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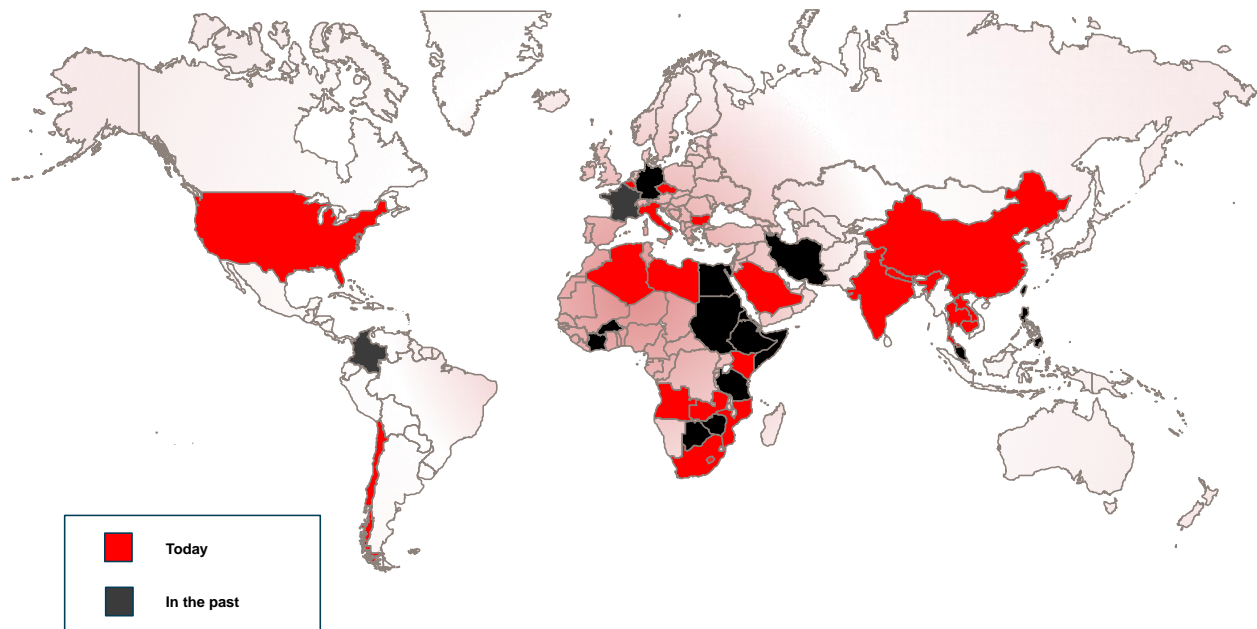
## **CONSOLIDATED FINANCIAL REPORT AS AT DECEMBER 31, 2015**

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**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	Laos
Burkina Faso	Malaysia
Belgium	Philippines
Colombia	Somalia
Czech Republic	Sudan
Eritrea	Swaziland
Ethiopia	Taiwan
Germany	Tanzania
Iran	Zimbabwe
Ivory Coast	

### Today

Algeria	Malawi
Angola	Morocco
Bulgaria	Mozambique
Chile	Namibia
China	Nepal
Egypt	Saudi Arabia
France	Singapore
India	South Africa
Italy	Sweden
Kenya	Thailand
Lebanon	USA
Lesotho	Zambia
Libya	

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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

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**Domestic operations**

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**Overseas operations**

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**GED Srl (Precast)**

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**SIC Spa (Building materials)**

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**CMC Immobiliare Spa (Real estate)**

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## CORPORATE GOVERNANCE

### **Board of Directors** <sup>1</sup>

#### **Chairman**

Massimo Matteucci

#### **Deputy**

Alfredo Fioretti

Claudio Bandini

Grazia Benazzi

Marco Bulgarelli

Marcello Cacucciolo

Mauro Calandrini

Lorenzo Cottignoli

Maurizio Fucchi

Fabio Monti

Michela Santandrea

#### **Chief Executive Officer**

Roberto Macri

### **Statutory Auditors** <sup>1</sup>

#### **Chairman**

Gian Luca Bandini

#### **Auditors**

Maurizio Rivalta

Gian Marco Venturi

### **Independent Auditors** <sup>2</sup>

Ria Grant Thornton Spa

### **Audit Committee** <sup>1</sup>

#### **ex art. 6 Legislative Decree 231/2001**

#### **Chairman**

Gian Luca Bandini

#### **Members**

Michela Santandrea

Riccardo Suprani

<sup>1</sup> In charge for the 2014-2016 period

<sup>2</sup> In charge until approval of the 2016 financial statements

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## FINANCIAL HIGHLIGHTS

Income Statement	Q4 2015	Q4 2014	FY 2015	FY 2014
Construction Revenue	307.2	323.8	1,133.0	1,067.2
- Italy	126.9	152.1	520.0	492.1
- Overseas	180.3	171.7	613.0	575.1
<b>Total turnover</b>	<b>324.0</b>	<b>332.9</b>	<b>1,177.0</b>	<b>1,104.8</b>
<b>EBITDA</b>	<b>36.9</b>	<b>38.0</b>	<b>140.3</b>	<b>122.6</b>
<b>EBITDA Margin</b>	<b>11.4%</b>	<b>11.4%</b>	<b>11.9%</b>	<b>11.1%</b>
Consolidated net income	3.2	0.3	10.0	11.0

New Orders	Q4 2015	Q4 2014	FY 2015	FY 2014
- Italy	0.0	7.1	485.8	466.0
- Overseas	546.8	214.3	1,087.0	713.7
<b>Total new orders</b>	<b>546.8</b>	<b>221.4</b>	<b>1,572.8</b>	<b>1,179.7</b>

Cash Flows	Q4 2015	Q4 2014	FY 2015	FY 2014
- CF from operations	18.0	56.2	56.9	70.3
- CF from inv. activities	(31.9)	(13.5)	(88.9)	(84.5)
- CF from fin. activities	(11.3)	(51.8)	5.8	41.7
<b>Total Cash Flow</b>	<b>(25.2)</b>	<b>(9.1)</b>	<b>(26.2)</b>	<b>27.5</b>

Balance Sheet	Dec-15	Sep-15	Dec-14
Net working capital	394.6	382.4	332.5
Net financial position	566.1	537.9	450.5
Adj. net financial position	579.5	551.6	464.2
Shareholders Equity	142.9	144.2	164.7

Key LTM financials	Dec-15	Sep-15	Dec-14
LTM Construction revenue	1,133.0	1,149.6	1,067.2
LTM EBITDA	140.3	141.4	122.6

Key Ratios	Dec-15	Sep-15	Dec-14
Backlog / LTM Constr. revenue	3.11x	2.82x	2.73x
NFP / EBITDA	4.03x	3.80x	3.67x
Adj. NFP / EBITDA	4.13x	3.90x	3.79x

Backlog	Dec-15	Sep-15	Dec-14
<b>Italy</b>	<b>1,415.7</b>	<b>1,550.4</b>	<b>1,344.6</b>
- Southern Africa	726.6	693.7	584.7
- Asia	118.1	139.7	203.5
- Northern Africa	329.3	321.3	251.9
- Eastern Africa	457.6	241.0	241.0
- South America	48.9	51.9	57.3
- North America	70.0	67.2	68.5
- Europe	194.2	12.3	12.5
- Middle East	158.7	167.8	150.0
<b>Total international</b>	<b>2,103.4</b>	<b>1,694.9</b>	<b>1,569.4</b>
<b>Total backlog</b>	<b>3,519.1</b>	<b>3,245.3</b>	<b>2,914.0</b>



## INTRODUCTION

This report was prepared by the Board of Directors of COOPERATIVA MURATORI & CEMENTISTI - CMC DI RAVENNA, on April 4, 2016 and shows the consolidated results of the CMC Group for the period ended December 31, 2015.

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 tend to be negatively affected by poor weather conditions in the first quarter of the year.

## KEY EVENTS

- In the year 2015, we have been awarded new contracts for approximately €1,573 million, of which €486 million in Italy and €1,087 million overseas. Below are the main new contracts awarded to CMC in the twelve months ended December 31, 2015:

### Italy

- Acquisition from a minority partner of additional shares in existing projects in Sicily related to the second section of the SS640 Agrigento-Caltanissetta and SS121 Palermo-Lercara Friddi. Project extension value: €360 million;
- Other smaller projects: €55 million Milan Subway line 1; €23 million Trento water treatment; €16 million Cesena University and additional works on existing projects for €32 million.

### International

- Mozambique: new projects, Anadarco resettlement camp for €90 million, Balama graphite project mining for €17 million and additional works on various existing projects for €37 million;
- South Africa: new €20 million Mogalakwena water treatment project and additional works on existing projects (Ingula Hydroelectric Plant and Mount Edgecombe Junction) for €95 million;
- USA: additional projects for €60 million acquired by our subsidiaries Lmh and Di Fazio;
- Namibia: new €97 million industrial construction project and €69 million rehabilitation of Windhoek-Okahandja road;
- Zambia: €32 million sewer rehabilitation and expansion project;
- Egypt: road tunnels under Suez channel for €80 million;
- Algeria: Danieli steel plant civil works for €17 million;
- Sweden: Stockholm road by pass for €194 million;
- Kenya: 2 dams and tunnelling for €223 million;
- Morocco: construction of mooring and logistics facility Porto of Mohammedia for €13 million;
- Additional works on existing projects for €44 million, of which €18 million related to our project in Lebanon.
- The special purpose vehicle Bolognetta S.p.A. is carrying out refurbishment works on a 34km stretch of the Palermo-Agrigento (Sicily), section Bolognetta-Lercara Friddi, which are expected to be completed in 2017. On December 23, 2014 a 1.3 km highway stretch located near Scorciavacche was

opened to traffic, after all the mandatory preliminary tests and checks had been performed by the contractor and the Independent Engineer. On December 28, 2014 the daily survey of the road identified the start of a possible asphalt subsidence on a 30m stretch of the access ramp to a viaduct. As a result, on December 30, 2014 CMC asked the stretch to be closed by ANAS, the Italian Roads Agency, and traffic to be diverted. Subsequently, the asphalt slide became more evident, and the Italian Roads Agency opened an investigation to assess the causes of the subsidence. Bolognetta S.p.A. will execute at its own expense the rehabilitation works of the damaged stretch, as soon as the Court will allow it. ANAS indicates that the works are expected to take approximately two months, for an expected indicative cost of €200,000. Bolognetta S.p.A. is carrying out an investigation of the cause of the problem, likely to be an error in the design phase. In this case, the additional costs will be covered by the insurance.

- ❑ On March 3, 2015, the Board of Directors approved a top management reshuffling, withdrawing the executive powers held by former CEO Dario Foschini, and entrusting the full strategic direction of the Cooperative to CEO Roberto Macri. The Board also confirmed Massimo Matteucci as Chairman of the Cooperative.
- ❑ On March 7, 2015, the Shareholders' meeting approved the Strategic Plan 2015-2017 presented by CEO Roberto Macri, which forecasts our turnover to achieve €1.3 billion per year by the end of the period. The Shareholders also approved a €2.0 million capital increase reserved to our Supporting Shareholders.
- ❑ On April 21, 2015, we announced the closing of a commercial agreement with SELI Technologies, a company operating in the design, sale and management of TBM and equipment utilised in the tunnel boring sector. SELI Technologies and CMC believe that the commercial agreement will lead to significant mutual advantages. In particular, CMC will be able to utilise SELI Technologies' technical know-how as a specialised key supplier for the design and management of tunnel boring equipment (both new and revamped), and for the technical assistance related to them. On the other hand, SELI Technologies will be able to deploy its skilled personnel, on a non-exclusive basis, in a significant backlog of underground projects. At the end of the 3 year restructuring period which involves Seli SpA, the commercial agreement might lead, if certain conditions are met, to a larger cooperation between the parties, which might also include a full integration via acquisition of shares. The commercial agreement allows CMC to better manage and optimise its TBM portfolio through the utilisation of highly qualified personnel, and to take advantage of possible further opportunities to bid for underground projects, with the aim at consolidating its positioning as a specialist in a high-technology sector in constant expansion.
- ❑ On April 25, 2015, a massive earthquake hit Nepal, where we are executing a €80.3 tunnelling project (100% CMC) for the deviation of the Melamchi river, expected to be completed in late 2016, and 47% completed as at December 31, 2015. Although there were no victims or serious injuries among our people involved in the project nor material damage reported on the site, works were temporarily suspended to allow a safety recognition of the tunnel. In addition, the earthquake caused serious damage to the roads utilised to access the site, resulting in further delays to the execution of the project. The possible damages suffered by CMC are covered by the insurance, while the possible additional costs resulting from the event are covered by the contract signed with the Client. As activities promptly resumed, we had no material impact on our 2015 financial results.
- ❑ In April 2015 we handed over on schedule all our projects related to the 2015 EXPO (including the French, Thai and Korean pavilions) which opened on May 1<sup>st</sup>.

- ❑ At the end of May 2015, Mr. Wee Meng and Mr. Chen Wah, representatives of the Land Transport Authority in Singapore, main contractor for the construction of C926 and C927 lots of Singapore's subway (Mass Rapid Transit) visited CMC head office in Ravenna. During their visit they met CEO Roberto Macri and Ivano Andreis, Manager of CMC Technical Services Department.
- ❑ On May 29, 2015, the Board of Directors formalised Dario Foschini's resignation as Director of the Cooperative and replaced him with shareholder Fabio Monti. The procedure was compliant to CMC's Articles of Association and to the guidelines of Italian Civil Code concerning the structure of the Board of Directors.
- ❑ On June 21, 2015, CMC's Chairman Massimo Matteucci and Marco Travanini, Manager of our Representative Office in Milan, took part to the celebration of the French National Day at the Expo Milano 2015. The ceremony was attended by President François Hollande and Italian Prime Minister Matteo Renzi, who praised CMC for the outstanding quality achieved in the construction of the French pavilion.
- ❑ Concurrently with the visit of Italian Prime Minister Matteo Renzi to Nairobi, C.M.C. announced the signing of a financing package of € 306 million provided by SACE, Intesa Sanpaolo and BNP Paribas to the Kenyan Government to back the construction Itare Dam. The signing of the contract has been attended by Roberto Macri, CEO of C.M.C. di Ravenna, which will execute the project for the Kenyan Government. The financing has been provided by Intesa Sanpaolo – which has also been Mandated Lead Arranger of the transaction - and BNP Paribas, and includes a €270 million tranche guaranteed by SACE and a €36 million commercial tranche. In addition to the dam construction, the project will include a water treatment facility and pipeline to distribute water to the main towns in the area Nakuru Town, Molo, Njoro, Kuresoi e Rongai. The dam is included among the high priority projects envisaged by "Vision 2030", the strategic development programme conceived by the Kenyan Government to allocate public investments into projects with high economical-social impact, such as the infrastructure improvement for the transport, energy and water access sectors. The transaction confirms C.M.C.'s significant experience in securing and executing large infrastructure projects in Sub-saharan Africa, where the company operates since the 1980s generating over 30% of its turnover. The project also extends C.M.C.'s activities to a country of significant strategic importance in Eastern Africa. Kenya ranks among the strongest African economies, with GDP expected to increase by 5% in 2015, also thanks to the current government policy encouraging consumption and investments. The recent discovery of oil reserves might lead to an additional growth of public and foreign investments in the medium term. SACE expects Italian export to report an average 4% annual increase in 2015-2019.
- ❑ On August 27, 2015, the Italian Minister Mr. Delrio and the French Minister, Mr. Vidalies, visited the Turin-Lione project sites. The project is expected to move forward quickly to meet the 2019 deadline, also thanks to the recent European decision to cover with its own funds the main share of the work.
- ❑ On October 8, 2015, with the attendance of the Italian Deputy Minister of Transport and Infrastructure Mr. Riccardo Nencini, we inaugurated the port of Ancona's pier (Italy), a €57 million project we recently completed. The pier, built by a Temporary Association of Companies with CMC as the leader, is 21 meter tall, 5 meter above sea level, and will protect the dock *Marche*, which will be utilised for the handling of containers. To build the pier, the area had to be cleaned up from military devices. Two million tons of stones and rocks for the construction of the structure were sourced in quarries located in Croatia. The plant for the production of the 10,500 tetra pods for the external cover of the dam was built directly at the port.

- ❑ On October 29, 2015, we inaugurated the A-1 Maritza motorway in Bulgaria. The 31.4 km road stretches from Orizovo to Dimitrovgrad, and allows the completion of the route which connects Sofia to Istanbul. The ceremony was attended by several key representatives of the Bulgarian government and authorities.
- ❑ On November 4, 2015, Holcoa Spa was liquidated. The company had a 25% shareholding in SAT (Società Autostrada Tirrenica Spa). Following the liquidation, each shareholder will receive proceeds on a pro-quota basis. This marks the first step of our planned disposals of Italian concessions, which will be completed in the next years with the sale of our other concession, the Tangenziale Esterna Est in Milan.
- ❑ In November 2015, in compliance with the clean down provision included in the related contract, we reduced the utilisation of our Revolving Credit Facility to €9.0 million, by using the following sources:
  - New medium-term loans for €9.0 million;
  - Available cash, in part generated by advances on overseas contracts.

On November 30, 2015, we were again able to use our Revolving Credit Facility in full. After the clean down period, the new medium-term loans have been utilised to reduce existing uncommitted credit lines.

- ❑ In 2015, the Italian Tax Authority has challenged the fiscal treatment applied to earnings from a Joint Venture which has executed a project overseas. As a result, we received a notice of assessment for the fiscal years 2008, 2009 and 2010. Whilst preparing a proper appeal, we have been holding meetings with the tax authority officials to provide evidence of our full compliance with the Italian tax law on the matter. Our tax consultants believe the challenge has no ground and, as a result, we have not set aside any provision in our financial statements.

## UPDATE ON KEY RELEVANT MARKETS

2015 was affected by continuing political, social and financial turbulences in certain areas of the Middle East and Northern Africa, combined to a confirmed slowdown in demand from key emerging market countries and to a further drop in crude oil prices, which harmed the pace of economic recovery, particularly in our domestic market. However, our increased international diversification and our ability to maintain a solid backlog in Italy through the acquisition of shares in existing projects from minority shareholders allowed us to report another year of success in terms of turnover growth, new orders and profitability.

### Italy

If Europe celebrated its fourth year of modest recovery, Italy just timidly emerged from recession reporting a +0.8% change in GDP, expected to gain momentum in 2016 (+1.4%) and 2017. However, if GDP seems to be back on track, the EU Commission estimates deficit and Debt/GDP to increase to 1.5% and 12.4% respectively. Amid a challenging environment, we reported a healthy backlog of €1.4 billion as at December 13, 2015, thanks to €485 million of new orders almost entirely generated by the acquisition of shares in existing projects from minority co-shareholders. The current backlog is adequate to cover our expected turnover in Italy for the next two years. As a result, we can afford to approach domestic market with no immediate anxiety, ready to take advantage of the next large projects expected to be launched in Italy in the next years.

A particular priority will be given to projects with more frequent payment milestones to improve working capital, and to projects in niche markets such as maritime works, contracts for the US Government, building renovation and in the Healthcare sector. We exclude further involvement in concessions, from which we are actually planning to complete our exit.

### Europe

The European Commission recently cut the growth estimates in the Eurozone in 2016 from 1.8% to 1.7%, confirming the GDP growth for 2017 at 1.9%. We believe Northern Europe presents interesting opportunities, and we expect to leverage on our recent new contracts won in Sweden to further increase our exposure in the area.

### Austral Africa

Austral Africa still represents our main market overseas, but our turnover and backlog in the area is now significantly more diversified.

For South Africa, IMF estimates GDP to report a 1.3% growth in 2015, 0.7% in 2016 and 1.8% in 2017. Thanks to our policy to secure contracts in the area partially denominated in Euro, and to use revenue in local currency to pay local expenses, we mitigated the effect of the recent significant devaluation of the ZAR. We reported a turnover of approximately €200 million in the area, which we expect to maintain in the future as new projects are replacing the phase-out of the Ingula project.

In Angola, we are eventually progressing with our road project, thanks to the financial package secured with major European banks with the back of SACE.

In Namibia, where the IMF estimates a real GDP growth of 4.2% and 5.8% in 2016 and 2017, we secured new orders for €166 million, further diversifying our backlog in the area.

In Zambia, which is expected to enjoy a similar growth, we secured a €32 million sewer rehabilitation project in 2015.

In Mozambique, we downsized our local structure and we are pursuing a strategy aimed at taking advantage of the significant increase of infrastructure projects promoted by international companies, and shifting from public clients to private international multinationals (Oil & Gas, Coca Cola). Based on this approach, we secured €144 million of new orders in 2015.

## **Eastern Africa**

In Kenya, where GDP growth is expected to reach 5.5% in 2015, and similar percentages in 2016 and 2017, we have been awarded €223 million as backlog secured by a financial package to be backed by SACE.

## **Northern Africa**

In Algeria, which is suffering from low oil prices and high fiscal spending, we confirmed our longstanding presence, progressing on our AGA project.

In Egypt, where economic growth could hover at about 4% in 2015 and 2016 according to the World Bank, we secured an important order for the construction of road tunnels under the Suez Channel.

In Morocco, the economy is based on agriculture, with economic growth depending on the weather. The country seems to be eventually focussed on its infrastructure needs, and we marked our presence in the country by winning a €13 million maritime infrastructure project.

In Lybia, our large contract for the construction of a section of the coastal motorway remains on hold awaiting the required stabilisation of the political environment.

## **Middle East**

In Lebanon, the improvement of security and political conditions is expected to positively impact the economy, backed by continuously low oil prices, and the World Bank expect 2015 GDP to reach 2.5%. In the country, we successfully started the execution of our water infrastructure project in Beirut.

## **Asia**

Asia confirms to be a continent reporting significant growth rates. In 2015, we strengthened our presence both in terms of projects (India, Singapore, Nepal and China) and in terms of representative offices (Bangkok, Hong Kong, Shanghai, Singapore, Kathmandu and Mumbai). Recently, we are increasingly looking at opportunities in the Philippines, Laos and Pakistan, where we hope to be able to secure contracts soon.

## **North and South America**

In the USA, we operate through two subsidiaries: LMH in Boston (100% owned, acquired in 2011), and Di Fazio Industries in New York (33% owned, acquired in 2013 with a call option for the remaining 67% in 2017). The economic indicators in the relevant areas where we operate are showing constant growth rates. We secured new orders for €60 million in 2015, keeping our backlog of high-turnover projects at approximately €70 million. We are reviewing opportunities to bid for larger projects in partnership with third parties, and involving the technical and financial capabilities of the CMC Group. We are also considering an expansion to other areas, such as Canada or Florida.

In South America, we are involved in a hydroelectric project in Chile in partnership with Hochtief. We are considering extending our presence in the country and in neighbouring areas, focussing on underground works.



## OVERVIEW

Set out below is an overview of our results and key indicators related to the year ended December 31, 2015, compared to the year ended December 31, 2014:

- ❑ *Total turnover*: increased by €72.2 million, from €1,104.8 million to €1,177.0 million. In particular, construction revenue increased by €65.8 million, from €1,067.2 million to €1,133.0 million, driven by an increase of €27.9 million in Italy and of €37.9 million overseas.
- ❑ *EBITDA*: increased by €17.7 million, from €122.6 million to €140.3 million. As a percentage of total turnover, EBITDA increased from 11.1% to 11.9%.
- ❑ *Net income*: decreased to €10.0 million from €11.0 million. Earnings before taxes totalled €17.1 million, slightly lower compared to the €20.2 million reported for same period of 2014.
- ❑ *New orders*: up by €393.1 million, from €1,179.7 million to €1,572.8 million. Significant new orders were secured both in Italy, €485.8 million, and overseas, €1,087.0 million, with the addition of Namibia, Sweden, Egypt and Morocco to our project map.
- ❑ *Cash flow from operations*: decreased by €13.4 million, from €70.3 million to €56.9 million, due to higher Net Working Capital.
- ❑ *Cash flow used in investing activities*: increased by €4.4 million, from a negative €84.5 million to a negative €88.9 million, mainly due to the deconsolidation of the Eurolink subsidiary, with resulting €19.5m change in financial fixed assets, and despite the disposal of our shares in SAT concession.
- ❑ *Cash flow from financing*: decreased by €35.9 million, from €41.7 million to €5.8 million. The increase in financial debt was offset by higher financial charges and exchange rate adjustments.

Set out below is a review of our key indicators as at December 31, 2015, compared to December 31, 2014:

- ❑ *Backlog*: increased to €3,519.1 million compared to €2,914.0 million as at December 31, 2014 and €3,245.3 million as at September 30, 2015, maintaining a significant coverage of the expected production value of the next two years.
- ❑ *Net working capital*: increased by €62.1 million from €332.5 million as at December 31, 2014 to €394.6 million as at December 31, 2015. The increase was mainly due to delays caused by the top management reshuffle at ANAS and the late collection of €60m of bonus (Ingula project) and advances on new contracts (Catania), cashed in in early January 2016 instead of December 2015.
- ❑ *Net financial position*: increased by €115.6 million, from €450.5 million as at December 31, 2014 to €566.1 million as at December 31, 2015. Net financial position/EBITDA slightly increased from 3.67x as at December 31, 2014 to 4.03x as at December 31, 2015.
- ❑ *Adjusted net financial position*: increased by €115.3 million, from €464.2 million as at December 31, 2014 to €579.5 million as at December 31, 2015. Adjusted net financial position/EBITDA slightly increased from 3.79x as at December 31, 2014 to 4.13x as at December 31, 2015. The increase is mainly due to: temporary increase in NWC, change in consolidation area, higher financial charges and impact of exchange rates. The timely collection of bonus from Ingula and advances on the Catania project would have led to an Adjusted Net Financial Position of €520 million, or 3.70x EBITDA.
- ❑ *Shareholders Equity*: decreased by €21.8 million, from €164.7 million to €142.9 million, mainly as a result of exchange rate adjustments.

## 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, 2015, September 30, 2015 and December 31, 2014:

	December 31, 2015	September 30, 2015	December 31, 2014
	(€ in million)		
<b>Italy .....</b>	<b>1,415.7</b>	<b>1,550.4</b>	<b>1,344.6</b>
Southern Africa .....	726.6	693.7	584.7
Eastern Africa .....	457.6	241.0	241.0
North Africa.....	329.3	321.3	251.9
Europe.....	194.2	12.3	12.5
Middle east.....	158.7	167.8	150.0
Asia.....	118.1	139.7	203.5
North America.....	70.0	67.2	68.5
South America.....	48.9	51.9	57.3
<b>Total International.....</b>	<b>2,103.4</b>	<b>1,694.9</b>	<b>1,569.4</b>
<b>Total backlog.....</b>	<b>3,519.1</b>	<b>3,245.3</b>	<b>2,914.0</b>

### *Backlog by business area*

The following table sets forth a breakdown of our order backlog by business area as at December 31, 2015, September 30, 2015 and December 31, 2014:

	December 31, 2015	September 30, 2015	December 31, 2014
	(€ in million)		
Transport Infrastructure.....	2,100.3	2,036.9	1,753.3
<i>Road and motorways.....</i>	<i>1,676.9</i>	<i>1,598.2</i>	<i>1,336.4</i>
<i>Railways and subways.....</i>	<i>423.4</i>	<i>438.7</i>	<i>416.9</i>
Water and Irrigation Works.....	906.5	763.9	724.7
Building Projects.....	374.6	312.8	287.7
Water Control and Marine Works.....	22.0	25.1	39.8
Mining and Waste Treatment Infrastructure Works.....	115.7	106.6	108.5
<b>Total backlog.....</b>	<b>3,519.1</b>	<b>3,245.3</b>	<b>2,914.0</b>

Our order backlog is entirely attributable to our construction activities. As at December 31, 2015, our backlog amounted to €3,519.1 million, compared to €3,245.3 as at September 30, 2015 and €2,914.0 million as at December 31, 2014. International backlog represented 60% of the total as at December 31, 2015. Important additions to our International backlog in the three-month period ended December 31, 2015, were a new €223m project in Kenya, a new €194m project in Sweden, a new €90m in Mozambique and a new €13m project in Morocco.

In line with our forecasts we significantly improved earnings granularity in 2015, with top projects down from 70% in 2013 to 47% in 2015.



### 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, 2015, for the year ended December 31, 2015 and for the year ended December 31, 2014:

	Three months ended December 31, 2015	Twelve months ended December 31, 2015	Twelve months ended December 31, 2014
	(€ in million)		
<b>Italy .....</b>	<b>-</b>	<b>485.8</b>	<b>466.0</b>
Southern Africa .....	97.1	456.2	175.2
Asia .....	1.3	16.9	30.7
North Africa .....	17.3	110.5	31.9
Eastern Africa .....	222.9	222.9	241.0
South America .....	2.7	7.8	-
North America .....	11.3	59.4	84.9
Europe .....	194.2	195.5	-
Middle east .....	-	17.8	150.0
<b>Total International .....</b>	<b>546.8</b>	<b>1,087.0</b>	<b>713.7</b>
<b>Total new orders .....</b>	<b>546.8</b>	<b>1,572.8</b>	<b>1,179.7</b>

### 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, 2015, for the year ended December 31, 2015 and for the year ended December 31, 2014:

	Three months ended December 31, 2015	Twelve months ended December 31, 2015	Twelve months ended December 31, 2014
	(€ in million)		
Transport Infrastructure .....	212.7	860.4	513.2
<i>Road and motorways .....</i>	<i>209.5</i>	<i>788.6</i>	<i>282.1</i>
<i>Railways and subways .....</i>	<i>3.2</i>	<i>71.8</i>	<i>231.1</i>
Water and Irrigation Works .....	228.7	426.4	510.7
Building Projects .....	90.9	268.9	154.7
Water Control and Marine Works .....	-	-	1.1
Mining and Waste Treatment Infrastructure Works .....	14.5	17.1	-
<b>Total new orders .....</b>	<b>546.8</b>	<b>1,572.8</b>	<b>1,179.7</b>

Thanks to the significant new orders reported for the three months ended December 31, 2015, new orders for the year ended December 31, 2015 were €393.1 million higher at €1,572.8 million compared to the twelve months period ended December 31, 2014. New orders in FY2015 were secured in Italy, Southern and Northern Africa, Europe and USA for Transport Infrastructure; in Italy, Southern and Eastern Africa for Water and Irrigation Works; in Italy and Mozambique for Building Projects. A description of the new orders secured in the year 2015 is provided in the Key Events section.

## REVIEW OF RESULTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2015

The following table sets out the items from our consolidated statement of income for the three-month period ended December 31, 2015 and December 31, 2014, and the percentage change from period to period:

### Consolidated Income Statement

	Three months ended December 31,		% of
	2015	2014	change
	(€ in million)		
Revenue <sup>(1)</sup> .....	309.0	327.9	(5.8)
Other income and proceeds <sup>(2)</sup> .....	15.0	5.0	200.0
<b>Total turnover<sup>(3)</sup> .....</b>	<b>324.0</b>	<b>332.9</b>	<b>(2.7)</b>
Raw materials, consumables and goods <sup>(4)</sup> .....	(41.5)	(55.2)	(24.8)
Services, lease and hire <sup>(5)</sup> .....	(150.3)	(181.2)	(17.1)
Personnel .....	(57.5)	(48.5)	18.6
Provisions for risk and charges <sup>(6)</sup> .....	(20.9)	(1.7)	1,129.4
Other operating costs .....	(16.9)	(8.3)	103.6
<b>EBITDA .....</b>	<b>36.9</b>	<b>38.0</b>	<b>(2.9)</b>
Depreciation, amortisation and write-offs of receivables .....	(19.4)	(21.7)	(10.6)
<b>Operating profit .....</b>	<b>17.5</b>	<b>16.3</b>	<b>7.4</b>
Net financial income and charges <sup>(7)</sup> .....	(10.8)	(12.2)	(11.5)
Net extraordinary income and charges .....	(4.7)	0.6	(883.3)
<b>Income before tax .....</b>	<b>2.0</b>	<b>4.7</b>	<b>(57.4)</b>
Income taxes .....	1.0	(4.7)	(121.3)
<b>Income before minority interests .....</b>	<b>3.0</b>	<b>-</b>	<b>-</b>
Minority interests .....	0.2	0.3	-
<b>Consolidated net income .....</b>	<b>3.2</b>	<b>0.3</b>	<b>966.7</b>

- (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: Correggere i font

	Three months ended December 31,		% of change
	2015	2014	
	(€ in milioni)		
Revenue .....	309.0	327.9	(5.8)
<i>Construction revenue</i> .....	307.2	323.8	(5.1)
Revenue from other activities .....	1.8	4.1	(56.1)
Other income and proceeds .....	15.0	5.0	200.0
Increases in fixed assets for internal work .....	0.3	1.5	(80.0)
<i>Other</i> .....	14.7	3.5	320.0
<b>Total turnover</b> .....	<b>324.0</b>	<b>332.9</b>	<b>(2.7)</b>

Total turnover for the three-month period ended December 31, 2015 was €324.0 million, compared to €332.9 million reported in the three months ended December 31, 2014. Lower construction revenue was partially offset by higher other income and proceeds.

## Construction revenue by geographic area

The following table provides a geographic breakdown of our construction revenue for the three-month period ended December 31, 2015, and December 31, 2014 and as a percentage of our total construction revenue:

	Three months ended December 31, 2015		Three months ended December 31, 2014		
	(€ in million)	% on Constr. Revenue	(€ in million)	% on Constr. Revenue	% of variation
Italy .....	126.9	41.3	152.1	47.0	(16.6)
Southern Africa .....	117.0	38.1	111.6	34.5	4.8
Asia.....	14.8	4.8	43.3	13.4	(65.8)
North Africa.....	7.4	2.4	3.5	1.1	111.4
South America.....	4.9	1.6	8.5	2.6	(42.4)
North America.....	24.4	7.9	3.4	1.1	617.6
Europe.....	11.8	3.8	1.4	0.4	742.9
Total International.....	180.3	58.7	171.7	53.0	5.0
Total construction revenue.....	307.2	100.0	323.8	100.0	(5.1)

In Italy, the main contributors to the results for the period under review were the “Motorway SS640 Agrigento/Caltanissetta (section 2)” and the Motorway SS121 Palermo/Lercara Friddi.

In Southern Africa, our largest market outside Italy in terms of revenue, the Ingula hydroelectric plant in South Africa generated lower revenue, more than offset by revenue generated by new projects.

In Asia, we reported lower revenue than in the three-month period ended December 31, 2014, mainly due to lower revenue in Singapore.

In the United States, revenue is increasing due to the new projects awarded to our subsidiary LMH and Di Fazio.

We reported lower revenue in South America, offset by an increase in Europe and Northern Africa.

### 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, 2015, December 31, 2014 and as a percentage of our total construction revenue:

	Three months ended December 31, 2015		Three months ended December 31, 2014		% of variation
	(€ in million)	% on Constr. Revenue	(€ in million)	% on Constr. Revenue	
Transport Infrastructure.....	184.6	60.1	215.9	66.7	(14.5)
Road and motorways.....	166.6	54.2	198.4	61.3	(16.0)
Railways and subways.....	18.0	5.9	17.5	5.4	2.9
Water and Irrigation Works.....	89.8	29.2	51.6	15.9	74.0
Building Projects.....	24.0	7.8	38.3	11.8	(37.3)
Water Control and Marine Works.....	3.4	1.1	14.8	4.6	(77.0)
Mining and Waste Treatment Infrastructure Works.....	5.4	1.8	3.2	1.0	68.8
<b>Total construction revenue.....</b>	<b>307.2</b>	<b>100.0</b>	<b>323.8</b>	<b>100.0</b>	<b>(5.1)</b>

Transport Infrastructure, and in particular its Roads and motorways sub-business area, was the largest revenue generator, with a significant contribution coming from the construction of the Motorway SS640 Agrigento/Caltanissetta (section 2) and the Motorway SS121 Palermo/Lercara Friddi.

Water and Irrigation works revenue increased. In contrast, we reported lower Building Projects, Water Control, Marine Works, Mining and Waste Treatment revenue.

### Raw materials, consumables and goods

Costs for raw materials, consumables and goods, including variations of inventories from the prior year, for the three-month period ended December 31, 2015, were €41.5 million, representing 12.8% of our total revenue for the period, compared to 16.6% for the three months ended December 31, 2014.

### 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, 2015, December 31, 2014 and as a percentage of our total turnover:

	Three months ended December 31, 2015		Three months ended December 31, 2014		% of variation
	(€ in million)	% on Total turnover	(€ in million)	% on Total turnover	
Subcontracts .....	(100.0)	(30.9)	(118.5)	(35.6)	(15.6)
Transport .....	(6.5)	(2.0)	(8.7)	(2.6)	(25.3)
Consultancy, legal and notarial .....	(1.1)	(0.3)	(4.1)	(1.2)	(73.2)
Hiring of operated machinery .....	(1.7)	(0.5)	(1.6)	(0.5)	6.3
Studies and design .....	(0.9)	(0.3)	(1.2)	(0.4)	(25.0)
Utilities .....	(1.7)	(0.5)	(2.5)	(0.8)	(32.0)
Maintenance and repairs .....	(0.5)	(0.2)	(0.8)	(0.2)	(37.5)
Lease and hire .....	(7.9)	(2.4)	(8.6)	(2.6)	(8.1)
Other services .....	(30.0)	(9.3)	(35.2)	(10.6)	(14.8)
<b>Total service, lease and hire costs .....</b>	<b>(150.3)</b>	<b>(46.4)</b>	<b>(181.2)</b>	<b>(54.4)</b>	<b>(17.1)</b>

Total services, lease and hire costs for the three months period ended December 31, 2015 were €150.3 million, representing 46.4% of our total revenue for the period, compared to 54.4% for the three months ended December 31, 2014. Of these, a considerable portion was attributable to subcontract, transport and consultancy.

### **Personnel expenses**

The following table sets forth a breakdown of our personnel expenses for the three-month period ended December 31, 2015, December 31, 2014 and as a percentage of our total turnover:

	Three months ended December 31, 2015		Three months ended December 31, 2014		
	(€ in million)	% on Total turnover	(€ in million)	% on Total turnover	% of variation
Wages and salaries .....	(46.2)	(14.3)	(35.6)	(10.7)	29.8
Social security contributions .....	(9.7)	(3.0)	(11.6)	(3.5)	(16.4)
Severance Indemnity .....	(1.2)	(0.4)	(1.1)	(0.3)	9.1
Other costs .....	(0.4)	(0.1)	(0.2)	(0.1)	100.0
<b>Total .....</b>	<b>(57.5)</b>	<b>(17.7)</b>	<b>(48.5)</b>	<b>(14.6)</b>	<b>18.6</b>

Personnel costs for the fourth quarter of 2015 were €57.5 million, representing 17.7% of our total turnover vis-à-vis 14.6% reported in the three months ended December 31, 2014. The increase is due to a higher number of projects where we utilised our own personnel.

### **Provisions for risks and charges**

During the three-month period ended December 31, 2015, provisions for risks and charges amounted to €20.9 million, mainly due 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 due to pre-paid contract work, potential expenses deriving from post-completion works and for the risk that revenue that we have recognized may be reversed due to claims.

### **Other operating costs**

Other operating costs for the fourth quarter of 2015 were €16.9 million, representing 5.2% 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, 2015 was €36.9 million, or 11.4%, compared to the €38.0 million, or 11.4% reported in the three months ended December 31, 2014.

### **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, 2015 were €19.4 million, representing 6.0% of total revenue for the period, compared to €21.7 million, or 6.5% of total turnover in the three months ended December 31, 2014, as a result of the high capital expenditures in TBM and other equipment from previous years.

### **Operating profit**

Our operating profit for the three-month period ended December 31, 2015 was €17.5 million, representing 5.4% of our total revenue for the period, compared to €16.3 million, or 4.9% of total turnover in the three months ended December 31, 2014.

### **Net financial income and charges**

Net financial income and charges for the three-month period ended December 31, 2015 was equal to net charges of €10.8 million. Financial income was €0.4 million, interest charges were €7.6 million, negative exchange rate conversion charges were €2.5 million, net adjustments to value of financial assets (which include revaluations and devaluations of our investments) were €1.1 million negative and the balance is represented by guarantee charges and bank commissions.

### ***Extraordinary income and charges***

Extraordinary income and charges for the three-month period ended December 31, 2015 was equal to €(4.7) million, compared to a positive €0.6 million reported in the same period ended December, 31 2014. The extraordinary charges in 2015 are mainly related to the settlement of disputes on projects executed in previous years and other unexpected costs from works carried on in previous years.

### ***Income before tax***

As a result of the above, our income before tax for the three-month period ended December 31, 2015 was €2.0 million, compared to the €4.7 million reported in the three months ended December 31, 2014.

### ***Income taxes***

Income taxes accrued during the three months ended December 31, 2015 were positive for €1.0 million, compared to the €4.7 million negative reported in the three months ended December 31, 2014.

### ***Consolidated net income***

Our consolidated net income before minority interest for the three-month period ended December 31, 2015, was €3.0 million, while consolidated net income referable to our shareholders was €3.2 million, compared to the €0.3 million reported in the three months ended December 31, 2014, as a result of lower income taxes.

## REVIEW OF INTERIM RESULTS AS AT DECEMBER 31, 2015

The following table sets out the items from our consolidated statement of income for the twelve months period ended December 31, 2015 and December 31, 2014, and the percentage change between the two periods:

	Twelve months ended December 31,		% of change
	2015	2014	
	(€ in million)		
Revenue <sup>(1)</sup> .....	1,139.8	1,079.3	5.6
Other income and proceeds <sup>(2)</sup> .....	37.2	25.5	45.9
<b>Total turnover<sup>(3)</sup> .....</b>	<b>1,177.0</b>	<b>1,104.8</b>	<b>6.5</b>
Raw materials, consumables and goods <sup>(4)</sup> .....	(199.6)	(197.8)	0.9
Services, lease and hire <sup>(5)</sup> .....	(549.1)	(546.8)	0.4
Personnel .....	(212.1)	(176.0)	20.5
Provisions for risk and charges <sup>(6)</sup> .....	(38.5)	(32.6)	18.1
Other operating costs .....	(37.4)	(29.0)	29.0
<b>EBITDA .....</b>	<b>140.3</b>	<b>122.6</b>	<b>14.4</b>
Depreciation, amortisation and write-offs of receivables .....	(67.2)	(62.2)	8.0
<b>Operating profit .....</b>	<b>73.1</b>	<b>60.4</b>	<b>21.0</b>
Net financial income and charges <sup>(7)</sup> .....	(51.6)	(41.9)	23.2
Net extraordinary income and charges .....	(4.4)	1.7	(358.8)
<b>Income before tax .....</b>	<b>17.1</b>	<b>20.2</b>	<b>(15.3)</b>
Income taxes .....	(7.6)	(9.7)	(21.6)
<b>Income before minority interests .....</b>	<b>9.5</b>	<b>10.5</b>	<b>(9.5)</b>
Minority interests .....	0.5	0.5	-
<b>Consolidated net income .....</b>	<b>10.0</b>	<b>11.0</b>	<b>(9.1)</b>

- (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 year ended December 31, 2015, our total turnover was €1,177.0 million, up by €72.2 million (+6.5%) compared to €1,104.8 million reported for the year ended December 31, 2014. The table below provides a breakdown of our turnover by category:

	Twelve months ended December 31,		% of change
	2015	2014	
	(€ in milioni)		
Revenue .....	1,139.8	1,079.3	5.6
<i>Construction revenue</i> .....	1,133.0	1,067.2	6.2
Revenue from other activities .....	6.8	12.1	(43.8)
Other income and proceeds .....	37.2	25.5	45.9
Increases in fixed assets for internal work .....	3.9	3.6	8.3
<i>Other</i> .....	33.3	21.9	52.1
<b>Total turnover</b> .....	<b>1,177.0</b>	<b>1,104.8</b>	<b>6.5</b>

The increase in total turnover in the year 2015 compared to the same period of 2014 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 year ended December 31, 2015, compared to the same period ended December 31, 2014:

	Twelve months ended December 31,		Twelve months ended December 31		% of variation
	2015		2014		
	(€ in million)	% on Constr. Revenue	(€ in million)	% on Constr. Revenue	
<b>Italy</b> .....	<b>520.0</b>	<b>45.9</b>	<b>492.1</b>	<b>46.1</b>	<b>5.7</b>
Southern Africa .....	376.7	33.2	335.6	31.4	12.2
Asia.....	102.3	9.0	138.4	13.0	(26.1)
North Africa.....	18.3	1.6	15.6	1.5	17.3
South America.....	19.2	1.7	17.3	1.6	-
North America.....	78.7	6.9	54.7	5.1	43.9
Europe.....	17.8	1.6	13.5	1.3	31.9
<b>Total International</b> .....	<b>613.0</b>	<b>54.1</b>	<b>575.1</b>	<b>53.9</b>	<b>6.6</b>
<b>Total construction revenue</b> .....	<b>1,133.0</b>	<b>100.0</b>	<b>1,067.2</b>	<b>100.0</b>	<b>6.2</b>

International construction revenue is higher than revenue from Italian projects both in the twelve months ended December 31, 2015 and December 31, 2014.

Revenue from Italy were €520.0 million in the year 2015, compared to €492.1 million for the year 2014. Listed below are the main drivers:

- ❑ Expo Milan 2015;
- ❑ Motorway SS640 Agrigento/Caltanissetta section 2;
- ❑ Motorway SS121 Palermo/Lercara Friddi.

International revenue were €613.0 million in the year 2015, compared to €575.1 million in the year 2014.

- ❑ Revenue from Southern Africa in the year 2015 was higher than in the same period of 2014. Lower revenue from the Ingula project were offset by the revenue generated by the start of new projects in Mozambique and South Africa;
- ❑ Revenue from Asia was lower, mainly due to lower revenue from Singapore.



- ❑ Both in Northern Africa and Southern America we did not report material variations in the year 2015 compared to the year 2014;
- ❑ Revenue from the USA was higher, with an increase in projects carried out by our subsidiaries LMH and Di Fazio;
- ❑ In Europe, revenue was related to the construction of the first section of the Maritza motorway in Bulgaria, project completed in 2015.

### **Construction revenue by business area**

The following table sets forth a breakdown of our construction revenue by business areas for the twelve-month period ended December 31, 2015 and December 31, 2014, and as a percentage of our total construction revenue:

	Twelve months ended December 31, 2015		Twelve months ended December 31, 2014		% of variation
	(€ in million)	% on Constr. Revenue	(€ in million)	% on Constr. Revenue	
Transport Infrastructure.....	630.5	55.6	655.3	61.4	(3.8)
Road and motorways.....	547.7	48.3	570.5	53.5	(4.0)
Railways and subways.....	82.8	7.3	84.8	7.9	(2.4)
Water and Irrigation Works.....	261.7	23.1	211.2	19.8	23.9
Building Projects.....	199.3	17.6	139.6	13.1	42.8
Water Control and Marine Works.....	30.3	2.7	48.0	4.5	(36.9)
Mining and Waste Treatment Infrastructure Works.....	11.2	1.0	13.1	1.2	(14.5)
<b>Total construction revenue.....</b>	<b>1,133.0</b>	<b>100.0</b>	<b>1,067.2</b>	<b>100.0</b>	<b>6.2</b>

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 and from several Transport Infrastructure projects in South Africa.

Water and irrigation works represented a higher percentage of total turnover compared to the year 2014. Revenue from Building Projects was positively affected by the EXPO 2015 works and by the industrial project carried out for Coca Cola in Mozambique. Water Control and Maritime Works decreased compared to the year ended December 31, 2014.

### **Raw materials, consumables and goods**

Costs for raw materials and consumables and goods, including variations of inventories from the prior year, was €199.6 million, or 17.0% of total turnover, for the year ended December 31, 2015, compared to €197.8 million, or 17.9% of total turnover, for the year 2014.

### Services, lease and hire costs

The following table sets forth a breakdown of our cost of services for the year ended December 31, 2015 and December 31, 2014:

	Twelve months ended December 31, 2015		Twelve months ended December 31, 2014		% of variation
	(€ in million)	% on Total turnover	(€ in million)	% on Total turnover	
Subcontracts .....	(371.2)	(31.5)	(362.6)	(32.8)	2.4
Transport .....	(28.1)	(2.4)	(28.0)	(2.5)	0.4
Consultancy, legal and notarial .....	(17.9)	(1.5)	(30.1)	(2.7)	(40.5)
Hiring of operated machinery .....	(4.9)	(0.4)	(5.4)	(0.5)	(9.3)
Studies and design .....	(4.0)	(0.3)	(5.8)	(0.5)	(31.0)
Utilities .....	(8.7)	(0.7)	(8.3)	(0.8)	4.8
Maintenance and repairs .....	(2.8)	(0.2)	(2.6)	(0.2)	7.7
Lease and hire .....	(34.2)	(2.9)	(28.7)	(2.6)	19.2
Other services .....	(77.3)	(6.6)	(75.3)	(6.8)	2.7
<b>Total service, lease and hire costs .....</b>	<b>(549.1)</b>	<b>(46.7)</b>	<b>(546.8)</b>	<b>(49.5)</b>	<b>0.4</b>

Total services, lease and hire costs for the year ended December 31, 2015 were €549.1 million, or 46.7% of total turnover, compared to €546.8 million, or 49.5% of total turnover for the year ended December 31, 2014.

### Personnel expenses

The following table sets forth a breakdown of our personnel expenses for the year ended December 31, 2015 and December 31, 2014:

	Twelve months ended December 31, 2015		Twelve months ended December 31, 2014		% of variation
	(€ in million)	% on Total turnover	(€ in million)	% on Total turnover	
Wages and salaries .....	(167.7)	(14.3)	(141.5)	(12.8)	18.5
Social security contributions .....	(37.7)	(3.2)	(29.5)	(2.7)	27.8
Severance Indemnity .....	(4.7)	(0.4)	(4.0)	(0.4)	17.5
Other costs .....	(2.0)	(0.2)	(1.0)	(0.1)	100.0
<b>Total .....</b>	<b>(212.1)</b>	<b>(18.0)</b>	<b>(176.0)</b>	<b>(15.9)</b>	<b>20.5</b>

Personnel expenses for the year ended December 31, 2015 were €212.1 million, or 18.0% of total turnover, compared to €176.0 million, or 15.9% of total turnover, for the year ended December 31, 2014. Our average headcount increased by 277 employees to an average of 8,261 employees in the year 2015, from an average of 7,984 employees for the year 2014, as a result of a higher involvement in projects in which we used our own personnel.

### Provisions for risks and charges

During the year 2015, provisions for risks and charges amounted to €38.5 million, compared to €32.6 million reported in the year 2014. €37.3 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, 2015, were €37.4 million, compared to €29.0 million reported in the year ended December 31, 2014. The increase is due to the cost for insurance and guarantees incurred for the start of new projects.

## ***EBITDA***

Our EBITDA for the year ended December 31, 2015 was €140.3 million, or 11.9% of total turnover, an increase of €17.7 million compared to €122.6 million, or 11.1% of total turnover, reported in the year ended December 31, 2014.

## ***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, 2015 were €67.2 million, a 8.0% increase compared to the €62.2 million reported for the year ended December 31, 2014, as a result of the significant investments in TBM and other equipment in the previous years.

## ***Operating profit***

Operating profit reported in the year ended December 31, 2015 was €73.1 million, or 6.2% of total turnover, higher than the €60.4 million, or 5.5% of total turnover, reported in the year ended December 31, 2014.

## ***Net financial income and charges***

Net financial charges for the year ended December 31, 2015 increased to €51.6 million from €41.9 million reported in the year ended December 31, 2014, driven by a €7.7 million increase in financial charges. Net profit from exchange rates was a negative €5.2 million in the year 2015, compared to a positive €2.1 million in the year 2014. Net adjustments to value of financial assets (which include revaluations and devaluations of our investments) were €1.5 million negative and the balance is represented by guarantee charges and bank commissions.

## ***Net extraordinary income and charges***

Extraordinary income and charges for the year ended December 31, 2015 was a negative €4.4 million, compared to a positive €1.7 million reported in the year 2014. The extraordinary charges are mainly related to the settlement of disputes on projects executed in previous years and other costs from previous years.

## ***Income before tax***

As a result of the above, our income before tax for the year ended December 31, 2015 was €17.1 million, slightly lower than the €20.2 million reported in the year ended December 31, 2014.

## ***Income taxes***

Income taxes accrued during the year ended December 31, 2015 were €7.6 million, decreased by €2.1 million from €9.7 million reported in the year ended December 31, 2014.

## ***Consolidated net income***

Our consolidated net income before minority interest for the year ended December 31, 2015, was €9.5 million, slightly lower than the €10.5 million reported in the year 2014. Consolidated net income referable to our shareholders was €0.5 million. Consolidated net income reported in the year ended December 31, 2015 was €10.0 million, compared to €11.0 million reported in the same period of 2014.

## 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 of December 31, 2015, September 30, 2015 and December 31, 2014.

	December 31, 2015	September 30, 2015	December 31, 2014
	(€ in million)		
Inventories <sup>(1)</sup> .....	67.3	71.7	65.3
<i>Raw materials and consumables</i> .....	44.9	49.3	43.0
<i>Work in progress and semi-finished products</i> .....	11.8	12.1	12.3
<i>Finished products and goods</i> .....	10.6	10.3	10.0
Contract work in progress .....	588.0	582.8	515.1
Receivables from clients .....	469.3	453.1	396.4
Receivables from non-consolidated affiliates <sup>(2)</sup> .....	61.0	63.6	52.7
Other current assets <sup>(3)</sup> .....	207.4	214.1	179.6
<b>Total current assets</b> .....	<b>1,393.0</b>	<b>1,385.3</b>	<b>1,209.1</b>
Contractual advances payments from clients .....	149.3	152.4	144.5
Advances .....	9.3	8.0	19.5
Trade payables to suppliers <sup>(4)</sup> .....	413.9	395.0	347.4
Payables to non-consolidated affiliates <sup>(5)</sup> .....	71.3	84.3	47.3
Other current liabilities <sup>(6)</sup> .....	321.4	338.8	286.0
Reserves for risks and charges .....	33.2	24.4	31.9
<b>Total current liabilities</b> .....	<b>998.4</b>	<b>1,002.9</b>	<b>876.6</b>
<b>Net Working Capital</b> .....	<b>394.6</b>	<b>382.4</b>	<b>332.5</b>

(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 due within 12 months 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 due within 12 months as included among financial.

(4) Includes payables to suppliers net of the amounts owned under leasing agreements which have been included among financial debts respectively for €24.0 million and €25.7 million respectively, as at December 31, 2015 and December 31, 2014.

(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 €183.9 million compared December 31, 2014, mainly due to an increase in contract work in progress, receivables and other current assets. The increase is mainly due to delays caused by the management reshuffle at ANAS, and the late collection of €60m of claims (Ingula project) and advances on new contracts (Catania), cashed in early in January 2016 instead of December 2015.

Compared to September 30, 2015, total current assets increased by €7.7 million.

Total current liabilities increased by €121.8 million compared to December 31, 2014, mainly driven by higher trade payables to suppliers and other current liabilities, and by the late collection of the above mentioned

advances on new contracts. Compared to September 30, 2015, total current liabilities decreased by €4.5 million.

As a result of the above, net working capital increased by €62.1 million from December 31, 2014 to December 31, 2015, and by €12.2 million between September 30, 2015 to December 31, 2015.

As a percentage of LTM total turnover, net working capital was 33.5% as at December 31, 2015, compared to 30.1% as at December 31, 2014 and 32.2% as at September 30, 2015.

In the medium term, a gradual improvement of working capital as a percentage of total turnover might be driven by:

- the impact of new projects in Italy with more frequent payment milestones;
- the effect of contract advances on large overseas contracts;
- the gradual shift towards International projects, which normally requires less working capital;
- the end of the Ingula project in South Africa in 2016, with the resulting expected release of working capital;
- the possible successful outcomes on important claims.

## 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 2016/2017.

The table below sets forth our capital expenditures for the three months ended December 31, 2015, the year ended December 31, 2015 and December 31, 2014:

	Three months ended December 31, 2015	Twelve months ended December 31, 2015	Twelve months ended December 31, 2014
	(€ in million)		
Capital expenditures in intangible fixed assets <sup>(1)</sup> .....	3.7	16.5	8.2
Capital expenditures in tangible fixed assets <sup>(2)</sup> .....	28.0	58.3	76.1
<b>Total capital expenditures</b> .....	<b>31.7</b>	<b>74.8</b>	<b>84.3</b>

(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, 2015 were €31.7 million, while for the twelve months ended December 31, 2015 they were €74.8 million compared to €84.3 for the twelve months ended December 31, 2014. Capital expenditures were significantly lower than in FY2014 due to lower investments in TBMs. The increase in intangible assets was affected by the goodwill paid for the acquisition of Tecnis' shares in two existing projects in Sicily.

## 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 calculation of net financial position has changed in compliance with a recent update in Italian Gaaps which, starting from FY2014 financial statements, requires utilised recourse factoring to be included in current financial debt.

The following table shows our net financial position as at December 31, 2015, September 30, 2015 and December 31, 2014, and the adjustments to arrive at the adjusted net financial position.

	December 31, 2015	September 30, 2015	December 31, 2014
	(€ in million)		
Cash and cash equivalents <sup>(1)</sup> .....	(100.6)	(125.8)	(126.8)
Short-term financial assets <sup>(2)</sup> .....	(1.0)	(0.8)	(2.3)
<b>Liquid assets</b> .....	<b>(101.6)</b>	<b>(126.6)</b>	<b>(129.1)</b>
Short-term bank loans and borrowings .....	169.9	155.0	102.5
Revolving Credit Facility .....	52.0	76.0	27.0
Recourse factoring <sup>(6)</sup> .....	27.5	21.6	43.4
Current portion of non-current borrowings .....	26.0	22.5	11.0
Other short-term debt <sup>(3)</sup> .....	10.1	9.9	11.1
<b>Current financial debt</b> .....	<b>285.5</b>	<b>285.0</b>	<b>195.0</b>
<b>Net current financial debt</b> .....	<b>183.9</b>	<b>158.4</b>	<b>65.9</b>
Non-current bank loans and borrowings .....	50.9	48.2	50.8
Notes .....	300.0	300.0	300.0
Other non-current loans <sup>(4)</sup> .....	31.3	31.3	33.8
<b>Non-current financial debt</b> .....	<b>382.2</b>	<b>379.5</b>	<b>384.6</b>
<b>Total financial debt<sup>(5)</sup></b> .....	<b>667.7</b>	<b>664.5</b>	<b>579.6</b>
<b>Net financial position</b> .....	<b>566.1</b>	<b>537.9</b>	<b>450.5</b>
Shareholder loans .....	13.4	13.7	13.7
<b>Total adjustments</b> .....	<b>13.4</b>	<b>13.7</b>	<b>13.7</b>
<b>Adjusted net financial position</b> .....	<b>579.5</b>	<b>551.6</b>	<b>464.2</b>
<b>LTM EBITDA</b> .....	<b>140.3</b>	<b>141.4</b>	<b>122.6</b>
<b>Net financial position/LTM EBITDA</b> .....	<b>4.03</b>	<b>3.80</b>	<b>3.67</b>
<b>Adj. Net financial Position/LTM EBITDA</b> .....	<b>4.13</b>	<b>3.90</b>	<b>3.79</b>

(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 €7.5 million and €8.9 million respectively, as at December 31, 2015 and December 31, 2014.

- (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 €16.5 million and €30.9 million respectively, as at December 31, 2015 and December 31, 2014.
- (5) The reported total financial debt does not include 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 €46.8 million and €8.8 million respectively, as at December 31, 2015 and December 31, 2014. These amounts represent off-balance sheet items.

As at December 31, 2015, our Net financial position was €566.1 million, €115.6 million higher than the €450.5 million reported on December 31, 2014, and €28.2 million higher compared to September 30, 2015. Net financial position/LTM EBITDA increased from 3.67x to 4.03x in the year 2015. The increase in financial debt was due to temporary higher net working capital, higher interest charges, the investment in new TBM for the start of new projects in Sicily and China, and the effect of the acquisition of additional shares in two existing projects in Sicily from Tecnis, a minority shareholder.

Our Adjusted net financial position increased by €115.3 million from €464.2 million on December 31, 2014 to €579.5 million on December 30, 2015, and by €27.9 million compared to September 30, 2015. Adjusted net financial position/LTM EBITDA increased from 3.79x to 4.13x in the year 2015.

The main driver for the increase in our Adjusted net financial position was the temporary increase in Net working capital. The expected decrease in Net working capital which might come from the advances on large overseas projects and the possible cash in of substantial claims is expected to have a positive impact on our Adjusted net financial position.

In November 2015, in compliance with the clean down provision included in the related contract, we reduced the utilisation of our Revolving Credit Facility to €9.0 million, by using the following sources:

- ❑ New medium-term loans for €9.0 million;
- ❑ Available cash, in part generated by advances on overseas contracts.

On November 30, 2015, we were again able to use our Revolving Credit Facility in full. After the clean down period, the new medium-term loans have been utilised to reduce existing uncommitted credit lines.

We are negotiating a new syndicated loan (i.e. RCF) for the maximum amount of €150m. BNPP and Unicredit are the mandated lead arrangers or bookrunners. The first kick-off meeting was on February 17, 2016. The new RCF is expected to be signed within June 2016. The new RCF expiry date is expected to be December 31, 2019.

During the period under review, we have not breached any covenants included in the terms of our existing financings.

### **Cash flow**

The following table summarises our consolidated cash flow statements for the three months ended December 30, 2015, the twelve months ended December 31, 2015 and December 31, 2014:

	Three months ended December 31, 2015	Twelve months ended December 31, 2015 (€ in million)	Twelve months ended December 31, 2014
<b>Cash and cash equivalents at start of the period .....</b>	<b>125.8</b>	<b>126.8</b>	<b>99.3</b>
Cash flow generated by operating activities .....	18.0	56.9	70.3
Cash flow generated by/(used in) investing activities .....	(31.9)	(88.9)	(84.5)
Cash flow generated by/(used in) financing activities .....	(11.3)	5.8	41.7
<b>Cash and cash equivalents at the end of the period .....</b>	<b>100.6</b>	<b>100.6</b>	<b>126.8</b>

Cash flow from operating activities was €18.0 million in the three months ended December 31, 2015, while in the twelve months ended December 31, 2015 was €56.9 million, compared to €70.3 million reported for the twelve months ended December 31, 2014. The decrease is mainly due to the temporary increase in Net Working Capital.

Cash flow used in investing activities was €31.9 million in the three months ended December 31, 2015, while in the twelve months ended December 31, 2015 was €88.9 million, compared to €84.5 million reported for the twelve months ended December 31, 2014. The increase is inly related to higher financial capex resulting from the deconsolidation of the Eurolink company, which implied a €19.5m increase in financial fixed assets.

Cash flow from financing was €(11.3) million in the three months ended December 31, 2015, while in the twelve months ended December 31, 2015 was €5.8 million, compared to €41.7 million reported in the year 2014. The lower cash flow generated by financing activities was due to higher interest charges and the effect of exchange rate adjustments.



## 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, 2015, the overall amount of these was equal to an aggregate of €1,157.0 million compared to €946.1 million as of December 31, 2014 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 €1,018.3 million, compared to €839.7 million as of December 31, 2014; and
- other sureties to third parties (including tax authorities) for €138.7 million, compared to €106.4 million as of December 31, 2014.

While in the past we have not been subject to claims under performance bonds, these bonds present an ongoing potential for substantial cash outflows.

## KEY PROJECTS

We are currently involved in approximately 100 projects. The table below presents our primary current construction projects by business areas as at December 31, 2015.

Country	Project	Contract value <sup>(1)</sup>	Completion percentage <sup>(2)</sup>	Backlog <sup>(3)</sup>	CMC % of participation <sup>(4)</sup>	Expected completion year <sup>(5)</sup>
(€ in million, except percentages)						
<b>Transport Infrastructure</b>						
<b>Roads and motorways</b>						
Italy	Motorway SS640 Agrigento/Caltanissetta (section 1).....	351.0	95%	17.5	80%	2016
Italy	Quadrilatero Surface Road Network Marche & Umbria.....	333.2	99%	3.3	28%	2016
Italy	Motorway SS640 Agrigento/Caltanissetta (section 2).....	520.6	53%	244.7	82%	2017
Italy	Motorway SS121 Palermo/Lercara Friddi.....	160.6	48%	83.0	80%	2017
Italy	Motorway Bypass of Mestre.....	109.6	100.0%	--	12%	2015
Italy	External Eastern Ring Road of Milan (TEM-Tangenziale Esterna Est di Milano).....	105.5	98%	2.1	9%	2016
Italy	SS1 Nuova Aurelia Road Access Network to Savona-Albissola.....	68.3	53%	32.4	51%	2018
Angola	Luanda Motorway-Soyo (44 Kilometers).....	256.5	58%	107.7	100%	2019
Algeria	Toll System for the Management of the East-West Motorway (Section East).....	156.0	21%	123.2	54%	2018
Libya	Ras Ejdyer-Emssad Motorway (section 1).....	106.0	0%	106.0	11%	2020
Mozambique	Montepuez Surface Road-Ruaca.....	99.7	70%	29.9	100%	2017
South Africa	Mount Edgecombe Junction.....	84.8	60%	33.9	100%	2017
Bulgaria	Maritza Motorway (section 1)	68.3	100%	--	100%	2015
Lesotho	Osbow					
	Mpholaneng Road.....	37.2	93%	2.6	100%	2016
South Africa	Mogalakwena Roads	19.9	5%	18.9	80%	2017

### ***Railways and subways***

Singapore	Singapore Metro Downtown line 3 (sections C926 and C927).....	252.4	88%	30.3	100%	2016
Italy	Light Rail Transit System Seregno.....	102.8	6%	96.5	100%	2018
Italy	Tunnel for Maddalena di Chiomonte (Piedmont)- Part of the Turin-Lyon Railway Project.....	58.7	60%	23.3	48%	2017
France	French Exploration Tunnel.....	62.6	13%	54.5	16%	2019
Italy	Turin Metroline subway line 1 (sections Lingotto-Bengasi).. Metro lotto Nesina -- Catania (Sicily).....	47.2	19%	38.2	75%	2017
Italy	Metro lotto Stesicoro -- Catania (Sicily).....	80.3	5%	75.9	100%	2017
Italy		41.2	8%	38.1	70%	2018

### ***Water and Irrigation Works***

South Africa	Ingula Hydroelectric plant.....	652.5	98%	12.1	51%	2016
Kenya	Itare Dam water supply Project.....	241.0	1%	238.6	100%	2019
China	Ymdajihuand Water Tunnel Project.....	81.4	100%	--	100%	2015
Chile	Headrace Tunnel of Hydroelectric Plant in Alto Maipo.....	67.3	40%	40.4	30%	2018
South Africa	Infrastructure Facilities for Acid Water Treatment for a Mine.....	77.3	87%	10.0	100%	2017
Nepal	Deviation of Melamchi River.....	80.3	47%	42.6	100%	2016
China	Middle Shanxi River Diversion Project.....	46.8	56%	20.6	75%	2017
Lesotho	Metolong Water Treatment Plant.....	59.1	97%	1.8	100%	2016
India	Parbati Headrace Tunnel.....	31.7	22%	24.7	50%	2018
South Africa	Water Treatment Plant Sebokeng.....	28.8	55%	13.0	100%	2017
Italy	Water Treatment Plant Standiana-Ravenna.....	8.0	100%	--	60%	2015
Mozambique	Massingir Dam.....	37.5	19%	30.4	100%	2017
Lebanon	Beirut Water Supply	168.8	5%	160.4	100%	2019

### **Building Projects**

Italy	Expo 2015.....	138.8	100%	--	100%	2015
Italy	Government Building in Rome.....	82.0	57%	35.0	100%	2017
Italy	CONSIP - Natural disaster Housing program.....	49.3	0%	49.3	90%	2019
Italy	New Hospital "Ospedale dei Castelli" in Ariccia.....	34.6	82%	6.2	50%	2016
Italy	Conversion of Alvisi-Faenza Cellar.....	16.4	44%	9.2	70%	2016
Italy	Hospital Ajello in Mazara del Vallo.....	20.3	75%	5.1	87%	2016
Italy	Hangar in Sigonella.....	6.4	100%	--	100%	2015
Belgium	High School in Mons.....	6.3	100%	--	30%	2015

### **Water Control and Marine Works**

Italy	Ancona Port.....	27.9	100%	--	51%	2015
Italy	Molfetta Commercial Port.....	27.8	68%	8.9	39%	2018
Italy	Artificial Sea Barrier in Ancona..	14.4	100%	--	100%	2015
Italy	Port Authority in Piombino.....	52.0	75%	13.0	51%	2017

### **Mining and Waste Treatment Infrastructure Works**

Zambia	Underground Copper Mine.....	133.5	23%	102.8	100%	2019
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- (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.

## POST BALANCE SHEET EVENTS

- ❑ CMC, in combination with the local construction company CBR, has been awarded a contract for the construction of the real estate commercial and administrative complex located in the area previously utilised by Fiera di Rimini. The €18m contract, of which CMC owns approximately 80%, will start in May 2016 and will be completed in 18 months.
- ❑ CMC, in temporary joint venture with the Spanish supplier of railway materials CAF, Construcciones y Auxiliar de Ferrocarriles, has been awarded the contract for the construction of the underground link between Cosenza – Rende and the Università della Calabria (Italy), for a total project value of €97.8 million, of which CMC owns approximately 85%.
- ❑ CMC, in temporary joint venture with Conscoop and Ubaldi, has been awarded a contract for the construction of a new hospital and related facilities in the southern area of Ancona (Italy). The new hospital facilities will include 250 beds and 6 surgery rooms for a total of 50.000 sqm, in addition to a basement, helicopter landing area and parking facilities.
- ❑ CMC, in joint venture with other two companies, has been provisionally awarded a contract for the construction of a hydroelectric plant in Laos named “ “Nam Theun 1 Hydropower Project – Contract A – Civil and Hydromechanical Works”. The total contract value is approximately €400 million, of which we own 40%.
- ❑ In addition, we are preferred or lowest bidder in other projects in Italy and overseas, which we hope can be finalised in 2016. These include, inter alia:
  - An agreement with Sierra Madre Water Company for the construction of a water project in the Philippines, in the provinces of Laguna and Quezon on the Luzon island. The project includes 2 dams and several tunnels.
  - Construction, in JV with a partner, of a hydroelectric plant in Pakistan, which will include significant underground works.
- ❑ We are in the final stage of negotiation of a new syndicated loan (i.e. RCF) for the maximum amount of €150m. BNPP and Unicredit are the mandated lead arrangers or bookrunners . The first kick-off meeting was on February 17, 2016. The new RCF is expected to be signed within June 2016. The new RCF expiry date is expected to be December 31, 2019.
- ❑ On February 27, 2016, the Shareholders' meeting has approved the Strategic Plan 2016-2018 presented by CEO Roberto Macri, which forecasts our turnover to achieve €1.4 billion per year by the end of the period.

## **CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2015**

## CONSOLIDATED BALANCE SHEET

Balance Sheet, Asset	December 31, 2015	December 31, 2014
<b>A) RECEIVABLE FROM SHAREHOLDERS FOR PAYMENTS DUE</b>		
l) Subscribed capital not paid up	21,083	24,122
<b>Total receivable from shareholders</b>	<b>21,083</b>	<b>24,122</b>
<b>B) FIXED ASSETS</b>		
l) Intangible fixed assets		
1) incorporation and expansion costs	77	259,866
2) research, development and advertising costs	3,790	17,110
3) industrial patents and intellectual property rights	1,134,129	1,277,741
4) concessions, licences, trade-marks and similar rights	45,129	70,569
5) goodwill	-	-
6) fixed assets in progress and advances	7,553,070	6,333,596
7) others	24,671,714	26,192,113
a) contracts' deferred charges	24,671,714	26,192,113
<b>Total intangible fixed assets</b>	<b>33,407,909</b>	<b>34,150,995</b>
II) Tangible fixed assets		
1) land and buildings	67,046,931	62,975,455
2) plant and machinery	127,610,467	131,273,924
3) industrial and commercial equipment	25,187,367	31,045,793
4) other assets	1,250,279	1,052,143
5) fixed assets in progress and advances	24,200,596	7,027,411
<b>Total tangible fixed assets</b>	<b>245,295,640</b>	<b>233,374,726</b>
III) Financial assets		
1) investments in	68,985,522	54,978,352
a) non-consolidated subsidiary companies	2,943,778	1,325,135
b) associated companies	22,416,488	25,088,233
c) other companies	44,131,126	29,070,855
investments' write off	(505,870)	(505,870)
2) receivables from	51,307,081	39,741,423
a) non-consolidated subsidiaries	7,877,959	6,607,126
1) due within 12 months	7,877,959	6,607,126
b) associated companies	35,079,427	29,691,892
1) due within 12 months	35,079,427	29,691,892
c) parent companies	-	-
d) others	8,349,695	3,442,405
1) due within 12 months	7,359,453	2,348,566
2) due after 12 months	990,242	1,093,839
3) other securities	-	-
4) treasury shares	-	-
<b>Total financial fixed assets</b>	<b>120,292,603</b>	<b>94,719,775</b>
<b>Total fixed assets</b>	<b>398,996,152</b>	<b>362,245,496</b>
<b>C) CURRENT ASSETS</b>		
l) Inventories		
1) raw materials and consumables	44,931,799	42,940,322
2) work in progress and semi-finished products	11,834,381	12,320,109
3) contract work in progress	587,985,774	515,122,547
4) finished products and goods	10,555,381	10,001,597
5) advances	26,127,275	21,509,959
<b>Total inventories</b>	<b>681,434,610</b>	<b>601,894,534</b>
II) Receivables from		
1) customers	469,315,578	396,412,720
a) due within 12 months	455,341,227	386,208,542
b) due after 12 months	13,974,351	10,204,178
2) non-consolidated subsidiaries	6,864,375	6,420,355
a) due within 12 months	6,864,375	6,420,355
3) associated companies	11,191,455	9,972,768
a) due within 12 months	11,069,785	9,820,621
b) due after 12 months	121,670	152,147
4) parent companies	-	-
4 bis) taxes	40,258,802	22,628,088
a) due within 12 months	39,822,846	22,070,497
b) due after 12 months	435,956	557,591
4 ter) deferred tax assets	24,666,550	15,538,193
a) due within 12 months	23,576,601	15,499,023
b) due after 12 months	1,089,949	39,170
5) others	87,397,955	99,760,344
a) due within 12 months	81,168,334	96,411,603
b) due after 12 months	6,229,621	3,348,741
<b>Total receivables</b>	<b>639,694,715</b>	<b>550,732,468</b>
III) Financial assets		
3) other investments	1,298	1,298
5) other securities	961,611	2,337,007
<b>Total financial assets</b>	<b>962,909</b>	<b>2,338,305</b>
IV) Cash and cash equivalents		
1) bank and postal accounts	99,661,748	125,229,428
2) cheques	193,027	57,228
3) cash on hand	769,390	1,551,287
<b>Total Cash and cash equivalents</b>	<b>100,624,165</b>	<b>126,837,943</b>
<b>Total Current Assets</b>	<b>1,422,716,399</b>	<b>1,281,803,250</b>
<b>D) ACCRUED INCOME AND PREPAYMENTS</b>	<b>20,574,699</b>	<b>17,913,152</b>
<b>TOTAL ASSETS</b>	<b>1,842,308,333</b>	<b>1,661,986,020</b>

Balance Sheet, Liabilities	December 31, 2015	December 31, 2014
<b>A) SHAREHOLDERS' EQUITY</b>		
I) Capital	27,522,241	27,379,912
1) Share capital	27,522,241	27,379,912
2) Preferred Pooled Shares	-	-
II) Paid-in capital	-	-
III) Revaluation reserve	-	-
IV) Legal reserve	95,279,232	90,271,270
V) Reserve for treasury stock	-	-
VI) Statutory reserves	-	-
VII) Other reserves	992,415	28,184,753
1) extraordinary reserve	25,731,445	23,044,820
2) consolidation reserve	4,638,984	5,760,532
3) reserve for translation adjustments	(23,551,190)	2,719,910
4) retained earnings reserve	(5,826,824)	(3,340,509)
IX) Net income (loss) for the period	9,994,200	10,944,610
X) Minority interest	9,068,494	7,898,587
<b>Total Shareholders' Equity</b>	<b>142,856,582</b>	<b>164,679,132</b>
<b>B) RESERVES FOR RISKS AND CHARGES</b>		
1) for pension payment and similar obligations	-	-
2) for taxes	328,206	347,405
3) other	32,915,464	31,545,516
a) contractual risks	5,420,000	5,320,000
b) overseas operations	8,307,344	7,042,958
c) other risks and charges	19,188,120	19,182,558
<b>Total reserves for risks and charges</b>	<b>33,243,670</b>	<b>31,892,921</b>
<b>C) SEVERANCE INDEMNITY</b>	<b>14,333,222</b>	<b>13,243,976</b>
<b>D) PAYABLES</b>		
1) bond	300,000,000	300,000,000
a) due within 12 months	-	-
b) due after 12 months	300,000,000	300,000,000
2) convertible debentures	-	-
3) shareholders loan	13,353,286	13,658,088
a) due within 12 months	2,612,658	2,731,617
b) due after 12 months	10,740,628	10,926,471
4) banks	326,349,232	225,608,278
a) due within 12 months	275,490,824	174,831,178
b) due after 12 months	50,858,408	50,777,100
5) other financiers	17,438,177	27,352,425
a) due within 12 months	14,917,080	11,146,495
b) due after 12 months	2,521,097	16,205,930
6) advances	9,260,797	19,472,064
a) due within 12 months	9,260,797	19,472,064
7) suppliers	437,861,743	373,116,834
a) due within 12 months	432,633,894	355,986,904
b) due after 12 months	5,227,849	17,129,930
8) payables represented by credit instruments	-	-
9) payables to non-consolidated subsidiaries	29,674,931	25,541,444
a) due within 12 months	29,674,931	25,541,444
10) payables to associated companies	41,592,718	21,669,697
a) due within 12 months	41,199,036	21,621,394
b) due after 12 months	393,682	48,303
11) payables to parent companies	-	-
12) taxes	51,648,604	40,963,901
a) due within 12 months	50,730,255	40,898,783
b) due after 12 months	918,349	65,118
13) payables to social security	5,589,521	5,967,931
a) due within 12 months	5,368,096	5,686,062
b) due after 12 months	221,425	281,869
14) other payables	252,799,311	236,172,411
a) due within 12 months	224,236,896	219,089,116
b) due after 12 months	28,562,415	17,083,295
15) advance payments from clients and customers	149,267,588	144,483,801
a) due within 12 months	114,172,244	105,751,693
b) due after 12 months	35,095,344	38,732,108
<b>Total payables</b>	<b>1,634,835,908</b>	<b>1,434,006,874</b>
<b>E) ACCRUED LIABILITIES AND DEFERRED INCOME</b>	<b>17,038,951</b>	<b>18,163,117</b>
<b>TOTAL LIABILITIES</b>	<b>1,842,308,333</b>	<b>1,661,986,020</b>
<b>MEMORANDUM ACCOUNTS</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>Guarantees in favour of</b>		
- Non consolidated subsidiaries	13,250,555	2,079,959
- Associated companies	51,384,278	51,457,079
- Other companies	8,195,109	9,144,468
- Third parties	1,084,166,463	883,397,102
<b>Collateral securities</b>	<b>34,640,971</b>	<b>34,640,971</b>



# CONSOLIDATED INCOME STATEMENT

Income Statement		2015 (Annual)	2014 (Annual)
<b>A) VALUE OF PRODUCTION</b>			
1)	revenues from sales and services	944,155,618	995,447,845
2)	variations in inventories of work in progress, semi-finished and finished products	1,328,198	(689,386)
3)	variations in contracts in progress	194,276,352	84,424,041
4)	increases in fixed assets for internal work	3,917,723	3,647,563
5)	other income and proceeds	33,277,787	21,943,536
a)	capitalisation of deferred charges	9,754,202	13,988,972
b)	use of reserves	45,821	610,570
c)	other income	23,477,764	7,343,994
<b>Total value of production</b>		<b>1,176,955,678</b>	<b>1,104,773,599</b>
<b>B) PRODUCTION COSTS</b>			
6)	raw materials, consumables and goods	(202,333,076)	(192,973,842)
7)	services	(514,855,666)	(518,047,680)
8)	lease and hire	(34,183,969)	(28,693,776)
9)	personnel	(212,142,796)	(176,039,817)
a)	wages and salaries	(167,689,111)	(141,512,346)
b)	social security contributions	(37,737,310)	(29,570,937)
c)	severance indemnity	(4,680,133)	(3,965,365)
d)	pension payments and similar obligations	-	-
e)	other costs	(2,036,242)	(991,169)
10)	depreciation, amortization and writedown of receivables	(67,182,075)	(62,163,976)
a)	intangible fixed assets	(17,219,387)	(4,595,150)
b)	tangible fixed assets	(46,282,843)	(56,748,627)
c)	other fixed asset writeoffs	(125,335)	(293,057)
d)	writedowns of receivables included in current assets	(3,554,510)	(527,142)
11)	variations in inventories of raw materials, consumables and goods	2,672,368	(4,809,805)
12)	provisions for risks	(1,173,733)	(159,687)
13)	other provisions	(37,266,267)	(32,419,196)
14)	other operating costs	(37,450,099)	(29,038,048)
<b>Total production costs</b>		<b>(1,103,915,313)</b>	<b>(1,044,345,827)</b>
<b>Difference between Value and Cost of Production (A-B)</b>		<b>73,040,365</b>	<b>60,427,772</b>
<b>C) FINANCIAL INCOME AND CHARGES</b>			
15)	income from investments	73,664	20,216
b)	in associated companies	-	-
c)	in other companies	73,664	20,216
16)	other financial income	1,681,889	2,495,966
a)	from receivables entered in the fixed assets	-	-
4)	from others	-	-
b)	from securities entered in the fixed assets that do not constitute investments	-	-
c)	from securities entered in the current assets that do not constitute investments	-	-
d)	other income	1,681,889	2,495,966
1)	from non-consolidated subsidiary companies	-	-
2)	from associated companies	-	-
3)	from parent companies	-	-
5)	from others	1,681,889	2,495,966
17)	interest and other financial charges	(46,649,897)	(45,788,962)
a)	from non-consolidated subsidiaries	-	-
b)	from associated companies	-	-
c)	from parent companies	-	-
d)	from others	(46,649,897)	(45,788,962)
17 bis)	exchange profits and losses	(5,200,620)	2,084,297
a)	exchange profits	131,281,506	56,672,009
b)	exchange losses	(136,482,126)	(54,587,712)
<b>Total Financial Income and Charges (15+16-17+17bis)</b>		<b>(50,094,964)</b>	<b>(41,188,483)</b>
<b>D) ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS</b>			
18)	revaluation	219,924	38,815
a)	of investments	219,924	38,815
19)	devaluation	(1,683,577)	(765,236)
a)	of investments	(1,683,577)	(765,236)
c)	of securities entered in the current assets that do not constitute investments	-	-
<b>Total Adjustments to Value of Financial Assets (18-19)</b>		<b>(1,463,653)</b>	<b>(726,421)</b>
<b>E) EXTRAORDINARY INCOME AND CHARGES</b>			
20)	income	3,340,509	3,747,648
b)	other extraordinary income	3,340,509	3,747,648
21)	charges	(7,681,827)	(2,087,692)
b)	taxation for previous years	(53,522)	(419,655)
c)	other extraordinary charges	(7,628,305)	(1,668,037)
<b>Total Extraordinary Income and Charges (20-21)</b>		<b>(4,341,318)</b>	<b>1,659,956</b>
<b>Income before tax (A-B+C+D+E)</b>		<b>17,140,430</b>	<b>20,172,824</b>
22)	income taxes	(7,663,738)	(9,697,638)
a)	Current	(16,709,709)	(12,087,795)
b)	Deferred	9,045,971	2,390,157
23)	<b>income (loss) before minority interest</b>	<b>9,476,692</b>	<b>10,475,186</b>
24)	minority interest	517,508	469,424
25)	<b>CONSOLIDATED NET INCOME (LOSS) FOR THE PERIOD</b>	<b>9,994,200</b>	<b>10,944,610</b>

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	SHARE CAPITAL	PREPS	LEGAL RESERVE	OTHER RESERVE S	NET PROFIT	MINORITY INTEREST S	EQUITY
<b>Year end 2013</b>	<b>26,465</b>	<b>12,000</b>	<b>75,989</b>	<b>33,232</b>	<b>10,811</b>	<b>8,366</b>	<b>166,863</b>
<b>Share capital &amp; PREPS</b>							
- new subscriptions	38	-	-	-	-	-	38
- additional subscriptions	11	-	-	-	-	-	11
- drawback	1,352	-	-	-	(1,352)	-	-
- paid off	(779)	(12,000)	-	-	-	-	(12,779)
<b>Allocation of CMC net income</b> :							
- revaluation of share capital	293	-	-	-	(293)	-	-
- legal reserve	-	-	8,030	-	(8,030)	-	-
- extraordinary reserve	-	-	-	5,903	(5,903)	-	-
- reserve ex art. 2426	-	-	173	(173)	-	-	-
- dividends	-	-	-	-	(724)	-	(724)
- mutual fund	-	-	-	-	(462)	-	(462)
- reclassification	-	-	6,079	(6,079)	-	-	-
Change in minority interests	-	-	-	-	-	(467)	(467)
Change in consolidation reserve	-	-	-	(5,953)	5,953	-	-
Translation adjustment	-	-	-	1,254	-	-	1,254
Net profit 2014	-	-	-	-	10,945	-	10,945
<b>Year end 2014</b>	<b>27,380</b>	<b>0</b>	<b>90,271</b>	<b>28,184</b>	<b>10,945</b>	<b>7,899</b>	<b>164,679</b>
<b>Share capital &amp; PREPS</b>							
- new subscriptions	37	-	-	-	-	-	37
- additional subscriptions	1,266	-	-	-	-	-	1,266
- drawback	1,366	-	-	-	(1,366)	-	-
- paid off	(2,580)	-	-	-	-	-	(2,580)
<b>Allocation of CMC net income</b> :							
- revaluation of share capital	53	-	-	-	(53)	-	-
- legal reserve	-	-	4,217	-	(4,217)	-	-
- extraordinary reserve	-	-	-	2,686	(2,686)	-	-
- reserve ex art. 2426	-	-	791	(791)	-	-	-
- dividends	-	-	-	-	(714)	-	(714)
- mutual fund	-	-	-	-	(237)	-	(237)
- reclassification	-	-	6,079	(6,079)	-	-	-
Change in minority interests	-	-	-	-	-	1,169	1,169
Change in consolidation reserve	-	-	-	1,672	(1,672)	-	-
Translation adjustment	-	-	-	(30,756)	-	-	30,759
Net profit of the period	-	-	-	-	9,994	-	9,994
<b>December 31, 2015</b>	<b>27,522</b>	<b>0</b>	<b>95,279</b>	<b>994</b>	<b>9,994</b>	<b>9,068</b>	<b>142,857</b>

## CONSOLIDATED STATEMENT OF CASH-FLOWS

Cash Flow (indirect method)	December 2015	December 2014
<b>A. Cash flows from operating activities</b>		
Profit (loss) for the year	9,994	10,945
Financial (Income)/Charges/Rate exchange	50,169	41,209
(Dividend collected)	(74)	(20)
Net change funds for risks and charges	1,351	(497)
Net change severance indemnity	1,089	954
Technical assets depreciation	63,628	61,637
Devaluation of financial assets	1,684	765
(Revaluation of financial assets)	(220)	(39)
<b>1. Cash Flow before NWC changes</b>	<b>127,621</b>	<b>114,954</b>
Decrease/(increase) inventories	(79,540)	(84,173)
Decrease/(increase) clients	(72,903)	(85,091)
Decrease/(increase) receivables from group companies	(8,321)	21,507
Decrease/(increase) receivables from others	(19,304)	(47,162)
Decrease/(increase) accruals&deferred	(2,662)	(5,847)
Increase/(decrease) advances	(10,211)	3,707
Increase/(decrease) payables to suppliers	67,612	(6,219)
Increase/(decrease) payables to group companies	24,057	271
Increase/(decrease) payables to others	31,717	143,670
Increase/(decrease) accruals&deferred	(1,125)	14,669
<b>2. Cash Flow after NWC changes</b>	<b>(70,680)</b>	<b>(44,668)</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>56,941</b>	<b>70,286</b>
<b>B. CASH FLOWS FROM INVESTMENTS</b>		
Tangible fixed assets net (investments)/disinvestments	(58,329)	(76,134)
Intangible fixed assets net (investments)/disinvestments	(16,476)	(8,184)
Financial assets net (investments)/disinvestments	(15,471)	(1,685)
Other securities net (investments)/disinvestments	1,375	1,490
<b>CASH FLOW FROM INVESTMENTS (B)</b>	<b>(88,901)</b>	<b>(84,513)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<u>Third party financing</u>		
Increase/(Decrease) payables to banks	100,741	(218,153)
Increase/(Decrease) bonds payables	-	300,000
Increase/(Decrease) payables to other loans	(12,782)	14,274
Financial Income/(Charges)/Rate exchange	(50,169)	(41,209)
Dividend collected	74	20
<u>Equity financing</u>		
Decrease/(increase)receivables from shareholders for payments due	3	13
Increase/(Decrease) shared capital	37	(12,730)
Increase/(Decrease) payables in shareholders loan	(305)	(51)
Other Increase/(Decrease) in shareholders equity	(30,902)	785
(Dividend paid)	(951)	(1,186)
<b>CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>5,746</b>	<b>41,763</b>
<b>Increase/(Decrease) Cash and Cash Equivalents</b>	<b>(26,214)</b>	<b>27,536</b>
<b>Cash and Cash Equivalents AS OF JANUARY, 1</b>	<b>126,838</b>	<b>99,302</b>
<b>CASH AND CASH EQUIVALENTS AS OF DECEMBER, 31</b>	<b>100,624</b>	<b>126,838</b>

## **NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER, 2015**

*(in thousands of Euro)*

The consolidated financial statements of Cooperativa Muratori e Cementisti CMC di Ravenna S.C. and subsidiaries (hereinafter the “Group” or “CMC Group”) as at December 31, 2015 have been prepared pursuant to the regulations introduced by Decree no. 127 of April 9, 1991, which implemented the EC VIIth Directive and comprise the balance sheet and the income statement (prepared in the formats established in arts. 2424 and 2425 of the Italian Civil Code, as appropriately modified by art. 32 of Decree no. 127/91 and Decree no. 6/2003), together with these notes.

The legal requirements have been supplemented, where necessary, with reference to the accounting standards issued by the Italian Accounting Profession (represented by the Consiglio Nazionale dei Dottori Commercialisti e dei Ragionieri) and by the Italian Accountancy Board (OIC) and, where lacking, those issued by the International Accounting Standards Board (IASB), where compatible with Italian legislation.

The purpose of the notes is to analyse, explain and, in some cases, supplement the information disclosed in the financial statements. They contain the disclosures required by art. 38 of Decree 127/1991 and Decree 6/2003, as well as the information required by other articles contained in the regulations or in earlier legislation. In addition, the attachments provide all the supplementary information considered necessary in order to present a true and fair view of the economic and financial position of the Group, even if such information is not specifically required by law. In particular, in order to provide a better representation of the financial situation of the Group at six month period-end, the Statement of Cash-flow has been attached.

As in prior years and in compliance with the requirements of the Italian Civil Code, 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. Risks or losses relating to the year have been considered in the preparation of the financial statements, even if they become known after period-end.

In order to facilitate the Financial Statements and the notes understandability, the tables included in the consolidated financial statements have been prepared comparing the current data related to the Balance Sheet and the Income Statement with the corresponding amounts as of December 31, 2014.

In addition, it should be noted that:

- the consolidated financial statements were prepared using the separate financial statements as at December 31, 2015 of the Parent Company and the companies included in the consolidation area, as approved and-or being approved by their respective statutory bodies.
- the financial statements used for consolidation purposes were appropriately adjusted, where necessary, in order to align them to the accounting principles subsequently described, and reclassified into the format required by the Italian Civil Code.
- the financial statements of certain subsidiaries have been adjusted, in order to align the evaluation, made by local Directors to more appropriate criteria according to the Parent Company's Directors Standards.

In particular, the differences of accounting policies are related to the depreciation rates to the foreign currency translation method as well as to the criteria used for the evaluation of certain contract work-in-progress that, for consolidation purposes, have been aligned to those used by 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;
- the difference between the purchase cost and the net equity of the consolidated companies is allocated, where possible, to the assets and liabilities of the consolidated companies, within exceeding their fair value. Any residual difference, representing unallocated purchase costs is accounted for as "Consolidation difference" and amortized on a straight-line basis over the period of expected recoverability, while those representing an equity surplus are classified among the "Consolidation reserve" included among the Shareholders' equity items;
- 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 shareholders' equity are classified separately among the Shareholders' equity items, while their interests in the net income/loss of the subsidiaries are classified separately within the consolidated income statement.

Associated companies and Joint Ventures operating in the construction business jointly controlled with other partners are consolidated using the proportional method as required by art. 37 of Legislative Decree No. 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, as are all other consolidation adjustments;
- in case of the elimination of receivables and payables between group companies consolidated in different ways, the third-party interest identified upon proportional consolidation is classified among the amounts due to and from third parties;
- any consolidation differences are accounted for as described in relation to line-by-line consolidation method.

Investments in associated companies not operating in the construction business as well as investments in subsidiaries not relevant and for which all the information needed for the consolidation line-by-line were not available are stated in accordance with the Equity method, except for what subsequently mentioned in paragraph "consolidation area". Investments in other companies and those in subsidiaries and associated, that are being wound up or which are dormant, are stated in accordance with the cost method.

## **TRANSLATION IN EURO OF FINANCIAL STATEMENTS IN FOREIGN CURRENCY**

The above mentioned financial statements, being the group companies essentially independent, are translated in Euro using the current exchange rates at the end of the six-month period for the balance sheet items and the average rates of the six-month period for the income statement items.

As regards the Parent Company's foreign branches, which have a high degree of operational autonomy and use multi-currency accounting systems, transactions and balances denominated in foreign currencies are translated using the current exchange rates at the end of the period.

The net effect arising from the translation of the financial statements of foreign companies and the balances relating to foreign branches is accounted for against a "Reserve for translation adjustments" among Shareholders' equity.

The following exchange rates used:

		<b>2015</b>		<b>2014</b>	
<b>Currency</b>	<b>Cod e</b>	<b>December 31</b>	<b>Average</b>	<b>December 31</b>	<b>Average</b>
			<b>(Annual)</b>		<b>(Annual)</b>
<i>US Dollar</i>	<i>USD</i>	1.09	1.11	1.21	1.33
<i>Rand (South Africa)</i>	<i>ZAR</i>	16.95	14.17	14.04	14.40
<i>New Metical (Mozambique)</i>	<i>MZN</i>	49.12	42.30	38.44	40.71
<i>Dollar (Singapore)</i>	<i>SGD</i>	1.54	1.53	1.61	1.68
<i>Kwanza (Angola)</i>	<i>AOA</i>	147.29	133.40	124.88	130.56
<i>Dinar (Algeria)</i>	<i>DZD</i>	116.70	111.36	106.61	106.87
<i>Loti (Lesotho)</i>	<i>LSL</i>	16.95	14.17	14.04	14.40
<i>Kwacha (Zambia)</i>	<i>ZMW</i>	11.94	9.56	7.75	8.17
<i>Pound (Sudan)</i>	<i>SDG</i>	6.63	6.69	7.25	7.60
<i>Yuan (China)</i>	<i>CNY</i>	7.06	6.97	7.54	8.19
<i>New Lev (Bulgaria)</i>	<i>BGN</i>	1.96	1.96	1.96	1.96
<i>Ruble (Russia)</i>	<i>RUB</i>	80.67	68.07	72.34	50.95
<i>Yen (Japan)</i>	<i>JPY</i>	131.07	134.31	145.23	140.31
<i>Kwacha (Malawi)</i>	<i>MW K</i>	719.27	552.63	570.66	557.67
<i>Ruppee (Nepal)</i>	<i>NPR</i>	107.01	109.05	119.33	130.58
<i>Lilangeni (Swaziland)</i>	<i>SZL</i>	16.95	14.17	14.04	14.40
<i>Peso (Chile)</i>	<i>CLP</i>	772.71	726.41	737.30	756.93

## **SCOPE OF CONSOLIDATION**

The consolidation area as of December 31, 2015 includes the following companies:

<b>Company</b>	<b>Registered offices</b>	<b>%</b>
<b>Line-by-line consolidation</b>		
<i>CMC Africa Austral Lda</i>	<i>Mozambique</i>	<i>100.00</i>
<i>CMC di Ravenna Algerie Eurl</i>	<i>Algeria</i>	<i>100.00</i>
<i>CMC di Ravenna - PG Mavundla J.V.</i>	<i>South Africa</i>	<i>51.00</i>
<i>CMC di Ravenna (Parent Company)</i>	<i>Ravenna</i>	<i>100.00</i>
<i>CMC di Ravenna France Sarl</i>	<i>France</i>	<i>100.00</i>
<i>CMC di Ravenna Otesa JV (**)</i>	<i>Namibia</i>	<i>70.00</i>
<i>CMC di Ravenna USA inc.</i>	<i>U.S.A.</i>	<i>100.00</i>
<i>CMC Holding Overseas Spa</i>	<i>U.S.A.</i>	<i>100.00</i>
<i>CMC Immobiliare Spa</i>	<i>Ravenna</i>	<i>76.19</i>

<b>Company</b>	<b>Registered offices</b>	<b>%</b>
CMC Mavundla Eastern Basin JV	South Africa	100.00
CMC NY Construction LLC	U.S.A.	100.00
CMC – Bomar J.V.	Zambia	100.00
CMC – Botjheng J.V.	Lesotho	100.00
Companhia Imobiliaria Mocambicana Lda	Mozambique	100.00
G.E.D. Srl	Cesena (FC)	80.00
Groupement G.R.I.E.A.	Algeria	54.70
Iniziativa Immobiliari Siciliane Srl	Palermo	100.00
LMH CC LCC	U.S.A.	100.00
LMH CMC USA JV	U.S.A.	100.00
LMH CMC USA MBTA JV	U.S.A.	100.00
Società Adriatica Impianti e Cave – S.I.C. Spa	Ravenna	85.50
Side Investment (Pty) Ltd	South Africa	100.00
Sulbrita Lda	Mozambique	100.00
<b>Proportional consolidation</b>		
Bolognetta Scpa	Ravenna	80.00
C.A.V.E.T. (Consorzio alta velocità Emilia e Toscana))	Bologna	11,27
CETA-CMC J.V (Macurungo)	South Africa	49.00
CMC-Conduril JV 3 Ponti	Mozambique	50.00
CMC Tecrover JV (**)	South Africa	80.00
Colfiorito Srl	Roma	52.01
Constructora Nuevo Maipo SA (Cile)	Chile	30.00
Consorcio Sulbrita Condor JV	Mozambique	50.00
Di Fazio Industries INC.	U.S.A.	33.33
EMIR S.p.A.	Ravenna	41.90
Empedocle Scpa	Ravenna	80.00
Empedocle 2 Scpa	Ravenna	82.00
Fontana Nuova Srl	Roma	51.00
Gammon – CMC JV	India	50.00
J.F. White – LM Heavy JV	U.S.A.	35.00
JV-CMC Razel (Nampula RioLigonha)	Mozambique	50.00
Norte Srl	Reggio Emilia	28.10
Passante di Mestre Scpa	Marghera	12.00
Travessas Do Norte SA	Mozambique	40.00
Venaus Srl	Ravenna	47.82
Villamarina Srl	Ravenna	51.00
Sistema 3 Srl	Ravenna	41,00
Padiglioni Expo Srl	Milano	50,50
Mazara Hospital Srl	Ravenna	60,00
<b>Consolidated in accordance with Equity method (*)</b>		
Alvisi Srl	Ravenna	90.00
Antares Srl	Ravenna	28.00
BE Infrastrutture Srl	Ravenna	70.00
Dunrose Investments (Pty) Ltd	South Africa	100.00
Granarolo ImmobiliareSpa	Ravenna	30.00
Gruppo ImmobiliareSrl	Morciano (RN)	40.00
CMC Embassy Srl (**)	Ravenna	100.00
Moreside Investments (Pty) Ltd	South Africa	100.00
Sidebar Manufacturing (Pty) Ltd	South Africa	100.00
Tangenziale Esterna Spa	Milano	3.24

(\*) The consolidation line-by-line of the subsidiaries stated according to the Equity method could have not generate material effects on the consolidated financial statements.

(\*\*) New entry in the scope of consolidation



As an exception to the provisions of art. 37.1 of Legislative Decree No. 127/91 and based on the provisions of art. 29.4 of that Decree, the investments C.A.V.E.T. (11,27%) and in Passante di Mestre Scpa (12%) have been consolidated on a proportional basis since, under specific agreements, their shareholders exercise a joint control. This approach allows a more appropriate representation of Group's costs and revenues, given the significant volume of activity performed indirectly through these investments.

The following subsidiaries and associates are carried at cost:

<b>Company</b>	<b>Registered offices</b>	<b>%</b>
<b>Immaterial for the Group:</b>		
Acquapura Srl	Ravenna	60.00
Autostrada Romagna1 Srl	Ravenna	35.00
CE.DI.R Srl (being wound up)	Ravenna	86.00
CMC - Inyatsi – Ulusha J.V. (Nelspruit)	South Africa	55.00
CMC Engoa Groupement	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
CO.L.I.SPA Srl (being wound up)	Ravenna	29.76
Consorzio 2T Srl	Milan	31.00
Consorzio C.I.R.C. (being wound up)	Milan	25.00
Consorzio JV CB (*)	Ravenna	50.00
Elaion Srl (*)	Portomaggiore	40.50
FDA Srl (*)	Milano	20.00
Geie Razel-CMC	France	45.00
Holcoa Srl	Rome	15.00
Itaca Srl (being wound up)	Ravenna	34.60
La Quercia 2 Srl (being wound up)	Ravenna	52.00
Letimbro Srl	Ravenna	51.00
Lodigiani –CMC Malaysia SDN	Malaysia	50.00
Mirandola Srl	Ravenna	45.10
Molfetta Newport Srl (*)	Ravenna	38.50
Opera 2 Srl	Ravenna	50.00
Opera 3 Srl	Ravenna	34.67
Ospedale dei Castelli Srl	Ravenna	50.10
JV CCC – CMC (*)	Ravenna	66.00
Pizzarotti CMC Sep	France	50.00
Piombone Srl	Ravenna	49.00
Rodano Consortile srl	Reggio Emilia	46.43
Rugula Srl (being wound up)	Ravenna	50.00
Sistema 2 Srl	Ravenna	37.00
Sviluppo Palermo Srl	Palermo	24.93
Sviluppo Trapani Srl	Trapani	100.00
Under Water Anchors Srl	Ravenna	33.33
Val Di Chienti Scpa	Ravenna	28.00
<b>Since no longer operational:</b>		
ACR Srl (*)	Ravenna	42.75
Agata Srl	Reggio Emilia	70.00
Baglio la Camperia Srl	Palermo	20.00
CMC – Conduril J.V.- Beira (*)	Mozambique	50.00
CMC DI RAVENNA MOTA-ENGIL J.V (Liwonde-Naminga) (*)	Malawi	100.00
CMC DI RAVENNA CO. Ltd (*)	Sudan	100.00
CMC d.o.o Zagabria	Croatia	100.00
CMC G4 J.V ( Gillooly's) (*)	South Africa	80.00
CMC Stroy LCC- Moscow	Russia	100.00
Consorzio Nuova Darsena Srl	Ravenna	28.50
CTM BAU Srl	Bolzano	42.00



<i>Company</i>	<i>Registered offices</i>	<i>%</i>
<i>Eurolink Scpa</i>	<i>Roma</i>	<i>13.00</i>
<i>G.T.R.E.K. Groupement Cmc di Ravenna (*)</i>	<i>Algeria</i>	<i>70.00</i>
<i>Habitur Lda</i>	<i>Mozambique</i>	<i>40.00</i>
<i>Italia 61 Scrl</i>	<i>Ravenna</i>	<i>75.00</i>
<i>Palazzo Guiccioli Scrl</i>	<i>Ravenna</i>	<i>50.00</i>
<i>Palazzo Rasponi Scrl (*)</i>	<i>Roma</i>	<i>100.00</i>
<i>JV-CMC CETA (Nampula Water) (*)</i>	<i>Mozambique</i>	<i>99.90</i>
<i>Ravenna Tunnel Scpa</i>	<i>Ravenna</i>	<i>99.00</i>
<i>Rotonda Scrl</i>	<i>Ravenna</i>	<i>100.00</i>
<i>Solarmaas Srl</i>	<i>Aci Castello</i>	<i>51.00</i>
<b>No data available:</b> <i>ANCONA NEWPORT Scrl (*)</i>	<i>Ravenna</i>	<i>53.10</i>

(\*) Variation in the scope of consolidation.

Had these investments been consolidated line-by-line or carried at equity, the effect on the Consolidated Financial Statements as of December 31, 2015 would not have been material.

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 principal accounting policies adopted for the preparation of the consolidated financial statements are described below:

### **Intangible fixed assets**

Intangible fixed assets are recorded at purchase cost including directly-attributable ancillary costs, at their contributed value or at the cost directly incurred to generate them; they are amortized over their expected useful life. Amortization rates have been adjusted in order to take into consideration the length of the interim period.

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.

Contracts' deferred charges, such as start-up costs, site preparation, studies and design work, and contract warranties, are capitalized in the year when incurred and amortized on a stage-of-completion basis with reference to the individual projects concerned.

The costs of participation in bidding competitions whose outcome is unknown are capitalized as assets in progress in the year when incurred, on condition that they relate to contracts considered winnable with reasonable certainty. Research and development expenses are charged to the income statement as incurred.

Following the initial recognition, intangible assets are written down if their value is found to be lasting impaired; if the reasons for write-downs cease to apply in subsequent years, the original value is reinstated net of the related amortization charges, except for goodwill and deferred costs for no restatement is allowed.

### **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.

Increases in fixed assets by internal construction comprise the cost of the materials and labour actually used, plus an allocation of general expenses.

Contract-related charges, such as transportation, freight, insurance and customs duties related to the transfer of machineries, are capitalized as "Contracts' deferred charges" and amortized with reference to the stage-of-completion of the contracts concerned.

Repairs and maintenance costs are charged in full to the income statement in the year when incurred; the cost of renovations and improvements that extend the economic life of an asset is allocated to the fixed asset concerned and depreciated using the rate applicable to that asset.

Depreciation is calculated on a systematic basis using rates deemed representative of the residual useful lives of the assets concerned. The rates applied to the various categories of asset are indicated below:

<b>Land and buildings</b>		<b>Industrial and commercial equipment</b>	
- Industrial buildings	3.0%	- Excavators and loaders	20.0%
<b>Plant and machinery</b>		- 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%		

Depreciation rates have been adjusted in order to take into consideration the length of the interim period. In addition, when an asset enters into service, depreciation is charged in proportion to the number of days it is used in the first year.

In case of permanent impairment of value, regardless of the depreciation already provided, the asset is written down accordingly if, in subsequent periods, the reasons for the write down are no longer applied, the original value is reinstated.

### **Financial fixed assets**

Investments in associated companies not operating in the construction business and investments in subsidiaries not deemed material, for which it is not possible to obtain all the information needed for line-by-line consolidation, are consolidated according to the equity method except as specified in the preceding paragraph "Consolidation area". 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.

Please refer to paragraph "Consolidation principles."

Investments in non-consolidated subsidiaries and associated companies that are being wound up or which are dormant and investments in other companies are carried according to the cost method. Their 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 net 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 real estate initiatives are stated based on the costs incurred, represented by the purchase cost of the land and related charges, plus construction costs.

Contract work in progress are accounted using the percentage of completion method, the percentage of completion is calculated by comparing the costs effectively incurred with the total estimated costs. Such percentage is applied to the forecasted contract revenues. The progress reports approved by the customer are accounted as revenues. As a consequence, inventories at year-end measured on the basis described above, represent the production carried out since the last approved progress report.

Claims for additional revenues not yet approved by the Customer, are recognized on a prudent basis. Accordingly, the reimbursement of the overrun incurred for the completion of the contract or additional revenues are accounted for only to the extent they are 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, recognized the right to additional payment and only the final amount needs to be settled, or if the opinions of authoritative third parties (lawyers, consultants etc.) confirm that a favorable outcome of the litigation could be reasonably expected.

Work in progress that have to be completed within one year are accounted for in accordance with the “completed contract” method. Revenues are accounted for only upon completion of the contract, while inventories at period-end are stated based on the costs actually incurred.

### **Receivables**

Receivables are stated at their estimated realisable value.

Receivables sold without recourse are derecognized.

### **Accruals and deferrals**

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

### **Reserves for risks and charges**

Reserves for risks and charges are provided to cover certain or probable losses and liabilities for which the exact value and effective date are not determinable at the three-month period end. The reserves represent the best estimate possible based on the information currently available.

Risks, which may only possibly result in a liability, are disclosed in the Notes but not provided in the reserve for risks and charges.

Provisions are also recorded to cover risks arising in relation to contract work in progress in Italy and abroad.

### **Severance indemnity**

Severance 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 severance indemnity accruing from January 1, 2007. Pursuant to the reform of supplementary pensions:

- severance indemnities accumulated up to December 31, 2006 are retained by the Company,
- 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 Company, and transferred to Treasury Fund managed by INPS.

The amounts accruing from January 1, 2007 are charged as before to the “severance indemnity” caption of the income statement. In the balance sheet, the “severance indemnity” caption represents the residual balance of the provision outstanding at December 31, 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 stated at nominal value.

### **Derivative contracts**

Derivative contracts comprise Interest Rate Swap (IRS). These contracts were entered to hedge the risk of changes in interest rates. Despite their stated purpose, these contracts do not possess all the characteristics required by current accounting standards for their recognition under hedge accounting rules. Accordingly, these IRS are recognized in the financial statements with reference to their fair value at the period-end.

As regards the contracts entered to hedge foreign currency fluctuation risks related to some contracts denominated in foreign currency. The effect of the hedging contract has been considered when calculating the contractual revenues for the application of the cost to cost method.

### **Foreign currency translation**

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 recognized in the income statement.

Foreign currency receivables and payables and cash and cash equivalents held in foreign currencies at the end of the period are translated using the exchange rates in force at that time. Gains and losses deriving from their translation using the current rates of the end of the period of current receivables and payables, including the current portion of long term receivables and payables, and of cash and cash equivalents held in foreign currencies, are respectively credited and debited to the income statement as components of financial income (caption C.17 bis).

For the Italian entities, any net gain deriving from the translation of foreign currency balances using the period-end exchange rates is initially recognized as part of income for the period. Upon approval of the financial statements and the related allocation of results, any such gain not absorbed by losses are credited to a non-distributable reserve among Shareholders' equity 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 OIC 26.

### **Preparation of financial statements in highly-inflationary economies**

The financial statements of CMC Africa Austral Lda, C.I.M. 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 on a prudent and accrual basis. In particular, revenues related to contract whose execution exceed three month are accounted following the criteria described above, in relation to the valuation of inventories of contract work in progress.

Revenues from short term contracts and from other services is recognized upon completion of the service provided; revenues from sales of products are recognized at transfer of ownership, which is usually matching with the delivery or shipment of the goods; and finally financial revenues are recognized on an accrual basis.

### **Income taxes**

Income taxes are recorded on the basis of estimated taxable income in accordance with prevailing laws, taking into account applicable exemptions and tax credits due. In particular, income taxes reflected in interim financial statements are estimated considering the autonomy of the interim period. That means that the tax burden is computed as if it should be actually paid at the end of the period, considering all the related adjustments in accordance with tax laws. The tax rate is the one expected to be in place at year-end.

In addition, deferred taxes are provided on the temporary differences between the book value of assets and liabilities reflected in the balance sheet and the related value for tax purposes of each company.

In particular, deferred tax assets are accounted for when it is reasonably certain that there will be in the future taxable income, which will be offset by that tax asset.

### **Memorandum accounts**

These are stated at nominal value, taking account of the commitments and risks identified at period-end.

### **Finance lease contracts**

Leasing contracts, mainly relating to machineries used mainly in Southern Africa, to a building located in Ravenna and a real estate property located in Cesena are recognized using financial methodology under IAS 17, where applicable having regard for the nature of the transactions concerned.

### **Expression of values**

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 Shareholders' Equity and Net income and the Consolidated Shareholders' Equity and Net income**

	<i>Net income as of December 31, 2015</i>	<i>Shareholders' equity as of December 31, 2015</i>
<b>Balances resulting from Cmc di Ravenna Statutory financial statements as of December, 31 2015</b>	<b>4,808</b>	<b>130,138</b>
<i>Effect of eliminating consolidated equity investments against the related shareholders' equity after allocation of the minority interest</i>	4,986	(19,134)
<i>Effect of applying finance lease methodology</i>	200	22,784
<b>Group Shareholders' equity and net income</b>	<b>9,994</b>	<b>133,788</b>
<i>Minority interest</i>	(518)	9,068
<b>Balances resulting from the Consolidated financial statements</b>	<b>9,476</b>	<b>142,856</b>

## **COMMENTS ON MAJOR ITEMS**

### **ASSETS**

#### ***Receivable from shareholders for payments due***

This balance relates to amounts due from shareholders for subscribed capital that has not yet been paid in.

#### ***Fixed assets***

Information regarding the changes with took place during the period about intangible and tangible fixed assets are disclosed in schedules I and II attached to these notes.

#### ***Intangible fixed assets***

"Incorporation and expansion cost" 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.

"Fixed assets in progress and advances" mainly comprise the deferred cost for the participation in bidding competitions whose successful outcome, as discussed in the section on accounting policies, is deemed to be reasonably certain. This caption also includes the costs incurred on contracts that have not yet started.

"Contracts' deferred charges" mainly comprise site set-up and contract start-up costs, amortized on a stage-of-completion basis. These comprise:

<b><i>Contracts' deferred charges</i></b>	<b><i>December 31, 2015</i></b>	<b><i>December 31, 2014</i></b>
<i>Site installation/start-up</i>	13,575	12,775
<i>Design studies</i>	687	823
<i>Contract insurance</i>	-	41
<i>Bond issuing costs</i>	7,333	7,934
<i>Other</i>	3,076	4,619
<b><i>Total</i></b>	<b><i>24,671</i></b>	<b><i>26,192</i></b>

"Site installation/start-up" includes some Euro 5 million relating to costs incurred to win the contract for the construction of the Messina Bridge through the Consortium Eurolink S.C.p.a. As disclosed in the prior year financial statements, the Contractor has terminated the contract. This decision is currently the subject of litigation initiated by the winning Consortium for compensation for the failure to carry out the work and the related loss of profit. The Directors, assisted by the Consortium's legal advisers, believe that the final outcome of the litigation, which is still at a preliminary stage, will lead to the complete recovery of the capitalised costs, as well as a further Euro 4 million relating to the net amount of the investment in the Consortium, inclusive of the costs recognised as inventories.

The decrease of the period is mainly due to the depreciation of the period and to the exit of some companies from the scope of consolidation.

#### ***Tangible fixed assets***

The main amounts of the caption machinery and equipment is related to assets located in foreign countries and used in specific work in progress. Their carrying value is deemed to be recovered through the project revenues and/or, in certain cases, through the compensation damages that would be paid by the customer in the event of work interruption.

The increase of the period is mainly due to the acquisition of tunnel boring machine for the realization of new projects in Asia.

The following assets held by the Group have been the subject of revaluations:

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

At December 31, 2015 the accumulated depreciation in relation to these revaluations amounts to about Euro 6.5 million.

## **Financial fixed assets**

### **Investments**

These comprise:

<b>Investments</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<i>Non-consolidated subsidiary companies</i>	2,944	1,325
<i>Associated companies</i>	22,416	25,088
<i>Other companies</i>	44,131	29,071
	<b>69,491</b>	<b>55,484</b>
<i>Investments write-off</i>	(505)	(506)
<b>Total</b>	<b>68,986</b>	<b>54,978</b>

The investments in non-consolidated subsidiaries and associated companies (please refer to Schedule III attached to these notes) comprise:

<b>Subsidiaries</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>	<b>%</b>
<i>Agata Scrl (**)</i>	28	0	70.10
<i>Ancona Neport Scrl (**)</i>	53	0	53.10
<i>Acquapura Scrl</i>	12	12	60.00
<i>Be Infrastrutture Srl (*)</i>	106	105	70.00
<i>CMC di Ravenna Mota-Engil JV (Liwonde-Naminga)</i>	519	-	100.00
<i>Cmc d.o.o Zagabria</i>	3	3	100.00
<i>Cmc Embassy s.r.l.</i>	984	-	100.00
<i>CMC Swaziland (Pty) By Pass</i>	876	876	100.00
<i>Italia 61Scrl</i>	23	23	75.00
<i>La Quercia 2 Scrl being wound up</i>	30	40	52.00
<i>Letimbro Scrl</i>	51	51	51.00
<i>JV CCC – CMC (**)</i>	13	0	66.00
<i>Palazzo Rasponi Scrl (**)</i>	20	0	100.00
<i>Ospedale dei Castelli Scrl (**)</i>	25	25	50.10
<i>Ravenna Tunnel Scrl</i>	119	119	99.00
<i>Rotonda Scrl</i>	20	20	100.00
<i>Solarmaas Srl</i>	51	51	51.00
<i>Sviluppo Trapani Srl being wound up</i>	10	10	100.00
<b>Totale</b>	<b>2,944</b>	<b>1,325</b>	

The principal changes with respect to the prior year derive from changes in the consolidation area, as already discussed.

<b>Associated companies</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>	<b>%</b>
ACR Srl	0	8	20.00
Albacem Srl	8	8	20.00
Antares Srl (*)	919	871	28.00
Autostrade Romagna 1 Scpa	350	350	35.00
Baglio la Camperia Spa	100	100	20.00
Bagnarola Srl	25	25	12.50
Co.l.i.s.pa. Srl being wound up	6	6	29.76
Consorzio Due T (***)	0	1,860	31.00
CMC Conduril JV (Beira)	37	-	50.00
Consorzio JV CB	10	-	50.00
CTM BAU Srl	42	42	42.00
Granarolo Immobiliare Spa (*)	653	414	30.00
Elaion Srl	4	0	40.50
Fda Srl	304	0	20.00
Incomdue Srl(*)	-	1,439	30.00
Itaca Srl being wound up	4	4	34.60
Lodigiani - Cmc (Malaysia) Sdn Bhd	7	7	50.00
Mirandola Srl	9	9	45.10
Mediterranea 010 Srl	5	5	49.00
Molfetta Newport Srl (**)	19	0	38.50
Opera 2 Srl	13	13	50.00
Opera 3 Srl	10	10	34.67
Palazzo Guiccioli Scarl	-	10	50.00
Piombone Srl	49	49	49.00
Rodano Srl	116	116	46.43
Sistema 2 Srl	11	11	37.00
Sviluppo Palermo Srl (*)	100	100	24.93
Under Water Anchors Srl	40	40	33.33
Val di Chienti Srl	19,600	19,600	28.00
<b>Totale</b>	<b>22,416</b>	<b>25,088</b>	

The equity investments in other companies are detailed below:

<b>Companies</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>	<b>%</b>
Azienda Libico – Italiana (Ali)	9	9	0.33
Cfi. Cooperazione Finanza Imprese Scpa	6	6	0.70
Cons. Co.ri.re. being wound up	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. Lybian Expressway Contractors	1	1	11.00
Cons. Miteco	1	1	11.04
Cons. Nazionale Servizi	12	12	12.00
Cons. Prometeo being wound up	10	10	0.01
Cons. Toscano Costruzioni - C.T.C. Srl	30	30	6.91
Coop. Culturale "Luigi Luzzati" Srl	28	28	31.32
Coop. Servizi Cultura	575	574	95.56
Coop. Terremerse Srl	3	3	1.33
Cooperare SpA	51	51	0.01
CO.VE.CO. (Consorzio Veneto Cooperativo) Srl	11	11	3.84
Eurolink Scpa (**)	19,500	0	13.00
Federazione delle Coop. della Prov.di Ravenna	7,193	7,193	12.30
Federcoop "Nullo Baldini" Srl	63	63	3.84
Fincooper Srl being wound up	176	176	0.93
Holcoa Spa	-	3,750	15.00
ImmoFil Srl	300	300	18.75



<b>Companies</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>	<b>%</b>
<i>Istituto Coop I.C.I.E. (BO) Srl</i>	41	41	3.41
<i>I.G.E.I. (Inps Gestione Immobiliare) Spa being wound up</i>	744	744	9.60
<i>Immobiliare Riminese Malatesta Srl</i>	8	8	0.44
<i>ISI Service Emilia Romagna</i>	12	12	12.00
<i>Nomisma – Società' di Studi Economici – Spa</i>	11	11	0.21
<i>Platano S.c.n.c being wound up</i>	3	5	16.67
<i>Porto intermodale Ravenna Spa</i>	51	51	0.39
<i>S.C.S. Consulting Spa</i>	11	11	0.44
<i>SAT Lavori Srl</i>	9	9	8.66
<i>Soped Spa</i>	100	100	1.63
<i>Tangenziale Esterna Spa(*)</i>	14,031	14,720	3.24
<i>Others</i>	13	13	
<b>Total</b>	<b>44,131</b>	<b>29,071</b>	

The changes with respect to the prior year reflect:

- (\*) the effect of valuation with the equity method and write-off for impairment
- (\*\*) changes in consolidation area /reclassification
- (\*\*\*) completion of liquidation work

## Financial receivables

Financial receivables comprise:

<b>Financial receivables</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<i>Non-consolidated subsidiaries</i>	7,878	6,607
<i>Associated companies</i>	35,079	29,692
<i>Other</i>	8,350	3,442
<b>Total</b>	<b>51,307</b>	<b>39,741</b>

The amounts due to and from subsidiary and associated companies, not included in consolidation area, are detailed in Schedules V and VI attached to these notes.

The "Other" caption is analyzed as follows:

<b>Receivables from others</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<i>Loans to other non-consolidated companies</i>	4,793	1,460
<i>Contributions to associations and/or entities</i>	1,575	113
<i>Guarantee deposits</i>	1,982	1,869
<b>Totale</b>	<b>8,350</b>	<b>3,442</b>

## CURRENT ASSETS

### Inventories

This caption is analyzed as follows:

<b>Inventories</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<i>Raw materials and consumables</i>	44,933	42,940
<i>Work in progress and semi-finished products</i>	11,834	12,320
<i>Contract work in progress</i>	587,986	515,123
<i>Finished products and goods</i>	10,555	10,002
<i>Advances</i>	26,127	21,510
<b>Total</b>	<b>681,435</b>	<b>601,895</b>

a) *Raw materials and consumables*

These are mainly raw materials used in our different sites. The most significant amounts are referred to works in China and Africa Austral area.

b) *Semi-finished products*

They refer, mainly, to semi-finished products of our subsidiary company Sulbrita Lda in Mozambique and Iniziative Immobiliari Siciliane Srl.

c) *Contract work in progress*

In the current period and in prior years, the Group accounted for claims for additional revenues not yet approved by the clients which are reflected among "Contract work in progress" and, to a lesser extent, among receivables "Due from customers", in accordance with what previously disclosed in the "Accounting policies" section of these notes. Group Management believes that the amounts recognised represent a prudent estimate of the additional remuneration that will be acknowledged by the clients and that there is reasonable certainty as to their recovery based on the advanced stage of the negotiations being held in relation thereto.

CMI Joint Venture is in dispute with the client regarding the validity of the appointment of the adjudicator for the period January 1, 2014 to present. During the disputed period the adjudicator issued a number of rulings in favour of CMI JV supporting the relevant claims considered by management in the evaluation of contract work-in-progress for about Rand 1,371 million. The dispute has been referred to the High Court of South Africa, which has resolved that the Adjudicator nomination is valid until the end of the project. The client did not accept the judgement issued by the High Court and has issued an appeal to the Supreme Court of Appeal that has involved a new adjudicator. Some claims have been solved and others are still under negotiation. CMC management, based on the opinion expressed by their legal advisors and the process of settlement with the client, strongly believe that no material effect will derive from the above litigation.

Contract work in progress inventories are analysed below:

<b>Principal</b>	<b>Description</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
ANAS Spa	SS 640 Agrigento Caltanissetta Lotto 2	88,877	52,034
ANAS SPA ROMA	SS 640 Agrigento Caltanissetta	66,271	54,804
IST.NACIONAL ESTRADA DE ANGOLA	Luanda Soyo motorway (Angola)	47,344	46,027
VAL DI CHIANTI SCPA	Road network Quadrilatero Umbria – Marche	35,793	32,270
EMPEDOCLE 2	Ex Tecnis sub contractor	30,286	0
ESKOM HOLDING LIMITED	Station Pumping, Ingula (South Africa)	29,734	107,877
MELAMCHI CORP.	Excavations for water transfer (Nepal)	23,958	14,641
ANAS Spa	Palermo Lercara Friddi Highway	22,193	3,915
CCC B OLOGNA	Porto Empedocle 2 ex Iler share	19,510	0

CASSA DEPOSITI E PRESTITI	Building Renovation Piazza Dante - Roma	18,932	8,714
ANAS Spa	Works in Savona	16,155	14,350
LTA – LAND TRANSPORT AUTHORITY	2 Lots of Singapore underground	14,225	10,331
A.N.E MOZAMBIQUE	Improv. of Montepuez – Ruaca road (Mozambique)	13,608	18,111
SHANXI MIDDLE YELLOW RIVER WATER RESOURCE DEVELOPMENT CO. LTD. A.N.E MOZAMBIQUE	Middle Shanxi river diversion Project	11,016	3,012
A.G.A. (AG. GESTION AUTOROUTES)	Road rehabilitation works (Mozambique)	10,116	12,807
AGENCE NATIONAL DE AUTOROUTE	AGA - Autoroute Est (Algeria)	9,571	0
GOVERNMENT OF LESOTHO	El Affroun – Hoceina motorway (Algeria)	7,810	7,864
SANRAL	Oxbow Mapholaneng Road (Lesotho)	7,737	9,288
MINISTERO DELLE INFRASTRUTTURE	Mount Edgecombe junction	7,393	0
ADE-ALGERIA	Milan light rail transit system	6,289	5,542
RODANO	Douaouda desalination plant (Algeria)	5,739	5,976
GOVERNMENT OF LESOTHO	Special works	5,000	5,000
KONKOLA COPPER MINES	Water treatment plant - Botjheng (Lesotho)	4,807	3,463
NHPC LIMITED	Excavation of mines and 2 wells (Zambia)	4,406	4,356
A.N.E MOZAMBIQUE	Parabati H.E. Project	4,306	0
ROICC VICENZA	Lots 1, 2 and 3 of Rio Ligonha road (Mozambique)	4,144	4,559
AUSL Roma	Works relating to Molin Vicenza	3,999	6,655
RIFT WALLEY WATER SERVICES BOARD ( RVWSB )	Castelli Romani hospital	3,374	4,316
LINEA METRO 1 TORINO	Costruction of the itare dam Project	3,314	0
IMOBILIARIA X LDA	Lingotto Bengasi	3,251	0
FUNDACAO PARA O DESENVOLVIMENTO DA COMUNIDADE	Imotur II project (Mozambique)	3,187	2,589
M.A. KHARAFI AND SONS	Building construction	2,984	1,861
CONS. COSTR. TEEM / TEM	“Panorama”(Mozambique)	2,976	2,653
PROVINCIA DEL QUINGHAI ( XINING)	Zomba and Chitakale (Malawi)	2,752	5,982
YIN TAO PROJECT	Works relating to Milan Outer Ring Road	2,305	13,322
SAT - Società Autostrada Tirrenica	Tunnel excavations with TBMs (China)	2,259	1,138
ANAS Spa	Tunnel excavations with TBMs (China)	2,110	1,294
COCA COLA BOTTLING PLANT	Highway Tarquinia – Civitavecchia	1,705	1,601
MIN.DES TRAVAUX PUBLICS ALGERIEN	Forli Eastern Ring Road	1,543	2,622
EUROLINK Spa	Coca Cola	1,542	1,519
AUTORITA’ PORTUALE MOLFETTA	El Kala port (Algeria)	1,512	1,512
MOGALAKWENA MUNIC	Messina Bridge	1,276	1,276
T.A.V. SPA	Reconstruction Molfetta port	1,060	0
REGIONE SICILIA	Mogalakwena road	1,010	1,010
MASSINGIR DAM REHABILITATION	High-Speed Bologna-Florence railway	963	1,416
RAND WATER	Construction of Basso Verdura water network	866	1,085
MIN.DES TRAVAUX PUBLICS ALGERIEN	Ara Sul	750	0
ETHERWINI MUNIC	Sebokeng Works	689	1,133
CONSELHO MUNICIPAL DA CITEDE DE MAPUTO MOZAMBIQUE	Medea Highway (Algeria)	580	0
AUTORITA’ PORTUALE DI PIOMBINO	Cornubia Works	352	0
ROAD INFRASTRUCTURE AGENCY	Rehabilitacao Estrada Lacerda de Almeida (Mozambique)	87	8,267
ANCONA PORT AUTHORITY	New wharf, Piombino port	51	2,933
ANAS ROMA	Lot 1 of Maritza Motorway (Bulgaria)	13	1,600
ROMAGNA ACQUE SPA	Ancona Port	0	2,400
ANCONA PORT AUTHORITY	Salerno-Reggio Calabria Motorway Maxi-Lot	0	336
	Water purification plant in Ravenna	0	910
	New wharf, Ancona port	0	

MINISTERO DELLA DIFESA	Hangar Sigonella	0	0
ASP TRAPANI	Mazara del Vallo – Trapani Hospital	0	1,019
Others		26,256	19,733
<b>Total</b>		<b>587,986</b>	<b>515,123</b>

d) *Finished products and goods*

These are mainly buildings for sale, held by subsidiary company CMC Immobiliare Spa, and finished products ordered and delivered to clients by the subsidiary company GED Srl

e) *Advances*

This item mainly includes advance payments to suppliers particularly involved in our works in Lebanon.

**Receivables**

This caption comprises:

<b>Receivables</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
From customers:		
- for works and supplies	479,766	404,231
- less allowance for doubtful accounts	(10,450)	(7,818)
- for interests on overdue payments	(7)	135
- less allowance for interest on overdue payments	7	(135)
<b>Total from customers</b>	<b>469,316</b>	<b>396,413</b>
Due from non consolidated subsidiaries	6,864	6,420
Due from associated companies	11,192	9,973
Receivables from taxes	40,258	22,628
Deferred tax assets	24,667	15,538
<b>Total</b>	<b>82,981</b>	<b>54,559</b>
Due From others:		
- advances to suppliers and subcontractors	21,054	13,916
- amounts owed by J.V .partners partially consolidated	32,231	49,608
- social security and pension institutions	8,051	6,933
- employees	354	486
- credit notes due for work performed	28	90
- others	25,680	28,727
<b>Total receivables from others</b>	<b>87,398</b>	<b>99,760</b>
<b>Total receivables</b>	<b>639,695</b>	<b>550,732</b>

The increase in receivables due from customers is mainly attributable to Ingula Pumped Storage Project (South Africa), to the principal ANE in Mozambique and ANAS in Italy..

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, 2015 the Parent Company had a receivable of some Euro 14 million due for work performed for a Sicilian government-owned company. The Parent Company has taken action to ensure the recovery of these receivables which are considered fully collectable.

The amounts due from subsidiary and associated companies are analyzed in Schedule V and VI attached to these notes. Amounts “Taxes” mainly include Italian and foreign VAT recoverable.

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.

Deferred tax assets are analysed below:

	December 31, 2015			December 31, 2014		
	Temporary differences	Tax effect	Rate %	Temporary differences	Tax effect	Rate %
<b>Tax loss</b>						
- Joint Venture dividends	131	36	27.50%	796	219	27.50%
- interest expense	27,131	7,461	27.50%	26,218	7,210	27.50%
- tax loss	3,964	1,090	27.50%	11	3	27.50%
- non tax deductible general provisions	53,327	16,745	31.40%	26,280	8,252	31.40%
- write-down of investments	505	139	27.50%	505	139	27.50%
- provisions for special risks	400	110	27.50%	400	110	27.50%
- contributions deductible on a cash basis	350	110	31.40%	411	129	31.40%
- maintenance charges (above 5% threshold)	2,847	894	31.40%	2,764	868	31.40%
<b>Deferred tax liabilities</b>						
- Joint Venture dividends	(6,978)	(1,919)	27.50%	(5,062)	(1,392)	27.50%
<b>Change in deferred tax assets (liabilities)</b>	<b>24,666</b>			<b>15,538</b>		

	Balance at December 31, 2014	Income statement	Balance at December 31, 2015
<b>Deferred tax assets</b>			
- Joint Venture dividends	219	(183)	36
- interest expenses	7,210	251	7,461
- tax losses	3	1,087	1,090
- non tax deductible general provisions	8,252	8,493	16,745
- provision for equity investments	139	-	139
- provisions for special risks	110	-	110
- contributions deductible on a cash basis	129	(19)	110
- maintenance changes (above 5% threshold)	868	26	894
- Other		(82)	(82)
<b>Deferred tax liabilities</b>			
- Joint Venture dividends	(1,392)	(527)	(1,919)
<b>Effect on the income statement</b>	<b>15,538</b>	<b>9,046</b>	<b>24,666</b>

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

	Italy	Africa	Asia	Europe	USA	Other	Total
From customers	112,302	299,987	32,763	415	23,849	-	469,316
From non consolidated subsidiaries	4,700	2,089	75	-	-	-	6,864
From associated companies	10,970	221	-	-	-	-	11,191
Taxes	28,842	7,255	2,227	36	1,225	674	40,259

<i>Deferred tax assets</i>	17,033	6,527	443	-	-	664	<b>24,667</b>
<i>Others</i>	36,482	30,522	19,596	48	652	98	<b>87,398</b>
<b>Total</b>	<b>210,329</b>	<b>346,601</b>	<b>55,104</b>	<b>499</b>	<b>25,726</b>	<b>1,436</b>	<b>639,695</b>

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 analyzed below:

<b>Company</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
CMC (Parent Company)	557	557
Passante di Mestre Scpa	0	1,200
Fda Srl	0	385
Di Fazio Industries	405	195
<b>Total</b>	<b>963</b>	<b>2,338</b>

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

### Cash and Cash Equivalents

Bank deposits represent temporary liquidity arising from collections made at the end of December, 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.

This caption is analyzed below:

<b>Details of cash and cash equivalents</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>Cash and Cash Equivalents CMC</b>		
- Euro	12,871	29,309
- Kwanza (Angola)	1,808	6,278
- Dinar (Algeria)	865	6,498
- Dollars (USA)	4,299	867
- Dollars (Singapore)	2,582	8,176
- Rand (South Africa)	4,230	3,305
- Renminbi (Yuan - China)	2,123	10,222
- Rupees (Nepal)	6	-
- Lev (Bulgaria)	7,399	132
- Other currencies	98	124
	<b>36,281</b>	<b>64,911</b>
<b>Cash and Cash Equivalents Consortiums</b>		
- Italian consortiums	26,427	23,934
- Foreign consortiums	37,391	37,312
- Other companies	525	681
	<b>64,343</b>	<b>61,927</b>
<b>Total Cash and cash equivalents</b>	<b>100,624</b>	<b>126,838</b>

## Accrued income and prepayments

This caption comprises:

<b>Accrued income and prepayments</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>Accrued income:</b>		
- interest	361	55
- others	400	412
<b>Deferred Costs:</b>		
- insurance	6,520	7,840
- other rental fees	200	170
- guarantee	2,943	1,080
- interest	2,542	3,784
- others	7,609	4,572
<b>Total</b>	<b>20,575</b>	<b>17,913</b>

The increase in “others” item is mainly due to a prepayment related to our site in Singapore.

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

## **LIABILITIES**

### ***Shareholders' equity***

The statement of changes in shareholders' equity during the period is attached.

### **Share capital**

Share capital comprises 549,967 shares, nominal value Euro 50 each, plus about Euro 24 thousand in part shares deriving from the revaluation process.

The changes in membership during the nine months of the year 2015 are analyzed below:

	<b>Active shareholders</b>	<b>Pensioner shareholders</b>	<b>Financing shareholders</b>	<b>Total</b>
<b>Year beginning</b>	<b>401</b>	<b>565</b>	<b>2</b>	<b>968</b>
<i>New members</i>	10	-	-	10
<i>Leavers</i>	(6)	(42)	-	(48)
<i>Retirements</i>	(16)	16	-	-
<b>As of December 31, 2015</b>	<b>389</b>	<b>539</b>	<b>2</b>	<b>930</b>

<b>Membership categories</b>	<b>December 31, 2014</b>			<b>December 31, 2015</b>		
	<b>no. of members</b>	<b>share capital (million of EUR)</b>		<b>no. of members</b>	<b>share capital (million of EUR)</b>	
<b>Cooperative members</b>	401	17.1	64%	389	16.4	60%
<b>Pensioner members</b>	565	1.6	4%	539	1.9	7%
<b>Financing members</b>	2	8.7	32%	2	9.2	34%
<b>TOTAL</b>	<b>968</b>	<b>27.4</b>	<b>100%</b>	<b>930</b>	<b>27.5</b>	<b>100%</b>

Subscribed share capital has been flat from Euro 27.4 million as of December 31, 2014 to Euro 27.5 million as of December 31, 2015. The increase is almost entirely attributable to the impact of cooperative members' contributions that have been revalued under art. 7 of Law 59/92 and the annual allocation of retained profits as bonus increases of share capital.

### **Legal reserve**

Pursuant to art. 54 of the current Articles of association, 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.



## Reserves for risks and charges

<b>Reserves</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<i>Taxes</i>	328	347
<i>Contractual risks</i>	5,420	5,320
<i>Overseas operations</i>	8,307	7,043
<i>Other risks and charges</i>	19,189	19,183
<b>Total</b>	<b>33,244</b>	<b>31,893</b>

The "Reserve for contractual risks" and the "Reserve for foreign operations" have been accounted for based on the best estimate, in accordance with the information currently available, of the potential losses on contracts performed directly, with partners or through separate entities, as well as with reference to the evaluation of certain investments, as previously commented.

The reserve for "other risks and charges" are considered adequate by the Directors of the Cooperative, assisted by their legal and tax advisors, to cover any charges that may arise from the outcome of litigations currently in progress. The increase in the period is mainly due to the provision for the pre-paid contract work, potential expenses deriving from post-completion and for the risk that revenue that we have recognized may be reversed due to.

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

- In October 2013, the public prosecutor's office of the Court of Trani commenced a criminal investigation into the award of the contract for work relating to the construction of the new Molfetta port. The contract was awarded in 2006 to a consortium headed by the Company. The accusation against the Company is that it knowingly participated in a project organised fraudulently by Molfetta Municipality. The precautionary measures requested by the public prosecutor against the Company and its employees (inclusive of the request for interdiction prohibiting the continuation of its operations pursuant to Decree 231 /2001) were rejected and revoked by the competent Court. The investigations have been finished but the hearing has not been fixed yet. The Cooperative's Directors believe that the prosecution will confirm the proper conduct of CMC Group that will provide assurance on the full recovery of the asset recorded.
- with regard to the criminal proceedings activated against the C.A.V.E.T. Consortium and certain individuals, including some former managers of the Consortium, it is worth mentioning that the appellate proceedings ended in June 2011 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, whose grounds were filed on May 29, 2014, was challenged by all the defendants and by C.A.V.E.T, as a party liable under civil law, and the related appeals were filed for Cassation in September this year. The Consortium, in protecting its interests, is confident that it will be able to demonstrate, again, in the subsequent courts of instance, the correctness of its actions.

Despite the uncertainties arising from the fact that certain proceedings and litigations are in a preliminary stage, based on the information available at the reporting date and supported by the opinion of their legal advisors, the Directors believe that the provisions recorded in the consolidated financial statements represent the best estimate of the potential risk that could arise from the closure of these proceedings and litigations.

Other risks and charges Reserves include the mark to market evaluation (Euro 303 thousands) related to Interest rate swaps and exchange rate derivatives contracts.

## Payables

### Bond

This item is related to the Senior Notes of Euro 300 million due 2021, at a fixed coupon of 7.5% per annum and at an issue price of 100%.

### Shareholders' loans account

<b>Balance as of December 31, 2015</b>			<b>Balance as of December 31, 2014</b>
<i>Within 12 months</i>	<i>Beyond 12 months</i>	<b>Total</b>	
2,612	10,741	13,353	13,658

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 December 31, 2015 total Euro 13.3 million and the interest charged to the income statement for the period was Euro 363 thousand
- the members' capital of the Parent Company (paid-in capital plus reserves) is more than nine times greater than the amount of 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

<b>Balance as of December 31, 2015</b>			<b>Balance as of December 31, 2014</b>
<i>Within 12 months</i>	<i>Beyond 12 months</i>	<b>Total</b>	
275,491	50,858	326,349	225,608

The change in this caption during the period is analyzed in the statement of cash flows.

The above borrowing is hedged by contracts recorded on the basis described in the "Accounting policies" section of these notes.

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

<b>Lender</b>	<b>Due 2016</b>	<b>Due 2017</b>	<b>Due 2018</b>	<b>More</b>	<b>Total December 31, 2015</b>	<b>Total 2014</b>
<b>Syndicated loans</b>						
- BCC Banca Cr. Coop. (Jun-11 / Jun-15)	0	0	0	0	0	31
- Mediocredito Centrale (Aug-13 / Aug-18)	6,592	6,894	5,663	0	19,149	25,452
- Cariromagna (Dic-13 / May-15)	0	0	0	0	0	96
- Sace CDP (Mar-2014/May-2019)	9,000	9,000	9,000	4,500	31,500	36,000
- Unicredit (Gen-17)	2,412	204	0	0	2,616	0
- Banco Popolare (Mar-15 / Mar-19)	1,428	1,428	1,428	358	4,642	0
- Banca Popolare MI (May-15 / Jun-18)	4,000	4,000	2,000	0	10,000	0
- Banca Popolare E. Romagna (Nov-18)	1,622	1,670	1,575	0	4,867	0
- Cassa di Risparmio di Ravenna (Aug-18)	888	1,778	1,334	0	4,000	0
<b>Unsecured loans</b>						

- Cariromagna (Mar-12 /Mar-17)	101	27	0	0	128	224
<b>Total loans</b>	<b>26,043</b>	<b>25,001</b>	<b>21,000</b>	<b>4,858</b>	<b>76,902</b>	<b>61,803</b>
- Revolving Credit Facility	52,000	0	0	0	52,000	27,000
Other bank payables	197,447	0	0	0	197,447	136,805
<b>Total Bank payables</b>	<b>275,490</b>	<b>25,001</b>	<b>21,000</b>	<b>4,858</b>	<b>326,349</b>	<b>225,608</b>

The "Syndicated loans" do not include any accounts due beyond five years.

#### Due to other financiers

These payables are analyzed as follows:

<b>Due to other providers of finance</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
UBI Leasing	8,642	9,129
Sarda Leasing	4,622	5,025
Coop Servizi Cultura	2,900	3,000
Simest Spa	692	1,038
Factoring	582	9,160
<b>Total</b>	<b>17,438</b>	<b>27,352</b>

The capital element of lease obligations of Euro 24 milion is included in "payables to suppliers".

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

#### Advances from customers

This caption includes the difference between the amounts certified and paid by customers and the value of production actually performed.

Further information is provided in the "Inventories" section of the "Accounting policies".

#### Due to subsidiaries and associated companies

The amounts due to/from subsidiaries and associated companies are analysed in Schedules V and VI attached to these notes.

#### Taxes

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

#### Other payables

Other payables are summarized below:

<b>Other payables</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Amount owed to J.V. partners	228,043	202,557
Employees for unpaid payroll	10,892	12,340
Subscribed capital to be paid	1,254	5,420
Others	12,610	15,855
<b>Total</b>	<b>252,799</b>	<b>236,172</b>

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 caption comprises the contractual amounts paid by Employers as advances against the work to be completed; these amounts are recovered against the work performed as it progresses.

Advances from customers are analyzed below:

<b>Advances from customers</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<i>Grater Water (Lebanon)</i>	27,293	-
<i>Gabineto Tecnico de Investimentos Publicos (Angola)</i>	24,319	27,073
<i>AGA - Autoroute Est (Algeria)</i>	17,426	15,792
<i>Melamchi Corp. , Water Supply Project (Nepal)</i>	12,775	12,775
<i>A.N.E. - Administracao National de Estradas (Mozambique)</i>	8,809	12,571
<i>Lyon- Turin Ferroviarie sas, Exploration Tunnel in Piedmont</i>	7,028	7,028
<i>A.E.S. Gener Hydroelectric Plant Alto Maipo (Chile)</i>	7,018	14,299
<i>ARA-Sul Adiantamento Contrat (Mozambique)</i>	5,753	7,351
<i>Road Authority (Namibia)</i>	5,566	-
<i>NHPC Ltd, Parbati Hydroelectric Project (India)</i>	3,771	2,765
<i>Ministry of Public Works &amp; Transport (Lesotho)</i>	3,658	7,398
<i>China-Shanxi Project</i>	3,461	2,616
<i>Millennium Challenge Drainage Project (Zambia)</i>	3,251	-
<i>Regione Sicilia E.s.a.</i>	2,586	1,223
<i>Tunnel Qinghai (China)</i>	2,148	3,855
<i>Government of Malawi-Minestry of finance (Malawi)</i>	1,857	1,615
<i>Travessas do Norte (Mozambique)</i>	1,552	4,152
<i>Amm.ne Provinciale di Foggia</i>	1,114	1,114
<i>TCTA - Trans-Caledon Tunnel Authority</i>	588	6,660
<i>China-Yin Tao Project</i>	353	1,129
<i>Road Infrastructure Agency, Maritza motorway (Bulgaria)</i>	-	1,949
<i>China Road Corporation (Mozambique)</i>	-	418
<i>G.T.R.E.K. Groupement CMC-Sotramest (Algeria)</i>	-	2,175
<i>Coca Cola Sabco Mocambique</i>	-	2,990
<i>Other</i>	8,942	7,536
<b>Total</b>	<b>149,268</b>	<b>144,484</b>

This caption mainly comprises advances received for work still to be performed and does not include any amounts due beyond five years.

### ***Accrued liabilities and deferred income***

These consist of the following:

<b><i>Accrued liabilities and deferred income</i></b>	<b><i>December 31, 2015</i></b>	<b><i>December 31, 2014</i></b>
<b><i>Accrued expenses:</i></b>		
- <i>interest charge</i>	10,663	11,431
- <i>insurance expense</i>	3,410	847
- <i>guarantee charges</i>	1,189	1,326
<b><i>Deferred income:</i></b>		
- <i>others</i>	1,777	4,559
<b><i>Total</i></b>	<b><i>17,039</i></b>	<b><i>18,163</i></b>

The "Accrued liabilities and deferred income" caption does not include any amounts due beyond five years.

## MEMORANDUM ACCOUNTS

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 the HST contract won by Cepav Uno Consortium (Bologna-Milan stretch) and abroad for road works in Algeria, for hydroelectric plants in South Africa and for the water infrastructure project in Beirut.

The secured guarantees in favour of third parties relate to pledges over the shares of Val di Chienti Scpa and Tangenziale Esterna Spa.

The effect of the mark to market value of derivative contracts is reported in the attachment IV to the notes.

## **INCOME STATEMENT**

The "Revenues from sales and services" are analyzed below:

<b>Revenues from sales and services</b>	<b>2015 (Annual)</b>	<b>2014 (Annual)</b>
<i>Contract revenues</i>	805,388	894,053
<i>Sundry services</i>	116,477	76,705
<i>Sale of materials</i>	22,291	24,690
<b>Total</b>	<b>944,156</b>	<b>995,448</b>

<b>Detail of value of production</b>	<b>2015 (Annual)</b>		<b>2014 (Annual)</b>	
Revenues and changes in contract work in progress inventory	1,139.8	96.8%	1,079.2	97.7%
<i>Construction</i>	1,133.0	96.3%	1,067.0	96.6%
<i>Other activities</i>	6.8	0.6%	12.2	1.1%
Increases to fixed assets for internal work	3.9	0.3%	3.6	0.3%
Other income and proceeds	33.3	2.8%	21.9	2.0%
<b>Value of production</b>	<b>1,177.0</b>	<b>100.0%</b>	<b>1,104.7</b>	<b>100.0%</b>

Other income and proceeds are made up as follows:

<b>Other income and proceeds</b>	<b>2015 (Annual)</b>	<b>2014 (Annual)</b>
<i>Capitalization of deferred charges</i>	9,754	13,989
<i>Other income</i>	23,524	7,955
<b>Total</b>	<b>33,278</b>	<b>21,944</b>

The "Capitalization of deferred charges " relates to site set-up costs recognized as intangible fixed assets and amortized on a stage-of-completion basis with reference to the contracts concerned and to the capitalised costs related to the issue of the Senior Notes of Euro 300 million.

"Other income" mainly includes rental income, Euro 3,5 million, gains on the disposal of assets, and charges made to sub-contractors for the use of site facilities and services.

The total amount of "Services" comprises:

<b>Services</b>	<b>2015 (Annual)</b>	<b>2014 (Annual)</b>
<i>Sub-contracts</i>	242,285	181,726
<i>Services for works in JV</i>	128,899	180,855
<i>Consultancy, lawyers and notaries</i>	17,851	30,068
<i>Transport</i>	28,118	28,000
<i>Studies and design</i>	3,978	5,801

<i>Utilities</i>	8,678	8,304
<i>Lease and hire</i>	4,866	5,380
<i>Maintenance and repairs</i>	2,809	2,569
<i>Other services</i>	77,372	75,345
<b>Total</b>	<b>514,856</b>	<b>518,048</b>

The item Other services mainly include personnel costs involved in Joint ventures, laboratory tests and raw material analysis, cleaning and surveillances expenses, insurance and advertising services and other minor services.

#### Other provisions

The other provisions include the minority interest in CMI subsidiary, equal to Euro 37,266 thousand as of December 31, 2015 (Euro 31,690 thousand as of December 31, 2014).

#### Other operating costs

This item consists of the following:

<b>Other operating expenses</b>	<b>2015 (Annual)</b>	<b>2014 (Annual)</b>
<i>Insurance and custom duties</i>	23,124	15,340
<i>Social activities</i>	1,833	1,690
<i>Losses on the sale of machinery</i>	64	196
<i>Taxes</i>	3,836	6,875
<i>Other</i>	8,594	4,937
<b>Total</b>	<b>37,451</b>	<b>29,038</b>

#### Financial income and charges

This caption comprises:

<b>Financial income and charges - third parties</b>	<b>2015 (Annual)</b>	<b>2014 (Annual)</b>
<u><i>Income from third parties</i></u>		
- interest income - customers	10	95
- interest income - banks	1,189	2,027
- others income	483	374
<b>Total income</b>	<b>1,682</b>	<b>2,496</b>
<u><i>Charges from third parties</i></u>		
- interest expenses - banks	(14,547)	(18,921)
- guarantee charges	(1,958)	(4,105)
- bank charges	(2,933)	(8,186)
- without recourse charges and interest	(1,172)	(1,474)
- interest expense on members' loan	(363)	(432)
- interest expense - other providers of finance	(637)	(550)
- bond interest expense	(22,573)	(10,216)
- other charges	(2,467)	(1,905)
<b>Total charges</b>	<b>(46,650)</b>	<b>(45,789)</b>



### Extraordinary income and charges

These consist of the following:

<b>Extraordinary income and charges</b>	<b>2015 (Annual)</b>	<b>2014 (Annual)</b>
<b>Income</b>		
Capital gains	657	-
Other extraordinary income:		
- Insurance reimbursements	107	436
- Prior year income	1,380	1,590
- Other	1,197	1,721
<b>Total other extraordinary income</b>	<b>2,684</b>	<b>3,747</b>
	-	-
<b>Total extraordinary income</b>	<b>3,341</b>	<b>3,747</b>
<b>Charges</b>		
- capital losses from sales		
Taxation for previous years	(54)	(420)
Other extraordinary charges:		
- Prior year expense	(6,392)	(1,452)
- other	(1,236)	(215)
<b>Total other extraordinary charges</b>	<b>(7,628)</b>	<b>(1,667)</b>
<b>Total extraordinary charges</b>	<b>(7,682)</b>	<b>(2,087)</b>
<b>Total</b>	<b>(4,341)</b>	<b>1,660</b>

### Current income taxes, deferred tax liabilities and deferred tax assets

"Income taxes" of Euro 7,663 thousand include Euro 16,710 thousand of current taxes and Euro 9,045 thousand of deferred tax assets.

### Minority interests

This caption comprises:

<b>Minority interests</b>	<b>2015 (Annual)</b>	<b>2014 (Annual)</b>
Cooperare SpA	0	21
Generale Prefabbricati SpA	338	315
Conduril-Construtora Duriense Sa	0	9
Others	180	124
<b>Total</b>	<b>518</b>	<b>469</b>

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

<b>Average number of employees</b>	<b>2015 (Annual)</b>	<b>2014 (Annual)</b>
Managers	54	53
White collar and supervisors	2,127	2,040
Blue collar	6,083	5,591
<b>Total</b>	<b>8,261</b>	<b>7,984</b>

## **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

<i>Incorporation and expansion costs</i>	<i>Industrial patents</i>	<i>Concessions licenses and trademarks</i>	<i>Asset in process of formation and advance payments</i>	<i>Contracts' deferred charges</i>	<i>Total</i>
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**December 31, 2014**

<i>Cost</i>		863	9,841	91	6,334	31,282	48,410
<i>Acc. Amortization</i>		(586)	(8,563)	(21)	0	(5,089)	(14,259)
<b><i>Net Book value</i></b>		<b>277</b>	<b>1,278</b>	<b>70</b>	<b>6,334</b>	<b>26,193</b>	<b>34,152</b>

**Movements 2015**

<i>Increases</i>	Costo Storico	0	439	11	786	2,091	3,328
	Costo Storico	(12)	(46)	(27)	(1)	1,154	1,068
<i>Decreases</i>	<i>Amm.to cumulato</i>	1	87	26	0	2,702	2,816
<i>Amortization</i>		(84)	(652)	(29)	0	(16,455)	(17,220)
<i>Exchange recl. Difference</i>		(178)	28	(6)	434	8,987	9,264

**December 31, 2015**

<i>Cost</i>		425	10,231	62	7,553	30,732	49,004
<i>Acc. Amortization</i>		(421)	(9,097)	(18)	0	(6,060)	(15,596)
<b><i>Net Book value</i></b>		<b>4</b>	<b>1,134</b>	<b>44</b>	<b>7,553</b>	<b>24,672</b>	<b>33,408</b>

## II. STATEMENT OF CHANGES IN TANGIBLE FIXED ASSETS

<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Industrial and Commercial equipment</i>	<i>Other assets</i>	<i>Construction in progress and advances</i>	<i>Total</i>
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### December 31, 2014

<i>Cost</i>		82,744	381,505	116,921	1,277	7,027	589,474
<i>Acc. Amortization</i>		(19,768)	(250,231)	(85,875)	(245)	0	(356,119)
<b>Net Book value</b>		<b>62,975</b>	<b>131,274</b>	<b>31,046</b>	<b>1,032</b>	<b>7,027</b>	<b>233,355</b>

### Movements 2015

<i>Increases</i>	Costo Storico	11,017	32,208	2,293	243	5,426	51,188
	Costo Storico Amm.to cumulato	(3,631)	(30,241)	711	173	13,719	(19,269)
<i>Decreases</i>		3,116	(32,295)	1,149	77	0	(27,953)
<i>Amortization</i>		(2,565)	(33,281)	(10,144)	(292)	0	(46,283)
<i>Exchange recl. Difference</i>		(3,865)	59,947	132	17	(1,972)	54,259

### December 31, 2015

<i>Cost</i>		82,961	378,648	117,029	1,735	24,201	604,573
<i>Acc. Amortization</i>		(15,914)	(251,036)	(91,842)	(483)	0	(359,276)
<b>Net Book value</b>		<b>67,047</b>	<b>127,611</b>	<b>25,186</b>	<b>1,251</b>	<b>24,201</b>	<b>245,297</b>

**III. LIST OF INVESTMENTS IN SUBSIDIARIES**  
**NOT CONSOLIDATED LINE-BY-LINE OR ON A PROPORTIONAL BASIS**

<b>Company</b>	<b>Headquarter</b>	<b>CMC stake%</b>	<b>Shared Capital</b>	<b>Equity</b>	<b>Equity quota (a)</b>	<b>Book Value December 31, 2015 (b)</b>
Acquapura Srl	Ravenna	60	20	20	12	12
Agata Srl	Ravenna	70	40	40	28	28
Alvisi Srl	Faenza (RA)	90	100	0	0	-270
Ancona Newport Srl (*)	Ravenna	53	100	100	53	53
Be Infrastrutture Srl	Ravenna	70	100	151	106	107
CMC di Ravenna Mota-Engil JV (Liwonde-Naminga)	Malawi	100	0	175	175	519
Cmc d.o.o Zagabria	Croatia	100	3	3	3	3
CMC Embassy Srl	Ravenna	100	10	984	984	984
CMC Swaziland (Pty) By Pass	Swaziland	100	0	-11	-11	876
Dunrose Investment (Pty) Ltd	Sud Africa	100	0	3	3	0
Italia 61 Srl	Ravenna	75	30	30	23	23
La Quercia 2 Srl in liquidazione	Ravenna	52	0	0	0	30
Letimbro Srl	Tortona	51	100	100	51	51
Moreside Investment (Pty) Ltd	Sud Africa	100	0	7	7	0
Ospedale dei Castelli Srl	Ravenna	50	50	50	25	25
Palazzo Rasponi Srl	Ravenna	100	20	20	20	20
JV CMC/CCC	Ravenna	66	20	20	13	13
Ravenna Tunnel Srl	Ravenna	99	120	120	119	119
Rotonda Srl	Ravenna	100	0	0	0	20
Sidebar Manufacturing (Pty) Ltd	Sud Africa	100	0	72	72	0
Solarmaas Srl	Aci Castello	51	100	95	48	51
Sviluppo Trapani Srl in liquidazione	Palermo	100	10	2	2	10

(\*) Values updated as of December 31, 2014

**III, LIST OF INVESTMENTS IN ASSOCIATED COMPANIES**  
**NOT CONSOLIDATED LINE-BY-LINE OR ON A PROPORTIONAL BASIS**

<b>Company</b>	<b>Headquarter</b>	<b>CMC stake%</b>	<b>Shared Capital</b>	<b>Equity</b>	<b>Equity quota (a)</b>	<b>Book Value December 31, 2015 (b)</b>
Antares Scrl	Ravenna	28	3,000	3,193	894	919
Autostrade Romagna 1 Scpa	Forlì	35	1,000	1,000	350	350
Baglio la Camperia Spa (*)	Palermo	20	100	65	13	100
Bagnarola Srl	Cesena	13	100	96	12	25
Co.I.i.s.pa. Scrl in liquidazione	Ravenna	30	0	0	0	6
CMC Conduril JV (Beira)	Mozambico	50	0	0	0	37
Consorzio JV CB	Ravenna	50	20	20	10	10
Elaion Scrl	Ravenna	41	10	10	4	4
Fda Srl	Milano	20	702	1,516	303	304
Granarolo Immobiliare Spa	Ravenna	30	3,300	2,178	653	653
Gruppo Immobiliare Spa	Morciano(RN)	40	100	-1,326	-530	-666
Holcoap Spa	Ravenna	15	0	113	17	17
Itaca Scrl in liquidazione	Ravenna	35	10	10	4	4
Mirandola Scrl	Ravenna	45	20	20	9	9
Mediterranea 010 Scrl	Perugia (PG)	49	10	10	5	5
Molfetta New Port Scrl	Ravenna	39	50	50	19	19
Opera 2 Scrl	Ravenna	50	0	0	0	13
Opera 3 Scrl	Ravenna	35	30	30	10	10
Piombone Scrl	Ravenna	49	100	100	49	49
Rodano Scrl	Milano	46	250	250	116	116
Sistema 2 Scrl	Ravenna	37	30	30	11	11
Sviluppo Palermo Srl (**)	Ravenna	25	0	0	0	100
Under Water Anchors Srl	Ravenna	33	119	146	49	40
Val di Chienti Scrl	Ravenna	28	70,000	70,000	19,600	19,600

(\*) Values updated as of December 31, 2013

(\*\*) Not approved financial statement

#### IV. MEASUREMENT OF DERIVATIVES

Contract	Not. Amount 12/31/2015	Interest rate - Exchange rate	Expiry Date	MARK TO MARKET (€/000)		
				Posit.	Negat.	Net

Interest rate derivatives						
Irs Forward Start	1,563	Euribor 3 mesi	16/03/2017		-15	-15
Irs Forward Start	1,563	Euribor 3 mesi	16/03/2017		-10	-10
Irs Forward Start	938	Euribor 3 mesi	16/03/2017		-9	-9
Irs Forward Start	1,249	Euribor 3 mesi	03/05/2016		-5	-5
Irs Forward Start	4,643	Euribor 3 mesi	31/03/2019		-25	-25
Irs Forward Start	18,900	Euribor 6 mesi	05/02/2019		-303	-303
Irs Forward Start	1,400	Euribor 3 mesi	29/03/2016		-21	-21
Irs Forward Start	500	Euribor 3 mesi	17/06/2016		-6	-6
Irs Forward Start	1,400	Euribor 3 mesi	29/03/2016		-15	-15
Irs Forward Start	19,148	Euribor 3 mesi	31/08/2018		-184	-184
Irs Forward Start	5,000	Euribor 3 mesi	29/06/2018		-9	-9
Irs Forward Start	8,570	Euribor 6 mesi	01/06/2023		-1,597	-1,597
<b>Total</b>	<b>64,874</b>			<b>0</b>	<b>-2,199</b>	<b>-2,199</b>

Exchange rate derivatives						
put usd/call eur option	4,800	USD	10/04/2015		-36	-36
put usd/call eur option	500	USD	10/04/2015		-20	-20
put usd/call eur option	3,000	SGD	30/06/2016		-166	-166
<b>Total</b>				<b>0</b>	<b>-222</b>	<b>-222</b>

**V. RECEIVABLES AND PAYABLES**  
**DUE FROM/TO NON-CONSOLIDATED SUBSIDIARIES**

<b>Receivables/Payables - Subsidiary companies</b>	<b>Financial Receivables</b>	<b>Trades receivables</b>	<b>Financial Payables</b>	<b>Trade payables</b>	<b>Total 2015</b>	<b>Total 2014</b>
Acquapura Srl	60	-	-	(1,934)	(1,874)	(3,235)
Agata Srl	70	-	-	(178)	(108)	-
Ancona Newport Srl	-	-	-	(1,069)	(1,069)	-
Sviluppo Trapani Srl	65	340	-	(2)	403	399
Alvisi Srl	-	-	(80)	-	(80)	(80)
BE Infrastrutture Srl	-	338	-	(608)	(270)	(407)
Cedir Srl (in liquidazione)	37	251	-	-	288	288
CMC Ceta JV	-	38	-	(39)	(1)	-
CMC Conduril JV (Beira)	-	-	-	(963)	(963)	-
CMC Co Ltd Sudan	738	-	-	(675)	63	-
CMC di Ravenna Mota-Engil JV (Liwonde-Naminga)	-	381	(55)	-	326	-
CMC Engoa Groupement	-	-	-	(1)	(1)	(1)
CMC G4 JV (Gillooly's)	23	146	-	(83)	86	-
CMC Inyatsi-Ulusha JV (Nelspruit)	-	68	-	(118)	(50)	(75)
CMC Malaysia Sdn Bhd	719	75	-	(1)	793	771
CMC Mavundla-Indiza-Hkb JV	-	-	-	(11)	(11)	(11)
CMC Swaziland (Pty) by pass	-	13	-	(68)	(55)	(58)
CMC Tamega JV	-	242	-	-	242	365
CMC Wbho JV	-	-	-	(2,846)	(2,846)	(3,625)
Dunrose Investments Pty Ltd	52	4	-	-	56	67
Ghilina Srl (in liquidazione)	-	1	-	-	1	1
G.T.R.E.K. Groupement CMC di Ravenna	-	638	-	(24)	614	-
Italia 61 Srl	-	-	-	(5,752)	(5,752)	223
La Quercia 2 Srl	-	85	-	-	85	81
Letimbro Srl	-	-	-	(5,364)	(5,364)	(5,353)
Moreside Investments Pty Ltd	100	34	-	-	134	154
Ospedale dei Castelli Srl	-	508	-	(8,855)	(8,347)	(7,313)
Palazzo Rasponi Srl	-	386	-	-	386	-
Polis Trento Srl (in liquidazione)	-	1	-	-	1	1
JV CMC/CCC	-	2,515	-	-	2,515	-
Ravenna Tunnel Scpa	-	263	-	(367)	(104)	(90)
Rotonda Srl	-	14	-	(35)	(21)	(21)
Sidebar Manufacturing Pty Ltd	4,439	523	-	(547)	4,415	5,405
<b>TOTAL</b>	<b>7,878</b>	<b>6,864</b>	<b>(135)</b>	<b>(29,540)</b>	<b>(14,933)</b>	<b>(12,514)</b>



**VI. RECEIVABLES AND PAYABLES**  
**DUE FROM/TO NON- CONSOLIDATED ASSOCIATED COMPANIES**

<b>Receivables/Payables - Associated companies</b>	<b>Financial Receivables</b>	<b>Trades receivables</b>	<b>Financial Payables</b>	<b>Trade payables</b>	<b>Total 2015</b>	<b>Total 2014</b>
ACR Srl	-	1,288	-	-	1,288	-
Alvisi Srl	-	365	-	-	365	400
Antares Scrl	-	498	-	-	498	333
Autostrade Romagna 1 Scpa	-	-	-	(341)	(341)	(336)
Baglio la Camperia Spa	70	-	-	-	70	70
Bagnarola Srl	-	-	-	-	-	45
CMC Ceta JV	-	-	-	-	-	-
CMC Conduril JV (Beira)	-	8	-	(3)	5	-
CMC di Ravenna Mota-Engil JV (Liwonde-Naminga)	-	-	-	(167)	(167)	-
Colispa Scrl (in liquidazione)	-	2	-	(21)	(19)	(19)
Consorzio 2T	-	-	-	-	-	(1,845)
Consorzio C.G.L. (in liquidazione)	-	1	-	-	1	1
Consorzio Costruttori TEEM	-	3,449	-	-	3,449	5,791
Consorzio Miteco	-	10	-	-	10	10
Consorzio JV CB	65	112	-	(33)	144	-
Consorzio Lybian Expressway Contractors	-	-	-	(55)	(55)	-
CTM BAU Srl	-	-	-	-	-	48
Elaion Scrl	30	322	-	(367)	(15)	-
Eurolink Scpa	-	1,741	-	-	1,741	-
Fda Srl	-	-	-	(132)	(132)	-
GEIE Razel CmcRa Tabellout	-	91	-	-	91	113
Granarolo Immobiliare Spa	100	6	-	-	106	406
Gruppo Immobiliare Srl	1,253	2,158	-	-	3,411	3,713
Habitur	-	-	-	-	-	-
Incomdue Srl	-	-	(15)	-	(15)	1,353
Itaca Scrl	-	90	-	(78)	12	21
Lodigiani-CMC Malaysia Sdn Bhd	792	33	-	-	825	825
Mediterranea 010 Scarl	-	-	-	(18)	(18)	-
Mirandola Scrl	-	170	(450)	(117)	(397)	(355)
Molfetta New Port Scrl	-	408	-	-	408	-
Moreside Investments Pty Ltd	-	-	-	(181)	(181)	(219)
Opera 2 Scrl	-	-	-	(12)	(12)	(21)
Opera 3 Scrl	-	31	-	(20)	11	47
Palazzo Guiccioli Scrl	-	-	-	-	-	(4)
Piombone Scrl	-	-	-	(65)	(65)	(65)
Pizzarotti-CMC Ra Sep	-	-	-	(16)	(16)	(16)
Rodano Scrl	-	28	-	(376)	(348)	(62)
S.C.S. Consulting Spa	-	-	-	(5)	(5)	-
Sistema 2 Scrl	-	62	-	(11)	51	88
Sidebar Manufacturing Pty Ltd	-	122	(2,948)	(235)	(3,061)	(4,036)
Sviluppo Palermo Srl	982	193	-	-	1,175	1,162
Under Water Anchors Srl	120	3	-	-	123	50
Val di Chienti Scpa	31,667	-	-	(35,927)	(4,260)	10,497
<b>TOTAL</b>	<b>35,079</b>	<b>11,191</b>	<b>(3,413)</b>	<b>(38,180)</b>	<b>4,677</b>	<b>17,995</b>

**Independent auditors report pursuant to  
art. 14 of legislative decree n. 39 of January 27, 2010**

**(Translation from the Original Issued in Italian)**

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

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**Report on the consolidated financial statements**

We have audited the accompanying consolidated financial statements of Cooperativa Muratori & Cementisti - C.M.C. di Ravenna Società Cooperativa and its subsidiaries (hereinafter “CMC Group” or the “Group”), which comprise the statement of financial position as of December 31, 2015, the income statement for the year then ended and the explanatory notes.

*Directors responsibility for the consolidated financial statements*

The directors are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with the Italian laws governing the criteria for preparation.

*Auditors responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Italian Legislative Decree 39 of January 27, 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit procedures selected depend on the auditor's professional judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation that give a true and fair view of consolidated financial statements in order to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Società di revisione ed organizzazione contabile**

**Sede Legale:** Corso Vercelli n. 40 - 20145 Milano - Iscrizione al registro delle imprese di Milano Codice Fiscale e P.IVA n. 02342440399 - R.E.A. 1965420  
Registro dei revisori legali n. 157902, già iscritta all'Albo Speciale delle società di revisione tenuto dalla CONSOB al n. 49

Capitale Sociale: € 1.832.610,00 interamente versato

**Uffici:** Ancona-Bari-Bologna-Firenze-Genova-Milano-Napoli-Padova-Palermo-Perugia-Pescara-Pordenone-Rimini-Roma-Torino-Trento

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*Basis for qualified opinion*

In prior years, the Parent Company accounted for gains related to transactions with Group companies amounting to Euro 6.3 million, net of the portion subsequently realized through sales to third parties, revaluations made in accordance with specific laws and the depreciation process. The above mentioned residual value of the gains has not been eliminated as requested by the applicable accounting principles regarding consolidated financial statements in order to align the value of the fixed assets transferred within the Group to their historical cost and caused us to qualified our audit opinion on the financial statements related to year 2014. Therefore the consolidated capital assets as of December 31, 2015 are overstated by Euro 6.3 million (Euro 6.3 million as of December 31, 2014). As a consequence, the consolidated shareholders' equity as of December 31, 2015 is overstated by Euro 6.3 million (Euro 6.3 million as of December 31, 2014), gross of the related tax effect, with no effect on the consolidated income.

*Qualified opinion*

In our opinion, except for the effect of the matters referred to in the paragraphs "Basis for qualified opinion", the consolidated financial statements give a true and fair view of the financial position of the CMC Group as of December 31, 2015 and of the result of its operations for the year then ended, in accordance with the Italian laws governing the criteria for preparation.

**Report on compliance with other laws and regulations**

*Opinion on the consistency of the report on operations with the consolidated financial statements*

We have performed the procedures required under auditing standard (SA Italia) n° 720B to express an opinion, as required by law, on the consistency of the report on operations, which is the responsibility of the directors of Cooperativa Muratori & Cementisti - C.M.C. di Ravenna Società Cooperativa, with the consolidated financial statements of the CMC Group as of December 31, 2015. In our opinion, except for the effect of the matters referred to in the paragraphs "Basis for qualified opinion", the report on operations is consistent with the consolidated financial statements of the CMC Group as of December 31, 2015.

Bologna, May 6, 2016

Ria Grant Thornton S.p.A.

*Signed by*

Silvia Fiesoli  
Partner

***This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international***