or if the opinions of authoritative third parties (lawyers, consultants etc.) suggest to the directors that outstanding disputes will have a favourable outcome.

Contract work in progress with a duration of less than one year is recognised on a completed contract basis; revenue is recognised solely on completion of the contract. Previously, closing inventories were measured with reference to the costs actually incurred.

Receivables

Receivables are recognized in the financial statements according to the amortized cost method, taking into account the time factor and the estimated realizable value. The amortized cost criterion is not applied when the effects are irrelevant, ie when the transaction costs, the commissions paid between the parties and any other difference between the initial value and the maturity value are of little importance or if the receivables are short-term (ie expiring less than 12 months). Trade receivables due after 12 months from the date of initial recognition, without payment of interest, or with interest significantly different from market interest rates, and the related revenues, are initially measured at the value determined by discounting future cash flows at the rate of market interest. The difference between the initial recognition value of the loan thus determined and the forward value is recorded in the income statement as financial income over the credit term using the effective interest rate criterion.
The value of the receivables, as determined above, is adjusted, where necessary, by a specific provision for write-downs, which is directly deducted from the value of the receivables, in order to adjust them to their presumed realizable value. The estimate of the allowance for doubtful accounts includes the forecasts for losses both for situations of credit risk already manifested or considered probable and those for other non-collectability already manifested or not yet manifested but considered probable.
Receivables sold without recourse are derecognised from the balance sheet.

Financial assets

Non-immobilized financial assets are recorded at the lower of purchase or subscription cost and the realizable value inferable from market trends.

The original cost of these securities is reinstated if the reasons for the value adjustments made no longer apply.

Cash and cash equivalents

They are recorded at their nominal value. The holdings denominated in foreign currency are valued at the exchange rate at the end of the financial year.

Accruals and deferrals

These items comprise costs and revenues relating to more than one year, which are recognized in accordance with the matching principle.

Provisions for risks and charges
The provisions for risks and charges are recovered to cover known or likely losses and liabilities, the timing and extent of which cannot be determined at year end. The provisions reflect the best possible estimate made by Directors based on the information available. Contingencies that only might give rise to a liability are described in the explanatory notes, without recording any related provisions. Provisions are also recorded to cover contract risks arising in relation to still incomplete work in progress for third parties in Italy and abroad.

Derivatives contracts

Derivatives contracts are booked at fair value. Changes in fair value measurement are recognised in the income statement, or, if the instrument is used to hedge changes in future cash flows from another financial instrument or another planned transaction, they are recognised directly in equity as a positive or negative equity reserve; this reserve is transferred to the income statement to the extent of and in the period corresponding to the occurrence of or the change in cash flows from the hedged instrument or on the occurrence of the hedged transaction. If the fair value at the reference date is positive, it is recognised as a financial derivative asset in financial fixed assets or in current financial assets. If the amount is negative, it is recognised as a financial derivative liability in provisions for risks and charges.

Employee termination indemnities

Employee termination indemnities are recorded by the Group's Italian companies to cover the entire liability to employees accrued in accordance with current legislation and collective and in-house payroll agreements. Law 296 dated 27 December 2006 (2007 Finance Law) introduced new rules for the termination indemnities accruing from 1 January 2007. Pursuant to the reform of supplementary pensions:
- the termination indemnities accumulated up to 31 December 2006 are retained by the business,
- the amounts accruing from January 1, 2007 are, depending on the explicit or tacit choices made by each employee:
    a. paid to a supplementary pension fund;
    b. retained by the business, which pays them into the INPS treasury fund.

The amounts accruing from 1 January 2007 are charged, as before, to the "Employee termination indemnities" caption of the income statement. In the balance sheet, the “Employee termination indemnities” caption represents the residual balance of the provision outstanding at 31 December 2006, as appropriately revalued using official indices. The “payables to social security and welfare institutions” caption includes the accrued termination indemnities not yet paid over to the pension funds and other welfare institutions.

Payables

Payables are measured at amortised cost as long as the impact of the application of this measurement criterion does not significantly differ from nominal value, taking into account the time factor and the estimated net realisable value. In particular, receivables are initially measured at face value, net of transaction costs and allowances, discounts and rebates directly attributable to the transaction that gave rise to the payable. Transaction costs, any commission receivable or payable and any difference between the initially recognised amount and the face value at the due date are included in the computation of amortised cost using the effective interest method.

Foreign currency translation methods

Receivables and payables originally denominated in foreign currencies are recorded using the exchange rates ruling on the transaction dates. The exchange differences realised on the collection of receivables and the settlement of payables denominated in foreign currencies are recognised in the income statement. At the balance sheet date, foreign currency receivables and payables and foreign currency monetary amounts are reported using the closing rate. Profits and losses deriving from the translation using year-end rates of current receivables and payables, including the current portion of long-term receivables and payables, and of liquid funds held in foreign currencies, are respectively credited and debited to the income statement as components of financial income (caption C.17 bis).
Any net profit deriving from the alignment of foreign currency balances using the year-end exchange rates is initially recognised as part of income for the year. On approval of the financial statements and the related allocation of results, any such profits not absorbed by losses are credited to a non-distributable reserve until they have been realised, pursuant to para. 8-bis of art. 2426 of the Italian Civil Code. With regard to forward contracts used to hedge the exchange rate risk on a specific long term contract, the work in progress is translated to Euro using the exchange rate at the date of execution of the forward contract used as a hedge, without exceeding the hedged amount. The exchange rate fluctuation relating to forward contracts between the date of execution of the forward contract and the forward exchange rate provided for by the contract is recognised in the income statement on an accrual basis over the length of the forward contract, in accordance with Accounting standard 26.

Preparation of financial statements in highly-inflationary economies

The financial statements of CMC Africa Austral Lda and Sulbrita Lda, all subsidiaries in Mozambique, have been adjusted in accordance with the following criteria:

- fixed assets were adjusted by translating them using the historical exchange rates at the time of purchase and the related effect was reported separately within shareholders' equity;
- monetary items were not adjusted and were therefore translated using the year-end exchange rates;
- income statement items were not adjusted and were therefore translated using the year-end exchange rates.

Costs and revenues

These are recognised in accordance with prudence and matching principles. In particular, revenue from long term contracts is recognised in accordance with the criteria previously described in relation to the measurement of contract work in progress inventory. Revenue from short term contracts and from other services is recognised when the service is rendered; revenues from sales of goods are recognised upon transfer of ownership, which generally coincides with the delivery or shipment of the goods; Revenue from and the cost of services are recognised when the service is rendered; lastly, financial revenues are recognised on an accrual basis over time.

Dividends

Dividends are recorded in the financial year in which distribution by the lending companies is approved.

Income taxes

These are based on the taxable income estimated with reference to current regulations, taking account of applicable exemptions and available tax credits. Deferred tax assets and liabilities are also recognised on the temporary differences arising between the carrying amount of an asset or liability and the tax basis of that asset or liability and on temporary differences arising from consolidation adjustments.
In particular, deferred tax assets are recognised when they are likely to be recoverable against future taxable income.
The C.M.C. Group prepares, pursuant to articles 117/129 of the Consolidated Law on Income Tax (TUIR)., The tax consolidation, where the Parent Company acts as a consolidating company and determines a single taxable base for the group of companies adhering to this tax consolidation, which benefits in this way the possibility of compensating taxable income with tax losses in a single declaration.

Commitments and risks

Risks relating to the provision of secured and unsecured guarantees on behalf of third parties are stated at the amount of the guarantee provided.

Finance lease contracts

Assets under finance lease contracts are recorded within the relevant category of tangible fixed assets and are depreciated, as though they were owned assets, on a systematic basis over their remaining useful lives. As an opposite entry to the asset, recognition is made of the short and medium term lease obligations; lease instalments are reversed from lease and rental charges and the interest element is recognised on an accrual basis in financial expense. In this manner, assets under finance lease are presented in accordance with IAS 17, thus reflecting the substance of the lease agreements.

Presentation of the figures

For the sake of clarity and understandability, all the amounts reported in the notes and in the attachments are stated in thousands of Euro.

Reconciliation between CMC di Ravenna 's (Parent company) and consolidated financial statements' result and shareholders' equity

	Net income as of December 31, 2017	Shareholders' equity as of December 31, 2017
Balances resulting from Cmc di Ravenna Statutory financial statements as of December, 31 2017	***1,770***	***132,201***
Effect of eliminating consolidated equity investments against the related shareholders' equity after allocation of the minority interest	*14,873*	*(37,461)*
Effect of applying finance lease methodology	*(2,163)*	*21,533*
Group Shareholders' equity and net income	***14,480***	***116,273***
Minority interest	*12,276*	*33,433*
Balances resulting from the Consolidated financial statements	***26,756***	***149,706***

COMMENTS ON THE MAIN CAPTIONS OF THE FINANCIAL STATEMENTS

ASSETS

Receivable from shareholders for payments due

The balance relates to amounts due from members for shares subscribed but not yet paid.

Fixed assets

The legally-required information about intangible and tangible fixed assets is presented in schedules attached to these explanatory notes.

Intangible fixed assets

Start-up and expansion costs" mainly comprise the costs incurred on the formation of Group companies.

"Industrial patents and intellectual property rights" comprise the cost of acquiring the rights to use applications software.

"Assets in process of formation and advance payments" mainly consist of costs incurred and advances paid for the purchase of intangible fixed assets not yet ready for the production. In particular this caption include the capitalization of software that is not completely implemented.

"Ordinary deferred charges" consist of many amounts of modest value relating to site set-up and contract start-up costs, which are amortised on a stage-of-completion basis, for which the company has deemed they are not significant enough to justify a detailed analysis thereof to reclassify them to contract work in progress, as well as the fact it would not be cost efficient to do so. This caption is made up as follows:

Contracts' deferred charges	*December 31, 2017*	*December 31, 2016*
Site installation/start-up	*1,275*	*483*
Design studies	*-*	*964*
Other	*417*	*1,729*
Total	***1,692***	***3,176***

The decrease is mainly due to the amortisation charge for the period.

Tangible fixed assets

Much of the carrying value of equipment and plant and machinery relates to assets located in foreign countries and used for specific contracts. Their carrying amount is deemed to be recoverable from contract revenue and/or, in certain cases, from compensation payable by the principal in the event of the work being suspended.
The increase in the period is mainly attributable to expenditure on plant and machinery for the construction of an aqueduct to supply water to Beirut, for the construction of a dam in Kenya, for the construction of a water tunnel in Angat (Philippines) and for the construction of civil and hydro-mechanical works at the Nam Theun 1 hydropower plant in Bolikhamxay Province in Laos.
The following assets held by the Group have been the subject of revaluations.

Revaluations	*Law 576/75*	*Law 72/83*	*Law 413/91*	*Law 266/05*	*Decree 185/08*	*Total*
Offices at Via Trieste – Ravenna	*108*	*1,033*	*639*	*1,000*	*4,000*	***6,780***
Operations centre at Via Trieste - Ravenna	*-*	*1,549*	*706*	*-*	*-*	***2,255***
Building at Via Faunia – Rome	*-*	*-*	*242*	*-*	*-*	***242***
Factory complex at S . Arcangelo (RN)	*1*	*111*	*151*	*-*	*-*	***263***
Factory complex at Pievesistina (FC)	*-*	*-*	*-*	*4,000*	*-*	***4,000***
Total	***109***	***2,693***	***1,738***	***5,000***	***4,000***	***13,540***

At December 31, 2017, these revaluations were amortized by approximately Euro 7.1 million.

Financial fixed assets

Investments

These comprise:

Investments	*December 31, 2017*	*December 31, 2016*
Non-consolidated subsidiary companies	*2,337*	*2,782*
Associated companies	*23,833*	*22,200*
Other companies	*47,190*	*47,610*
Total	***73,360***	***72,592***
Investments write-off	*(506)*	*(506)*
Total	***72,854***	***72,086***

The investments in non-consolidated subsidiaries and associated companies comprise the companies showed below:

Subsidiaries	*December 31, 2017*	*December 31, 2016*	*%*
Acquapura Scrl	12	12	60.00
Agata Scrl (***)	-	28	70.10
Alvisi Srl (*)	-	-	90.00
Ancona Newport Scrl (**)	53	53	53.10
Be Infrastrutture Srl (*)	109	106	70.00
CMC di Ravenna Mota-Engil JV (Liwonde-Naminga)	519	519	100.00
Cmc d.o.o Zagabria	-	3	100.00
CMC Embassy Srl (*)	408	808	100.00
CMC Swaziland (Pty) By Pass	876	876	100.00
Fontana Nuova Scrl	10	10	51.00
Gruppo Immobiliare Spa (*)	-	14	100.00
Italia 61 Scrl	30	23	99.99
Letimbro Scrl	51	51	51.00
Ospedale dei Castelli Scrl	25	25	50.10
Padiglioni Expo Scarl (being wound up) (**)	25		50.50
Palazzo Rasponi Scrl (***)	-	20	100.00
JV CMC/CCC	13	13	66.00
Ravenna Tunnel Sc per azioni	119	119	99.00
Solarmaas Srl	36	51	51.00
Villamarina Soc. cons. a R.L. (being wound up)	51	51	51.00
Totale	***2,337***	***2,782***	

Associated companies	*December 31, 2017*	*December 31, 2016*	*%*
Albacem Srl	8	8	20.00
Antares Scrl (*)	968	902	28.00
Autostrade Romagna 1 Scpa	350	350	35.00
Baglio la Camperia Spa	100	100	20.00
Bagnarola Srl	25	25	12.50
CMC Conduril JV (Beira)	37	37	50.00
Consorzio JV CB	13	10	50.00
Elaion Scrl	4	4	40.50
Emir Spa (*) (**)	279		41.90
Fda Srl	256	256	20.00
Gammon CMC JV (**)	462		50.00
Granarolo Immobiliare Spa (*)	554	611	30.00
Holcoap Spa	17	17	15.00
ITARE Srl	10	10	34.60
Itaca Scrl (being wound up)	4	4	34.60
J.F. White - Contracting Co. (*) (**)	257		19.18
Lodigiani - Cmc (Malaysia) Sdn Bhd	7	7	50.00
Lovon Samverkan AB (*) (**)	588	-	49.00

Associated companies	***December 31, 2017***	***December 31, 2016***	***%***
Mirandola Scrl	9	9	45.10
Mediterranea 010 Scrl	5	5	49.00
Molfetta New Port Scrl	19	19	38.50
Opera 3 Scrl	10	10	34.67
PACO Srl	25	-	49.00
Piombone Scrl	49	49	49.00
Rodano Scrl	116	116	46.43
Sistema 2 Scrl	11	11	37.00
Under Water Anchors Srl	50	40	33.33
Val di Chienti Scrl	19,600	19,600	28.00
Totale	***23,833***	***22,200***	

Details are provided below of equity investments in other companies:

Other Companies	***December 31, 2017***	***December 31, 2016***	***%***
Azienda Libico – Italiana (Ali)	9	9	0.33
Cfi. Cooperazione Finanza Imprese Scpa	6	6	0.70
Cons. Cavet	611	611	11.27
Cons. Co.ri.re. in liquidazione	7	7	14.00
Cons. Coop.di Costruzioni – CCC (BO)	1,011	1,011	1.82
Cons. Coop.di Produzione e Lavoro (Conscoop-FO)	111	111	2.86
Cons. Integra Soc. Coop.	1,200	1,200	2.86
Cons. Lybian Expressway Contractors	1	1	11.00
Cons. Miteco	1	1	11.04
Cons. Nazionale Servizi	12	12	12.00
Cons. Prometeo in liquidazione	-	10	0.01
Cons. Toscano Costruzioni - C.T.C. Scrl	30	30	6.91
Coop. Culturale "Luigi Luzzati" Scrl	28	28	31.32
Coop. Servizi Cultura	575	575	95.56
Coop. Terremerse Scrl	3	3	1.33
CO.VE.CO. (Consorzio Veneto Cooperativo) Scrl	11	11	3.84
Eurolink Scpa	19,500	19,500	13.00
Federazione delle Coop. della Prov.di Ravenna	7,193	7,193	12.30
Federcoop "Nullo Baldini" Scrl	64	64	3.84
Fincooper Scrl (being wound up)	176	176	0.93
Immofil Srl	200	300	18.75
Istituto Coop I.C.I.E. (BO) Scrl	41	41	3.41
I.GE.I. (Inps Gestione Immobiliare) Spa (being wound up)	744	744	9.60
Immobiliare Riminese Malatesta Srl	8	8	0.44
ISI Service Emilia Romagna	12	12	12.00
Nomisma – Società' di Studi Economici – Spa	18	18	0.21
Passante di Mestre Scpa (****)	780	1,200	12.00
Porto intermodale Ravenna Spa	354	354	0.21
S.C.S. Consulting Spa	11	11	0.44
SAT Lavori Scrl	13	9	8.66
Cooperare SpA	53	51	0.01
Soped Spa	100	100	1.63
Tangenziale Esterna Spa	14,031	14,031	3.24
Altre	276	173	0.01
Totale	***47,190***	***47,611***	

The changes with respect to the prior year reflect:

- (*) Valuated with the equity method
- (**)Changes in the scope of consolidation
- (***) closing of wound up procedures
- (****) reduction of shares capital

Financial receivables

Financial receivables comprise:

Financial receivables	*December 31, 2017*	*December 31, 2016*
Non-consolidated subsidiaries	*14,899*	*10,966*
Associated companies	*26,828*	*6,713*
Other	*12,423*	*11,573*
Total	***54,150***	***29,252***

The amounts due to and from non-consolidated subsidiaries and associates are detailed in an attachment.
It should be noted that the increase in the item Financial receivables from "Associated companies" is mainly attributable to the receivable from Constructora Nuevo Maipo SA, as a result of the enforcement of the surety on performance bonds granted in relation to the Headrace Tunnel of Hydroeletric Plant project in Alto Maipo (Chile). For more information, see the note "Provisions for risks and charges".

Other financial receivables consist of the following:

Receivables from others	*December 31, 2017*	*December 31, 2016*
Loans to other non-consolidated companies	*5,164*	*5,421*
Contributions to associations and/or entities	*5,106*	*3,887*
Guarantee deposits	*2,153*	*2,265*
Totale	***12,423***	***11,573***

CURRENT ASSETS

Inventories

These consist of the following:

Inventories	*December 31, 2017*	*December 31, 2016*
Raw materials and consumables	*53,775*	*48,848*
Work in progress and semi-finished products	*16,895*	*12,281*
Contract work in progress	*772,649*	*650,710*
Finished products and goods	*12,492*	*10,442*
Advances	*36,536*	*30,386*
Total	***892,347***	***752,667***

a) *Raw, ancillary and consumable materials*
These mainly consist of raw materials used at construction sites for the fulfilment of a contract. The most significant amounts are attributable to contracts in China, Angola, Italy, Laos and in Southern Africa.

b) *Work in progress and semi-finished products*
These mainly consist of semi-finished products held by the subsidiary Sulbrita. Lda, CMC Africa Austral Lda and Iniziative Immobiliari Siciliane Srl.

c) *Contract work in progress inventories*

In the current and prior years, the Group has recognised claims for additional revenue not yet approved by the principals in “Contract work in progress” and, to a lesser extent, in “Due from customers”, as indicated in the “Accounting policies” section of these explanatory notes. Group Management believes that the amounts recognised represent a prudent estimate of the additional remuneration that will be acknowledged by the principals and that there is reasonable certainty as to their recovery based on the advanced stage of the negotiations being held in relation thereto.

The work in progress relating to contracts assigned by Anas increased in 2017, reaching Euro 350 million, due to delays in the definition of some contractual amounts. The Directors believe that the settlement agreements being finalized as well as the legal initiatives initiated will allow a significant decrease in this exposure in the two-year period 2018-19.
At December 31, 2017, the amount of trade receivables due from the Government of Mozambique amounted to Euro 29.2 million and the value of closing inventories of work in progress is Euro 24.7 million.

Contract work in progress inventories are analysed below:

Principal	***Description***	***December 31, 2017***	***December 31, 2016***
ANAS Spa	SS 640 Agrigento Caltanissetta Lotto 2	84,760	102,093
EMPEDOCLE 2	Ex Tecnis Share	81,759	55,578
ANAS SPA ROMA	SS 640 Agrigento Caltanisetta	78,378	64,341
CIRCUMETNEA	Monte Po Station Sicily	40,833	26,538
MELAMCHI CORP.	Excavations for water transfer (Nepal)	31,109	25,221
INST.NACIONAL ESTRADA DE ANGOLA	Luanda Soyo motorway (Angola)	26,674	-
ANAS Spa	Palermo Lercara Friddi Highway	24,605	19,391
A.G.A. (AG. GESTION AUTOROUTES)	AGA - Autoroute Est (Algeria)	22,532	16,636
ANAS Spa	Works in Savona	22,117	25,883
SHANXI MIDDLE YELLOW RIVER WATER RESOURCE DEVELOPMENT CO. LTD.	Middle Shanxi river diversion Project	20,452	15,327
LINEA METRO 1 TORINO	Lingotto Bengasi	20,008	6,521
CCC BOLOGNA	Porto Empedocle 2 ex Iter share	18,606	23,261
BOLOGNETTA S.C.P.A. (EX TECNIS)	Palermo Lercara Friddi Highway	17,276	13,615
VAL DI CHIENTI SCPA	Road network Quadrilatero Umbria – Marche	15,471	7,802
CIRCUMETNEA	Stesicoro Airport	15,403	6,310
LTA – LAND TRANSPORT AUTORITY	2 Lots of Singapore underground	14,782	11,761
SANRAL	Mount Edgecombe junction	14,035	15,549
RIFT WALLEY WATER SERVICES BOARD (RVWSB)	Costruction of the itare dam Project	13,667	8,967
A.N.E MOZAMBIQUE	Road rehabilitation works (Mozambique)	12,503	14,452
MWSS - Metropolitan Waterworks and Sewerage System	Water Transmission Improvement Project Angat (Filippine)	11,431	1,246
COUNCIL FOR DEVELOPMENT AND RECONSTRUCTION(CDR)	Water infrastructure project in Beirut (Libano)	11,218	4,020
CASSA DEPOSITI E PRESTITI	Building Renovation Piazza Dante - Roma	11,185	22,009
ASS. PART. CMC / CCC	Palermo Lercara Friddi Highway	10,470	8,251
Road Authority	Windhoek - Okahandja (Namibia)	9,726	4,055
CONSORTIUM PETROJET	Ismaila Tunnels (Egitto)	8,950	-
A.N.E MOZAMBIQUE	Improv. of Montepuez – Ruaca road (Mozambique)	8,242	8,225
MINISTERO DELLE INFRASTRUTTURE	Milan light rail transit system	7,684	7,387
ADE-ALGERIA	Douaouda desalination plant (Algeria)	5,451	5,744
MASSINGIR DAM REHABILITATION	*Ara Sul*	3,586	8,571
KONKOLA COPPER MINES	*Excavation of mines and 2 wells (Zambia)*	-	6,861
NHPC LIMITED	*Parabati H.E. Project*	-	6,051
RODANO	*Special works*	-	5,000
Others		109,736	104,044
Total		**772,649**	**650,710**

d) *Finished products and goods*
These mainly consist of properties held for sale by the subsidiary CMC Immobiliare S.p.A. and artifacts not yet transferred to sites but made to order for contracts already acquired by the subsidiary G.E.D. S.r.l.

e) *Advances*
These mainly consist of advances paid to suppliers for ongoing contracts, particularly in Philippines, Laos, Nepal and South Africa.

Receivables

These consist of the following:

Receivables	***December 31, 2017***	***December 31, 2016***
From customers:		
- for works and supplies	*322,102*	*381,280*
- less allowance for doubtful accounts	*(6,400)*	*(7,539)*
- for interests on overdue payments	*120*	*(53)*
- less allowance for interest on overdue payments	*(120)*	*53*
Total from customers	***315,702***	***373,741***
Due from non consolidated subsidiaries	*13,748*	*8,737*
Due from associated companies	*9,166*	*7,813*
Receivables from taxes	*62,668*	*57,602*
Deferred tax assets	*27,645*	*23,400*
Total	***113,227***	***97,552***
Due From others:		
- advances to suppliers and subcontractors	*2,146*	*3,589*
- amounts owed by J.V .partners partially consolidated	*74,015*	*56,372*
- social security and pension institutions	*8,760*	*8,510*
- employees	*149*	*206*
- credit notes due for work performed	*21*	*24*
- others	*33,980*	*19,545*
Total receivables from others	***119,071***	***88,246***
Total receivables	***548,000***	***559,539***

The decrease in the period is mainly attributable to the invoices payment, by the Instituto Nacional Estrada de Angola (INEA), for the construction of the last section of the Luanda-Soyo motorway in Angola.

The “Allowance for doubtful accounts” reflects the risk of non-collection of certain disputed third party receivables or cases where a counterparty is experiencing financial difficulties. In particular, at December 31, 2017 the Parent Company had a receivable of some Euro 11,1 million due for work performed for a Sicilian state-owned company. The Parent Company has taken action to ensure the recovery of the receivable.

The amounts due from subsidiary and associated companies are analysed in the attachments to these explanatory notes.

Amounts “Due from tax authorities” mainly include Italian and foreign VAT recoverable, in particular linked to the effect of the split payment which heavily penalized us during 2017.

With respect to Due from others, note that:

- The amount “Due from partners in joint ventures consolidated on a proportional basis” mainly relates to J.V. consortiums and foreign joint ventures.
- Other receivables” comprise advances made to arbitration boards in relation to ongoing disputes, receivables for dividends to be collected and other minor receivables.

Deferred tax assets are analysed below:

	December 31, 2017			***December 31, 2016***		
	Temporary differences	**Tax effect**	**Rate %**	**Temporary differences**	**Tax effect**	**Rate %**
Tax loss						
- Joint Venture dividends	-	-	24.00%	133	32	24.00%
- interest expense	50,700	12,168	24.00%	25,125	6,030	24.00%
- tax loss	3,203	769	24.00%	5,660	1,359	24.00%
- non tax deductible general provisions	34,796	9,708	27.90%	34,968	9,756	27.90%
- write-down of investments	504	121	24.00%	504	121	24.00%
- provisions for special risks	400	96	24.00%	400	96	24.00%
- contributions deductible on a cash basis	342	82	24.00%	200	48	24.00%
- foreign tax credits	19,142	4,594	24.00%	22,054	5,293	24.00%
- cash flow hedge	1,163	279	24.00%	1,515	364	24.00%
- exchange rates	-	-	24.00%	188	45	24.00%
- maintenance charges (above 5% threshold)	1,592	382	24.00%	2,367	568	24.00%
Deferred tax liabilities						
- Joint Venture dividends	(2,308)	(554)	24.00%	(1,296)	(311)	24.00%
Change in deferred tax assets (liabilities)		**27,645**			**23,400**	

The detailed profit and loss effect is shown below:

	Balance at December 31, 2016	Income statement	Balance at December 31, 2017
Deferred tax assets			
- Joint Venture dividends	32	-	-
- interest expenses	6,030	6,138	12,168
- tax losses	1,359	178	769
- non tax deductible general provisions	9,756	2,737	9,708
- provision for equity investments	121	-	121
- provisions for special risks	96	-	96
- contributions deductible on a cash basis	48	34	82
- foreign tax credits	5,293	(699)	4,594
- cash flow hedge	364	*	279
- exchange rates	45	(45)	-
- maintenance changes (above 5% threshold)	568	(186)	382
- Other			
Deferred tax liabilities			
- Joint Venture dividends	(311)	(243)	(554)
Effect on the income statement	**23,400**	**7,914**	**27,645**

* It is referred to the tax effect of derivative instruments of the cash flow hedge directly accounted in the Equity under the prevision of the accounting principle OIC 32.

Receivables are analysed by geographical area below, as required by art. 2427 of the Italian Civil Code:

	Italy	*Africa*	*Asia*	*Europe*	*USA*	*South America*	*Total*
From customers	*117,628*	*106,505*	*56,460*	*201*	*34,907*	*1*	**315,702**
From non consolidated subsidiaries	*12,939*	*734*	*75*	-	-	-	**13,748**
From associated companies	*6,514*	-	-	*838*	-	*1,814*	**9,166**
Taxes	*41,367*	*11,119*	*7,998*	*4*	*1,361*	*819*	**62,668**
Deferred tax assets	*23,461*	*3,828*	*356*	-	-	-	**27,645**
Others	*42,861*	*68,913*	*6,098*	-	*1,199*	-	**119,071**
Total	**244,770**	**191,099**	**70,987**	**1,043**	**37,467**	**2,634**	**548,000**

The amount due from customers is stated net of the allowance for doubtful accounts.

The “Receivables” caption does not include balances due beyond five years.

Current financial assets

The detail of the “Other securities” is analized below:

	December 31, 2017	*December 31, 2016*
CMC (Parent Company)	761	763
Di Fazio Industries	1,587	289
Total	**2,348**	**1,052**

The above companies hold current financial assets for which the carrying amounts, given the nature of the investments, reflect their period end fair value.

Cash and Cash Equivalents

Bank deposits represent temporary liquidity arising from collections made at the end of the period, funds held by consortiums which, under their shareholders' agreements, only distribute any surpluses on completion of the contract, and hard currency deposits made in relation to loans obtained in local currencies.

"Cash on hand" include the cash balances and equivalents held by the head office and at the various construction sites.

These consist of the following:

Details of cash and cash equivalents	*December 31, 2017*	*December 31, 2016*
Cash and Cash Equivalents CMC		
- Euro	24,844	14,510
- Dinari (Algeria)	10,539	424
- Peso (Argentina)	9,741	0
- Kwanza (Angola)	1,362	1,003
- Dollari (USA)	12,828	2,027
- Peso (Filippine)	779	2,491
- Renminbi (Yuan - Cina)	109	3,066
- Dollars (Singapore)	677	3,051
- Rand (Sud Africa)	5,212	5,680
- Rupees (Nepal)	57	90
- Lev (Bulgaria)	4	8
- Kes (Kenia)	175	99
- Other currencies	842	238
	67,169	**32,687**
Cash and Cash Equivalents Consortiums		
- Italian consortiums	12,554	13,453
- Foreign consortiums	100,715	49,743
- Other companies	609	520
	113,878	**63,716**
Totale disponibilità	**181,047**	**96,403**

Accrued income and prepayments

These consist of the following:

Accrued income and prepayments	*December 31, 2017*	*December 31, 2016*
Accrued income:		
- interest	*1*	*-*
- others	*162*	*366*
Deferred Costs:		
- insurance	*5,866*	*5,151*
- other rental fees	*312*	*149*
- guarantee	*1,337*	*1,115*
- interest	*4,536*	*2,213*
- others	*4,605*	*6,024*
Total	***16,819***	***15,018***

The decrease in "other" is mainly due to profit and loss effect of the period.

"Accrued income and prepayments" do not include any amounts due beyond five years.

LIABILITIES

Shareholders' equity

Share capital

The share capital consists of 503,654 shares with a par value of Euro 50 each, in addition to some Euro 21 thousand of fractional shares due to revaluation.

The changes in share capital in 2017 were as follows:

	Active shareholders	*Pensioner shareholders*	*Financing shareholders*	*Total*
Year beginning	**361**	**532**	**2**	**895**
New members	7	-	-	7
Leavers	(9)	(31)	-	(40)
Retirements	(19)	19	-	-
As of December 31, 2016	**340**	**520**	**2**	**862**

Membership categories	**December 31, 2016**			**December 31, 2017**		
	no. of members	**share capital** (million of EUR)		**no. of members**	**share capital** (million of EUR)	
Cooperative members	361	14.3	56%	340	13.7	56%
Pensioner members	532	2.1	8%	520	2.3	8%
Financing members	2	9.2	36%	2	9.2	36%
TOTAL	**895**	**25.6**	**100%**	**862**	**25.2**	**100%**

Subscribed share capital has decreased from Euro 25.6 million at 31.12.2016 to Euro 25.2 million at 31.12.2017. The decrease is mainly due to payments made to members who went into retirement in the year.

Legal reserve

Pursuant to art. 54 of the current Articles of association of the Parent Company, the "Legal reserve" is not distributable and cannot be divided among the members during the life of the Cooperative or upon winding up.

Other reserves

The "extraordinary reserve" comprises the profits of the Parent Company that have already been taxed, as required for cooperatives under current regulations.

The "reserve for translation adjustments" reflects the differences in the equity of consolidated companies and permanent establishments abroad generated by exchange-rate fluctuations at the balance sheet date with respect to the historical rates.

The "consolidation reserve" reflects the additional book value of the shareholders' equity of consolidated companies with respect to their carrying amounts at the time of initial consolidation.

Proposals for the destination of profits or for coverage of losses

The Board of Directors has proposed the following allocation of the result for the 2017 financial year, as resulting from the financial statements of the Parent Company and equal to Euro 1,770 thousand:

• for 3% corresponding to Euro 53 thousand, to mutual funds for the promotion and development of cooperation, as required by art. 53 letter b) of the Articles of Association;

• for Euro 282 thousand, a revaluation in the amount of 1.1% of the ordinary, retirement and grant actions actually paid, pursuant to Article 7 of Law no. 59 of 31 January 1992;

• for the remaining Euro 531 thousand, to an ordinary "Legal Reserve", in compliance with the provisions of art. 2545 quater c.c., Euro 904 thousand to "Other Reserves", as related to profits that have discounted the related taxes.

Provisions for risks and charges

Reserves	***December 31, 2017***	***December 31, 2016***
Taxes	*302*	*315*
Cash flow hedge	*1,140*	*1,466*
Contractual risks	*477*	*402*
Overseas operations	*4,169*	*5,089*
Other risks and charges	*19,534*	*18,255*
Total	***25,622***	***25,527***

The “Provision for contract risks” and the “Provision for foreign operations” have been recorded by making a best estimate, based on information currently available, of potential losses on contracts performed directly, with others or via companies, as well as to take account of the value of certain equity investments, as discussed earlier.

The “Other provisions for risks and charges” are considered adequate by the directors of the Cooperative, assisted by their legal and fiscal consultants, to cover any charges that may arise from the settlement of the above disputes.

The decrease of the period is mainly due to the utilize of provisions made the previous years that have been reverse their effect during the year 2017 and are mainly referred to Italian works.

The Cooperative is party to a number of disputes arising in the ordinary course of business. In particular, we would mention that:

- with regard to the criminal proceedings brought 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 June 27, 2011, which reversed in full the lower court’s decision, thus reversing the convictions handed down by the lower court and finding both the Consortium and the indicted individuals not guilty of any of the charges. The Public Prosecutor of the Court of Florence appealed this decision to the Court of Cassation, which, on March 18, 2013, set aside in part the decision of the Florence Court of Appeals ordering that the case be returned to the Court of Appeals. The reinstated proceedings before the Florence Court of Appeals got under way on January 30, 2014 and, on March 21, 2014, the Court of Appeals handed down a decision by which it rejected most of the charges levied by the Public Prosecutor, but upheld them in some important cases. The ruling of the Courts of Appeal of Florence was challenged by all the defendants and by C.A.V.E.T, as a party liable under civil law and, in September 2014, the related appeals were filed for Cassation.
  On 21 April 2016, Criminal Chamber IV of the Court of Cassation handed down a decision by which it annulled without reinstatement the decision handed down on 21 March 2014 by the Florence Court of Appeals with respect to all criminal charges and most of the civil aspects, allowing, only for some of the latter, recourse to the competent civil court of appeal.
  The Ministry of the Environment has in fact brought proceedings before the Florence Civil Court of Appeals, seeking a ruling on the existence of environmental damage and thus to order CAVET and certain individuals already charged in the criminal proceedings to adopt necessary remedial measures that have still to be determined.

- In 2013, the public prosecutor of Trani opened a criminal investigation on the award of the contract for the construction of the new Port of Molfetta. The contract was awarded in 2006 to a Consortium led by CMC. The public prosecutor alleged that Consortium knowingly participated in a fraudulent scheme organized by the Municipality of Molfetta. The investigation also involves previous Chairman of our board of directors (now deceased) and our previous Chief Executive Officer in their quality of legal representatives of CMC and Molfetta Newport S.c.a.r.l. The precautionary measures requested by the public prosecutor against CMC and employees of CMC (including the request that CMC be prevented from carrying out its business activity pursuant to Legislative Decree No. 231/2001) have been rejected or revoked by the Court of Trani. In June 2015 the preliminary investigations were completed and both, previous Chairman of our board of directors and previous former Chief Executive have been indicted. The first hearing was held on December 11, 2017. The next hearing is scheduled on May 21, 2018. As a consequence of the death of Mr. Matteucci, the proceeding will continue only against the other individuals indicted and the Issuer. We believe that the outcome will confirm the rightful conduct of the Company and we intend to vigorously defend against these allegations.

- On June 7, 2017, in connection with the Headrace Tunnel of Hydroelectric Plant in Alto Maipo (Chile)water and irrigation work project, that we are constructing in partnership with Hochtief Solutions AG,through the vehicle Constructora Nuevo Maipo S.A. (in which we own a 30% interest), the client and owner of the land, Alto Maipo S.p.A., a Chilean Company, delivered a notice of termination alleging the breach of several contractual obligations by Constructora Nuevo Maipo S.A. and concurrently filed a request for arbitration before the International Chamber of Commerce claiming alleged damages in excess. As a result thereof, Alto Maipo S.p.A., enforced the performance bond guarantees granted in connection with this project in an aggregate amount of €79.5 million, 30% of which was counter-guaranteed by UniCredit S.p.A. which would have had recourse against us. The enforcement was originally suspended (as Constructora Nuevo Maipo S.A. obtained an injunction order from the local Chilean courts) but the suspension order was ultimately revoked on July 10, 2017. As a result, we agreed to waive the suspension order we had obtained on June 13, 2017 from the Civil Court of Ravenna, following our petition for urgent precautionary injunction dated June 12, 2017, with respect to the UniCredit S.p.A., and we ultimately paid to the Italian counter-guarantor an amount equal to €19.5 million. Constructora Nuevo Maipo S.A. filed a counterclaim for damages against Alto Maipo for Alto Maipo's wrongful termination of the contract, seeking also reimbursement of the amounts drawn-down by Alto Maipo under the existing bank guarantees. For next stage of this Arbitration, Constructora Nuevo Maipo S.A. will be due to submit its Statement of Defense and Counterclaim on 3 August 2018. We intend to support Constructora Nuevo Maipo S.A.'s opposition to the arbitration claim and to vigorously defend against these allegations. Despite the uncertainty arising from the fact that certain of the proceedings are at a preliminary stage, based on the information available at the reporting date and taking into account the laws in force, the Directors believe that the provisions recorded in the financial statements represent a best possible estimate of the potential risk that could arise from the closure of these proceedings.

- The Public Prosecutor of the Tribunal of Ravenna has opened a proceeding before the Tribunal of Ravenna fixing he first hearing on 29th may 2017. The Prosecutor charges, among others, Mr. Massimo Matteucci, former chairman of the Company, Mr Dario Foschini, former CEO of the Company, Mr. Guido Leoni, former Vice-chairman, Mr. Maurizio Fucchi, former Vice-Chariman, Mr. Alfredo Fioretti, at that moment Vice-chariman of the Company, of the crime provided for in art. 256, par. 1, let. a), par. 2 and 4, and par. 3 of Italian Legislative Decree n. 152/06. The allegations concern the management of the material coming from the excavation of the Canale Candiano of Ravenna, work subcontracted to CMC by Port Authority of Ravenna. The proceeding is still pending. The Company believes its conduct was rightful and that the outcome of the proceeding could be favourable.

- In June 2012 the Public Prosecutor of the Tribunal of Latina started an investigation against Mr. Massimo Matteucci, former Chairman of the Parent company, and Mr. Dario Foschini, former CEO of the Company, concerning the violation of art. 256 Italian Legislative Decree n 256/06. The facts are relevant the management and transport of not hazardous materials within the water of the Golfo of Gaeta, where the Company was building an infrastructural work for the Port Authority of Gaeta. The proceeding is still pending, but Company believes that no losses will come to light from this proceeding.

- In July 2011, as a consequence of the death of an employee of the Company, the Public Prosecutor of the Tribunal of Perugia started a criminal proceeding against a Director of the Company for the alleged violation of art. 100 of Italian Legislative decree n. 81/08 and art. 589 penal code. The proceeding is still pending, but Company believes that no losses will come to light from this proceeding.

Despite the uncertainty arising from the fact that certain of the proceedings are at a preliminary stage, based on the information available at the reporting date and taking into account the laws in force, the Directors believe that the provisions recorded in the financial statements represent a best possible estimate of the potential risk that could arise from the closure of these proceedings.

Payables

Bonds

The item includes debts for bonds, recorded using the amortized cost method. The change compared to the previous year is due to the issue of two bond loans. With the resources found, the Company repay early the existing debt and, in particular, the issue of November 2017 allowed for the repay of the bond loan by Euro 300 million (coupon at 7.5% and effective interest rate equal to 8.32%), issued in 2014, in advance of the 2021 deadline. Details of the transactions are shown below:

- ✓ issue, in July 2017, of an unsecured bond loan for a nominal amount of € 250 million, expiring in 2022 and with a coupon of 6.875%. The cost of the transaction amounted to € 5,994 thousand, resulting in an actual interest rate of 7.6%;
- ✓ issue, in November 2017, of an unsecured bond loan for a nominal amount of Euro 325 million, with a maturity of 2023 and a coupon of 6%. The cost of the transaction amounted to € 16,557 thousand, to which is added € 5,297 thousand of residual costs of the bond loan subject to repayment, leading to an effective interest rate of 7.75%.

In relation to the issue of the second bond, it was considered that from a substantial point of view this transaction was a restructuring of the previous loan and not a new issue following the elimination of the previous one. This approach appears to be corroborated by the fact that (i) all the cash flows arising from the issue of the new bond have been allocated since the previous one, (ii) the future cash flows deriving from the new loan are not substantially different from those of the previous one and (iii) the audience of investors who signed the new bond substantially coincides with that of the holders of the extinct obligations. On the basis of these considerations, therefore, it was decided to consider the costs related to the issue of the new bond as well as the premium paid to previous bondholders for early repayment (equal to about 11 million in the case of CMC) is not a cost of transaction but as elements to consider in the calculation of the amortized cost of the new bond. For this reason, the aforementioned effective rate of the new loan does not differ significantly from that of the previous one, even though the interest rate is significantly lower. If the Cooperative decided to account for this transaction as a new issue for the elimination of the previous bond loan, the costs related to the repayment of the previous loan, equal to approximately Euro 17 million, should have been charged to the income statement for the year against the significant reduction in the effective rate of the new bond loan.

Shareholders' loans account

Balance as of December 31, 2017			***Balance as of December 31, 2016***
Within 12 months	*Beyond 12 months*	***Total***	
2,244	*8,461*	***10,705***	***12,198***

The disclosures below are as prescribed by section II, paragraph 2 of the Bank of Italy Circular of 2 December 1996:

- the funds collected from members at 31 December 2017 total Euro 10.7 million and the interest charged to the income statement for the year was Euro 164 thousand;
- members' equity (paid-in share capital plus reserves) is more than 10 times higher than the members' loan.

Accordingly, the equity limits on the gathering of funds from members of cooperatives established by the C.I.C.R. (Ministerial Committee) are well respected.

Banks

Balance as of December 31, 2017			***Balance as of December 31, 2016***
Within 12 months	*Beyond 12 months*	***Total***	
142,744	*109,821*	***252,565***	***317,601***

The reduction in payables due to banks derives from the extinction of various loans as a result of the issue of the bond loan in July 2017. As indicated in the report on operations, the Cooperative has continued the consolidation of its financial indebtedness through the issuance of two bond loans that has allowed greater stability of medium-long term sources of financing. At the same time, however, there was a further increase in the second part of the year in the use of bank debt mainly due to:

- ✓ the growth beyond the expectations of the net working capital mainly due to delays in the definition and, consequently, in the collection of revenues with some Italian clients (in particular Anas and abroad);
- ✓ the negative effects of the new VAT split payment legislation that gave rise to a significant VAT credit for the company that must be periodically requested to be repaid (in April 2018 approximately Euro 10 million were collected in the third quarter of 2017;
- ✓ the financial effects deriving from the early repayment of the previous bond loan, quantifiable in approximately Euro 30 million, which will be broadly hedged in the minor future disbursements in terms of interest rates;
- ✓ the postponement of the receipt of certain contractual advances against important contracts recently acquired abroad.

These situations led to a peak in financial exposure at the end of the year ended December 31, 2017, which reached values very close to the limits set by the covenants provided by the main bank financing line obtained by the Cooperative. In this regard, shares have been launched, in particular with reference to the acceleration of invoicing and collection of contractual fees and the optimization of cash flow management, which should allow a reduction in net financial debt already in 2018, guaranteeing the continuity of the current sources of financing, a necessary condition for the management and development of the Cooperative and the Group.

The total payable includes long-term loans which are analysed below by maturity of the related instalments:

Lender	*Due 2018*	*Due 2019*	*Due 2020*	*More*	*Total 2017*	*Total 2016*
Syndicated loans						
- Mediocredito Centrale (Aug-13 /Aug-18)	*3,893*	*0*	*0*	*0*	***3,893***	***12,556***
- Sace CDP (Mar-2014/May-2019)	*0*	*0*	*0*	*0*	***0***	***22,500***
- Unicredit (Gen-17)	*0*	*0*	*0*	*0*	***0***	***204***
- Banco Popolare (Mar-15 / Mar-19)	*816*	*204*	*0*	*0*	***1,020***	***3,214***
- Banca Popolare MI (May-15 / Jun-18)	*3,333*	*6,666*	*3,334*	*0*	***13,333***	***0***
- Banca Popolare E. Romagna (Nov-18)	*745*	*0*	*0*	*0*	***745***	***3,246***
- Banca Credito Cooperativa (Dic 2020)	*700*	*700*	*700*	*0*	***2,100***	***0***
- Cassa di Risparmio di Ravenna (Aug-18)	*0*	*0*	*0*	*0*	***0***	***3,133***
Unsecured loans						
- Cariromagna (Mar-12 /Mar-17)	*0*	*0*	*0*	*0*	***0***	***26***
Total loans	***9,487***	***7,570***	***4,034***	***0***	***21,091***	***44,879***
- Revolving Credit Facility	*0*	*98,217*	*0*	*0*	*98,217*	*118,486*
Other bank payables	*133,257*	*0*	*0*	*0*	*133,257*	*154,236*
Total Bank payables	***142,744***	***105,787***	***4,034***	***0***	***252,565***	***317,601***

The non-current portion does not include any amounts due beyond five years.

Due to other financers

Details of these payables are as follows:

Due to other providers of finance	***December 31, 2017***	***December 31, 2016***
UBI Leasing	7,581	8,127
Sarda Leasing	3,738	4,193
Coop Servizi Cultura	1,220	1,220
Simest Spa	0	346
Factoring	3,815	3,689
Consorzio Integra	0	265
Total	***16,354***	***17,840***

The capital element of lease obligations of Euro 26 millions is included in “payables to suppliers”; details are provided below of lease obligations at 31 December 2017 and where the liability is classified in the financial statements:

Lease Obligations	*December 31, 2017*	*December 31, 2016*
Due to other financers	11,319	12,320
Payables to suppliers	25,628	31,826
Total	***36,947***	***44,146***

These loans bear interest at market rates and do not include any amounts due beyond five years.

Advances from customers

This item, equal to € 22,078 thousand (€ 40,614 thousand as at 31 December 2016) includes the difference between the amounts certified and paid by customers and the actual productions carried out. For the comment, reference is made to what is indicated in the "Valuation criteria" and in the comment on the item "Inventories". The reduction compared to the previous year is mainly due to the progress of the construction of the last section of the Luanda -Soyo motorway in Angola.

Suppliers

Payables to suppliers	***December 31, 2017***	***December 31, 2016***
Payables to suppliers within 12 months	*446,680*	*453,371*
Payables to suppliers beyond 12 months	*26,509*	*23,571*
Total	***473,189***	***476,942***

The item “Payables to suppliers” decreased slightly compared to the previous year.

Due to subsidiaries and associated companies

The amounts due to/from subsidiaries and associates are analysed in an attachment.

Taxes

This mainly includes amounts due for VAT, for withholdings from fees paid by Group companies as well as direct taxation.

Other payables

Other payables are summarized below:

Other payables	*December 31, 2017*	*December 31, 2016*
Amount owed to J.V. partners	*106,366*	*128,612*
Employees for unpaid payroll	*11,138*	*11,646*
Subscribed capital to be paid	*208*	*201*
Others	*36,132*	*36,363*
Total	***153,844***	***176,822***

The amounts due from partners in joint ventures consolidated on a proportional basis derive from the effects of proportional consolidation and mainly relate to contracts performed abroad via vehicle companies.

The "Other" caption includes a number of payables of a modest amount and an amount due to former members of consortiums that are no longer active.

Other payables do not include any amounts due beyond five years.

Advance payment from clients and customers

This item includes the amounts contractually paid by customers as an advance on the work still to be carried out, at the beginning of work; these amounts are progressively recovered as work progresses

Advances from customers are analyzed below:

Advances from customers	***December 31, 2017***	***December 31, 2016***
Kerio Valley develop. Authority Advance (Kenya)	*36,824*	*0*
Itare Dam (Kenya)	*36,130*	*36,130*
Grater Water (Libano)	*22,325*	*27,293*
Phonesack Group Co.ltd (Laos)	*17,029*	*10,561*
Melamchi Corp. ,Water Supply Project (Nepal)	*16,981*	*11,793*
AGA - Autoroute Est (Algeria)	*16,032*	*14,772*
Rio Subterraneo a Lomas (Argentina)	*13,773*	*0*
Anadarco Adiantamento Contract (Mocambique)	*11,307*	*0*
A.N.E. - Administracao National de Estradas (Mozambique)	*9,980*	*10,182*
Mwss-Awtip Contractual Advance (Filippine)	*8,334*	*8,337*
Pedo (Pakistan jv)	*8,282*	*6,815*
Ferrovia Circumetnea (Fce)	*4,748*	*5,419*
Gabinete Tecnico de Investimentos Publicos (Angola)	*4,423*	*9,672*
Road Authority (Namibia)	*1,655*	*5,505*
A.E.S. Gener Hydroelectric Plant Alto Maipo (Chile)	*0*	*14,315*
Trafikverket Contractual Advances (Svezia)	*0*	*8,648*
Other	*21,975*	*30,853*
Total	***229,798***	***200,295***

This caption not include any amounts due beyond five years.

Accrued liabilities and deferred income

These consist of the following:

Accrued liabilities and deferred income	*December 31, 2017*	*December 31, 2016*
Accrued expenses:		
- interest charge	*13,144*	*12,216*
- insurance expense	*1,879*	*1,491*
- guarantee charges	*2,002*	*548*
- others	*10*	*10*
Deferred income:		
- others	*240*	*1,236*
Total	***17,275***	***15,501***

The “Accrued liabilities and deferred income” caption does not include any amounts due beyond five years,

Commitments, guarantees and risks

Guarantees are analyzed below:

Guarantees in favor of	***2017***	***2016***
Non consolidated subsidiaries	*11,571*	*3,251*
Associated companies	*37,485*	*50,664*
Other companies	*145*	*8,195*
Third parties	*1,037,893*	*1,145,411*
Total Guarantees	**1,087,094**	**1,207,521**

Commitments for guarantees provided by third parties on behalf of the Group to non-consolidated subsidiaries, associates (excluding those consolidated on a proportional basis) and third parties almost entirely relate to performance guarantees, advances, the release of amounts withheld in guarantee and price revisions. The most significant guarantees were provided in Italy in respect of road construction work in Sicily, being the SS640 Agrigento – Caltanisetta stretch and the SS121 Palermo – Lercara Friddi stretch, as well as in respect of the HST project (Bologna-Milan stretch) and for the costruction of a dam in Kenya and the construction of an aqueduct in Beirut in Lebanon.

The secured guarantees in favour of third parties relate to pledges over the shares of Val di Chienti Scpa and Tangenziale Esterna Spa, they amount to Euro 34,641 thousand.

As at December 31st 2017, the Group has Interest Rate Swap with a notional value of the underlying asset of Euro 63,1 million.
At the same date the Group has cash flow hedge derivate contracts on the currency exchange risk for a notional value of the underlying asset of Euro 5,9 million. The currencies involved are USD dollar.

For more information on derivative contracts and their fair value, refer to the appropriate attachment.

INCOME STATEMENT

Revenue from sales and services consists of the following:

Revenues from sales and services	*2017 (Annual)*	*2016 (Annual)*
Contract revenues	*924,727*	*852,007*
Sundry services	*63,249*	*100,085*
Sale of materials	*22,585*	*8,374*
Total	***1,010,561***	***960,466***

Detail of value of production	**2017 (Annual)**		**2016 (Annual)**	
Revenues and changes in contract work in progress inventory	1,095.4	97.9%	1,038.2	97.6%
Construction	*1,085.9*	*97.1%*	*1,026.7*	96.6%
Other activities	*9.5*	*0.8%*	*11.6*	1.1%
Increases to fixed assets for internal work	0.8	0.1%	4.9	0.5%
Other income and proceeds	22.7	2.0%	20.1	1.9%
Value of production	**1,118.9**	**100.0%**	**1,063.2**	**100.0%**

The following table shows the breakdown by geographical area of construction revenues for the financial years 2017 and 2016, with the relative percentage of total construction revenues:

	Twelve months ended December 31, 2017		**Twelve months ended December 31, 2016**		
	(€ in milllion)	**% on Constr. Revenue**	**(€ in milllion)**	**% on Constr. Revenue**	**% of variation**
Italy	**442,9**	**40,8**	**464,0**	**45,2**	**(4,5)**
Southern Africa	211,1	19,4	297,6	29,0	(29,1)
Asia...	164,1	15,1	96,3	9,4	70,4
North Africa..	16,9	1,6	34,8	3,4	(51,4)
Eastern Africa	47,6	4,4	-	-	-
South America..	1,4	0,1	19,9	1,9	(93,0)
North America..	121,3	11,2	82,0	8,0	47,9
Europe...	-	-	0,8	0,1	(100,0)
Middle east..	80,6	7,4	31,3	3,0	157,5
Total International..	**643,0**	**59,2**	**562,7**	**54,8**	14,3
Total construction revenue..	**1.085,9**	**100,0**	**1.026,7**	**100,0**	**5,8**

Other income and proceeds are made up as follows:

Other income and proceeds	*2017 (Annual)*	*2016 (Annual)*
Capitalization of deferred charges	*377*	*420*
Other income	*22,300*	*19,677*
Total	***22,677***	***20,097***

The "Capitalization of deferred charges " for the year 2017 is related to site set-up costs recognized as intangible fixed assets and amortized on a stage-of-completion basis, for which the company has deemed they are not significant enough to justify a detailed analysis thereof to reclassify them to contract work in progress, as well as the fact it would not be cost efficient to do so.

"Other income" mainly includes rental income, gains on the disposal of assets and charges made to sub-contractors for the use of site facilities and services.

The total amount of "Cost of services" comprises:

Services	*2017 (Annual)*	*2016 (Annual)*
Sub-contracts	*165,135*	*188,056*
Services for works in JV	*101,224*	*98,293*
Consultancy, lawyers and notaries	*28,096*	*23,008*
Transport	*31,186*	*32,563*
Studies and design	*4,896*	*5,168*
Utilities	*7,808*	*7,356*
Lease and hire	*8,572*	*6,534*
Maintenance and repairs	*3,502*	*2,993*
Other services	*108,146*	*83,390*
Total	***458,565***	***447,361***

"Other services" include costs of personnel involved in temporary business associations, laboratory tests and material analysis, cleaning and surveillances expenses, insurance and advertising services and other minor services.

Other provisions

These consist mainly of a provision for profit attributable to non-controlling interest holders in CMI of Euro 4,100 thousand (Euro 19,101 thousand at 31/12/2016).

Other operating costs

This item consists of the following:

Other operating expenses	*2017 (Annual)*	*2016 (Annual)*
Insurance and custom duties	*13,659*	*12,595*
Social activities	*1,943*	*1,855*
Losses on the sale of machinery	*23*	*298*
Performance bonds	*4,777*	*14,258*
Taxes	*3,096*	*3,280*
Other	*26,131*	*6,110*
Total	***49,629***	***38,396***

Financial income and charges

This item consists of the following:

Financial income and charges - third parties	*2017 (Annual)*	*2016 (Annual)*
Income from third parties		
- interest income - customers	*2,498*	*1,134*
- interest income - banks	*396*	*6,331*
- others income	*1,006*	*996*
Total income	***3,900***	***8,461***

Charges from third parties		
- interest expenses - banks	*(18,843)*	*(16,312)*
- guarantee charges	*(5,470)*	*(763)*
- bank charges	*(4,265)*	*(5,877)*
- without recourse charges and interest	*(1,350)*	*(2,478)*
- interest expense on members' loan	*(164)*	*(203)*
- interest expense - other providers of finance	*(243)*	*(488)*
- bond interest expense and charges	*(33,132)*	*(23,148)*
- other charges	*(2,669)*	*(2,926)*
Total charges	***(66,136)***	***(52,195)***

The balance of the item "Other financial charges" increased by approximately Euro 13,941 thousand, following the increase in the financial indebtedness to support the activities carried out by the Group.

In particular, the increase was determined by the interest expense on the parent company bonds, equal to approximately Euro 9,984 thousand, due to the issue, in July 2017, of an unsecured bond loan for a nominal amount of Euro 250 million. This increase was partially offset by lower charges deriving from the € 300 million bond loan as a result of the extinction in November 2017, and the simultaneous issue of an unsecured bond loan for a nominal amount of € 325 million at a lower rate and whose benefits will manifest themselves more fully starting from the next financial year. For more details, see the note Bonds.

There was also an increase in surety charges for an amount of approximately € 4,707 thousand and interest payable to banks, for an amount of approximately € 2,531 thousand.

Current income taxes, deferred tax liabilities and deferred tax assets

“Income taxes” of Euro 5,990 thousand include Euro 12,609 thousand of current taxes, Euro 1,308 thousand of tax relating to prior years and deferred tax of Euro -7.927 thousand.

Loss (profit) attributable to minority interests

This item consists of the following:

Minority interests	***2017 (Annual)***	***2016 (Annual)***
Cooperare SpA	*(1,023)*	*1,009*
Generale Prefabbricati SpA	*(1)*	*7*
Song minority	*(9,608)*	
Difazio Holdings Corp.	*(1,618)*	
Altre	*(26)*	*222*
Total	***(12,276)***	***1,238***

The average number of Group employees is summarised in the following table:

Average number of employees	***2017 (Annual)***	***2016 (Annual)***
Managers	*56*	*56*
White collar and supervisors	*2,062*	*2,031*
Blue collar	*4,787*	*5,675*
Total	***6,905***	***7,762***

ATTACHMENTS

I. STATEMENTS OF CHANGES IN INTANGIBLE FIXED ASSETS

II. STATEMENTS OF CHANGES IN TANGIBLE FIXED ASSETS

III. LIST OF NON CONSOLIDATED SUBSIDIARIES AND ASSOCIATED COMPANIES

IV. MEASUREMENT OF DERIVATIVES

V. RECEIVABLES AND PAYABLES DUE FROM/TO SUBSIDIARIES

VI. RECEIVABLES AND PAYABLES DUE FROM/TO ASSOCIATED COMPANIES

I. STATEMENT OF CHANGES IN INTANGIBLE FIXED ASSETS

		Incorporation and expansion costs	*Industrial patents*	*Concessions licenses and trademarks*	*Asset in process of formation and advance payments*	*Contracts' deferred charges*	*Total*
December 31, 2016							
Cost		424	10,869	56	3,186	5,480	20,016
Acc. Amortization		(421)	(9,652)	(16)	0	(2,304)	(12,393)
Net Book value		**3**	**1,217**	**40**	**3,186**	**3,176**	**7,623**
Movements 2017							
Increases	Cost	0	479	7	326	0	812
Decreases	Cost	(1)	(29)	(5)	(153)	(2,216)	(2,404)
	To dare amortization	*0*	*29*	*(2)*	*0*	*1,394*	*1,421*
Amortization		(1)	(616)	(8)	0	(2,135)	(2,760)
Exchange recl. Difference		0	(9)	6	(1,504)	1,473	(34)
December 31, 2017							
Cost		423	11,240	53	1,856	3,743	17,315
Acc. Amortization		(422)	(10,168)	(14)	0	(2,051)	(12,655)
Net Book value		**1**	**1,072**	**39**	**1,856**	**1,692**	**4,660**

II. STATEMENT OF CHANGES IN TANGIBLE FIXED ASSETS

		Land and buildings	*Plant and machinery*	*Industrial and Commercial equipment*	*Other assets*	*Construc tion in progress and advances*	*Total*
December 31, 2016							
Cost		81,103	383,907	120,856	3,068	28,441	617,374
Acc. Amortization		(17,694)	(244,703)	(92,353)	(614)	0	(355,365)
Net Book value		**63,409**	**139,203**	**28,503**	**2,453**	**28,441**	**262,010**
Movements 2017							
Increases	Cost	3,609	63,551	16,640	84	2,321	86,205
Decreases	Cost	(1,464)	(15,139)	(6,179)	0	(4,006)	(26,788)
	To dare amortization	843	18,486	5,551	0	0	24,880
Amortization		(2,385)	(62,256)	(10,370)	(220)	0	(75,231)
Exchange recl. Difference		(1,503)	(10,441)	(245)	(1,716)	(4,954)	(18,8599)
December 31, 2017							
Cost		80,665	430,722	130,654	1,299	21,802	665,141
Acc. Amortization		(18,156)	(297,318)	(96,754)	(697)	0	(412,926)
Net Book value		**62,509**	**133,403**	**33,900**	**601**	**21,802**	**252,215**

III. LIST OF NON CONSOLIDATED SUBSIDIARIES AND ASSOCIATED COMPANIES

Company	***Headquarter***	***CMC stake%***	***Shared Capital***	***Equity***	***Equity quota (a)***	***Book Value December 31, 2017 (b)***	***Diff. (a - b)***
Acquapura Scrl	Ravenna	60	20	20	12	12	0
Agata Scrl (***)	Ravenna	70	28	0	0	0	0
Alvisi Srl (*)	Faenza (RA)	90	100	-229	-206	0	-206
Ancona Newport Scrl (**)	Ravenna	53	100	100	53	53	0
Be Infrastrutture Srl (*)	Ravenna	70	100	155	109	109	0
CMC di Ravenna Mota-Engil JV (Liwonde-Naminga)	Malawi	100	0	519	519	519	0
Cmc d.o.o Zagabria	Croatia	100	0	0	0	0	0
CMC Embassy Srl (*)	Ravenna	100	10	408	408	408	0
CMC Swaziland (Pty) By Pass	Swaziland	100	0	-178	-178	876	-1.054
Fontana Nuova Scrl	Ravenna	51	20	20	10	10	0
Gruppo Immobiliare Spa (*)	Morciano (RN)	100	100	-522	-522	0	-522
Italia 61 Scrl	Ravenna	100	30	30	30	30	0
Letimbro Scrl	Tortona	51	100	100	51	51	0
Ospedale dei Castelli Scrl	Ravenna	50	50	50	25	25	0
Padiglioni Expo Scarl in liquidazione (**)	Milano	51	50	50	25	25	0
Palazzo Rasponi Scrl (***)	Ravenna	100	20	0	0	0	0
JV CMC/CCC	Ravenna	66	20	20	13	13	0
Ravenna Tunnel Sc per azioni	Ravenna	99	120	120	119	119	0
Solarmaas Srl	Aci Castello	51	100	42	21	36	-15
Villamarina Soc. cons. a R.L. in liquidazione	Ravenna	51	100	100	51	51	0

(*) subsidiaries or associates accounted for using the equity method
(**) changes in the scope of consolidation / reclassifications
(***) closing of settlement operations
(****) reduction of share capital

III. LIST OF NON CONSOLIDATED SUBSIDIARIES AND ASSOCIATED COMPANIES

Company	Headquarter	CMC stake%	Shared Capital	Equity	Equity quota (a)	Book Value December 31, 2017 (b)	Diff. (a - b)
Antares Scrl (*)	Ravenna	28	3,000	3,269	915	968	-53
Autostrade Romagna 1 Scpa	Forlì	35	1,000	1,000	350	350	0
Baglio la Camperia Spa	Palermo	20	500	500	100	100	0
Bagnarola Srl	Cesena	13	0	0	0	25	-25
CMC Conduril JV (Beira)	Mozambico	50	0	0	0	37	-37
Consorzio JV CB	Ravenna	50	20	20	10	13	-3
Elaion Scrl	Ravenna	41	10	10	4	4	0
Emir Spa (*) (**)	Ravenna	42	0	0	0	279	-279
Fda Srl	Milano	20	702	1,164	233	256	-23
Gammon CMC JV (**)	India	50	0	0	0	462	-462
Granarolo Immobiliare Spa (*)	Ravenna	30	4,470	1,880	564	554	10
Holcoap Spa	Ravenna	15	50	55	8	17	-9
ITARE Srl	Ravenna	20	0	0	0	10	-10
Itaca Scrl in liquidazione	Ravenna	35	10	10	3	4	-1
J.F. White - Contracting Co. (*) (**)	USA	19	0	0	0	588	-588
Lodigiani - Cmc (Malaysia) Sdn Bhd	Malaysia	50	0	14	7	7	0
Lovon Samverkan AB (*) (**)	Stoccolma	49	0	0	0	257	-257
Mirandola Scrl	Ravenna	45	20	20	9	9	0
Mediterranea 010 Scrl	Perugia (PG)	49	0	0	0	5	-5
Molfetta New Port Scrl	Ravenna	39	50	50	19	19	0
Opera 3 Scrl	Ravenna	35	30	30	10	10	0
PACO Srl	Ravenna	49	50	50	25	25	-1
Piombone Scrl	Ravenna	49	100	100	49	49	0
Rodano Scrl	Milano	46	250	250	116	116	0
Sistema 2 Scrl	Ravenna	37	30	30	11	11	0
Under Water Anchors Srl	Ravenna	33	119	112	37	50	-13
Val di Chienti Scrl	Ravenna	28	70,000	70,000	19,600	19,600	0

(*) subsidiaries or associates accounted for using the equity method
(**) changes in the scope of consolidation / reclassifications
(***) closing of settlement operations
(****) reduction of share capital

IV. MEASUREMENT OF DERIVATIVES

Contract	Net. Amount 12/31/2017	Interest rate - Exchange rate	Expiry Date	MARK TO MARKET (€/000)		
				Posit.	Negat.	Net
Interest rate derivates						
Irs Forward Start	1,785	Euribor 3 months	31/03/2019	0	(8)	(8)
Irs Forward Start	8,100	Euribor 6 months	05/02/2019	0	(87)	(87)
Irs Forward Start	7,517	Euribor 3 months	01/06/2023	0	(1140)	(1140)
Irs Forward Start	5,665	Euribor 3 months	31/08/2018	0	(24)	(24)
Irs Forward Start	40,000	Euribor 3 months	31/12/2019	0	(208)	(208)
Total	**63,067**			**0**	**(1,467)**	**(1,467)**

Exc. rate put /call options	Net Amount 12/31/2017	Currency	Expiry Date	MARK TO MARKET (€/000)		
				Posit.	Negat.	Net
Exc. rate put /call options	1,830	USD	28/03/2018	162	0	162
Exc. rate put /call options	4,611	USD	17/04/2018	416	0	416
Total	**6,441**			**578**	**0**	**578**

V. RECEIVABLES AND PAYABLES

DUE FROM/TO NON-CONSOLIDATED SUBSIDIARIES

Receivables/Payables - Subsidiary companies	*Financial Receivables*	*Trades receivables*	*Financial Payables*	*Trade payables*	*Total 2017*	*Total 2016*
Acquapura Scrl	*1,252*	*-*	*-*	*(891)*	***361***	***(883)***
ACR Srl	*-*	*834*	*-*	*-*	***834***	***834***
Agata Scrl	*-*	*-*	*-*	*-*	***-***	***219***
Ancona Newport Scrl	*-*	*245*	*-*	*(45)*	***200***	***(1,122)***
Alvisi Srl	*136*	*365*	*(80)*	*-*	***421***	***(80)***
BE Infrastrutture Srl	*-*	*-*	*(313)*	*(8)*	***(321)***	***(386)***
Cedir Scrl (in liquidazione)	*39*	*251*	*-*	*-*	***290***	***288***
CETA-CMC JV (Macurungo)	*-*	*326*	*-*	*-*	***326***	***-***
Cooperativa Servizi Cultura	*-*	*-*	*(21)*	*-*	***(21)***	***-***
Consorzio Nazionale Servizi	*-*	*366*	*-*	*-*	***366***	***-***
CMC Co Ltd Sudan	*-*	*-*	*-*	*63*	***63***	***30***
CMC di Ravenna Mota-Engil JV (Liwonde-Naminga)	*-*	*76*	*(784)*	*-*	***(708)***	***99***
CMC Embassy Srl	*1,575*	*185*	*-*	*(36)*	***1,724***	***1,891***
CMC Engoa Groupement	*-*	*2*	*-*	*(1,520)*	***(1,518)***	***1***
CMC Malaysia Sdn Bhd	*723*	*75*	*-*	*(1)*	***797***	***802***
CMC Mavundla-Indiza-Hkb JV	*-*	*-*	*-*	*-*	***-***	***(11)***
CMC Swaziland (Pty) by pass	*-*	*15*	*-*	*(68)*	***(53)***	***(53)***
CMC Wbho JV	*-*	*-*	*-*	*(1,985)*	***(1,985)***	***(1,871)***
Dunrose Investments Pty Ltd	*204*	*4*	*-*	*-*	***208***	***66***
Fontana Nuova Scrl	*-*	*90*	*-*	*(49)*	***41***	***67***
Ghilina Scrl (in liquidazione)	*-*	*1*	*-*	*-*	***1***	***1***
Gruppo Immobiliare Srl	*1,198*	*1,887*	*-*	*(182)*	***2,903***	***-***
G.T.R.E.K. Groupement CMC di Ravenna	*-*	*272*	*-*	*(20)*	***252***	***261***
Italia 61 Scrl	*5,154*	*-*	*-*	*(20,917)*	***(15,763)***	***(5,290)***
La Quercia 2 Scrl	*-*	*94*	*-*	*-*	***94***	***91***
Letimbro Scrl	*-*	*-*	*-*	*(14,389)*	***(14,389)***	***(11,328)***
Moreside Investments Pty Ltd	*115*	*39*	*-*	*-*	***154***	***176***
Ospedale dei Castelli Scrl	*-*	*-*	*-*	*(1,702)*	***(1,702)***	***(8,505)***
Padiglioni Expo Scrl	*-*	*257*	*-*	*(29)*	***228***	***-***
Palazzo Rasponi Scrl	*-*	*-*	*-*	*-*	***-***	***63***
Polis Trento Scrl (in liquidazione)	*-*	*1*	*-*	*-*	***1***	***1***
JV CMC/CCC	*-*	*8,356*	*-*	*-*	***8,356***	***5,272***
Ravenna Tunnel Scpa	*-*	*-*	*-*	*(105)*	***(105)***	***(114)***
Solarmaas Srl	*-*	*7*	*-*	*-*	***7***	***-***
Villamarina Scrl	*-*	*-*	*-*	*(341)*	***(341)***	***(370)***
Sidebar Manufacturing Pty Ltd	*4,503*	*-*	*-*	*(2,322)*	***2,181***	***2,597***
TOTAL	**14,899**	**13,748**	**(1,198)**	**(44,547)**	**(17,098)**	**(17,254)**

VI. RECEIVABLES AND PAYABLES

DUE FROM/TO NON- CONSOLIDATED ASSOCIATED COMPANIES

Receivables/Payables - Associated companies	Financial Receivables	Trades receivables	Financial Payables	Trade payables	Total 2017	Total 2016
ACR Srl	-	255	-	3	258	240
Alvisi Srl	-	-	-	-	-	390
Antares Scrl	-	342	-	(12)	330	217
Arabia Saudita JV	1,201	-	-	-	1,201	1,201
Autostrade Romagna 1 Scpa	-	-	-	(347)	(347)	(344)
Baglio la Camperia Spa	70	-	-	-	70	70
Colispa Scrl (in liquidazione)	-	-	-	(21)	(21)	(19)
Consorzio C.G.L. (in liquidazione)	-	1	-	-	1	1
Consorzio Costruttori TEEM	-	2,171	-	-	2,171	1,678
Consorzio JV CB	65	160	-	(11)	214	214
Consorzio Lybian Expressway Contractors	-	-	-	(7)	(7)	(55)
Constructora Nuevo Maipo SA	24,263	1,814	-	-	26,077	-
Elaion Scrl	30	266	-	-	296	(18)
Emir Spa	-	235	-	-	235	-
Eurolink Scpa	-	1,561	-	-	1,561	1,561
Fda Srl	-	-	-	(138)	(138)	(135)
Granarolo Immobiliare Spa	100	6	-	-	106	106
Gruppo Immobiliare Srl	-	-	-	-	-	3,140
Holcoap Spa	-	-	-	(57)	(57)	(37)
Immofil Srl	-	-	-	-	-	2
Itaca Scrl	-	155	-	(90)	65	60
Itare Srl	-	29	-	-	29	15
Lodigiani-CMC Malaysia Sdn Bhd	792	33	-	-	825	825
Lovon Samverkan AB	-	838	-	-	838	-
Mediterranea 010 Scrl	-	-	-	(49)	(49)	(34)
Mirandola Scrl	-	156	-	(128)	28	(403)
Molfetta New Port Scrl	-	408	-	-	408	382
Moreside Investments Pty Ltd	-	-	-	-	-	(212)
Opera 3 Scrl	-	31	-	(21)	10	10
PACO Srl	-	-	(18)	-	(18)	-
Passante di Mestre Scpa	-	-	-	(51)	(51)	-
Piombone Scrl	-	-	-	(69)	(69)	(69)
Pizzarotti-CMC Ra Sep	-	-	-	(16)	(16)	(16)
Rodano Scrl	-	643	-	-	643	(76)
S.C.S. Consulting Spa	-	-	-	(5)	(5)	(5)
Sistema 2 Scrl	-	57	-	(3)	54	70
Under Water Anchors Srl	96	5	-	(10)	91	98
Val di Chienti Scpa	211	-	-	(13,131)	(12,920)	1,479
TOTAL	**26,828**	**9,166**	**(18)**	**(14,163)**	**21,813**	**10,336**

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE Nr. 39 OF JANUARY 27, 2010

To the Shareholders of
Cooperativa Muratori & Cementisti
- C.M.C. di Ravenna Società Cooperativa
Via Trieste, 76
48122 Ravenna

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Cooperativa Muratori & Cementisti - C.M.C. di Ravenna Società Cooperativa and its subsidiaries (the "C.M.C. Group" or the "Group"), which comprise the consolidated balance sheet as at December 31, 2017, the consolidated statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Cooperativa Muratori & Cementisti - C.M.C. di Ravenna Società Cooperativa (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The consolidated financial statements of the Group for the year ended December 31, 2016, was audited by another auditor who, on May 5, 2017, issued a qualified opinion on these financial statements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance the Italian law governing financial statements and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10

The Directors of Cooperativa Muratori & Cementisti - C.M.C. di Ravenna Società Cooperativa are responsible for the preparation of the report on operations of C.M.C. Group as at December 31, 2017, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of C.M.C. Group as at December 31, 2017 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the consolidated financial statements of C.M.C. Group as at December 31, 2017 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Group and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Alberto Guerzoni
Partner

Bologna, Italy
April 12, 2018

This report has been translated into the English language solely for the convenience of international readers.