ANNUAL REPORT 2015

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Report on Operations

1. Board of Directors, Board of Statutory Auditors and Independent Auditors

Board of Directors	
Chairman	Fabrizio DI AMATO
Chief Executive Officer	Pierroberto FOLGIERO
Director	Luigi ALFIERI (*)
Independent Director	Gabriella CHERSICLA (**Chairman) (*** Chairman)
Independent Director	Nicolò DUBINI
Director	Stefano FIORINI (**)
Independent Director	Vittoria GIUSTINIANI (*)
Independent Director	Patrizia RIVA (***)
Independent Director	Andrea PELLEGRINI (***) (**)(* Chairman) (****)

The Board of Directors was appointed by the Shareholders' Meeting on 30 April 2013 and shall remain in office until approval of the financial statements as at 31 December 2015.

(*) Member of the Remuneration Committee

(**) Member of the Control and Risk Committee

(***) Member of the Related Parties Committee

(****) On 18 February 2015, the Shareholders' Meeting appointed as Director Andrea Pellegrini, who will remain in office until approval of the financial statements as at 31 December 2015.

Board of Statutory Auditors	
Chairman	Pier Paolo PICCINELLI
Statutory Auditor	Roberta PROVASI (*)
Statutory Auditor	Giorgio LOLI
Alternate Auditor	Andrea BONELLI
Alternate Auditor	Marco PARDI (**)

The Board of Auditors was appointed by the Shareholders' Meeting held on 30 April 2013 and shall remain in office until approval of the financial statements as at 31 December 2015.

(*) The Meeting of 18 February 2015 integrated the Board of Auditors with the appointment of Roberta Provasi as Statutory Auditor, who will remain in office until approval of the financial statements as at 31 December 2015.

(**) the Meeting of 30 April 2014 integrated the Board of Auditors with the appointment of Marco Pardi as Alternate Auditor, who will remain in office until approval of the financial statements as at 31 December 2015..

Independent Auditors
DELOITTE & TOUCHE S.p.A.

The Shareholders' Meeting of 10 July 2007 resolved to entrust the task of statutory audit to the audit firm Deloitte & Touche S.p.A. for the years 2007 - 2015

2. Investor Information

SHARE CAPITAL OF MAIRE TECNIMONT S.P.A. AT 31 DECEMBER 2015

Share Capital	Euro 19,689,550
Number of ordinary shares	no. 305,527,500
Market Float, Number of Shares	no. 106,875,000
% Market Float of Share Capital	34.980%

MAIRE TECNIMONT STOCK PERFORMANCE

In FY 2015, there was a positive change (+39%) in the Issuer's capitalisation, which went from Euro 551,782,665 in 2014 to Euro 766,874,025 as at 31 December 2015.

During 2015, the share performance was significantly influenced by various factors:

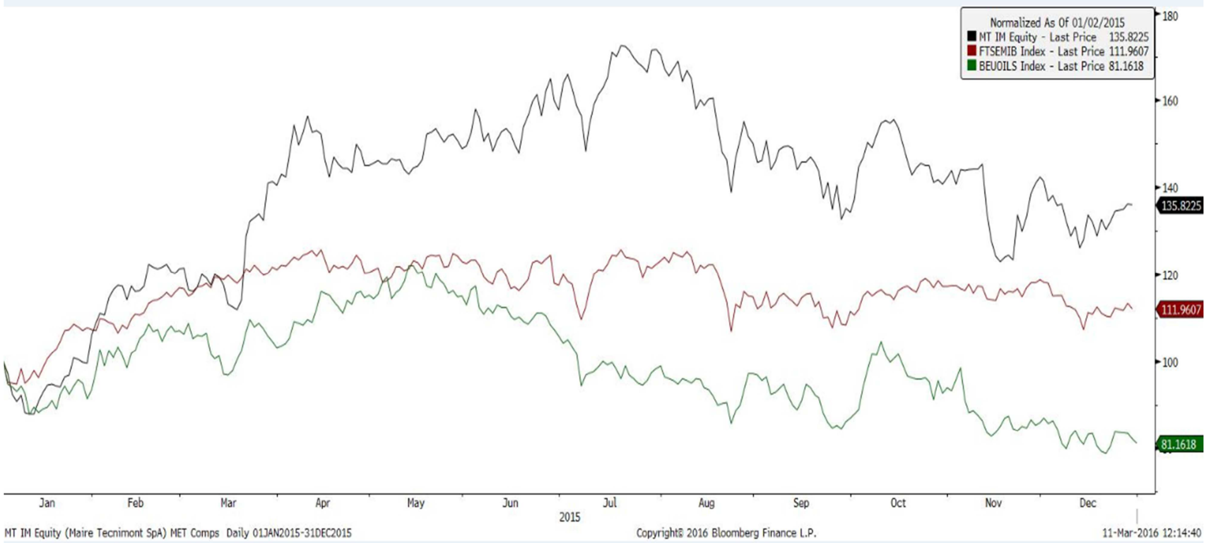
- The announcement on March 2015 of the positive results of 2014 and the general increase of recommendations and target prices by the analyst community positively influenced the stock, especially in the first part of 2015.
- On the contrary, an unfavourable situation in the financial markets adversely affected by fears of slowing growth in China and worldwide, has penalized the security since August 2015.
- Though the falling price of oil does not directly impact the Group's business, given the focus on the activities of downstream and fertilizers, the negative sentiment towards the sector in which the Group operates also had a negative impact on the stock performance, particularly in the second part of 2015.

The number of ordinary shares of the Issuer at 31/12/2015 was 305,527,500 and did not change in the year.

The daily average trading volume in 2015 was 1.713 million shares with an average unit price of Euro 2.5752.

Ordinary share stock price on the Milan Stock Exchange, in Euro	01/01 - 31/12/2015
Maximum (20 July 2015)	3.186
Minimum (13 January 2015)	1.625
Average	2.5752
End of Period (30 December 2015)	2.51
Market capitalization (at 31 December 2015)	766,874,025

Maire Tecnimont Share Price Performance versus Bloomberg EMEA Oil & Gas Services Index (BEUOILS) and the Italian FTSE Mid Cap Index (ITMC) in 2015.



The chart shows that Maire Tecnimont stock overperformed the FTSE Italia MIB MID CAP Index, composed of the first 60 stocks by Company capitalization outside the FTSE MIB index, by 21.3%. Maire Tecnimont stock overperformed Bloomberg's Oil & Gas services, comprising the main shares of Europe, the Middle East and Africa, by 67.3%.

3. Key Events in the Fiscal Year

In 2015, the main management events involving the Group were as follows:

GENERAL AND FINAL TRANSACTION SIGNED FOR ARBITRATION OF THE TECNIMONT/SES CONSORTIUM WITH ENDESA CHILE (ENEL GROUP)

On 30 January 2015, the subsidiaries Tecnimont, Tecnimont Chile and Tecnimont do Brasil (Tecnimont Group) signed with the partners of the SES and SES Chile (SES Group) consortium, a general and final transaction of common satisfaction with the counterparty Endesa Chile.

This agreement put an end to all disputes and legal proceedings pending between the same parties in relation to the EPC contract for the construction of the Bocamina II project in Chile signed 25 July 2007, including the arbitration pending before the International Chamber of Commerce Paris, permanently solving every reason for possible dispute between the parties.

With this agreement, Endesa Chile compensated the consortium an amount of USD 125 million (plus VAT where applicable), of which USD 118.5 million to the Tecnimont Group and USD 6.5 million to the SES Group. The amount due to the Tecnimont Group, approximately USD 139.4 million including VAT, as agreed with the other party, was subsequently collected on 6 April 2015.

STRATEGY COMPLETED AIMED AT REDUCTION OF THE MEDIUM/LONG-TERM BANK DEBT AND RENEGOTIATION OF RELATED TERMS AND CONDITIONS

On 28 April 2015, Maire Tecnimont S.p.A. implemented a manoeuvre for reduction and optimization of bank debt.

The strategy concerned the bank debt restructured on May 2013 of approximately Euro 350 million, plus Euro 25 million of short term bank debt transformed into medium/long-term.

The transaction was made possible thanks to the collections expressed by operations along with the disbursement of a loan for Euro 200 million for the subsidiary Tecnimont and the disbursement of a loan for Euro 120 million for the Dutch subsidiary Stamicarbon as a preliminary step to the potential valorization of a minority stake of the same through a market transaction aimed at financial investors.

The combination of the above transactions allowed the reduction of around Euro 55 million of the bank debt. Regarding the amount refinanced, an immediate reduction of over 250bp (basis points) of the average cost and extension lengthening of the repayment terms was agreed with the lending banks.

CLOSING OF THE SALE OF THE OLEVANO LOMELLINA BIOMASS POWER PLANT

On 30 June 2015 – Maire Tecnimont S.p.A. finalized, through its subsidiary Tecnimont S.p.A, the sale to Italian investors of the majority stake, equal to 60%, of the share capital of BiOlevano S.r.l. (BiOlevano), owner of the biomass plant located in Olevano Lomellina.

The transaction, from which a total of approximately Euro 78 million is expected, involves: i) collection at closing of an amount of approximately Euro 53 million, including the repayment of the receivables claimed by Maire Tecnimont group companies; ii) a portion of Euro 8.1 million to be paid over three years from the closing date; iii) an additional portion of approximately Euro 16.5 million, subject to the fulfilment of certain conditions.

Concurrently with the sale and subsequent exit from the scope of consolidation, funding was disbursed to BiOlevano with non-recourse project financing structure.

Subsequently, on 30 December 2015, the Maire Tecnimont Group finalized the sale of a further 10% of the share capital of BiOlevano S.r.l.

SUCCESSFULLY COMPLETED THE REFINANCING OF THE MEDIUM/LONG-TERM BANK DEBT WITH BETTER TERMS AND CONDITIONS

On 28 December 2015 - Maire Tecnimont S.p.A. thanks to improved credit quality resulting from solid operating performance and increasing commercial activities, implemented an additional strategy for refinancing and optimization of the Group's bank debt.

The strategy involved all the medium/long-term bank debt as well as a part of short-term debt.

The transaction was made possible thanks to the disbursement of a new loan of Euro 350 million under more favourable repayment conditions. In particular, there was an immediate reduction in the cost of debt to 2.5% and an extension of the repayment terms to 5 years.

NEW PROJECTS 12 MONTHS 2015

During 2015, the Maire Tecnimont Group was awarded new contracts and contract extensions of existing projects for a total of approximately Euro 3,209.4 million, almost exclusively in the Technology, Engineering & Construction sector in line with the commercial focus pursued. For further details, refer to the section "Backlog by Business Unit and Geographical Area".

Below are the main corporate events of 2015:

SHAREHOLDERS' MEETING - CORPORATE GOVERNANCE RESOLUTIONS AND APPROVAL OF THE INTRODUCTION OF THE VOTING INCREASE

On 18 February 2015, the Shareholders' Meeting of Maire Tecnimont S.p.A., met in ordinary and extraordinary session approved the appointment of Andrea Pellegrini as an independent component of the Board of Directors, the appointment of Roberta Provasi as regular auditor and some amendments to the Shareholders' Meeting Regulations in order to adjust it to the best practices in the field and eliminate overlaps with the statutory provisions governing the operation of the Meeting.

In an extraordinary session, the Meeting approved the amendment of some articles of the company by-laws and lastly approved the amendments of the by-laws to introduce the mechanism of the increase of the voting rights.

MAIRE TECNIMONT ORDINARY SHAREHOLDERS' MEETING

On 28 April 2015, the Shareholders' Meeting of Maire Tecnimont S.p.A. met as an ordinary session, at its first call and approved all items on the agenda. In detail, the Meeting approved the financial statements at 31 December 2014 of the parent company Maire Tecnimont S.p.A., which closed with a negative Net Result of about Euro 2 million, resolving to carry forward the full amount.

The Meeting also approved, pursuant to art. 114-*bis* of Legislative Decree no. 58 of 1998 ("CFA"), the adoption of a long-term incentive plan based on phantom stock under the terms and conditions of the Plan detailed in the Information Document - prepared pursuant to art. 84-*bis* of Consob Regulation no. 11971 of 14 May 1999, as amended - published by law and available on the Company's website.

Lastly, the Meeting expressed favourable vote on the First Section of the Remuneration Report prepared in accordance with art. 123-*ter* of the CFA.

MAIRE TECNIMONT ORDINARY SHAREHOLDERS' MEETING - CORPORATE GOVERNANCE DECISIONS

On 15 December 2015, the Shareholders' Meeting of Maire Tecnimont S.p.A. met as an ordinary session, at its first call and approved all items on the agenda.

In particular, the Shareholders' Meeting resolved to authorize the Board of Directors to purchase and dispose of treasury shares pursuant to articles 2357 and 2357-*ter* of the Civil Code, article 132 of Legislative Decree 24 February 1998, no. 58 ("CFA") and article 144-*bis* of Consob Issuers' Regulation 11971/1999, as subsequently amended and as proposed by the Board of Directors on 12 November 2015.

The authorization was approved in order to pursue objectives such as, among other things, share incentive plans and/or financial transactions, including those useful for regulation of trading.

The authorization to purchase treasury shares was granted up to a maximum of 10,000,000 treasury shares, without par value, for a period of 18 months from the date of the Shareholders' Meeting resolution for authorization and at a unit price that may not, however, deviate, neither by a decrease nor by an increase, by more than 10% compared to the reference price recorded by the stock in the stock exchange session preceding each individual transaction, in compliance with the operating conditions established for "market practices" allowed by Consob. The authorization to dispose of ordinary treasury shares was granted without time limits. Treasury shares may be disposed of at the price or, in any case, according to criteria and conditions to be determined, from time to time by the Board of Directors.

The Shareholders' Meeting also appointed, on reasoned proposal of the Board of Auditors, the independent auditors PricewaterhouseCoopers S.p.A. as the statutory auditor for the 2016-2024 financial years.

4. Group Business Performance

The table below shows Maire Tecnimont Group financial highlights at 31 December 2015 against the previous year:

(Values YTD in Euro thousands)	December 2015	%	December 2014	%	Change	
Financial Indicators:						
Revenues	1,669,626		1,583,191		86,435	5.5%
Business Profit (*)	211,231	12.7%	210,308	13.3%	923	0.4%
EBITDA (**)	130,841	7.8%	126,887	8.0%	3,954	3.1%
EBIT	115,427	6.9%	103,406	6.5%	12,021	11.6%
Net financial balance	(37,814)	(2.3%)	(42,024)	(2.7%)	4,210	(10.0%)
Pre-tax result	77,613	4.6%	61,382	3.9%	16,231	26.4%
Taxes	(33,822)	(2.0%)	(10,739)	(0.7%)	(23,083)	214.9%
Tax rate	(43.6%)		(17.5%)		N/A	
Profit/(Loss) for the year	43,791	2.6%	50,643	3.2%	(6,852)	(13.5%)
Group net result	43,956	2.6%	50,297	3.2%	(6,341)	(12.6%)

(*) Business Profit means the industrial margin before the allocation of overhead and administrative costs and research and development expenses; the percentage incidence on income is defined as the business margin

(**) EBITDA is defined as the net income for the year before tax (current and advance/deferred), net of interest expense, only foreign exchange interest income and charges, gains and losses in the valuation of holdings, fixed asset amortization/depreciation, and provisions. EBITDA is a measure used by company management to monitor and assess the operative trend of business. Management believes EBITDA is an important parameter for measuring Group performance because it is not influenced by the impact of the different criteria used to determine taxable amounts, the amount and nature of the capital employed, and amortization/depreciation. Given that EBITDA is not an indicator determined and regulated by the Group reference accounting principles, the criteria used by the Group to determine EBITDA might not be the same as that adopted by other groups and, therefore, are not comparable.

The P&L performance of the Maire Tecnimont Group in 2015 features revenues of Euro 1,669.6 million, a figure that has increased by 5.5% compared to that recorded in the previous year (Euro 1,583.2 million).

The increased volumes reflect the evolution of the projects in the backlog and are mainly due to progress made on new awards; in the previous year, by contrast, the main projects were at a very advanced stage and not yet offset by new awards.

Specifically, the change was mainly due to the Technology, Engineering & Construction BU, which recorded increased volumes, net of the decrease recorded by the Infrastructures & Civil Engineering BU, in line with the refocusing on the core businesses implemented by the Group over the past years.

As at 31 December 2015, the Group recorded positive Business Profit of Euro 211.2 million, up 0.4% compared to the Business Profit of Euro 210.3 million in the previous year. The consolidated Business Margin at 31 December 2015 was 12.7%, a decrease compared to 31 December 2014 when it was equal to 13.3%.

The changes recorded in profitability reflect the evolution of the projects in the backlog of the Technology, Engineering & Construction BU with a different mix of contracts in execution at 31 December 2015 compared to the previous year. Today, this mix includes several EPC projects in the initial stages, while at 31 December 2014, there had been a significant contribution from engineering and procurement services characterized by higher margins and low volumes. Profitability for the previous year had also been affected by the positive effect of closing of the agreement with the Enel-Endesa Group relative to the known issue for the Bocamina dispute, net of related costs.

In December 2015, general and administrative costs were Euro 73.9 million, down by approximately 3.8 million compared to the figures recorded in the previous year, in line with the efficiency program of the structure.

Taking into account the R&D costs of approximately Euro 6.4 million, the Group recorded EBITDA of Euro 130.8 million on 31 December 2015, recording an increase of 3.1% compared to prior year EBITDA (Euro 126.9 million). The consolidated EBITDA margin at 31 December 2015 was 7.8%, recording a decrease in this index compared to the previous year. These developments are attributable to the profitability of the business mainly of the Technology, Engineering & Construction BU as already represented.

Depreciation, amortization, impairment and provisions were Euro 15.4 million, a decrease of about Euro 8 million, and refer to depreciation, amortization, provisions for charges related to lawsuits, ongoing litigation as well as other risks related to investments in real estate assets held for sale.

Net financial balance, seen by analysing financial cost and income, including that from equity interests, is negative for Euro 37.8 million, an improvement of Euro 4.2 million on 2014. The decrease is mainly a result of the financial strategies concluded in 2015, starting from the one in April and the last one on December 2015, which reduced the average rate of the Group's indebtedness; it is also reported that the item includes a one-off negative effect related to old transaction costs of the 2013 strategy and a portion of the one in April 2015 which, following the disbursement of the new lines, were expensed and were approximately Euro 3.8 million. If this effect were excluded from the interest expenses, there would be a significant improvement of approximately Euro 8 million compared to the previous year, confirming the positive trend of financial management. The item also includes charges on derivatives for about Euro 4.4 million.

Due to the positive results achieved at the operational level, the pre-tax result is Euro 77.6 million, an increase compared to the previous year (Euro 61.4 million).

Income taxes for the year were estimated at Euro 33.8 million, an increase of Euro 23.1 million as a result of both a higher pre-tax result and a higher tax rate than the previous year. The tax rate in 2014 had been significantly and positively influenced by the effects of the closing of the agreement with the Enel-Endesa Group in relation to the Bocamina litigation, since in the past years, the Group had not set aside deferred tax assets on losses generated by this project and in the previous year due to the closing of the agreement, they had been recognized and contextually used for the corresponding part. Also in 2015, "advanced and deferred taxes" recognized in the balance sheet were redetermined for the reduction in the IRES rate from 27.5% to 24%; the effects expressed by the reduction in the IRES rate were accounted for in the financial statements at 31 December 2015, even if effect is expected as of 1st January 2017, as required by the standard that imposes to take account of future changes in rate following new rules of law; the overall effect of the adjustment impacted the 2015 tax burden for about Euro 5.3 million.

The Group net profit at 31 December 2015 was decreased approximately Euro 44 million, compared to 2014, when it was Euro 50.3 million, because in spite of a positive result achieved by the operational and financial management, the net result was negatively impacted by income taxes for the year.

In 2015, the Maire Tecnimont Group was awarded new contracts and contract extensions of existing projects for a total of approximately Euro 3,209.4 million, almost exclusively in the Technology, Engineering & Construction sector in line with the commercial focus pursued.

At 31 December 2015, the Maire Tecnimont Group Backlog was Euro 6,893 million, up Euro 1,941.5 million compared to 2014 particularly thanks to new projects in 2015.

5. Financial Results by Business Unit

Introduction

Maire Tecnimont S.p.A. is the parent company of an integrated industrial group that operates in Italy and the world markets, providing engineering and construction services and products to the following sectors:

- (I) Technology, Engineering & Construction;
- (II) Infrastructure & Civil Engineering.

It shall be noted that data relating to the BU are in line with the internal reporting structure used by the Company's Top Management; it shall also be recalled that as from FY 2014, the data relating to the 'Oil & Gas and Petrochemicals' and 'Power' BU has been brought together, to reflect the reorganization of the management view in the reporting structure, in line with the new internal reporting structured used by the Company's top management that also reflects the Group's current organizational structure in the new 'Technology, Engineering & Construction' BU. Below is a summary of the key characteristics of these markets.

Below is a summary of the key characteristics of these markets.

I. **'Technology, Engineering & Construction' BU**, designs and constructs plants and systems mainly for the natural gas industry (separation, treatment, liquefaction, transportation, storage, regasification, and compression/pumping stations); it designs and constructs plants and systems for the chemicals and petrochemicals industry, especially those for the production of polyethylene and polypropylene (polyolefins), ethylene oxide, ethylenic glycol, purified terephthalic acid (PTA), ammonia, urea and fertilizers; in the fertilizer sector, it grants patented technology and intellectual property licenses to current and potential urea producers. Other important activities are linked to the sulphur recovery process, hydrogen production units and high-temperature furnaces. Also designs and constructs power generation plants (simple or combined-cycle electric power plants and co-generation plants), waste-to-energy and district heating plants, the re-powering of electric power plants, and the construction of energy transformation and transmission systems with progressive growth in E and EP services.

II. **'Infrastructure & Civil Engineering' BU** designs and executes large-scale infrastructure works (such as roads and highways, railways, underground and surface metro lines, tunnels, bridges and viaducts), facilities and buildings for the industrial, commercial and service sectors; it provides 'environmental services' support for projects in the infrastructure, civil and industrial construction, energy and general plant sectors. Active in maintenance services, facility management, provision of general services related to temporary construction facilities, Operation & Maintenance activities. It is also active in the sector of renewable sources (solar and wind power mainly) for large plants.

The table below shows Maire Tecnimont Group financial highlights by Business Unit at 31 December 2015 against the previous year:

(Values in Euro thousands)	Technology, Engineering & Construction		Infrastructure & Civil Eng.		Total	
	Absolute	% on revenues	Absolute	% on revenues	Absolute	% on revenues
31/12/2015						
Revenues	1,553,460		116,165		**1,669,626**	
Business Margin	208,550	13.4%	2,681	2.3%	**211,231**	**12.7%**
EBITDA	133,412	8.6%	(2,571)	(2.2%)	**130,841**	**7.8%**
31/12/2014						
Revenues	1,448,942		134,249		**1,583,191**	
Business Margin	215,030	14.8%	(4,722)	(3.5%)	**210,308**	**13.3%**
EBITDA	138,161	9.5%	(11,274)	(8.4%)	**126,887**	**8.0%**
Variations December 2015 vs 2014						
Revenues	104,518	7.2%	(18,084)	(13.5%)	**86,435**	**5.5%**
Business Margin	(6,480)	(3.0%)	7,403	(156.8%)	**923**	**0.4%**
EBITDA	(4,749)	(3.4%)	8,704	(77.2%)	**3,954**	**3.1%**

Technology, Engineering & Construction Business Unit

Revenues at 31 December 2015 were Euro 1,553.5 million (Euro 1,448.9 million in 2014) and show an increase of 7.2% compared to the previous year.

The increased volumes reflect the evolution of the projects in the backlog and are mainly due to progress made on new awards; in the previous year, by contrast, the main projects were at a very advanced stage and not yet offset by new awards.

Business Profit at 31 December 2015 was Euro 208.6 million (Euro 215 million in 2014), decreasing in absolute terms over the previous year. In addition, the Business margin as a percentage of revenues, at 31 December 2015, was 13.4%, a decrease compared to 2014 when it stood at 14.8%.

The changes recorded in profitability reflect the evolution of the projects in the backlog with a different mix of contracts in execution at 31 December 2015 in comparison with the previous year. Today, this mix includes several EPC projects in the initial stages, while at 31 December 2014, there had been a significant contribution from engineering and procurement services characterized by higher margins and low volumes. Profitability for the previous year had also been affected by the positive effect, net of related costs of closing of the agreement with the Enel-Endesa Group relative to the known issue for the Bocamina dispute.

EBITDA at 31 December 2015 was Euro 133.4 million (Euro 138.2 million in 2014) with a percentage of revenues equal to 8.6% (the value at 31 December 2014 being 9.5%); such performance is attributable to the profitability of the business as already represented.

Infrastructures & Civil Engineering Business Unit

Revenues at 31 December 2015 were Euro 116.2 million, a decrease of 13.5% over the previous year (in December 2014, revenues were Euro 134.2 million). This change is mainly due to the final phase of certain contracts, primarily the Etihad railway, not yet offset by volumes of new awards.

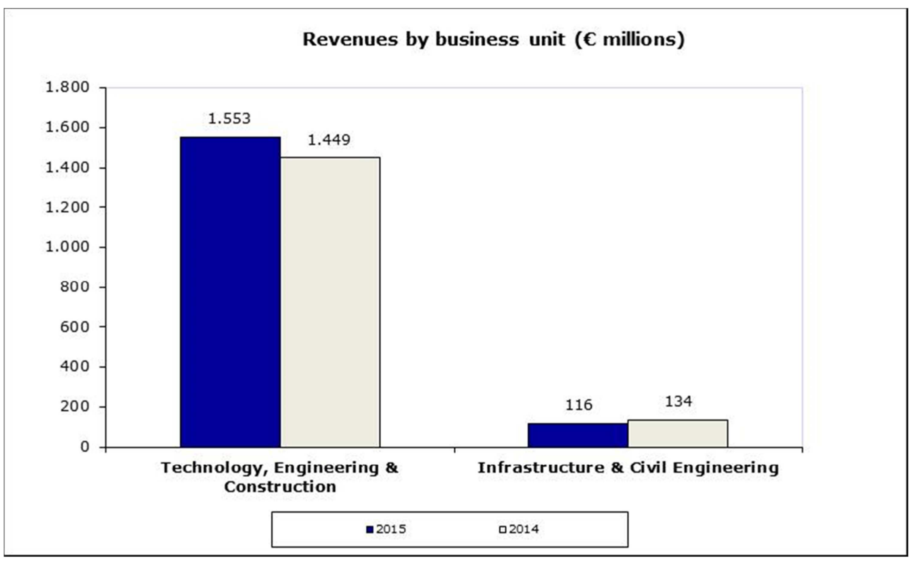
Business Profit at 31 December 2015 was positive and equal to Euro 2.7 million (negative at approximately Euro 4.7 million in 2014).

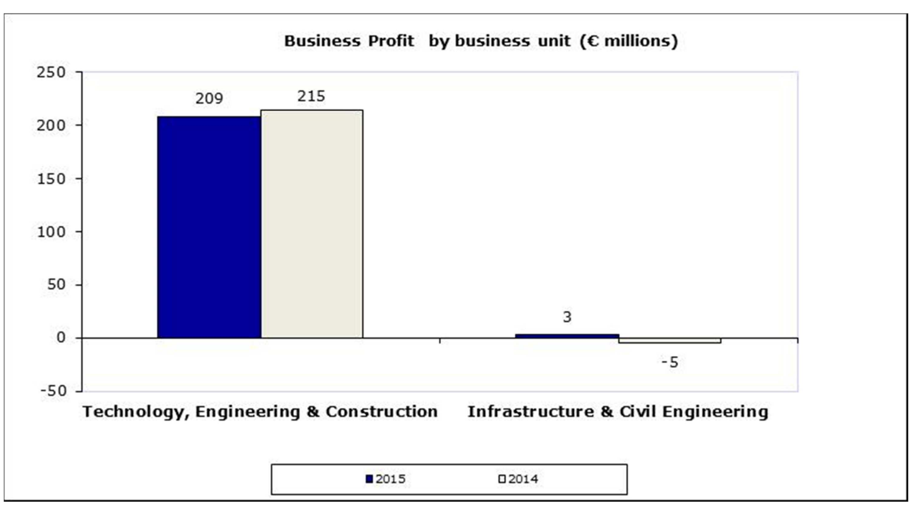
EBITDA at 31 December 2015 was instead negative and equal to Euro -2.6 million after absorption of G&A costs; in the same period in 2014, EBITDA was however negative for Euro -11.3 million.

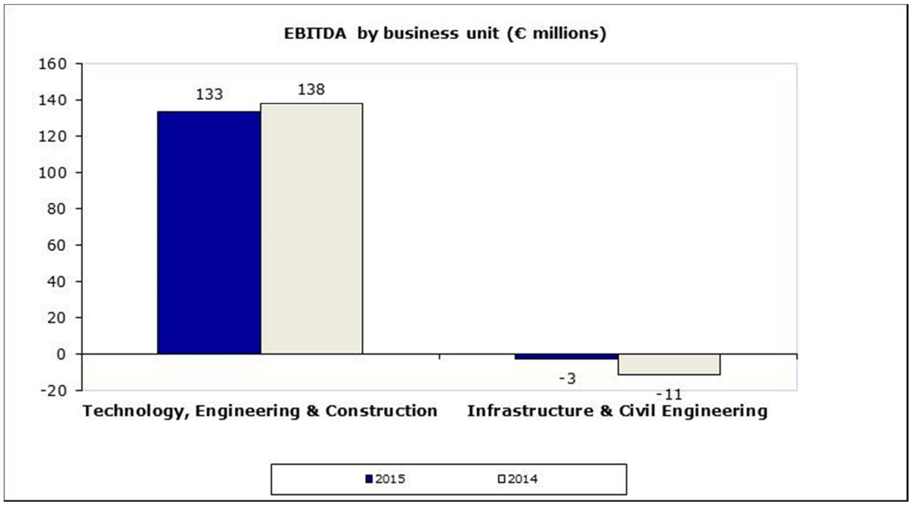
EBITDA in 2015 therefore suffered the commercial and structural efforts made with a view to achieving the new business refocus strategy.

The results set out above, on the other hand, also take into account the positive impact deriving from the recognition not only of the contractually agreed amounts, but also variations of the work, incentives and any reserves ("claims") recorded at the updated amount; it is likely that they can be paid by clients and evaluated reliably. At present, these claims are at an advanced stage of negotiation.

The tables below show revenues, Business Profit and EBITDA by Business Unit.



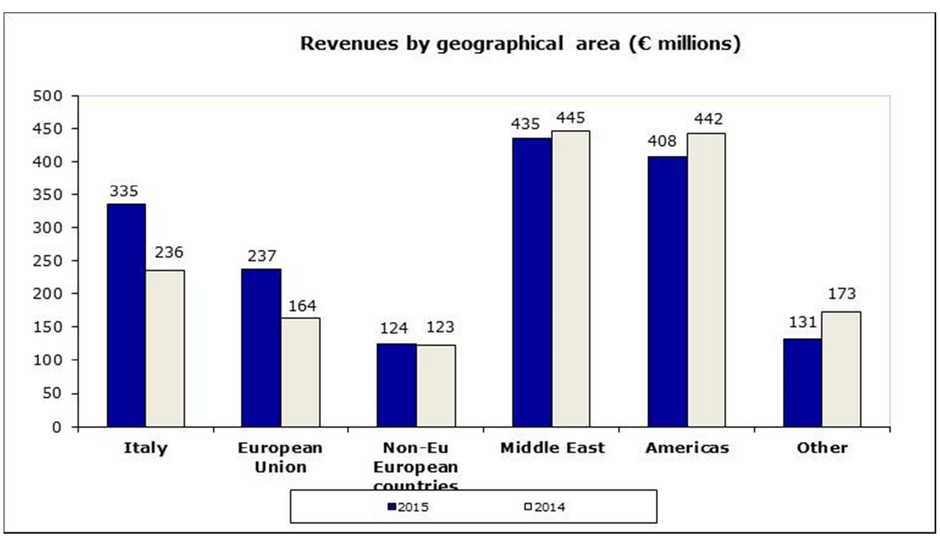




REVENUES BY GEOGRAPHICAL AREA:

The table below indicates revenues generated by each geographical area at 31 December 2015 and the previous financial year data for comparison:

(Values in Euro thousands)	December 2015		December 2014		Change	
	Absolute	%	Absolute	%	Absolute	%
Italy	334,598	20.0%	236,205	14.9%	98,393	41.7%
Abroad						
• Europe EU	236,927	14.2%	163,922	10.4%	73,005	44.5%
• Europe non-EU	124,278	7.4%	123,067	7.8%	1,211	1.0%
• Middle East	434,688	26.0%	445,215	28.1%	(10,527)	(2.4%)
• Americas	407,845	24.4%	441,601	27.9%	(33,756)	(7.6%)
• Others	131,290	7.9%	173,181	10.9%	(41,891)	(24.2%)
Total consolidated revenues	**1,669,626**		**1,583,191**		**86,435**	**5.5%**



The tables above show the weight of Revenues by geographical area where the greatest incidence is referred to the revenues generated in the Middle East (26%) and in the Americas (24.4%).

In South America, there was still a significant production value due to the contracts awarded in the USA, Mexico and Santo Domingo.

6. Backlog by Business Unit and Geographical Area

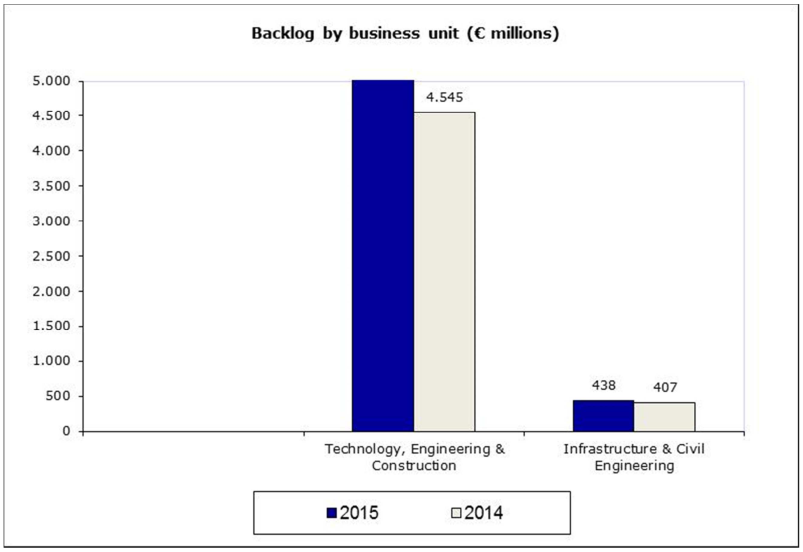
The following tables illustrate the Group Backlog value, broken down by Business Unit at 31 December 2015, net of third-party quotas, and showing the comparative data from the previous year:

BACKLOG BY BUSINESS UNIT

(Values in Euro thousands))	Technology, Engineering & Construction	Infrastructure & Civil Engineering	Total
Backlog value at 01/01/2015	**4.544.900**	**406.598**	**4.951.499**
Adjustments/Elisions (**)	359.938	37.096	397.034
Contracts awarded in 2015	3.102.703	106.658	3.209.361
Revenue net of third-party portions (*)	1.552.706	112.221	1.664.928
Backlog value at 31/12/2015	**6.454.835**	**438.131**	**6.892.966**

(*) Backlog revenues are expressed net of third-party quotas for a total of Euro 4.7 million.
(**) 2015 adjustments/elisions mainly reflect portfolio exchange rate adjustments.

(Values in Euro thousands))	Backlog at 31.12.2015	Backlog at 31.12.2014	Variation December 2015 vs December 2014	
				%
Technology, Engineering & Construction	6.454.835	4.544.900	1.909.935	42,0%
Infrastructure & Civil Engineering	438.131	406.598	31.533	7,8%
Total	**6.892.966**	**4.951.499**	**1.941.467**	**39,2%**



At 31 December 2015, the Maire Tecnimont Group Backlog was Euro 6,893 million, up Euro 1,941.5 million compared to 2014 particularly thanks to new projects in 2015. It is recalled that the Backlog at 31 December 2015 does not include the value of the agreement for the petrochemical complex in Oman - Orpic (USD 895 million), announced on 18 December 2015, which will be inserted in backlog following the Notice-to-Proceed expected by May 2016.

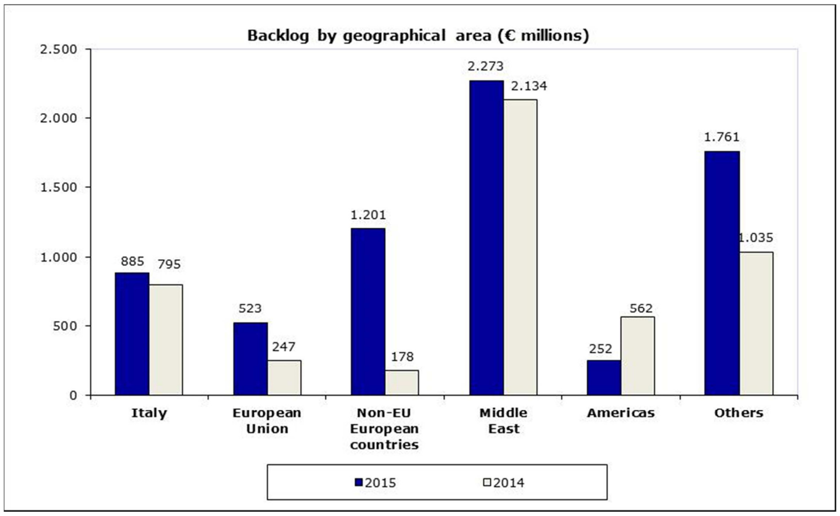
BACKLOG BY GEOGRAPHICAL AREA

The following tables illustrate the Group backlog value by Geographical Area as at 31 December 2015, along with the comparative data as of the previous financial year:

(Values in Euro thousands))	Italy	Overseas					Total
		European Union	Non-EU European countries	Middle East	Americas	Others	
Backlog value at 01/01/2015	**795.236**	**246.617**	**178.212**	**2.134.377**	**562.255**	**1.034.802**	**4.951.499**
Adjustments/Elisions (**)	43.591	39.183	18.433	227.129	60.651	8.047	397.034
Contracts awarded in 2015	376.446	474.385	1.128.730	334.551	36.271	858.977	3.209.361
Revenue net of third-party portions (*)	330.476	237.683	124.276	423.542	407.641	141.311	1.664.928
Backlog value at 31/12/2015	**884.797**	**522.502**	**1.201.099**	**2.272.516**	**251.536**	**1.760.516**	**6.892.966**

(*)Backlog revenues are expressed net of third-party quotas for a total of Euro 4.7 million.
(**) 2015 adjustments/elisions mainly reflect portfolio exchange rate adjustments.

(Valori in migliaia di Euro)	Backlog at 31.12.2015	Backlog at 31.12.2014	Variation 2015 vs 2014	
				%
Italy	884.797	795.236	89.561	11,3%
European Union	522.502	246.617	275.885	111,9%
Non-EU European countries	1.201.099	178.212	1.022.887	574,0%
Middle East	2.272.516	2.134.377	138.139	6,5%
Americas	251.536	562.255	(310.719)	(55,3%)
Others	1.760.516	1.034.802	725.714	70,1%
Total	**6.892.966**	**4.951.499**	**1.941.467**	**39,2%**



CONTRACTS AWARDED BY BUSINESS UNIT AND BY GEOGRAPHICAL AREA

The table below indicates the value of the contracts awarded to the Group broken down by Business Unit and by geographical area at 31 December 2015 and comparative data with the same period of the previous financial year:

(Values in Euro thousands)	December 2015	% of Total	December 2014	% of Total	Variation 2015 vs 2014	
Awards by Business Unit:						
Technology, Engineering & Construction	3.102.703	96,7%	2.740.298	98,7%	362.405	13,2%
Infrastructure & Civil Eng	106.658	3,3%	35.541	1,3%	71.117	200,1%
Total	**3.209.361**	**100,0%**	**2.775.839**	**100,0%**	**433.522**	**15,6%**
Awards by Geographical Area:						
Italy	375.176	11,7%	46.480	1,7%	328.696	707,2%
European Union	474.385	14,8%	197.147	7,1%	277.238	140,6%
Non-EU European countries	1.128.713	35,2%	61.591	2,2%	1.067.122	1732,6%
Middle East	331.483	10,3%	1.831.208	66,0%	(1.499.725)	(81,9%)
Americas	36.271	1,1%	92.018	3,3%	(55.747)	(60,6%)
Others	863.333	26,9%	547.394	19,7%	315.939	57,7%
Total	**3.209.361**	**100,0%**	**2.775.839**	**100,0%**	**433.522**	**15,6%**

In 2015, the Maire Tecnimont Group was awarded new contracts and contract extensions of existing projects for a total of approximately Euro 3,209.4 million, almost exclusively in the Technology, Engineering & Construction sector in line with the commercial focus pursued. With respect to the total number of new orders recorded in 2014 (Euro 2,775.8 million), there was an increase of about Euro 433.5 million, +15.6%.

In particular, new awards during 2015 include:

- the important EPC project with ABU DHABI GAS LIQUEFACTION COMPANY LTD. (ADGAS) for the realization of Package 1 IGD Expansion Project, in Abu Dhabi, EAU. The total value of the project is about USD 490 million, of which about USD 225 million (46% of the total value) pertains to the Maire Tecnimont Group;

- SOCAR POLYMER, Republic of Azerbaijan, for the award related to the construction of a polypropylene plant, related units and structures on EPC lump sum basis; the total value of the project is approximately Euro 350 million;

- EuroChem Group AG, EPC contract relating to a new ammonia plant in Kingisepp, in Russia; based on KBR technology and on Lump-Sum Turn-Key basis, the total value of the contract is approximately Euro 659 million;

- JSC Gazprom Neft, EP+Cm (Engineering, Procurement and Construction Management services) contract for the execution of the Combined Oil Refinery Unit (CORU) Project, to be implemented inside the existing Moscow Refinery, in the Russian Federation; overall contract value to Tecnimont equals to approximately Euro 465 million.

- EPC contract by the customer Lotos Asfalt Sp. z o. o., subsidiary of Grupa LOTOS SA for the expansion of a refinery unit at the plant in Gdansk, Poland, as part of the EFRA (Effective Refining) Project; the total value of the contract is estimated at Euro 304 million;

- EPC contract by Yara International ASA related to a new urea granulation plant to be built in Sluiskil, the Netherlands; the total value of the contract is approximately Euro 125 million.

- EPCC contract by PRPC Polymers Sdn Bhd (subsidiary of the "PETRONAS" Group) relating to a project for the implementation of two polypropylene units for the RAPID complex (Malaysia); the total contract value is approximately USD 482 million, of which 60% of Tecnimont.

The other awards in the Technology, Engineering & Construction sector mainly concern engineering and licensing services by the Dutch subsidiary Stamicarbon.

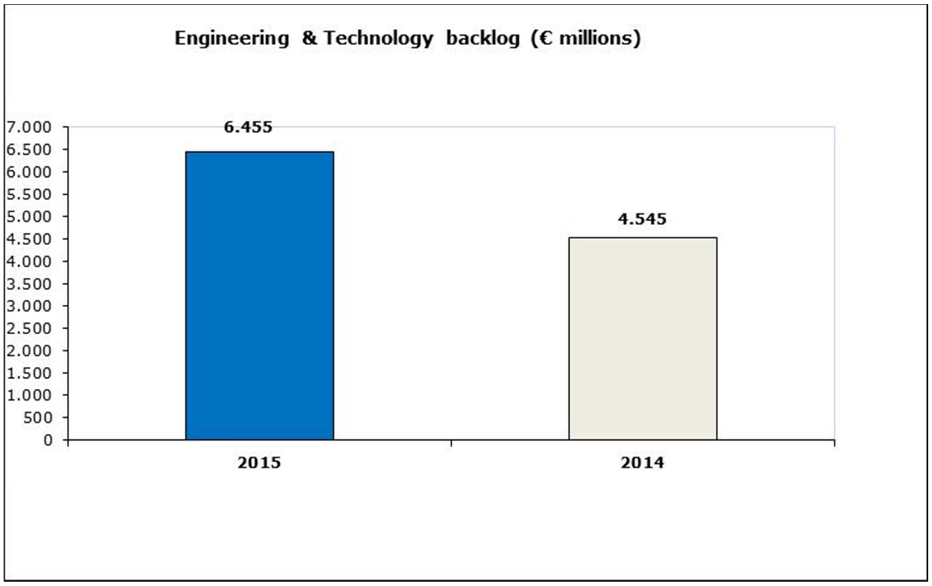
The awards of the Infrastructures BU are mainly related to the Stabilimento Avio contract, for the design and realization of the extension of the production plant (Avio S.p.A. – Colleferro) for the realization of the modules Vega and Ariane 6 in carbon fibre.

It is recalled that the Backlog at 31 December 2015 does not include the value of the agreement for the petrochemical complex in Oman - Orpic (USD 895 million), announced on 18 December 2015, which will be inserted in backlog following the Notice-to-Proceed expected by May 2016.

BREAKDOWN OF THE 'TECHNOLOGY, ENGINEERING & CONSTRUCTION' BU BACKLOG

The table below shows the Backlog value at 31 December 2015 and the comparison with the prior financial year.

(Values in Euro thousands)	Backlog at 31/12/2015	Backlog at 31/12/2014	Variation December 2015 vs December 2014	
				%
Technology, Engineering & Construction	6,454,835	4,544,900	1,909,935	42.0%



The Backlog of the 'Technology, Engineering & Construction' BU at 31 December 2015 equals to Euro 6,454.8 million, showing an increase in absolute terms, almost in line with the value of the previous financial year, Euro 1,909.9 million. During 2015, new contracts were awarded and change orders and project variations were accepted and formalized for a total of approximately Euro 3,102.7 million and compared to the same period in 2014 showed an increase of +13.2%, following the allocation of other important projects.

MAJOR PROJECTS AWARDED:

ADGAS

In February, Tecnimont S.p.A. in consortium with Archirodon signed a Letter of Award, following the signing of a Signature Agreement in March, by ABU DHABI GAS LIQUEFACTION COMPANY LTD. (ADGAS) for the realization of Package 1 IGD Expansion Project, in Abu Dhabi, UAE. ADGAS is one of the ADNOC Group companies, one of the largest oil companies in the world, and operates on Das Island, located 100 km north of Ruwais. Package 1 is part of ADNOC's Integrated Gas Development Expansion Project program that will transfer additional gas from Umm Shaif gas field to Habshan through Das Island, in order to increase the onshore sales gas supply. The purpose of the project consists in EPC activities up to the Performance Tests for expansion of the existing plant on the island. The purpose of the project pertaining to Tecnimont consists mainly in the expansion of the gas drying plant with the installation of an additional unit and related structures, while the purpose of Archirodon consists in the work of preparing the site with backfill, in civil works and works in the sea along the west coast of Das Island for the aforementioned expansion, including further site preparation work with backfill for the IGD-E2 package (next expansion project of the plant). Overall project value is about USD 490 million, out of which approximately USD 225 million (46% of overall project value) relates to Tecnimont. Completion is expected within 40 months from the date of execution scheduled on 17 February 2015.

PP SOCAR

In April, Tecnimont S.p.A. and KT - Kinetics Technology S.p.A. reached an agreement with SOCAR POLYMER for the award related to the construction of a polypropylene plant, related units and structures on EPC lump sum basis, as a result of the completion of the activities of engineering services on Open Book Cost Estimate basis. The plant will be located in the petrochemical complex of Sumgayit, about 30 km north of Baku, Azerbaijan. SOCAR POLYMER

is a subsidiary of SOCAR (State Oil Company of the Azerbaijan Republic), the state oil company of the Republic of Azerbaijan active in the oil & gas, petrochemicals and fertilizers sectors. The scope of work includes engineering services, supply of equipment and materials and construction activities up to plant start up and performance tests. The plant will have a capacity of approximately 180,000 tons per year. This is the first polypropylene plant in Azerbaijan and it will use as raw material propylene produced by the existing naphtha cracker plant.
The initial project value is approximately Euro 350 million. Completion is expected within 33 months from the Commencement Date (May 2015).

KINGISEPP
In June, Tecnimont S.p.A. and its subsidiary Tecnimont Russia signed an EPC contract for a new ammonia plant in Kingisepp, Russia. The project was awarded by EuroChem Group AG ("EuroChem"), a leading global agrochemical company. With a capacity of 2,700 tons per day, the ammonia plant in Kingisepp will be based on KBR technology and will be built, along with the related units and structures, on Lump-Sum Turn-Key basis. The contract value is approximately Euro 659 million, out of which SACE will provide a Euro 575 million loan guarantee to EuroChem with the remaining amount covered by EuroChem. The completion of the project is expected within 36 months from entry into force of the contract. The ammonia plant in Kingisepp will be the first of the five ammonia-urea projects expected in Russia, the United States and Kazakhstan over the next 10 years, based on the Memorandum of Understanding signed between EuroChem, Maire Tecnimont and SACE in April 2015. It is estimated that these new projects will guarantee an annual additional capacity of 5 million tons of ammonia and 7.5 million tons of urea.

CORU – MOSCOW REFINERY
In June, a letter of intent was signed with JSC Gazprom Neft for the execution of the Combined Oil Refinery Unit (CORU) Project, to be implemented inside the existing Moscow Refinery, in the Russian Federation. Gazprom Neft, subsidiary of Gazprom, is the third-largest oil company in Russia by refining volume and fourth largest in terms of production. The contract envisages Engineering and Procurement under Lump Sum scheme and Construction Management under Reimbursable scheme. The overall contract value to Tecnimont equals to approximately Euro 465 million. Completion is expected within 36 months (Ready for Start-Up) from the Letter Of Intent (LOI), which represents the Commencement Date of the Contract.

SLUISKIL – YARA
In July, Tecnimont S.p.A. signed with the customer Yara International ASA ("Yara") an EPC contract for a new urea granulation plant to be implemented in Sluiskil, the Netherlands. The purpose of the project involves the realization, on lump-sum turnkey basis, of a new plant for urea granulation with a production capacity of 2,000 tons per day, along with some related units. The complex will use proprietary technology developed by Yara, which also allows the production of a special variety of urea, enriched with sulphur. The total value of the contract is approximately Euro 125 million. Project completion is expected within 25 months from signing the contract and will be completed by a specialist team of Yara and Tecnimont.

MALAYSIA – PETRONAS
In November, Tecnimont S.p.A. was awarded, in joint venture with China Huanqiu Contracting & Engineering Corporation (HQC), a project for the implementation of two polypropylene units on EPCC Lump Sum Turn-Key basis for the RAPID (Refinery and Petrochemical Integrated Development) complex by PRPC Polymers Sdn Bhd (PRPC Polymers). PRPC Polymers is a company fully owned by PETRONAS Chemicals Group Berhad, which is in turn a subsidiary of Petroliam Nasional Berhad ("PETRONAS"), Malaysia's national oil company and one of the largest global players in the sector. The two units will be built within the RAPID complex, located in Pengerang, in south-east Johor, in Malaysia. The total project value is approximately USD 482 million, of which 60% of Tecnimont competence. The scope of the project includes engineering services, supply of equipment and materials and construction

activities up to plant start up and performance tests. Completion is expected in the second quarter of 2019. The two polypropylene units will be based on LyondelBasell Spheripol and Spherizone technology and will each have a capacity of 450 thousand tons/year.

GRUPA LOTOS - COKING UNIT AND HYDROGEN GENERATION UNIT
In July, KT S.p.A. was signed an EPC (Engineering, Procurement e Construction) contract with the customer Lotos Asfalt Sp.z.o.o, a subsidiary of Grupa LOTOS SA related to a refinery unit upgrading in the Gdansk refinery, in the framework of the EFRA (Effective Refining) Project. Grupa Lotos is one of the largest refining companies in Poland, engaged in the extraction and processing of crude oil, as well as in the wholesale and retail of refined petroleum products. The total contract value is estimated to be Euro 304 million and completion is expected in 2018. The contract includes the implementation of a Delayed Coking Unit, a Coker Naphtha Hydrotreating Unit, a Hydrogen Production Unit (licensed by KT) together with ancillary units in the premises of the Gdansk refinery. The scope of the contract entails the implementation of the best available technology for produced coke downloading and dewatering. This technology is regarded as a breakthrough approach to the Delayed Coking environmental impact mitigation.

GRUPA LOTOS – HYDROWAX VACUUM DISTILLATION UNIT
Always by the client Grupa Lotos in late October, KT S.p.A. signed an order for the construction of a "HYDROWAX VACUUM DISTILLATION" plant, which will be integrated into the refinery in Gdansk, Poland. The project involves the construction of the HVDU - Hydrowax Vacuum Distillation Unit (licensed from ThyssenKrupp Uhde Engineering Services) and forms part of a broader extension of the refinery in Gdansk, which involves the construction of other units and facilities. The Commencement Date was set at 23 November 2015. The contract value is Euro 35.8 million. Completion is expected by January 2018. The award is part of the aforementioned EFRA (Effective Refining) investment program, aimed at optimizing plant production efficiency.

Other awards:
In addition to the contracts described above, the Group acquired additional projects and change orders for contracts in progress in Europe and in the Middle East, South Asia and the Far East, for Licensing, design and maintenance services, as well as Technology Packages. Through its subsidiaries Tecnimont, Stamicarbon and KT the Group was also awarded a series of contracts in the United States, Saudi Arabia, Russia, Azerbaijan, India and China, with some of the most prestigious public and private international clients, in line with the development lines.

PROJECTS UNDERWAY:

ADCO (UAE). On 11 December 2014, Tecnimont signed an EPC contract with Abu Dhabi Company for Onshore Oil Operations (ADCO) for the realization of phase III of the Al Dabb'iya Surface Facilities project in Abu Dhabi, UAE. The purpose of the project consists in EPC activities up to the Performance Tests for expansion of the existing plant, in particular including: the collection of crude oil through a pipeline network; a Central Process Plant - CPP; relative export pipeline for the associated oil and gas. Engineering activities are 49% complete, material purchases are 39% complete and civil works investigation activities have been started at the Site. The duration of activities is 34 months from the Contract Commencement Date to the Ready for Commissioning (10 October 2017), which will be followed by services on a reimbursable basis for commissioning and start-up. Plant completion (PAC) is forecasted for 10 February 2018 after which a 12-month guarantee period begins.

Punta Catalina Santo Domingo (Santo Domingo). Tecnimont S.p.A., in a consortium with Construtora Norberto Odebrecht S.A. and Ingenieria Estrella S.R.L., acquired a project for a strategically-important industrial complex for the country's development (a carbon thermal plant, an offshore terminal and other related structures) in November 2013. The client is

CDEEE, the national electricity entity of the Dominican Republic. The project involves the construction of two coal-fired 360 MW plants in Punta Catalina in the Dominican Republic. The EPC contract was signed on April 2014, with the start date (effective date) set retroactively to 7 February 2014. The scope of work of Tecnimont includes the entire engineering (except for offshore marine works and the transmission line), the purchase of equipment of the power island, the commissioning and delivery of the plant and related acceptance tests. Engineering activities have reached 77.3% progress, material purchases have reached 75.9% progress, while construction activities have reached 29.8% progress. The goodwill of the two units is expected respectively 42/44 months from the start date of the plant, followed by a mechanical warranty period of 12 months.

GASCO (UAE). Acquired on 15 July 2009 to the joint venture established with Japan Gas Corporation (JGC), is one of the largest gas development projects in the world. The project was formally signed with Tecnimont by Abu Dhabi Gas Industries Ltd. (GASCO). The contract is for the provision of EPC and start-up services for the Habshan 5 process plant, part of the Integrated Gas Development (IGD) complex at Abu Dhabi (United Arab Emirates). Activities have been completed on schedule. Engineering operations have been completed and the final "as built" documentation has been delivered to GASCO. The home office is only involved in providing sporadic assistance with site activities, in relation to work under warranty. Procurement has sent all of the material to be assembled and ordered the 2 Year Spare Parts, for which delivery to the Site is expected to be completed by the first half of 2016. Construction operations have been completed. All key milestones have been reached (Mechanical Completion and Provisional Acceptance (PAC) both in Phase 1 and Phase 2). The mechanical warranty period, extended for 15 months, will end in the first quarter of 2016.

BOROUGE 3 (United Arab Emirates). Acquired on May 2010, in a joint venture with Samsung Engineering Co. Ltd., led by Tecnimont with a stake of 55%, two turn-key projects. The customer, Borouge, is a joint venture between the Abu Dhabi National Oil Company (ADNOC) and Borealis. The two EPC contracts call for, respectively: 2 polypropylene (PP) and 2 polyethylene (PE) plants. 1 low density polyethylene plant (LDPE). All the plants have been successfully started up and commissioned by the end customer. The Provisional Acceptance Certificate (PAC) of the PE/PP Plants was issued by the Customer on 26 July 15. For the LDPE Plant, the PAC was issued on 17 June 15. From said dates the 12-month warranty period began; following this period, the Final Acceptance Certificates (FAC) of the plants will be achieved.

KIMA (Egypt). The Lump Sum Turn Key contract signed on 30 October 2011 by the client Egyptian Chemical & Fertilizers Industries - KIMA, Egyptian group active in the chemical industry. The contract involves the construction of a new fertilizer complex for the production of ammonia with production capacity of 1,200 tons per day, of urea with production capacity of 1,575 tons per day and related services. The plant will be built within the existing industrial area in the region of Aswan (Northern Egypt). Because of the political/social situation in Egypt, there has been a significant slowdown in activity for the client for the procurement of funding sources for the initiative. The client finalized the financing process with banks in September 2014 and signed a Side Agreement with Tecnimont with the commitment to issue letters of credit (LCs) envisaged in the contract by December 2014 then postponed to March 2015 with the possibility for Tecnimont to renegotiate the contractual terms and the restart of the project. Tecnimont and the Client closed the negotiations referred to above in the second half of 2015 and the Contract was amended in October 2015. On January 2016, the re-start of the project was declared with a provisional Acceptance Certificate (PAC) planned for November 2018.

NAGRP Kuwait (Kuwait). Acquired on July 2010 from the client Kuwait National Petroleum Company (KNPC). The EPC contract includes the provision of three plants: a new process plant (New AGRP), a plant for steam generation (Utilities) and the upgrading of an existing plant (Revamping AGRP). The overall progress of the project was 89% (Engineering 95%;

Procurement 98%; Construction 71%). Civil, mechanical and electro-instrumental works are underway at the site. The client recognized additional execution times and higher costs compared to as initially expected. Works are expected to be completed by HY1 2017.

LDPE BRATISLAVA - SLOVNAFT (Slovakia). On 3 April 2012, Tecnimont S.p.A. and its subsidiary Tecnimont Planning and Industrieanlagenbau Gmbh were signed an EPCC lump sum contract (Engineering - Procurement - Construction - Commissioning) for the construction of a 220 KTY LDPE plant to be built in Bratislava. The Client is Slovnaft Petrochemicals s.r.o., a Slovak petrochemical company, part of the Hungarian MOL Group. Engineering, procurement, manufacturing activities have achieved 100% progress. Civil works commenced in July 2013 have been completed. According to the last contract amendment, Mechanical Completion of the plant was achieved on 26 November 2015. Commissioning is in an advanced phase of realization, with tests underway on the major equipment. The overall project is 99.68% complete. Provisional acceptance is envisaged by the first half of 2016.

TEMPA ROSSA (Italy). On 5 April 2012, the Associazione Temporanea d'Impresa - Temporary Consortium (ATI) consisting of Tecnimont S.p.A. and KT S.p.A. signed a contract for the execution of the Engineering, Procurement, Supply, Construction and Commissioning of the "Tempa Rossa" Oil & Gas Treatment Centre located in the vicinity of Corleto Perticara (Potenza). The client is Total E&P Italia S.p.A., the Italian subsidiary of the Total group. The overall project has reached 45% progress. Engineering activities have reached over 95% progress while material procurement, manufacturing and delivery to the site have reached 66% progress. Construction work at the Oil Centre and the LPG storage Centre have reached 22% progress.

HP-LDPE SADARA (Saudi Arabia). On 23 July 2012 Tecnimont S.p.A. and its subsidiary Tecnimont Arabia Limited signed a contract for the construction of a 350-HP-LDPE kty (DOW technology) to be built at Al-Jubail, Saudi Arabia. The customer is Sadara Chemical Company, a joint venture between Saudi Aramco and Dow Chemical Company. The contract includes EPC activities on lump sum basis up to the Mechanical Completion (including pre-commissioning) for a period of 28 months. Possible assistance to commissioning, start-up and test run will be provided on a reimbursable basis. Engineering activities are 100% complete, material purchases are 99.7% complete, while construction activities are 90.9% complete. The overall project is 96.3% complete. Mechanical completion of the works is scheduled for April 2016, which will be followed by an 18-month mechanical warranty.

FERTILIZZANTI IOWA (United States). On 5 September 2012, Tecnimont S.p.A. signed a contract relating to the provision of engineering and procurement services for the construction of a new ammonia plant with a capacity of 2,200 tons/day (MTPD) in Wever (USA). The scope of work includes Construction Supervision services and commissioning and start up. The client is Iowa Fertilizer Company (IFCo). Engineering activities reached a progress level of 100% while material procurement reached a progress level of 100%. The overall project is 90% complete. Plant completion is expected by August 2016, which will be followed by an 18-month warranty.

LDPE MESSICO (Mexico). Acquired on December 2012 by the client Etileno XXI Services B.V. The contract provides for Engineering & Procurement activities for the construction of a low density polyethylene (LDPE) unit with a capacity of 300 thousand tons per year, to be built as part of the petrochemical complex Etileno XXI in Coatzacoalcos (MX). The overall progress level of the project is 99% (home office 100%; purchase of materials 100%; and manufacturing 99%). The on-site assistance contract has been formalized. The Ready for Start Up (RFSU) of the plant is scheduled by the first quarter of 2016.

PP DAHEJ GUJARAT (OPaL) (India). The Lump Sum Turn Key (LSTK) contract was signed on June 2011 from the client OPAL (ONGC Petro Additions Ltd.) and includes the construction of a plant consisting of one polypropylene line (PP) with a capacity 340 KTPA; the use of Ineos technology adopted in this specific project represents a new reference that allows broadening our already rich technology portfolio. Detailed engineering activities, the purchase of materials and construction activities are complete and pre-commissioning activities are substantially complete. The Plant cannot be commissioned for the moment because of the unavailability of the feed provided by the customer OpAL.

LLDPE/HDPE DAHEJ GUJARAT (OPaL) (India). The Lump Sum Turn Key (LSTK) contract signed on June 2011 with the client OPAL (ONGC Petro Additions Ltd.) and includes the construction of a plant consisting of two polyethylene lines LLDPE/HDPE with a capacity 360 KTPA; the use of Ineos technology adopted in this specific project represents a new reference that allows broadening our already rich technology portfolio. Detailed engineering activities, the purchase of materials and construction activities are complete. Completion of pre-commissioning is delayed due to the unavailability of some utilities (by the customer Opal). The Plant cannot be commissioned for the moment because of the unavailability of the feed provided by the customer OpAL.

NANGAL (India). Acquired on May 2010 from National Fertilizer Limited (NFL). The project envisages the re-conversion of the existing Nangal fertilizer plant, by replacing the fuel oil and natural gas system and refurbishing the correlated ancillary infrastructures. Engineering activities, the purchase of materials and construction activities are completed. The overall project is 99.9% complete. Mechanical completion of the work was reached on 15 February 2013, while the start-up of the plant was on 9 April 2013. The performance tests were completed with positive outcome. During 2015, negotiations continued with the client for the closing of the respective pending aspects through an attempt of settlement closing. On February 2016, following the unexpected requests of the customer which, without prior notice, notified breaches of contract, started the process of enforcement of the Performance Bonds in place on the project; legal proceedings were initiated in India under Section 9 of the Arbitration and Conciliation Act. 1996. On 15 February 2016, the Court immediately ruled blocking the enforcement until 9 March 2016. At the next hearing held on 9 March 2016, the Supreme Court of Delhi decided to maintain unchanged the "status quo" of NFL requests until 29 April 2016. At this hearing, NFL requested an extension of the deadline for the filing of its pleadings. The Maire Tecnimont Group also supported by its consultants does not consider the performance of the Client as shareable and believes that as there are strong arguments in its favour.

On 27 February 2016, Tecnimont simultaneously filed a request for arbitration before the same Court to obtain recognition of the requests previously advanced to the customer regarding the release of unjustly detained payments for work carried out as well as the recognition of additional compensation as a result of extra costs incurred and attributable to the same customer.

TOBOLSK(Russia). December 2009 from the client Sibur Holding JSC – Tobolsk Polymer LLC. The project envisages the construction of a propane dehydrogenation (PDH) plant with a 510,000 TPY capacity. Engineering, procurement and construction operations have been completed. Mechanical completion was achieved on 23 August 2013. Following completion of commissioning, on 19 June 2015, the Provisional Acceptance Certificate was signed, to which a Punch List is annexed. The warranty period of the entire plant will end by the first quarter of 2016. For the parts included in the points of the Punch List, the guarantee period is instead 6 months from the date of the Act of Acceptance, which will be issued following the completion of all the actions of the Punch List.

LDPE NOVY URENGOY (Russia). Acquired on May 2010 from the Client C.S. Construction Solution (UK) Limited with end customer Novy Urengoy GCC (Gas and Chemical Complex). The contract is for the procurement of materials and assistance by Tecnimont personnel. 27 orders were issued, 23 of which have been delivered; the 4 remaining supplies are at an advanced stage of manufacture. Completion of service and delivery operations (comprising site reconditioning of materials) is expected in 2017. The presence of our personnel at the site according to the supervision contract for Tecnimont Russia will continue until the end of 2017.

UGS Wierzchowice (Poland). Awarded in November 2008 by the client PGNiG (a Polish energy distribution company). The project is developed as a consortium with the companies PBG (Poland) and Plynostav (Czech Republic); it involves the development of the surface facilities of an underground gas storage plant with a capacity of 1.2 billion std cubic metres. The Client PGNiG unduly ended the contract with the Consortium on 2 April 2014. The claim by the Client has been challenged by the Consortium completely rejecting justifications. On 21 November 2014, the client requested the Court of Poznan (Poland) to open a settlement proceeding which allows a closing settlement. The procedure has returned no results yet.

TOMSK (Russia). Acquired on March 2014 from the client Tomskneftekhim (TNH), subsidiary of the SIBUR group. The project involves the provision of engineering, procurement and technical advisory services for the revamping of an LDPE plant for an increase of the production capacity from 240 KTA to 270 KTA. Engineering activities have achieved 99.5% progress. Procurement services have achieved 94.9% progress and material manufacturing 96.5%. The overall project has achieved 96.9% progress. Almost all the material is expected to arrive at the site by April 2016. For engineering services, the guarantee period is 24 months from the signing of the last Milestone Completion Certificate or 18 months from the Mechanical Completion of the plant (whichever is first shall be valid). For the provision of materials, the guarantee period is 24 months from the last date of delivery of the material or 18 months from the Mechanical Completion of the plant (whichever is first shall be valid).

JAZAN IGCC PAKAGE 2 (SRU). On May 2014, SAIPEM and KT signed a Sub-Contract Agreement for the supply of 12 skids (end user Saudi Aramco) equally subdivided into two units (J30, A07) for the Refinery in Jazan. These packages, of two different types (Incinerator Pkg, Thermal Reactor Pkg), are composed as follows: - Burner, Incinerator Chamber, WHB, Steam Drum - Burner, Combustion Chamber, WHB, Steam Drum. The supply is completed off skid, by 6 Steam Driers, 6 Convectives, 6 Stacks and electro-instrumental bulk. The Project formally came into force in February 2015. The total contract value is composed of a part in Euro 27.5 million for the supply of the equipment of J30 unit and related services, and a part in USD 16.3 million, for the supply of the equipment of the A07 unit. The mechanical design of the equipment is finalized. The purchases campaign of equipment is finished; still to be acquired are the stairs and walkways for equipment and the follow-up of orders already issued.

ROG – REFINERY OFF GAS. On first April 2014, two contracts were signed with Total Olefins Antwerpen (Total Group) related to the project implementation of the Refinery Off Gas (ROG) project at the Total refinery in Antwerp, Belgium. The ROG project aims to recover considerable volumes of hydrocarbons currently used as combustion gas and to treat these in the existing naphtha cracker. The total value of the two contracts is approximately Euro 198.5 million. The first contract is for the EPC development of the new ROG unit for the treatment of refinery off-gases and recovery of hydrocarbons. The new ROG Unit will be entirely modular, thereby minimising construction works in the refinery. The second contract is for the EPCa (Engineering, Procurement and Construction assistance) development of changes to the existing naphtha cracker needed to treat hydrocarbon currents recovered in the new ROG unit, and inter-connection works. To date, engineering activities are complete, still to be completed are secondary activities that are part of the project follow-up. At the site, mechanical assembly activities are ongoing. At the SIM company, piping prefabrication activities are nearing completion. The modules that will be transported to the site starting February are being completed.

DAURA REFINERY HYDROGEN (MRC). KT, in collaboration with STC SAL has signed an order from the Ministry of Oil Midland Refinery Company (MRC) for the LSTK (EPC) supply of a 4,000 Nm^3/h HPU plant and services at the Daura refinery. The scope of the supply consists of: an HPU unit with a capacity of 4,000 Nm^3/h; a hydrogen storage tank with a capacity of 50 m^3 and a compressor for filling it. The plant is modular in order to optimise construction on the field. The collaboration between KT and STC involves KT as the leader and head of the management of the entire project. The total contract value is approximately USD 18.5 million, of which USD 16.5 million of KT competence. The project duration is 24 months from the date on which the contract comes into force (02/01/2013). The provisional acceptance date was expected contractually for 31/03/2015 as limit date, and the final acceptance is expected for 31/03/2016. The engineering activities were completed while pre-commissioning activities were completed at the site, and thus the contract Milestone "Ready to Commissioning" has been reached.

OOO LUKOIL - PERMNEFTEORGSINTEZ HYDROGEN PRODUCTION PLANT. The LS-based EP contract was signed on 30/01/2013. The "provisional acceptance date" was 30/07/2014. The final acceptance date will be 30/07/2016. The Client OOO LUKOIL - PERMNEFTEORGSINTEZ has entrusted KT with the task of carrying out Engineering Services and supply of Materials as part of the implementation of a hydrogen plant with a capacity of 40,000 Nm^3/h (purity of 99.9% by min. vol.) for the Perm Refinery. In order to minimize the business of Construction (outside the scope of the work of KT), the execution of the project is set in a fast track approach, thus oriented to optimization of construction activities proceeding with system modularization; the modules have been delivered to the client mechanically completed and "pre-commissioned". The total contract value is Euro 44.8 million. To date, all our activities have been completed, except for the site supervision envisaged in the contract, during the construction and pre-commissioning phase on the part of the client.

EPC HYDROGEN PLANT-PEMEX REFINACION. KT, together with the Spanish industrial division of Obrascón Huarte Laín ("OHL") and the Mexican company Costrucciones Industriales TAPIA, will develop for the client PEMEX Refinación a new hydrogen production unit on a turnkey basis at the Cadereyta refinery in Mexico. The contract was signed by a special purpose Company - of which KT holds a share of around 40% - which was established in Mexico. The total value of the project is approximately USD 72 million (about Euro 56 million), with completion expected by the third quarter of 2015. The project involves the development of a new hydrogen production unit with a capacity of 25,000 Nm^3/h, as well as the completion of the related pipeline. It is thanks to this contract that KT has begun working with its new client PEMEX, among the leaders in Latin America in the Oil & Gas industry. The contract project consolidates the track record of the company in hydrogen units on a turnkey basis and allows the company to participate in the plan to modernize the refineries set up by PEMEX. The engineering activities were completed and site follow-up activities are ongoing. The purchase campaign is nearing completion and most of the material purchased has been delivered or is ready for delivery.

PROGETTO LUKOIL BURGAS. KT has been selected by Lukoil as assignee of the EPC turnkey contract for the construction of a new sulfur unit called SRU-4, to be installed in the refinery in Burgas, Bulgaria. The date of provisional acceptance is scheduled for June 2015 with a two-year mechanical warranty. The plant consists of the following sections: - Two 150-ton/day Claus trains as liquid sulphur product, - A 300-ton/day TGT train equivalent - Three lines of sulphur solidification of 110 tons per day each - Storage section solid sulphur of 10,000 tons - Bagging systems and sulphur loading on trucks - Solid sulphur loading system on ships. The project duration is 30 months and the total value is about Euro 53 million. The plant was delivered to the client in January 2015. "Touch up" activities are currently underway of the structures and the insulations are being completed. The client issued to KT the provisional acceptance of the plant following the positive outcome of the test run, which was carried out in July 2015.

PROGETTO SRU, OGA, SWS PER RAFFINERIA DI MILAZZO (RAM). The project, worth a total of about Euro 42 million, is related to the LSTK execution of engineering, procurement, construction and commissioning of the new complex consisting of a sulphur recovery plant, a plant for the removal of acidic water and an amino regeneration plant, called “SRU2, SWS3 and OGA2” assigned to KT from Milazzo Refinery S.p.A. On 11 May 2012, KT signed the Letter of Intent (LOI) for the construction of the plant and subsequently the final contract was formally signed in August. On December 2012, the Company signed a contractual amendment that provides for the construction of the interconnection with existing units for Euro 3.7 million. The project duration of 24 months initially, however, is linked to the opening date of the site, originally scheduled for April 2014, but which has not yet occurred due to the client’s responsibility. Change orders were formalized for an amount of approximately Euro 3.2 million, including an extension of the project. After a period of suspension of activities, the permissions related to Civil works arrived, thus on 17 February 2015, it was possible to issue the procurement contract; for the other construction activities, the contract is being revised with the client.

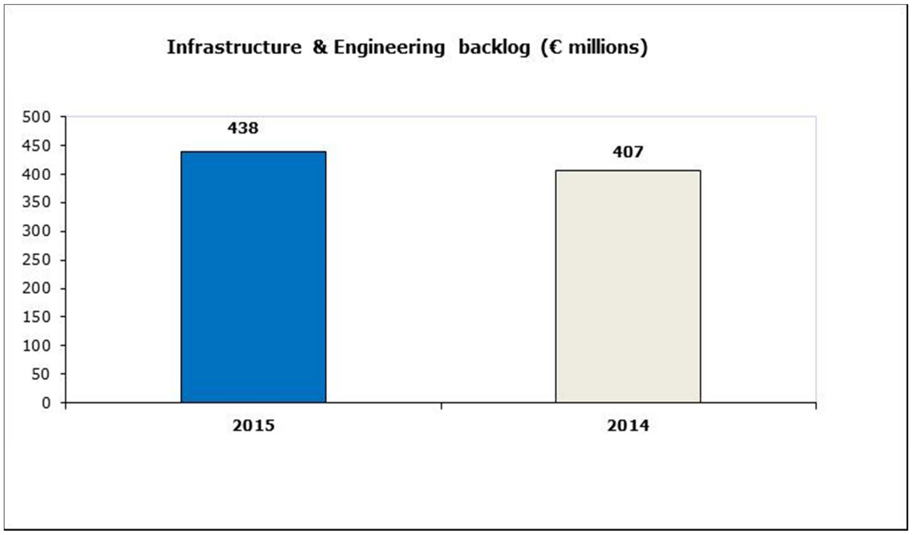
GS – ERC PROJECT. KT was selected as the assignee of the Engineering and Procurement contract for the construction of a new hydrogen unit (HPU) 100,000 Nm^3/h and three sulfur recovery units (SRU), a unit of tail gas treatment (TGT) and a unit of amino treatment, to be implemented in the new refinery of Egyptian Refinery Company (ERC) in Mostorod - Cairo (Arab Republic of Egypt). The total value of the Main Contractor’s project equals approximately USD 3.7 billion. The agreement was signed on mid-September 2012, and the project, whose value for KT is about Euro 104 million and about USD 12 million, has a duration of 27 months. GS has officially announced the full force recovery of the project in February/March 2014, after six months of suspension. Consequently, supplies of critical materials have been unblocked. The project has been rescheduled with an impact of about 6 months for engineering activities and about 8 months for delivery of materials. Engineering activities are complete. The material was delivered except for some items (Air Blowers) and the Bulk-Electro instrument that will be delivered by March 2016. GS has completed the construction activities of the foundations and installation of the U/G and the structures of the skids are also being completed, while at the customer workshops piping prefabrication began.

Other projects: All the services requested for projects not yet complete are being managed, including other minor engineering and services contracts.

Breakdown of Backlog of the Infrastructure & Civil Engineering Business Unit

The table below shows the Backlog value as at 31 December 2015 and the comparison with the prior financial year.

(Values in Euro thousands)	Backlog at 31/12/2015	Backlog at 31/12/2014	Variation December 2015 vs December 2014	
				%
Infrastructures & Civil Engineering	438,131	406,598	31,533	7.8%



The value of the Infrastructure & Civil Engineering BU Backlog at 31 December 2015 was Euro 438.1 million, showing an increase compared to the prior-year figure of Euro 31.5 million. The total backlog is mainly related to the Etihad railway network, the hospital in Alba-Brà, “construction and management” contract and the Fiumetorto – Cefalù railway doubling and Stabilimento Avio. In 2015, new contracts were awarded and change orders and project variations were formalized for a total of Euro 106.7 million; compared to the total number of new orders recorded in 2014, there was an increase of about Euro 71.1 million, +200.1%.

The Infrastructures & Civil Engineering BU is currently implementing its turn-around process begun last year and continued in 2015 through the re-organization of its structures in order to both increase its ability to adapt to changing production volumes and enable a more targeted focus with consequent improved ability to respond to the demand for engineering services.

PROJECTS UNDERWAY:

Activities are continuing on previously acquired major projects such as:

Etihad Railway Project - (Ruwais, United Arab Emirates), the contract was signed by Tecnimont in October 2011 in a consortium with Saipem S.p.A. and Dodsal Engineering and Construction Pte and transferred for the portion pertaining to Tecnimont S.p.A., to Tecnimont Civil Construction S.p.A. with effect from 1 July 2013. The Client is Etihad Rail Company, developer and operator of the United Arab Emirates’ national railways. The project envisages the development of a railway line connecting Ruwais/Habshan (section 1) and Habshan/Shhah (section 2) for the transport of around seven million tons of granulated sulfur per year. The scope of the work includes the design, provisioning and construction, testing and commissioning of the infrastructures. The project is substantially completed and the interventions subsequent to the “punch list” defined with the customer are being carried out. The trains are operating and have started the transport of sulphur. The guarantee period has a duration of 24 months from “handover” (30 June 2015). Negotiations with the client to define the claim presented have reached the final stage, in order to recover the higher costs incurred, which are considered substantially certain at least for the amount recorded in the financial statements in light of transactional indications received during recent meetings from the client.

OTHER MINOR PROJECTS:

RAIL PROJECTS:

Railway Line Doubling Fiumetorto – (Cefalù, Italy), acquired on September 2005, the contract involves the doubling of the railway line between Fiumetorto and Cefalù Ogliastrillo, on which work is progressing for Rete Ferroviaria Italiana S.p.A. (RFI). The economic advancement of the production is 69% complete. Tunnel excavation works were completed and the doubling of the tracks on the Fiumetorto - Campofelice line has been completed. The physical progress of the production is 63% complete. The 3rd Addendum signed on 3 June 2013, has extended the contract term for the completion of works in April 2015 and has reshaped the intermediate activation stages, the first of which is related to the new odd track which took place in January 2014. It shall also be noted that in the face of "provision 17" of the ANSF, considerable delays have accumulated in the dismantling of the historical line and the realization of the works to be carried out alongside the track in service is expected to take longer. The second request for deferment of terms, which includes longer times for execution of the works alongside the track in operation, has led to the granting of a new Term of General Completion of Works to 9 September 2016. Negotiations are underway with the client in order to further postpone, as a result of the continuing delays not attributable to the Company, the Term of General Completion of Works. It is highly probable to expect acceptance of the extension in question. In May 2014, the first amicable settlement was signed pursuant to article 240 of Legislative Decree 163/2006 for the definition of reserves presented; a portion of the reserves presented to date, has already been recognized in the financial statements to the extent that it is probable that they can be recognized by the client and reliably assessed also on the basis of advice from its legal representatives as well as technical assessments where deemed appropriate.

Lamezia – Catanzaro Railway Line (Lamezia Terme, Italia), acquired on February 2005 by ATI Tecnimont Civil Construction (65%) and S.E.L.I. S.p.A. (35%). Work on the Lamezia Terme - Settingiano railway line assigned by the Rete Ferroviaria Italiana S.p.A. (Italian Railway Network) are almost complete in contract terms, thus allowing the achievement of intermediate and final acceleration awards. It is noted that in February 2014, the partner S.E.L.I. S.p.A. had submitted a request for an arrangement with creditors "in continuity" in accordance with art. 161, sixth paragraph of the Bankruptcy Law. Upon conclusion of the proceedings, the Court of Rome issued the related homologous decree. As for any reserves submitted in accordance with art. 240 Legislative Decree no. 163/2006, as the proposal from the Commission was not deemed acceptable, the ATI had established before the Ordinary Judge civil proceedings concerning both the reserves involved in the procedure under art. 240 Legislative Decree no. 163/2006 and the reserves subsequently registered by the ATI. In February 2016, a settlement agreement was signed before the Ordinary Judge to settle the case and all pending aspects arisen between the parties the outcome of which was reflected in the financial statements.

TURIN - LYON DESIGN PROJECT (Val di Susa, Italy – Maurienne, France) project acquired on May 2009 by LTF – Lyon-Turin Ferroviaire s.a.s. The strategic importance contract calls for the design of the civil and geological work, overall coordination and the safety of the line from the Italian-French border to Chiusa San Michele for L.T.F. The activities are being carried out by a temporary business association of French, Swiss and Italian engineering companies. The phase of assistance to the Client is currently underway until approval of the final project; the activities were launched in preparation for the final review phase of the project; this phase will continue in 2016.

UNDERGROUND RAIL PROJECTS:

Roma Metro - Extension of B1 line – (Rome, Italy), acquired in 2005. The contract is being executed on behalf of Roma Metropolitane (Municipality of Rome) by a group of companies which is currently composed of Salini-Impregilo S.p.A., Tecnimont Civil Construction S.p.A. and ICOP S.p.A. Tecnimont Civil Construction S.p.A., designer identified as part of the Integrated Contract, drafted the Executive Design of the work. With regard to the contract for the Bologna – Conca d`Oro line, for which works were delivered to the Client on 13 June 2012, in February 2013 the test report was issued. The line became operational on 13 June 2012. As for the further extension Conca D'Oro - Jonio, subject to some minor works relating to viability and to the external works, the work was completed and the line entered into operation in April 2015. The proceeding started with the ordinary judge continues for the recognition of reserves requested pursuant to art. 240.

Turin Underground Railway – System Works (Turin, Italy). In February 2013, through TRANSFIMA GEIE (Tecnimont Civil Construction S.p.A. – Siemens) the framework contract was signed for the system technological works of the extension of the Lingotto - Bengasi line and Addendums 1 and 2 were formalized. In April 2015, the further Addendum 3 was signed for a value of 21.6 million. The extension of the maintenance contract has also been confirmed for the Collegno-Lingotto line for the five-year period 2013-2017. The delay by the client in awarding the civil works contract led to a slowdown in executive activity by Transfima EEIG. In April 2015, the final design was delivered to the client Infra.To. of the Cascine Vica - Fermi line, preparatory activities for attainment of the financing of the new line and the subsequent allocation of work.

MOTORWAY PROJECTS:

Alternative Routing – Florence–Bologna Motorway Section (Rioveggio, Italy) acquired in May 2005. Construction of the motorway section is underway for Autostrade SpA. Tecnimont Civil Construction S.p.A.'s share of the work as a member of the business grouping formed with Consorzio Infrastrutture is 15%. On 18 June 2013, the works completion certificate was signed and the acceleration award defined by Supplementary Amending Deed of March 2012 was achieved. In June 2015, the amicable agreement was concluded favourably pursuant to article 240 of Legislative Decree 163/2006 for the definition of the claims presented.

CIVIL AND INDUSTRIAL PROJECTS:

Alba-Brà Hospital (Verduno, Italy), acquired on in November 2005 through a "construction and management" contract signed with ASL CN2. The initiative is headed by the Project Company MGR Verduno S.p.A. (Tecnimont Civil Construction 95.95% and Gesto 4.05%). The work is roughly 60% complete. After successful conclusion of the amicable settlement pursuant to article 240 of Legislative Decree 163/2006 and subsequent addendums, there was full resumption of work for conclusion of the work; the new contract term for completion of the works defined at 30 September 2015 was currently suspended following the request for extension made by the Concession holder. On 21 December 2015, the customer sent a proposal to revise the Financial Economic Plan to which the subsidiary MGR Verduno replied with its own proposal for a revision of the PEF, supported by the opinion of its technical and legal consultants, considering the economic conditions contained in the proposal received from ASL unsatisfactory. Negotiations are underway with the customer for definition of the variants, for the rebalance of the Financial Economic Plan, which is deemed founded to be completed in line with the proposal submitted to ASL in light of the arguments opposing the same, and for the definition of the new term of works completion.

Stabilimento Avio - (Colleferro, Italia), acquired on August 2015 with the customer Avio S.p.A. The project involves the design and implementation of the extension of the production plant for the realization of Vega and Ariane 6 carbon fibre modules. The extension consists of a new industrial building of about 10,000 sqm alongside the existing prototype building. The scope of work includes the design, procurement and construction, testing and commissioning of all the infrastructure necessary for the production process, with the sole exception of operating machines and tests that will be purchased and installed by the Customer. The building is divided into 3 Packages of functionally autonomous delivery. In view of the completion of the first phase of engineering, site commissioning activities were initiated following delivery of works on 16 September 2015. The final design has been substantially completed while the construction of the first package will be completed at the end of September 2016. Following this partial delivery, delivery of the second Package is expected in March 2017 while completion of the third and final Package is expected at the end of 2017.

REAL ESTATE PROJECTS:

Initiatives and relations with other partners aimed at disposing of the interests in real-estate development projects with CDP Immobiliare held by the Company are continuing. In particular for the "Alfiere - Torri dell'Eur" project in Rome, the private company of the shareholders completed the sale of its shareholding in CDP Immobiliare. In the same way, for the "Cinque Cerchi" project in Turin, negotiations are underway with a view to possibly selling off the investment. The commercialization of the first lot, equal to approximately 25% of the entire initiative, is in any case continuing.

In the case of the Florence Campus project, a concession under project financing from the University of Florence to the subsidiary Birillo 2007 Scarl, it was necessary to commence an arbitration procedure aimed at restoring financial equilibrium to the initiative pursuant to the terms of the agreement on August 2011. On October 2013, the arbitration panel had ruled in favour of the concession holder, acknowledging an amount aimed at restoring the economic-financial balance of the initiative. With respect to issue of the Award, a litigation phase was established with the University of Florence that did not comply with the determinations of the Award. During the second half of 2015, the parties initiated a confrontation aimed, on the one hand at the amicable settlement of disputes arisen and on the other hand, at sharing technical-economic solutions for the positive continuation of the initiative.

7. Group Financial Performance

The table below shows the key balance sheet indicators for Maire Tecnimont Group at 31 December 2015 and 31 December 2014:

Maire Tecnimont: Consolidated Balance Sheet (Summary) (Values in Euro thousands)	31 December 2015	31 December 2014	Delta
Non-current assets	**543,142**	**517,644**	**25,498**
Inventories/Advances to suppliers	*161,655*	*153,668*	7,987
Construction contracts	*504,506*	*416,380*	88,126
Trade receivables	*393,094*	*476,801*	(83,707)
Cash and cash equivalents	*362,385*	*160,242*	202,143
Other current assets	*201,292*	*290,376*	(89,084)
Current assets	**1,622,932**	**1,497,467**	**125,465**
Assets under disposal net of elisions	**0**	**12,099**	**(12,099)**
Total assets	**2,166,074**	**2,027,210**	**138,864**
Group shareholders' equity	**124,871**	**92,199**	**32,672**
Minorities shareholders' equity	**1,328**	**1,506**	**(178)**
Financial payables net of the current portion	*346,001*	*4,035*	341,966
Other non-current financial liabilities	*73,113*	*71,292*	1,821
Other non-current liabilities	*113,679*	*118,254*	(4,575)
Non-current liabilities	**532,793**	**193,581**	**339,212**
Short-term financial payables	*75,606*	*468,889*	(393,283)
Other financial liabilities	*330*	*2,378*	(2,048)
Advances from customers	*259,373*	*161,390*	97,983
Construction contracts	*344,969*	*246,958*	98,011
Trade payables	*726,779*	*755,896*	(29,117)
Other current liabilities	*100,025*	*99,123*	902
Current liabilities	**1,507,082**	**1,734,634**	**(227,552)**
Liabilities under disposal net of elisions	**0**	**5,291**	**(5,291)**
Total shareholders' equity and liabilities	**2,166,074**	**2,027,210**	**138,864**

Total "Non-current assets" shows an increase over the previous year, mainly due to the inclusion of the minority shareholding in Biolevano S.r.l. following the sale of the majority shareholding of 70%, equal to Euro 7.2 million, of the long-term component of the sale price of Biolevano S.r.l. subject to the fulfilment of certain conditions; the increase in client receivables due after 12 months for warranties to clients for the successful outcome of ongoing work net of the reduction of deferred tax assets and tangible and intangible fixed assets, also in reduction for the amortization of the year.

"Current assets" also increased by Euro 125,465 thousand over the previous year and the main changes are outlined below.

The "Inventories" item refers mainly to advances paid to Italian and foreign suppliers and subcontractors for materials in transit for the construction of plants, and work in progress. The increase in advances to suppliers is the direct consequence of the performance of contracts awarded during the previous year and for which the issue phase of the main equipment orders was intense and there were also more materials in stock for delivery.

"Works in progress", shown as assets (construction contracts receivable), is the net positive value of each individual contract resulting from the advancement in production and the relative invoicing on account and contractual risk provision. The increase in the value of construction contracts receivables of Euro 88,126 thousand is substantially linked to the following factors: growth in production volume during the year, which was also higher than the invoices on account compared to 31 December 2014. The change is also related to the contractual terms of the same, net of the reduction in billing and subsequent collection of the agreement with the Enel-Endesa Group.

Trade receivables at 31 December 2015 were Euro 393,094 thousand, down by Euro 83,707 thousand compared to 2014. The decrease in trade receivables is mainly due to the effect related to invoices lower than collections in the period and the contractual terms of the main contracts, which will allow greater invoicing in the subsequent months.

The decrease in other current assets is primarily due to the sale of the company BiOlevano S.r.l. to which Tecnimont S.p.A. and MST S.r.L. claim trade receivables reclassified, already at the closing date of the 2014 financial statements, under said item in accordance with IFRS 5. A portion of these receivables was collected for a total of Euro 47.9 million, a portion of the receivable claimed by Tecnimont S.p.A., equal to Euro 28.3 million, was allocated for capital increase of Biolevano S.r.l. during the first half-year, a portion was reclassified under "Other non-current assets" for the deferred transfer price portion following fulfilment of certain conditions.

The change in assets and liabilities held for sale ("Assets and Liabilities held for sale") is due to the sale of the company Biolevano S.r.l., which was sold at the end of June 2015.

Cash and cash equivalents at 31 December 2015 are Euro 362,385 thousand, up to Euro 202,143 thousand on 2014.

Cash flows from operating activities showed a positive flow of Euro 289,833 thousand, a significant improvement compared to the same indicator in 2014 which instead reported cash generation of Euro 5,221 thousand. These flows, in addition to the result of the year, were positively affected by the changes in working capital, operating collections in the year and the collection for the closure of the arbitration with Endesa Chile.

Cash flow from investment absorbed cash for Euro 7,350 thousand mainly due to the implementation of software and other applications, development costs for licences and new technologies – patents by Stamicarbon B.V and Maire Tecnimont Innovation Center (MTIC), and for the purchase of capital goods, net of dividends collected from associated companies and other investment activities.

Financial management also absorbed cash for Euro 80,342 thousand mainly due to the implementation of the strategies to reduce and optimize bank debt concluded on 28 April 2015 and 28 December 2015; interest expense paid in 2015, repayments of advances on invoices related to the working capital management of specific contracts and the repayment of overdrafts.

Group cash and cash equivalents allocated to joint operations were approximately Euro 5,679 thousand at 31 December 2015.

The table below shows the main items of the Cash Flow Statement:

Cash Flow Statement (Values in Euro thousands)	31 December 2015	31 December 2014	*Delta*
Cash and cash equivalents at the beginning of the year (A)	**160,242**	**167,012**	*(6,770)*
Cash flow from operations (B)	**289,833**	**5,221**	*284,612*
Cash flow from investments (C)	**(7,350)**	**(5,237)**	*(2,113)*
Cash flow from financing (D)	**(80,342)**	**(4,707)**	*(75,635)*
Increase/(Decrease) in Cash and cash equivalents (B+C+D)	**202,143**	**(4,722)**	*206,865*
Cash and cash equivalents at the end of the year (A+B+C+D)	**362,385**	**162,290**	*200,095*
of which: Cash and cash equivalents included in Assets held for sale	*0*	*2,048*	*(2,048)*
Cash and cash equivalents shown in the financial statements at year end	**362,385**	**160,242**	*202,143*

The net financial position is shown in the following table:

NET FINANCIAL POSITION (Values in Euro thousands)	31 December 2015	31 December 2014	*Delta*
Short-term financial payables	75,606	468,889	(393,283)
Other current financial liabilities	330	2,378	(2,048)
Financial instruments - Current derivatives	10,610	4,327	6,283
Financial payables net of the current portion	346,001	4,035	341,966
Financial instruments - Non-current derivatives	3,789	8	3,781
Other non-current financial liabilities	73,113	71,292	1,821
Total debt	**509,448**	**550,929**	**(41,481)**
Cash and cash equivalents	(362,385)	(160,242)	(202,143)
Temporary cash investments	(3,405)	(3,900)	495
Other current financial assets	(5,005)	(4,410)	(595)
Financial instruments - Current derivatives	(854)	(574)	(280)
Financial instruments - Non-current derivatives	(1,610)	(10)	(1,600)
Other non-current financial assets	(10,598)	(13,998)	3,400
Total cash and cash equivalents	**(383,856)**	**(183,132)**	**(200,724)**
Other financial liabilities of assets held for sale	0	0	0
Other financial assets of assets held for sale	0	(2,788)	2,788
Net financial position	**125,592**	**365,008**	**(239,416)**

Since the net financial position measurement is not determined and regulated by the Group's accounting principles of reference, the criteria used to compute this indicator might differ from those adopted by other groups and, therefore, it is not comparable.

The net financial position at 31 December 2015 was negative for Euro 125.6 million, with an improvement of Euro 239.4 million over 2014 (a negative Euro 365 million). This improvement is a result of reduced bank debt as a result of the operating collections for the year and the agreement with the Enel-Endesa Group.

Financial payables net of the current portion are Euro 346,001 thousand, up to Euro 341,966 thousand over 31 December 2014 due to the positive conclusions of the strategy for refinancing and optimization of bank debt at Group level in 2015. The April 2015 strategy had concerned the bank debt restructured in May 2013 of approximately Euro 350 million, plus Euro 25 million of short term bank debt transformed into medium/long-term. The transaction had been made possible thanks to the collections expressed by operations along with the disbursement of a loan for Euro 200 million for the subsidiary Tecnimont and the disbursement of a loan for Euro 120 million for the Dutch subsidiary Stamicarbon. Regarding the amount refinanced, an immediate reduction of over 250bp (basis points) of the average cost and extension lengthening of the repayment terms had been agreed with the lending banks. On 28 December 2015, the Group concluded an additional strategy that also involved all the medium/long-term bank debt as well as a part of short-term debt. The transaction was made possible thanks to the disbursement of a new loan of Euro 350 million for the subsidiary Tecnimont under more favourable repayment conditions and terms than those obtained in April 2015. In particular, there was an immediate reduction in the cost of debt to 2.5% and an extension of the repayment terms to 5 years. The new loans are secured by covenants in line with the standards for this type of operation, of which the first measurement will take place with reference to the figures at 30 June 2016. The remaining portion of financial debt, net of the current portion of Euro 2,929 thousand refers to financing pertaining to Maire Tecnimont not involved in the 2015 strategy and that are following their natural expiration. These loans are secured by covenants which, at 31 December 2015, were respected.

Short-term financial payables are Euro 75,606 thousand, down by Euro 393,283 thousand over 31 December 2014, mainly due to the medium/long-term reclassification of loan portions following the positive conclusions of the strategy for refinancing and optimization of bank debt at Group level in 2015. The April 2015 strategy had concerned the bank debt restructured in May 2013 of approximately Euro 350 million, plus Euro 25 million of short term bank debt transformed into medium/long-term. The last strategy of 28 December 2015 involved all the medium/long-term bank debt as well as a part of short-term debt.

Other non-current financial liabilities include the financial component of the equity-linked bond, net of related ancillary costs; the equity component of the same instrument was classified to “Other reserves” in shareholders’ equity; for more details refer to the same section of this note.

Other current financial liabilities are Euro 330 thousand and include financial liabilities not to the banking system but relating mainly to the payable for loans received from the consortia. The reduction of the year is a direct result of offsetting respectively of financial creditors and debtors of the Group to the Cavet Consortium.

As at 31 December 2015, there are no overdue payables to report.

The Group’s shareholders’ equity booked at 31 December 2015 is Euro 124,871 thousand, up to Euro 32,672 thousand on 2014. The total consolidated equity, considering the minorities, on 31 December 2015 was Euro 126,199, thousand, up to Euro 32,494 thousand on the previous year. The overall change in the Group’s equity is mainly due to the result of the year, which was partially offset by the decreases in the Cash Flow Hedge reserve of derivative hedging instruments and the translation reserve of foreign financial statements in currencies other than the functional currency (Euro). Minority shareholders’ equity is Euro 1,328 thousand and was negative for Euro 178 thousand.

As at 31 December 2015, advances from customers are Euro 259,373 thousand, up to Euro 97,983 thousand on 31 December 2014. Advances from customers represent contractual payments received from customers at the conclusion of the construction contract. The increase is mainly due to the advance payment of the ADGAS, Socar Polymer and EuroChem contracts partially offset by the reabsorption through invoices on account, of advance payments collected in previous years.

Contract work in progress under liabilities (construction contracts) reflects the net negative balance for each individual contract of the sum of progressive production, advance invoicing and the provision for contractual risks. The Euro 98,011 thousand increase is linked to the advancement of work and the contractual terms, for which the work carried out in the year was lower than invoices on account. The item was also positively affected by the collection of the first invoicing progress of the new Al Dabb'iya project on behalf of ADCO.

Trade payables are Euro 726,779 thousand at 31 December 2015, down by Euro 29,117 thousand on 2014. This change derives from both the performance of the new contracts awarded that have not yet entered a phase of intense production, and the old contracts that have however reached a very advanced phase. In the year, payments to suppliers were also recorded on the basis of payment plans negotiated with them. The Group has in fact stipulated repayment plans resulting for which a gradual reduction of the older trade items is ongoing.

With regard to the individual financial statements of Maire Tecnimont S.p.A. the Net financial position of the Company is shown in the following table:

NET FINANCIAL POSITION (MET S.p.A.) (Values in Euro thousands)	**31 December 2015**	**31 December 2014**	***Delta***
Short-term financial payables	7,485	79,321	*(71,836)*
Financial payables net of the current portion	2,929	0	*2,929*
Other non-current financial liabilities- Equity Linked Bond	73,113	71,292	*1,821*
Other non-current financial liabilities	321,979	240,650	*81,329*
Total debt	**405,505**	**391,264**	***14,241***
Cash and cash equivalents	(303)	(1,091)	*788*
Other current financial assets	0	0	*0*
Other non-current financial assets	(34,054)	(108,171)	*74,117*
Total cash and cash equivalents	**(34,357)**	**(109,262)**	***74,905***
Net financial position	**371,148**	**282,002**	***89,146***

Since the net financial position measurement is not determined and regulated by the Group's accounting principles of reference, the criteria used to compute this indicator might differ from those adopted by other groups and, therefore, it is not comparable.

Short-term financial liabilities amounted to Euro 7.485 million, a decrease of Euro 71.836 million compared to 31 December 2014 mainly due to the combined effect of the extinction of the bank financing relating to the 2013 strategy as a result of the closure of that ended in April 2015 and following the reclassification to medium/long term of certain portions of old loans; the remaining portion of financial debt, net of the current portion of Euro 2,929 thousand refers to Intesa San Paolo loans not involved in the 2015 strategy and that are following their natural expiration.

Other non-current financial liabilities include the financial component of the equity-linked bond, also net of the related accessory expenses.

Other non-current financial liabilities are Euro 321,979 thousand for payables due to subsidiaries for inter-company loans. Other non-current financial assets are Euro 34,054 thousand for receivables due from subsidiaries for inter-company loans.

The main changes are related to obtaining a passive intercompany loan by the subsidiary Stamicarbon for approximately Euro 120 million subsequently in part granted to Tecnimont S.p.A. in order to successfully conclude the extinction of the old 2013 lines and disbursement of the new loan for Euro 200 million in the strategy of April 2015. Subsequently, on 28 December, the Group concluded a further strategy thanks to the disbursement of a new loan of Euro 350 million for the subsidiary Tecnimont which, through an intercompany loan to the parent company Maire Tecnimont S.p.A., it has enabled to repay to Stamicarbon the Euro 120 million previously obtained.

TRANSACTIONS WITH RELATED PARTIES

With reference to the disclosure on related parties, it is reported that all related party transactions have been conducted based on market conditions. At 31 December 2015, the breakdown of the Company's receivables/payables (including financial receivables/payables) and cost/revenue transactions with related parties, is shown in the tables below. The tables also show the equity positions resulting from transactions that took place last year and are still being defined:

(Values in Euro thousands)	Trade receivables	Trade payables	Total	Costs	Revenues
G.L.V. Capital S.p.A	0	(169)	0	(396)	0
Total	**0**	**(169)**	**0**	**(396)**	**0**

More specifically, payable contracts still in place relate to the lease of property used as offices by the Group companies, the use of the "Maire" trademark (relations with GLV Capital S.p.A.) and other minor charge backs.

Relations with other non-consolidated and/or non-associated companies of the Group are purely commercial and relate to specific activities linked to contracts; moreover, as some consortia have substantially concluded activities, they are in liquidation phase.

(Values in Euro thousands)	Trade receivables	Trade payables	Total	Costs	Revenues
MCM Servizi Roma S.c.a.r.l. in liquidation	0	(432)	441	0	0
Studio Geotecnico Italiano	0	(789)	0	(1,059)	0
Villaggio Olimpico MOI S.c.a.r.l. In liquidation	0	(4)	70	(171)	0
Ravizza S.c.a.r.l In liquidation	95	(31)	0	(113)	0
Parco Grande S.c.a.r.l. In liquidation	80	(69)	0	(209)	0
Program International Consulting Engineers S.r.l in liquidation	766	(669)	900	0	32
KTI Star	6	0	0	0	26
UCC Engineering LLP	501	0	0	0	60
Desimont Contracting	968	0	0	0	656
Biolevano S.r.l	7,138	(138)	4,500	(113)	3,981
Total	**9,554**	**(2,132)**	**5,911**	**(1,664)**	**4,755**

As required by IAS 24, the remuneration of Directors, Auditors and key managers are inclused in the 2015 Report on corporate governance and ownership structure and 2015 Remuneration Report both available on the company website www.mairetecnimont.it. under "Governance".

8. Human resources

In the year 2015, the quantitative and qualitative investment plan in Human Capital continued, with a net increase of 337 resources, distributed in the various functional areas, which brought the workforce from 4,259 units at 31 December 2014 to 4,596 units at the end of 2015.

This increase is mainly attributable to the Asia geographical areas – with a net increase of 259 units, out of 337 total, 195 of which in the Indian subsidiary Tecnimont Private Limited (formerly Tecnimont ICB Pvt. Ltd.) – and 106 in Italy, where the figure went from 1,888 to 1,994 resources.

In the reporting period, the Human Resources policy was aimed at guaranteeing support to the strategic and operational development of the Group, through the optimization and re-qualification process of the mix of professionalism of Human Capital, nationally and internationally. The realignment of the business functions continued in support of the evolution of the business and productivity, and the was initiated the recruitment of resources to be assigned to recently awarded projects, in relation to which a significant increase in business volumes is expected.

It is in fact possible to attribute to the process of strengthening the quantity and quality of technical-specialist skills most of the assumptions of the period, recorded mainly in the technical area and, in particular, in technological areas, among which we highlight Engineering, for which the Indian Subsidiary Tecnimont Private Limited (formerly Tecnimont ICB Pvt. Ltd.) confirmed to be a fundamental recruitment pool. The inclusion of resources and technical-specialist competences for the period reflects the evolution of the backlog, which includes EPC projects that were awarded in past years and reached the final stages, and orders recently awarded, in the early stages, which require a substantial investment in terms of human resources.

The reduction of the workforce in the geographical area "Rest of Europe" (39 resources), however, is mainly due to the output of 69 resources belonging to the Subsidiary TWS, because of the closure of the Project "Borouge III", and completion phase of activities related to the Project "Gasco" as well as to optimization in the management of international supervision personnel, which involves the relocation of resources directly to the local Project entities.

The number of graduate employees working at the Maire Tecnimont Group at 31 December 2015 was 2,809 (61% of the overall workforce), reflecting the fact that the strengthening of technical skills is one of the strategic drivers of the Group's Human Resources policy.

The average age of the workforce is around 40; senior figures, for competence, experience and background, are supported by younger resources in terms of age and professionalism since the renewal of the corporate structure and integration, even transversal, of the skills and individual professionalism are considered potential factors of innovation and value growth.

With regard to gender composition, the presence of women, increased over the previous year, represents 13.9% of the management team, and is equivalent to 18.3% of the total workforce.

The following tables show the workforce of the Maire Tecnimont Group at 31/12/2015, with changes over 31/12/2014 and the average workforce during the year:

Changes to the workforce by category (31/12/2014-31/12/2015):

Title	Workforce 31/12/2014	New hires	Outgoing employees	Reclassification employee level (*)	Workforce 31/12/2015	Δ Workforce 31/12/2015 vs. 31/12/2014
Executives	451	49	(29)	12	483	32
Middle-managers	1,499	220	(200)	56	1,575	76
White collars	1,992	469	(163)	(81)	2,217	225
Blue collars	317	30	(39)	13	321	4
Total	**4,259**	**768**	**(431)**	**0**	**4,596**	**337**
Average no. of employees	**4,276**				**4,365**	

(*) include promotions, changes in qualification following intra-group transfers/reclassification of Job Titles.

The classification "Executives" and "Middle-Managers" does not reflect Italian contracts, but responds to national and international identification parameters of Management and Middle Management used for Italian and foreign managerial resources.

Changes in the workforce by geographical area (31/12/2014-31/12/2015):

Geographical Area	Workforce 31/12/2014	New hires	Outgoing employees	Δ resources by geographical area	Workforce 31/12/2015	Δ Workforce 31/12/2015 vs. 31/12/2014
Italy	1,888	269	(164)	1	1,994	106
Rest of Europe	277	64	(98)	(5)	238	(39)
Asia	2,077	422	(167)	4	2,336	259
America	15	4	(1)	0	18	3
Africa	2	9	(1)	0	10	8
Total	**4,259**	**768**	**(431)**	**0**	**4,596**	**337**

Maire Tecnimont Group	Average workforce FY 2014	Average workforce FY 2015	Delta
Maire Tecnimont S.p.A.	91	97	6
Met NewEn S.p.A.	2	5	3
MET T&S Limited (*)	2	16	14
Stamicarbon (*)	120	144	24
KT (*)	369	379	10
KT Arabia LLC	5	4	(1)
Processi Innovativi	11	12	1
Tecnimont S.p.A. (*)	1,483	1,490	7
Tecnimont Russia	8	15	7
MST S.r.l.	88	81	(7)
TCM FR SA	24	0	(24)
Tecnimont Arabia	41	84	43
Tecnimont Private Limited (formerly Tecnimont ICB Pvt. Ltd.)*	1,626	1,768	142
Tecnimont Chile	3	2	(1)
TPI	42	41	(1)
Tecnimont Usa Inc.	0	1	1
TWS	136	53	(83)
Tecnimont do Brasil-Contruçao de projetos LTDA	17	12	(5)
Tecnimont Civil Construction	147	100	(47)
Cefalù 20	62	61	(1)
Total	**4,276**	**4,365**	**89**

The figure also considers Branches and representative offices.

Maire Tecnimont Group	Average workforce FY 2014	Average workforce FY 2015	Delta
Engineering	2,081	2,215	134
Operations	1,013	967	(46)
Rest of technical area	401	409	8
Sales area	129	137	8
Staff area	652	637	(15)
Total by professional categories	**4,276**	**4,365**	**89**
- Italy	1,930	1,939	9
- Rest of Europe	318	246	(72)
- Asia	2,007	2,158	151
- America	20	15	(5)
- Africa	2	7	5
Total by geographical area	**4,276**	**4,365**	**89**
Of which:			
Italians open-ended	1,883	1,895	12
Italians fixed-term	47	44	(3)
Total	**1,930**	**1,939**	**9**

9. Training, Incentive Programmes, Organization and Security

Human Resources Training and Development

Recognizing to Human Resources strategic asset value for the company's success, Maire Tecnimont has promoted, also in the year 2015, numerous training initiatives, aimed at the development of its employees, some inserted in the wake of the experiences of the past years and others that have proposed new paths, focused on the development of conduct and skills in line with the change process started.

Investment continued in training on Project Management, in order to consolidate expertise in project management (with particular reference to planning, cost control and risk management), and develop managerial skills oriented to team management, involving a total of 225 participants.

In close connection with these initiatives, the IPMA certification program has been proposed, aimed at international recognition of Project Management skills and addressed to key roles in project management, with the attainment of 31 new certifications and renewal of 10 certificates.

The development and strengthening of technical-specialist skills were supported through *ad hoc* training initiatives, with individual career paths embodied in the participation in conferences, workshops and courses, organized internally, also involving teachers and company testimonials, and externally, through the collaboration of specialist consultants, for a total of 1,543 participations.

In the Italian Group's companies, there were also defined specific paths in favour of Young new hires with training contracts that, in addition to participating in the transversal training on organization and communication, activated through the appropriate regional institutions, have been involved in specific technical-specialist training initiatives and training on the job experiences carried out by Functions of belonging, aimed at developing the professional skills related to assigned work duties.

Young Graduates were also involved in a dedicated Induction path, useful opportunity for interaction with Company Management, which allowed developing the Group's values and organizational structure, favoured integration and mutual understanding, and offered tools for a more effective and complete comprehension of the working environment.

In the area of QHSE, training initiatives have been oriented on developing issues related to health and safety of workers in the workplace, with a total of 1,911 participations, for 11,449 hours.

Underlining the centrality of managerial and communication skills in project management, the key figures of contracts have been subject, in the year 2015, of specific training and development initiatives. In this regard, we note the continuation, in collaboration with the Organisation function, of the development path "Empowerment to PM", with activities dedicated to Project Managers of Tecnimont S.p.A., aimed at strengthening managerial and technical skills with a view to empowerment of role.

This also includes the workshop "Riding the turn-around: effective communication in project", dedicated to all roles of interface and coordination on the project, in order to provide them with the set of skills necessary to effectively manage the mechanisms of processing and handling of information, highly critical aspect for the success of the project.

As part of the development activities, drawing on evidence emerging from the "Your Voice" survey and accepting part of the suggestions received from employees about the actions that can contribute to the improvement of work experience in the Group, in 2015, a new process was implemented for the evaluation of human resources referred to as Employee Performance Commitment. This new process, currently reserved for a total of around 700 executives and managers of Tecnimont and Maire Tecnimont, is based on the evaluation of conduct according to the Group's Leadership model, the possessed technical skills and achievements, and aims to promote sharing between managers and employees, in order to gather feedback on the progress of performance, identify areas for improvement and define together *ad hoc* development paths for their coverage.

In 2015, activities have also been launched in partnership with Bicocca University for the implementation of this model in other Group companies, focusing in particular on the identification of the most relevant cultural aspects for an effective system integration process in companies abroad starting next year.

In continuity with the experience of the previous years, in 2015, the Company continued to invest in employer branding initiatives, addressed to the most interesting universities. In fact, collaboration continued with the Politecnico of Milan which, thanks to a program of initiatives and events designed specifically based on business needs, has provided an opportunity for privileged contact with students and recent graduates, while strengthening the Group's image in the academic world.

Compensation and Incentives

In the year 2015, Maire Tecnimont defined Remuneration Policy strategies and guidelines aimed, in particular, at the recognition of merit and best performance, as well as enhancement of the remuneration package of the most critical figures by adopting, for this purpose, a selective approach and attentive to the peculiarities of the local markets.

Remuneration activities also involved monitoring the performance of incentive systems dedicated to top management executives of the Group, and study of tools that can guarantee continuity in the pursuit of the priority objective of creating value by confirming at the same time, the will to strengthen the commitment and retention of key staff in a long-term perspective.

In this context, with the publication of the 2015 Remuneration Report, prepared pursuant to article 123-*ter* of Legislative Decree 58/1998 and the Code of Corporate Governance for Listed Companies, Maire Tecnimont has announced the adoption of a new long-term incentive plan, based on phantom stock, dedicated to the CEO of the Company and some senior managers of the Group. This new Plan, approved by the Board of Directors on 19 March 2015 and by the Shareholders' Meeting on 28 April 2015, is based on co-investment logics and deferral of the annual bonus, in line with the provisions of the Corporate Governance Code and market best practices, ensuring full alignment of the interests of management with those of shareholders in the long-term perspective.

During the year, this aspect has received special attention thanks to the realization of an update process of the Group's remuneration positioning, nationally and abroad, carried out in collaboration with leading specialized consulting firms, through the study of internal equity and competitiveness of remuneration compared to the reference markets.

Organization

The year 2015 saw the continuation of the consolidation and optimization of the overall structure of the Group for the pursuit of the objectives and business requirements defined in the 2013-2019 Strategic Plan, with organizational restructuring and business process initiatives that confirmed the following guidelines: consolidation of the role of direction and coordination by the Parent Company, rationalization of organizational structures and processes, strengthening of the Company's presence in the geographical areas of relevant strategic interest.

In this regard, in the wake of initiatives aimed at improving business processes and their effectiveness, we note the attribution of System Quality activities to the new function "Group Organization, ICT & Quality System", which was established within the Human Resources, Organization and ICT Department, separating system quality from project quality activities. The related creation of the Function "Group HSE, Project Quality and Risk Management", which have been entrusted the activities related to Project Quality and Risk Management, aims to ensure an adequate response to the operational needs of the business and projects, enhancing the related analytical, management and risk control skills, and define the lines of action and strategic and operational guidelines of the Group concerning the Quality Management System for projects and HSE. Proceeding to, also coordinating the activities of Subsidiaries, is to ensure full compliance with legislative and contractual requirements of relevance and to promote actions for continuous improvement and contribute to obtain the relevant certificates.

This Function is also responsible for defining Risk Management, enterprise and project activities, at Group level, ensuring consistency of the method and criteria for the identification, assessment of risks and opportunities, and also ensuring adequate reporting of analysis and monitoring at Corporate level (Enterprise Risk Management), for the benefit of uniformity of mitigation and control actions.

The same structure has been replicated at the Subsidiaries Tecnimont S.p.A. and KT Kinetics Technology S.p.A., separating System Quality from HSE and Project Quality activities.

Also in line with the objective of increasing and promoting the effectiveness and efficiency of business processes, the reorganization of the Information & Communication Technology area was also finalized during the reporting period, with a focus on the development and management of web and management applications to support processes, as well as business process management tools.

The Group Control Project and Contract Management Function was also created; it reports to the Group CFO and has the task of defining the lines of action and strategic and operational guidelines of the Group concerning project control and contract management. This Function is also assigned the task of coordinating similar activities at subsidiary level.

Finally, in line with the plan to consolidate the Group's local presence, the appointments were formalized of some Branch Managers and Area Managers, in geographical areas with new and particular strategic importance. The strengthening of the geographical coverage, aimed at making the most of the opportunities offered by the respective markets, continued to ensure, at local level, the integrated promotion of the Group's business, also towards stakeholders, and optimize the skills and structures available.

Lastly, the purpose and scope of competence were defined from the Coordination Committee, an advisory body to support the CEO in assessing decisions with Group value and strategic impact. In addition to the foregoing, in the process of optimizing the Group's presence and strengthening of regionalization strategies, the Region Committee was established, with the task of assisting the Chief Executive Officer in the evaluation of strategic decisions regarding geographical areas and related investments. Lastly, we note the creation of the Commercial Committee, in order to promote sharing, at Group level, of decisions on business opportunities and commercial activities, and collaboration between the Functions of competence.

Regarding to the operating companies and, in particular, the Subsidiary Tecnimont S.p.A. we note, within the Procurement Department, some initiatives aimed at increasing and improving the effectiveness and efficiency of related activities, as competitive factors of success in the contingent phase of the reference sector. In this regard, we note the creation of the "Post Order Management" Function, aimed at optimizing processes for issuing orders and coordination of expediting, inspection and shipping, as well as the identification of some points of reference and guidance for the commodity areas of expertise ("Category Leader"), aimed at improving and streamlining the related purchasing activities, from the offer phase.

Relative to other operating companies, some organizational changes have been implemented to promote intra-group consistency and simplification; in particular, we note, in KT Kinetics Technology S.p.A., the reorganization of the Production, Process and Administration, Finance and Control areas, with interventions targeted to the related functioning processes and operating mechanisms.

Within the Project "Revision of processes" we note for the Subsidiary Tecnimont S.p.A., the initiatives aimed at increasing the flexibility and efficiency of activities in the Project Execution phase, also through a more complete and thorough analysis of the engineering support company, reviewing the criteria for engagement and interfaces, both procedural, and in terms of Information Systems, in order to allow a smoother and more timely integration in the internal engineering production process and the maximization of the contribution provided.

SECURITY

Consistently with the implementation of the Group's general Security policies, the following actions were guaranteed:

- support and guidance towards the various – corporate functions of management and operational, both within the framework of the Group's general Corporate Governance system and with respect to the management of actually and/or potentially "critical" situations;

- monitoring of the socio-political-economic conditions of the countries of interest for the Maire Tecnimont Group, reporting periodically to senior management and to the heads of the companies involved, ensuring adequate security organization in the event of commercial and/or operative missions of management to countries at risk.

Attention and support activities have focused in particular on activities and ongoing projects in Iraq, Iran, Egypt, Saudi Arabia, countries of the Maghreb, the Middle East, Cameroon, Mexico, Nigeria, Russia and Malaysia, as well as on activities in Europe, in view of the expansion of the terrorist threat following the events in Paris, for the possible negative impact on the Group's interests.

With specific reference to the projects and offers underway, the Department's activities were structured in the various areas of reference, as specified below:

- Iraq: the action of info/operational support to responsible commercial functions was substantiated by constant control and timely information on the evolution of the situation in the country and areas of interest;

- Egypt: with particular reference to the Refinery projects of Cairo (KT Kinetics Technology S.p.A.) and Kima (Tecnimont S.p.A.), the study of the situation continued in view of the Group's high exposure. The acquisition of the data also concerned the areas with relevant criticality of Sinai (El Arish) and the border area with Libya;

- Mexico: where Tecnimont S.p.A. and KT Kinetics Technology S.p.A. have ongoing operating activities assistance consists of monitoring of the security conditions of the affected areas in the project, and competent in support during missions in the country also ensuring operational links with similar security structures of the Client/Partner of the project, in order to search for and ensure the best synergies for the protection of personnel safety;

- the usual information support was provided, with mission interventions even on site, for the activities in Europe (Belgium), aimed at both identifying the best organizational solutions and properly managing communications to staff employed on real security conditions, and on the business activities promoted to ensure the protection of staff.

To the foregoing is also added the contribution of competence, provided during the proposal to various ongoing projects, to examine the conditions of risk present in the country/area of interest and to qualify and quantify the resulting necessary security mitigating measures, also in line with the Client's requirements.

Continued usual support was provided to the projects in Italy, in order to complete the implementation of corporate policies related to the organization, the management of offices/operating sites, with special reference to infrastructural projects being implemented in Sicily and Basilicata, seeking contacts and/or meetings with the competent local institutions.

10. Industrial Relations

In 2015, the Group confirmed a model of Industrial Relations designed to ensure continuity for the proper and transparent relationship established with the trade unions of workers.

A comparison process was also promoted by Company Management on the negotiation of the new incentive and engagement policy for executives and employees, aimed at strengthening commitment and employer brand; the extension to all Group employees is being evaluated.

With regard to the Subsidiary Tecnimont S.p.A., it is noted that, without generating any litigation, the collective dismissal procedure launched 15 December 2014, ended on 31 July 2015 with 66 redundancies.

11. IT Systems and General Services

In 2015, the synergies between ICT and General Services were further consolidated, adding to the initiatives already started to improve operating efficiency and reduce spending in the perimeter of competence, the monitoring and management of needs of space, application programs and infrastructure, related to the growth of the Group's business volumes.

We note the continuation of the G&A cost optimization process, as part of the eponymous project, conducted in collaboration with the Procurement and Administration, Finance and Control functions. The containment and rationalization of costs made it possible to achieve additional savings, also through the review of the operational model and the renegotiation of some contracts related to utilities and facility management and catering services, as well as to the main work equipment granted for use to employees.

In relation to the growth of the Group's project portfolio, we also note the significant increase in mobility activities of the project team and workstations assigned, as well as new operational offices located in Milan, with ample flexibility of use, dedicated to the integrated project teams.

The continued set-up of the Group's foreign offices in Nigeria, Egypt, Russia, Azerbaijan and Singapore was carried on, functional to the Group's current development Plan, and the offices of the London-based company MET T&S have also been completed.

The developments in the business were mainly focused on the adoption of innovative tools, aimed at increasing the efficiency and quality of performance in consideration of and based on the growth in business expected volumes, while constantly respecting the objective of cost containment. In fact, the ICT infrastructure was adapted and services to the business were enhanced, to ensure maintenance of the levels of performance in the commercial offer and execution phases of the projects.

The enterprise storage was also completely renewed, functional to the storage of documents and to support new applications being implemented through:

- the migration of the Document System on the new infrastructure, also used for the Marian system, which allows for the streamlining of engineering activities by reducing response times;
- the start of the update process of many specific engineering applications:
- the implementation of an advanced management system of single-sign-on credentials (SSO), which allows the clear identification of the digital identity of staff and simplification of access to company systems: in particular, the gradual introduction of a company RBAC (role-

based access control) model, in order to mitigate exposure to the risk of threats to data security in the context of the processing envisaged by the company's information systems;

- the infrastructure update and review, in terms of performance improvement, of the application entrusted with the calculation of document progress (TPMS).

Lastly, the evolution of systems strongly focused on supporting the Group's strategic projects, with the launch of the Project "Prometheus", aimed at creating an "integrated project control system" to the benefit of monitoring tools of the project performance and support to the decision-making process. More generally, the project produced, in line with the planning, detailed design of the main site and some feasibility studies for the development of processes related to the activities and needs of the Project Control (for example workload management, management and control of the quantities of materials throughout the entire life cycle of the project, management of site planning and progress, management and reporting of project cash flows).

Also in terms of initiatives to support the business and protect the safeguarding of business competitiveness, we also note the projects Supplier Relationship Management, currently focused on vendor management processes, and MACOS estimating, to support the definition of construction estimates, both of imminent release.

The foregoing includes the project Fast Closing, which allowed to anticipate the closing of accounts of the Subsidiaries Tecnimont S.p.A., KT Kinetics Technology S.p.A. and Tecnimont Civil Construction S.p.A. Lastly, the gradual expansion continued of the ERP SAP system, extended to an additional five Branches of the Subsidiary Tecnimont S.p.A., and in the process of implementation at the English company MET T&S.

12. Health, Safety and Environment

The activities conducted in 2015 maintained and consolidated the systemic approach matured in the identification and continuous monitoring of HSE aspects (Health, Safety and Environment) and in the planning and implementation of management and operational measures aimed at continuous improvement of the results obtained in order to effectively contribute to the overall company vision.

Each operating company reflects the Group approach based on the principles of pursuit of reliability of results over time and satisfaction of stakeholders of reference. This provides foundational value to the values associated with the protection of safety, hygiene and health of its employees and any party involved in various capacities, in the planning stages, construction and operational start-up of the plants built.

The HSE policies implemented at each Group company define the principles, objectives, roles, responsibilities and management criteria adopted in the systemic approach made functional to oversee HSE aspects. Objectives and achievements are disseminated and shared across the organization, pursuing the involvement of all staff and each task.

The HSE Management System, implemented and consolidated for some time at Group level, expresses the cardinal principles of integrated management systems, is able to adapt easily to the diversity and variability of the places and the activities included in the scope of application and for this has also obtained for many years the OHSAS 18001:2007 (workplace safety management system) certification and ISO 14001:2004 (environmental management system) certification. This proves the characteristics of completeness, correctness and retraceability of the overall management structure and particular operational attention that combine constant attention to the specific needs in permanent compliance with the guidance, monitoring and control guidelines made transversal to the entire organization.

The system implementation has allowed to maintain oversight over time and in all company premises of the awareness and compliance with applicable legislation, the collection and satisfaction of customer requests in the context of maintaining the organization's evolution towards continuous improvement.

The integrated HSE (Health, Safety and Environment) management systems make it possible to adopt prevention and protection methodologies and practices to minimize the occurrence of accidents or work injuries for every project and every site of the Group as much as possible.

Thus, the consolidation of results was also achieved in the current year, consistent with the objectives set and distributed on the main issues of attention such as:

- Careful selection of contractors, which are required to ensure commitments and guarantees of sharing the Health, Safety and Environment Policies;
- Hazard systematic identification and risk assessment, up to the direct involvement of work teams and their members;
- Training and information activities carried out at the headquarters and building sites;
- Creation of incentive systems for both individuals and groups of workers that have helped to ensure or improve safety and health in the workplace;
- Widespread communication and extensive awareness of HSE logics and principles, also using tools to overcome language barriers at sites in the presence of a multi-ethnic workforce; and
- Regular updating and specific training of personnel in charge of HSE supervision.

Monitoring and analysis of the HSE management system results make it possible to express ongoing supervision of the achievement processes of identified targets and redirect new improvement targets in terms of effectiveness and reliability of compliance with applicable laws, reference standards and business requirements.

The Prevention and Protection Services, which operate in an integrated manner with the HSE management system, ensure the implementation of shared approaches and methodologies for the monitoring and surveillance of every place and activity, consistent with the system references and in accordance with the relevant legislative requirements.

The HSE management system adopts an audit plan aimed at specific collection of results and overall verification of the operation of the management system in order to identify any issues or relevant opportunities, outline strengthening or consolidation strategies and allow an increase in shared knowledge and the adoption of adequate and effective solutions.

The inherent management value of the approach based on prevention has involved the necessary professionals and adequate resources for the preparation and use of appropriate system tools; these have demonstrated usefulness over time and in all places to verify applicable legislative or internal requirements, for continuous improvement of the culture of safety and consequently for the consolidation of the levels of results obtained in terms of accident indicators.

The monitoring of accident data detected in construction activities confirms again in the year significant results that are in line with the positive trend seen for some time and significantly better than industry averages.

The updated data relative to the Group's main operating companies at 31 December 2015 are shown below and expressed as:

- LTIF: Lost Time Injury Frequency;
- TRIR: Total Recordable Injury Rate.

The indices are calculated on the basis of OSHA (Occupational Safety and Health Administration) and IOGP (International Association of Oil & Gas Producers), used as the main international reference principles, and compared with the average of the international Oil & Gas sector.

Maire Tecnimont Group* Safety – 2015 (based on 19.95 million site hours worked)			International comparison IOGP (base 1,000,000 hours)
K P I (**)	Total Projects OSHA (base 200,000 hours)	Total Projects IOGP (base 1,000,000 hours)	Oil & Gas Producers - 2014 Contractor data (***)
LTIF (Lost Time Injury Frequency rate)	0.020	0.100	0.17
TRIR (Total Recordable Injury Rate)	0.080	0.401	1.14

(*) *Safety Performance Indicators referring only to Construction Sites of Technology, Engineering & Construction Business Unit*

(**) *KPI - Key Performance Indicator*

(***) *Source: International Association of Oil & Gas Producers - Report No 2014s June 2015 - Safety Performance Indicators referring to Construction Sites of Technology, Engineering & Construction Business Unit.*
IOGP: LTIF and TRIR for contractors engaged in construction activities

13. Innovation and Research & Development

Maire Tecnimont pays close attention to research and development in order to develop and market new technologies and intellectual property rights (patents).

The MTIC also provides guidance and coordination of the Group's research and development activities, with particular attention to the Group's engineering centers located in Italy, India, the Netherlands and Germany.

In order to speed up the process of innovation and monitor its progress, in 2010 the MTIC developed the Innovation Pipeline (IPL) methodology. Since then more than 100 project ideas have been transformed into 42 different patent families and projects being marketed.

The research and development are being carried out in the following areas: Oil & Gas; Polymers; Urea and fertilizers; Hydrogen and Sulphur Recovery; Renewable Energies.

Maire Tecnimont is well aware of the social and environmental trends that will impact the petrochemical and fertilizer industry in the near future. The Group believes in open innovation, co-creation and collaboration as the only methods truly effective in facing up to the environmental and technological challenges of the global context.

Intellectual Property

The Group owns more than 90 families of patents registered in many countries around the world for over 1000 specific patents and patent applications (refer to table).

Technology	Licensor	Number of Patents/patent applications
Urea Technologies	Stamicarbon	908
Polymer Technologies (Nylon 6, Nylon 6.6 and PET)	MTIC/Tecnimont	12
Oil & Gas	MTIC	10
Infrastructure & Power generation	MTIC/Tecnimont	8
Production of synthesis gases & basic chemistry	MTIC/Kinetics Technology	82

Licenses

The Group licenses its technologies mainly through its subsidiary Stamicarbon.

The Group's Technology & Licensing division offers a wide range of proprietary technologies and related engineering services. The Group boasts over 60 years of experience in the development and licensing of urea technology and over 40 years of experience in the production processes of hydrogen and synthesis gas, gas treatment and sulfur recovery.

The Group has a diversified portfolio of licenses for both the construction of plants and revamping projects, and can boast long-standing relations with leading licensors of technologies in the areas in which the Group operates.

14. Information on Risks and Uncertainties

This section highlights the major potential risks and uncertainties related to the Maire Tecnimont Group, and the sectors in which it operates. It has the purpose of analyzing the overall causes of business risk that could have an impact on the Company's situation in the foreseeable future.

The core business of Maire Tecnimont Group is the design and construction of plants for the Engineering & Technology sector and the design and construction of large-scale public works. In addition, the Group operates in the concession of licenses for patented technology and intellectual property to urea producers.

BACKLOG RISKS

The Group's backlog was Euro 6,893 million at 31 December 2015. The timing of the revenue stream or expected cash flows is subject to uncertainty related to unforeseeable events that could have an impact on the contracts in the Backlog (e.g., the delay, late start or stoppage of work or other events). To mitigate that risk, the Company has inserted special termination/cancellation clauses into the contracts that call for adequate reimbursement in the event of such circumstances.

RISKS RELATED TO BACKLOG CONCENTRATION AND RELIANCE ON A SMALL NUMBER OF CONTRACTS OR SIGNIFICANT CLIENTS

As at 31 December 2015, approximately 71% of the Group's consolidated revenue was derived from 16 major contracts, corresponding to approximately 63% of the backlog value. Any interruption or cancellation of even one of the relevant contracts, subject to the applicable statutory and contractual remedies, might adversely affect the Group's economic, equity and financial position. In addition, the Group works with a small number of clients. As at 31 December 2015, consolidated revenues from the 10 principal clients were 62% of total consolidated revenues. One of the main guidelines was that of spreading more initiatives over a larger number of customers and thus opening up to new markets and clients.

RISK RELATED TO THE CAPACITY OF THE GROUP TO EXECUTE ORDERS IMPLEMENTING THE NEW STRATEGY

During the recent years, the Group has prepared a new strategy under the scope of which the industrial plan has been prepared, aimed at re-launching the Group's business in the various sectors, in view of a careful analysis of the current market and competition. The Business Plan effectively and fully implements the actions envisaged within the terms hypothesised and in particular the success of the interventions aimed at ensuring the strategic repositioning of the Group in Engineering and Engineering & Procurement and overall repositioning of margins, in compliance with the terms described by the Business Plan. In order to support this strategy in the future, the Group has implemented a number of organizational actions to support the changes underway. The Group could encounter difficulties on several fronts, which may have a negative effect on the Group's operations and its economic, financial and equity situation. These are: technical (e.g. meeting the scheduled delivery dates of new installations); operational (e.g. lower profit margins, cost increases, difficulty in recruiting and retaining qualified personnel); and financial (e.g. the inability to obtain the guarantees requested by clients or deliver contracts by the due date). Maire Tecnimont considers all these risks typical for its businesses, as they express the very essence of its capacity to work; over time, the Group has adopted operating procedures aimed at highlighting, and therefore minimizing said risks. Indeed, the Group monitors and checks its work flows regularly, as well as its ability to execute the new projects for which it has submitted bids, both in terms of the availability of the suitable professionals and the technical and financial risks.

RISKS RELATED TO INVESTMENT PERFORMANCE IN THE AREAS IN WHICH THE GROUP OPERATES AND THE FINANCIAL CRISIS

The markets in which the Group operates are characterized by cyclical trends related mainly to the performance of the investments, which are influenced in turn: i) from the economic growth; and ii) a high number of economic-financial variables (e.g. interest rates or crude oil prices) and from an elevated number of political-social factors (economic policies, public spending, infrastructural allocations). As a result, a downturn in the economic cycle could have a negative impact on the Group's economic, financial and equity situation. The persistence or escalation of the current global financial crisis could lead to negative consequences on the Group's economic, equity and financial position. The geographical diversification and that of business lines will help mitigate this risk.

RISKS RELATED TO JOINT RESPONSIBILITY TO THE CLIENT

The Group companies execute the orders awarded either directly or in association with other operators by forming, for example, consortia in Italy or joint control agreements abroad. Generally, in the latter case, each party is jointly responsible to the client for the design and construction of the whole scope of work subject to the applicable legislation in the public domain or otherwise by contract. In the event a client suffers damage because of the actions of an associated operator, the Group Company involved could be asked to replace the subject liable for the damage and pay the full cost of the damage caused to the client, without affecting the right to recourse in respect of the defaulting associate. Exercising the right of recourse between associated operators is normally governed between partners through appropriate contractual arrangements (usually referred to as cross indemnity agreements). The Company has a track record of entering agreements and associations with operators with proven industry experience and whose financial solidity it has duly verified. This approach has ensured that, at the date of writing this report, none of the Group companies have ever been replaced in the obligations of the partner part of the agreement, that has become defaulting against the client.

RISKS RELATED TO RESPONSIBILITY TO THE CLIENT FOR NON-COMPLIANCE OR DAMAGES CAUSED BY SUB-CONTRACTORS OR SUPPLIERS

In carrying out its business, the Group uses the services of third parties, including subcontractors to produce, supply and assemble part of the installations and suppliers of raw materials, semi-finished products, sub-systems, parts and services. The Group's ability to comply with its obligations to the client therefore is influenced also by the ability of both the subcontractors and the suppliers to successfully fulfil their contractual obligations. In the event those subcontractors and suppliers default, even in part, on their obligations to the Group, supplying it with products and/or services in breach of the agreed delivery dates or which fail to meet the quality standards required or are defective, to the Group could incur additional costs due to delays or the need to provide alternative services or supply equipment or materials at a higher price. In addition, the Group may in turn, be held in breach of the contract by the client. In such an event, the Group could be subject to damage claims from the client, without affecting its right to seek recourse from the defaulting subcontractors and suppliers. However, in the event that the Group is not able to pass on to these subjects the entire compensation through the right of recourse, there could be negative effects on the Group's economic and financial position. The system set up by the Group to evaluate and select the subcontractors, who are assessed not only on price but also their technical capabilities and financial structure, calls for these entities to provide performance bank guarantees. The Group companies are also the beneficiaries of insurance policies specifically designed to cover any particularly negative situations that may arise.

RISKS RELATED TO FOREIGN BUSINESS

Given that the Group operates in approximately 30 countries, it is exposed to various risk factors, including possible restrictions on international trade, market instability, limitations on foreign investment, infrastructural deficiencies, fluctuations in exchange rates, currency restrictions and controls, and legislative changes, natural catastrophic events (such as earthquakes and violent weather events) or other extraordinary negative events (such as, for example, wars and acts of terrorism, major disruptions in supplies of raw materials or semi-finished goods or energy, fire, sabotage or terrorist attacks and kidnapping). The Group is also exposed to risks inherent in the difficulties related to carrying out its business in regions located far from the markets and the traditional sources of workforce and materials procurement and which often may be disadvantaged and unstable in political-social terms (e.g., the Middle East, Iran, the Russian Federation, Latin America and Nigeria). To mitigate this risk, the Group always takes out insurance and/or hedges according to the type of potential risk envisaged to cover any economic consequences that may arise from the aforementioned instabilities.

RISKS RELATED TO INCORRECT COST ESTIMATES FOR THE EXECUTION OF PROJECTS

Almost all of the Group's consolidated revenues derive from long-term contracts the payment of which (for the Group) is fixed at the date of participation in the tender or or the date of the possible award in particular, concerning lump sum - turn key contracts. With respect to these contracts, the margins originally estimated by the Group may be reduced as a consequence of the costs incurred by the Group in the course of implementation of the project. If the policies and procedures of the Group to identify, monitor and manage the costs incurred by the Group during the execution of the contracts did not prove to be adequate in relation to the duration and degree of complexity of these contracts, or at least no longer updated following the occurrence of unforeseeable events, the Group could be subject to possible adverse effects on its economic, equity and/or financial situation. However, it is noted that during the preparation of tenders, the Group carries out a careful analysis of the risks pertaining to each job paying particular attention to the allocation of specific contingencies to cover contract risks already identified.

RISKS RELATED TO DELAYED SUPPLIER PAYMENTS

The characteristics of the industry in which the Group operates require careful financial management, which could cause delayed or missed payments to suppliers. The Group has a significant level of overdue debt to suppliers. In this regard it should be noted that among the immediate effects of the deterioration of relations with suppliers there are increases in borrowing costs for obtaining bank and/or insurance guarantees in relation to recent projects awarded, the inability and/or difficulty of replacing suppliers, litigation increases, delays in delivery of projects, increased costs for goods and services, and possible promotion of legal action by the suppliers themselves. However, the financial plan also provides for a return of the expired outstanding supplier receivables in order to reach a more organic relationship with suppliers and mitigate the risks associated with delayed payment on business operations.

15. Financial Risk Management

Following is a breakdown of the main risks to which the Group is exposed in its normal business operations:

MARKET RISK

The Group operates in an international arena and is exposed to the risk of fluctuations in interest rates, foreign exchange rates, and the prices of goods. There is also a risk of shifts in the economic and cash flows implicit to the nature of the business, which can only be mitigated in part through appropriate management policies.

RISK OF VARIATIONS IN PRICES AND CASH FLOW

The Group's results are influenced by variations in the price of some raw materials, finished products and insurance costs. This risk is mitigated through a policy of cautious and timely procurement. Maire Tecnimont also adopts a strategy designed to minimize transaction risk also by using derivative contracts.

EXCHANGE RATE RISK

The currency of the Group's consolidated financial statements is the Euro. As mentioned, the Group operates in different international markets and part of its cash flows and payments are denominated in non-Euro currencies. A significant part of the projects executed are denominated in or linked to the US dollar. That, combined with a temporal mismatch between the accrual of costs and revenue denominated in currencies other than the operating currency and the realization of the associated cash flows, exposes the Group to exchange rate risks (transaction risk).

Maire Tecnimont's strategy is aimed at minimizing the exposure to transaction risk through the use of derivative contracts. The finance department is responsible for planning, coordinating, and managing this activity at Group level by monitoring the correct correlation between derivative instruments and underlying cash flows and providing an accurate accounting representation in accordance with international accounting standards.

The Group also holds investments in subsidiaries located in areas outside the European Monetary Union, and the changes in equity arising from fluctuations in exchange rates of the local currency against the euro are recognized temporarily in a reserve in shareholders' equity called "conversion reserve".

INTEREST RATE RISK

The risk of fluctuations in interest rates in the Maire Tecnimont Group is essentially linked to medium/long-term loans negotiated at floating rate. The interest rate risk on the residual portion of floating rate debt and which is not covered by derivative instruments, is partially mitigated by the presence of liquidity and with interest rates indexed to the same parameter as its debt (Euribor). Fluctuations in interest rates could produce a similar result on cash generated from inventories, but of opposite sign, compared to those produced on the flows linked to loans.

CREDIT RISK

Credit risk represents the Group's exposure to potential losses arising from a counterparty's failure to fulfil its obligations. Credit risk is associated with the ordinary business of commercial transactions and is monitored by both the operational and the administration functions on the basis of formal procedures and periodic reporting. Receivables are written down individually for significant single positions, which ended up being partially or totally irrecoverable. Collective provisions were set aside for those receivables not subject to individual write-downs based on historical experience and statistical data.

Liquidity Risk

Liquidity risk represents the risk that, due to the difficulty of securing new financial resources or of liquidating market positions, the company is unable to meet its payment obligations, is forced to incur additional costs to obtain the resources needed or, as an extreme consequence, is confronted with a situation of potential insolvency of a risk to the continuation of the its activity.

Also in April 2015, we obtained the proceeds related to the transaction for the Bocamina project and a loan entered into by Stamicarbon; the combination of the operations described above led to the conclusion of overall refinancing of the existing bank debt.

In 2015, the sale was also finalized of a majority stake of 70% of the share capital of BiOlevano S.r.l. (BiOlevano), owner of the biomass plant located in Olevano Lomellina.

On 28 December 2015, the Group concluded an additional strategy that also involved all the medium/long-term bank debt as well as a part of short-term debt. The transaction was made possible thanks to the disbursement of a new loan of Euro 350 million for the subsidiary Tecnimont under more favourable repayment conditions and terms than those obtained in April 2015. In particular, there was an immediate reduction in the cost of debt to 2.5% and an extension of the repayment terms to 5 years.

Cash and cash equivalents at 31 December 2015 were Euro 362,385 thousand and compared to 2014, they increased by Euro 202,143 thousand; the cash flows from operating activities generated a positive cash flow of Euro 289,833 thousand, a significant improvement in comparison with the corresponding 2014 indicator that instead reported a cash generation of Euro 5,221 thousand. These flows, in addition to the result of the year, were positively affected by the changes in working capital, operating collections in the year and the collection for the closure of the arbitration with Endesa Chile.

Risks related to compliance with the financial parameters set out in financing contracts

This risk relates to the possibility that loan agreements contain provisions giving the lending banks the right to claim immediate repayment of principal from the borrower should certain events occur, thereby generating liquidity risk.

The new loan disbursed on 28 December 2015 of Euro 350 million for the subsidiary Tecnimont is secured by covenants in line with the standards for this type of operation, of which the first measurement will take place with reference to the figures as at 30 June 2016. Specifically, the financial parameters of the loan envisage the maintenance of a certain ratio between net financial position and equity and between net financial position and EBITDA.

Risks related to the Group's ability to obtain and maintain guaranteed credit lines and bank guarantees

In the normal course of its activities and, in particular, to be able to participate in bidding, enter into contracts with clients or receive from these advances and payments during the execution of the project, the Group companies are required to issue bank and/or insurance guarantees in favour of the client.

The Group's ability to obtain such guarantees from banks and/or insurance companies depends on the assessment of the Group's economic, equity and financial position and, in particular, the Group companies involved, the project risk analysis, experience and the competitive positioning of the Group companies involved in the sector. In the broadest renegotiations that the Group finalized with the syndicate of relation banks regarding the terms and conditions of the new loan agreement, the existing credit lines were confirmed.

16. Legal Matters and Disputes

Prior to outlining the main disputes, we point out that the Directors have set aside adequate provisions to the risk reserves. The proceedings for which the sum in dispute is potentially Euro 5 million or higher are outlined below.

Civil, Administrative and Arbitration Proceedings

J&P Avax S.A.: this is an arbitration proceeding initiated by Tecnimont in August 2002 against the company J&P Avax S.A. ("J&P"), for damages resulting from the late execution of subcontracting entrusted to J&P as part of the implementation by Tecnimont of a plant for the production of polypropylene in Thessaloniki, Greece, commissioned by the Greek developer Helpe. The value of the Tecnimont arbitration claim is Euro 17.4 million, while J&P has filed a counterclaim for Euro 28.5 million. In December 2007 the Arbitration Board issued a preliminary award attributing 75% responsibility for the four-month delay in the execution of works to J&P and 25% to Tecnimont. On 28 December 2008, J&P appealed the preliminary award before the Court of Appeal in Paris, which, in its judgement of 12 February 2009, annulled the award on the basis of an alleged lack of independence and impartiality of the Chairman of the Arbitration Board. Tecnimont subsequently appealed against that decision before the Court of Cassation in Paris, which, on 4 November 2010, ruled in favour of Tecnimont, repealing the appeal decision. The Arbitration Board therefore decided to resume the arbitration proceedings, but J&P appealed the partial award to the Court of Appeal of Reims, which, on 2 November 2011, annulled the partial award again for alleged irregular constitution of the Arbitration Board. Tecnimont therefore decided to submit a new appeal to the French Court of Cassation which again overturned the appeals sentence postponing the issue to said session. Currently, the arbitration procedure is still suspended pending the decision of the Court of Appeal which is not expected before the end of the first half of 2016.

Mainka: in December 2010, Tecnimont was notified by the Court of Arbitration that an arbitration proceeding had been brought against it by Mainka, a German construction company engaged for the Münchsmünster project. The subcontract, signed in August 2007, is for the construction of civil works of the polyethylene production plant in Münchsmünster, Germany. The request by Mainka relates to the recognition of alleged higher costs incurred in carrying out works for an amount of approximately Euro 16.7 million. Tecnimont has submitted a formal response to the request for arbitration, rejecting all requests by Mainka and submitting a counterclaim for Euro 7.9 million. According to the Terms of Reference, filed in September 2011, the arbitration panel was called upon to decide in the first instance, on the preliminary issue concerning the applicability of German law which considers invalid the clauses contained in forms and questionnaires. On these grounds, Mainka supported the nullity of the provision on the liquidated damages and performance bonds. In parallel Tecnimont began proceedings through the German courts for execution of the performance bond through two actions: i) compared to Mainka, at the court of Ingolstadt with subsequent appeal to the Munich court of appeal that had a positive outcome for Tecnimont (for reasons of territorial incompetence); ii) compared to the insurance company at the court of Wiesbaden. On 5 December 2011, the hearing was held before the ICC for the partial award and it was decided to postpone any receipt of the performance bond until the end of the arbitration proceeding. It was also decided to continue the proceeding on the point of termination. The parties' depositions were filed between February and April of 2012 and in early May 2012 an ICC hearing was held on the Termination. The arbitration panel, without issuing a formal pronouncement on the issue of Termination, then began assessing the claim by Mainka and counterclaim by Tecnimont. The parties submitted new depositions on the claim and counter claim between August and December 2012. In January 2013, a hearing was held on the “final invoice” where it was decided to resubmit to the arbitrators, a shared list of outstanding issues with the indication of whether the arguments that the Court will submit to the expert appointed by the same are strictly of legal or technical nature. In May 2014, a hearing was held in which the Court set new dates for the additional pleadings and an additional hearing held in July 2014. During this hearing, the Chairman of the Arbitration Board suggested the occurrence of a potential conflict of independence and impartiality. The parties have therefore expressly requested the replacement of the Chairman and the ICC accepted this request. In the fall of 2014, a new Chairman was appointed and in February 2015, there was a hearing during which the role of facilitator was assigned, in a first phase, to an expert appointed by the Court. This phase ended in June 2015 and the parties have not reached a settlement agreement. Meanwhile, the expert appointed by the Court will issue one or more technical assessments that will be commented on by the parties. Currently, the activities of the expert have shown the substantial groundlessness of a significant portion of Mainka claims. The final award is not expected before the summer of 2016.

Juruena: in May 2009, Maire Sapezal Ltda (now Tecnimont Sapezal, a subsidiary of Maire Engineering do Brasil, now Tecnimont do Brazil Ltda) cancelled the contract with the client company Juruena for the construction of five hydroelectric power stations in the region of Mato Grosso. The termination of the contract was the result of serious economic and financial conditions that have arisen in the course of the project, caused by some events beyond the responsibility of Tecnimont Sapezal that have influenced time and costs including: a suspension of over one-year due to non-renewal environmental licenses by the client, a work suspension order issued by the local judiciary, errors in the basic design by the client, destruction and fires on construction sites caused by indigenous peoples, flooding of sites due to exceptional rainfall and missed payments of invoices issued and approved by the client. Following the termination of the contract, Maire Sapezal blocked legal action by the other party at the Court of Cuiabá (Mato Grosso) in stark contrast to the arbitration clause and the attempt of enforcement of the performance insurance guarantee and completed regular transfer operations of the site. Maire Sapezal therefore deposited an application for international arbitration (ICC) to obtain payment of approximately Real 115 million for: i) non-adjustment of the contractual price following delays caused by failure on the part of Juruena to renew environmental licenses; ii) non-adjustment of the contractual price following additional costs due to errors by Juruena in the basic design; iii) non-compliance with the obligations signed by the parties in the Operational Agreement to restore the balance of the price on an open book basis; iv) liability of Juruena with regards to incursions of the local populations that destroyed the sites and failure to recognize the damages caused to Tecnimont; v) failure to pay approved invoices in exchange for services provided by Tecnimont; vi) unlawful recourse to the Court of Mato Grosso in breach of the arbitration clause in the contract; and vii) breach of the principle of good faith. The client responded by depositing an arbitration petition for Real 346 million. The arbitration tribunal was established and during the ICC proceedings, pleadings and technical, economic and market reports were filed by the parties and written testimony was collected. On 9 June 2013, the Group received from its Brazilian lawyers a copy of the arbitration award (partial), subsequently amended on 17 October 2013, not immediately enforceable, which contained the following: i) liability for termination of the contract was considered to be borne by both parties; ii) the award shall determine all issues of Tecnimont do Brasil Ltda recognizing them for about Real 21.15 million iii) the award shall determine all issues of Juruena recognizing them for about Real 16.4 million. Fees of the proceedings will be decided with the final award. The ICC procedure now involves a second phase relating to the costs for redoing the works requested by Juruena; the parties are still pending issuance of the final award.

Kesh: Maire Engineering S.p.A. (now Tecnimont S.p.A.) signed an EPC contract in February 2007 for the construction of a power plant located in Vlore, Albania, with the client Kesh Dh. Albanian Power Corporation, an Albanian public law company (“Kesh”). The initial value of the contract was Euro 92 million, which was then increased by a further Euro 4.1 million. Since the beginning of the project, Tecnimont has faced considerable difficulties that have adversely affected the timely performance of the work resulting in additional costs and damage. Initial difficulties were mainly due to the fact that the tender for the award of the contract took place in a period when the market conditions were very different from those that Tecnimont faced two years following the award of the contract. Apart from the increase in the contract value for Euro 4.1 million, Kesh without reason has never acknowledged either a further adjustment of the contract value or an extension of the deadline for completion of the work. In addition, apart from the deterioration of market conditions, there have been other events that have contributed to increasing the costs incurred by Tecnimont and the delay in completion of the work including, among others: repeated storms, requests to perform temporary rather than permanent repairs. In 2009, Tecnimont presented an Interim Report for review of the date of the Operational Acceptance and, in the event that such request had not been accepted, the payment of additional costs incurred in an attempt accelerate activities to reduce the delay, meaning that Kesh would not have otherwise been entitled to demand payment of penalties for delay. In July 2009, change proposals were then submitted to Kesh. Despite all this, Kesh in September 2011 made a request to Tecnimont for the payment of penalties for Euro 9.2 million. In November 2011, Tecnimont sent a Supplementary report on the events that occurred between February 2009 and October 2011 that would have entitled the same to request an extension of the completion dates compared to those already required by the Interim Report and additional claims for reimbursement of damages and costs. In particular, the request involved recognition of about Euro 56 million and about USD 22.5 million. The Operational Acceptance Certificate was then issued in November 2011 but with retroactive effect in late October 2011. Apart from the unjustified delay in the issuance of the certificate, Kesh has not released the remaining 5% of the contract price, equal to Euro 4.7 million, and has not reduced the amount of the Performance Bond from 10 to 5% of the contract value. In addition, Kesh did not extend beyond 31 December 2011, the duration of the letter of credit as security for its payment obligations, therefore not meeting its contractual and legal obligations. As a direct result of this, Tecnimont sent to Kesh the first Notice of Termination in April 2012, followed by a second Notice in May and a third in September 2012. Regardless of these circumstances, Kesh then threatened to enforce the full amount of the performance bond of Euro 9.6 million. In January 2012 and thus after obtaining the Operational Acceptance and after the transfer of the plant under the responsibility of custody by Kesh a storm hit the plant damaging the pipe outlet to the sea. Tecnimont believes that the damage that occurred to the pipe is entirely due to events outside its responsibility, such as the mismanagement of the plant by Kesh staff. To prevent the enforcement of the full amount of the Performance Bond of Euro 9.6 million requested by Kesh in September 2012, Tecnimont demanded and obtained from the Court of Milan a precautionary measure, the outcome of which being that the enforcement of half of the Performance Bond was recognized as illegitimate; the bank issuing the guarantee therefore paid Kesh only half of the Performance Bond itself. In October 2012, Tecnimont then deposited a request for arbitration at the ICC against Kesh to obtain payment of the remaining 5% of the contract value, the return of half of the performance bond that had been enforced, and Euro 51 million plus USD 22 million of additional costs for damages suffered, as well as a disclaimer on non-liability for penalties due to delay. In addition, Tecnimont requested that the EPC contract to be deemed terminated by default by Kesh, reserving the right to submit requests for additional compensation in the same arbitration proceedings. On 4 January 2013, Kesh presented a succinct reply requesting that the matter was preliminarily remitted prior to the evaluation of an adjudicator. This assuming that the EPC contract includes this preliminary step before the matter is dealt with by the arbitration panel. The ICC gave the parties the opportunity to reach an agreement to discontinue arbitration and put this matter before the adjudicator. The contract also provides that the part that is not satisfied with the evaluation by the adjudicator can still initiate the arbitration. In February 2014, Tecnimont therefore deposited an initial request for the adjudicator concerning non-compliance by Kesh of its obligations in relation to the reduction of the Performance Bond. On 2 April 2014, the adjudicator’s decision was positive for Tecnimont and, on 28 April 2014, Kesh announced its intention to challenge such decision in arbitration under the contract. However, to date, Kesh has not initiated any ICC arbitration against the same. At the same time, on 18 February 2014, Tecnimont was summoned to the court in Albania, in proceedings initiated in October 2012 by Kesh against Intesa Sanpaolo Bank Albania for payment of the residual amount of the performance bond, or rather Euro

4,830,000, payment of which was prevented by the Court of Milan. The first instance ended with the rejection of requests of Kesh that, within the following thirty days, challenged such decision. By judgement of 27 March 2015, the Court of Appeal upheld the first instance judgement, rejecting therefore the request of Kesh. Against this decision, on 17 April 2015, Kesh deposited an appeal before the Albanian Court of Cassation notified to Tecnimont only on 25 May. The judgement to the Court of Cassation is expected to be concluded by the first half of 2016.

TCM FR (formerly Sofregaz) – NGSC/Iranian Bank of Mines and Industry: on 16 January 2014, Sofregaz (now TCM FR) submitted a request for arbitration to the International Arbitration Court of the ICC against the client NGSC (Natural Gas Storage Company) to obtain the rejection of various compensation claims previously made by NGSC, payment of the outstanding amount of Euro 1,286,339.06 plus interest and withdrawal of the request for payment (or, if payment should already have been made, reimbursement of the relevant amount) of the performance bond concerned by the above-mentioned proceedings in France, and on 27 January it appointed an arbitrator. The arbitration pending at first for reasons related to the restrictions of the embargo as the defendant is a company under Iranian law, was summed up on 29 May 2015. The verification is ongoing of the requirements of the counterparty arbitrator appointed by the ICC.

Immobiliare Novoli: on 7 July 2007, in relation to the construction of the real estate complex at Novoli (Florence), Tecnimont asked the client Immobiliare Novoli (real estate) to pay the balance of the work performed, in addition to compensation for damages and additional costs incurred during the work, for a total of more than Euro 30 million. Immobiliare Novoli formulated in turn a claim for damages of approximately Euro 52.7 million. On 27 February 2012, the arbitration award was issued for granted to Tecnimont the right to be paid Euro 10.4 million plus interest, for a total of Euro 16.1 million. With a summons notified on 18 June 2012, Immobiliare Novoli challenged the award in front of the Court of Appeal in Florence. On 15 July 2014, the Sentence was issued by the same Court that essentially declared the partial invalidity of the arbitration award which: - condemned Immobiliare Novoli to pay Euro 6,441,248.24. To date, Tecnimont mandated its attorney in order to appeal to the Supreme Court for revocation of the Sentence and alternatively, the appeal for cassation of the same sentence. On 27 February 2015, Immobiliare Novoli paid to Tecnimont the amount of Euro 1,774,365.93 (Euro 434,719.20 in capital account and Euro 1,339,301.34 in Interests account - Istat). Currently, Immobiliare Novoli has already paid to Tecnimont the total sum of Euro 5,274,064.61. Tecnimont S.p.A. submitted an appeal to the Court of Cassation and request for revocation of the judgment of the Court of Appeal. On 12 May 2015, Tecnimont S.p.A. registered the appeal at the Court of Cassation, the proceedings were assigned with the General registration number 11267/2015. Also on 12 May 2015, Tecnimont S.p.A. registered the summons for revocations of the judgement made by the Court of Appeal, the proceeding was assigned with the General registration number 1039/2015. On 4 June 2015, Immobiliare Novoli notified Tecnimont S.p.A. of the counter-appeal. The preliminary hearing was adjourned to 27 November 2015. The hearing of 27 November 2015, during which it was not in any way possible to make clarifications of sorts, was postponed to 28 October 2016 for final conclusions.

Comune di Venezia – Manifattura Tabacchi: by a writ of summons on 5 June 2010, the City of Venice sued the Associazione Temporanea di Imprese ("ATI", Temporary Association of Companies) consisting of Tecnimont (mandate at 59%), Progin and others, as planner of the new law courts in Venice (former Manifattura Tabacchi, Tobacco Factory), asking ATI to be obliged to pay damages the City of Venice claimed to have incurred for alleged deficiencies and alleged omissions of the executive project (involving, in particular, the lack of chemical analysis of the soil, errors/omissions in the project, buildings and plant, and omitted archaeological surveys). The value of damages claimed is Euro 16.9 million. Before the court ATI strongly disputed the matters alleged by the City of Venice. To date, in response to comments made by the parties on the final expert report submitted on 30 August 2014, the judge ordered that the expert witness respond by March 2015; on 24 March 2015, the Judge granted the extension requested by the expert witness and ordered the adjournment of the hearing on 27 March 2015 to 24 April 2015. At the hearing on 24 April 2015, the judge highlighted the serious gaps contained in both the final expert report and in the response of the expert witnesses to the criticisms of the parties, even the lawyers of the Municipality of Venice were associated with our complaints. The renewal of the expert witness has been requested, insisting also for the admission of additional preliminary requests deposited in the briefs pursuant to article 183 Civil Procedure Code. The judge, however, in order to fully examine the matter must necessarily retain the case for decision (then, possibly, refer it to investigation). The hearing was thus adjourned to 27 November 2015, for the final ruling. Currently, the file is assigned to an Honorary Judge, Mario Brambullo, who at the current hearing of 27 November 2015, "given the value of the case, the subject of the litigation and the burden on the undersigned do not allow ensuring the timeliness of the decision", remitted the case to the President of the Section for subsequent reassignment. The new designated Judge adjourned the hearing for conclusions to 17 June 2016.

CRIMINAL PROCEEDINGS

Tecnimont S.p.A. and KT – Kinetics Technology S.p.A.: on 21 June 2011, the Public Prosecutor of Milan served at the premises of Tecnimont and KT - Kinetics Technology: (i) two warrants to search the offices of two (then) Tecnimont and KT - Kinetics Technology executives and (ii) at the same time notices of investigation to the same and to Tecnimont and KT - Kinetics Technology, for alleged illegal activities pursuant to article 25, paragraphs 2 and 3, of Legislative Decree no. n. 231/2001. The investigations are at a preliminary stage and are subject to investigation confidentiality. The executives subject to the search were immediately suspended from their respective positions and, subsequently, both executives resigned. With reference to these proceedings a board of criminal lawyers was appointed to represent the two companies involved, protecting their interests. On 7 October 2015, the Company received Archiving decree for lack of evidence of subsistence of the predicate crime based on which the Company had been registered in the register of crime reports.

TAX DISPUTES

Maire Tecnimont Group Tax Disputes relate to outstanding tax proceedings concerning the ordinary conduct of business by the companies of our Group. In front of such litigation, the Directors have created provisions in the financial statements which are considered appropriate. The following is a summary of the main cases at 31 December 2015, based on the information currently available.

TECNIMONT S.P.A.: audits for FYs 2006, 2007, 2008 2009, 2010 and 2011

On 24 March 2011, at the conclusion of a tax audit by the Financial Police, for IRES, IRAP and VAT, an Official Report of Findings was drawn up for the years 2006, 2007, 2008 and 2009 ("PVC2011"). The findings contained in PVC2011 subject of current dispute concern: the costs for inter-group services and the loss on the FOS contract.

The first point concerns the costs of intra-group services for the tax years 2006, 2007, 2008 and 2009, in particular the costs charged to Tecnimont by the parent company, considered by the inspectors as not deductible for IRES and IRAP.

The second point stems from the transfer to Tecnimont, involving assignment to its permanent establishment located in France, of the subjective positions belonging to its subsidiary Sofregaz and arising from a contract ("FOS Contract") and an agreement under French law (SEP Agreement) established for the management of the FOS Contract.

It is also noted that on 29 July 2013, at the conclusion of a tax audit by the Revenue Agency - Regional Directorate of the Lombardy Office, a Formal Notice of Assessment (PVC2013) was drawn up for the years 2008 (extended to 2009, 2010, 2011 for a limited number of cases). The findings presented by the auditors regard the deductibility of losses relating to certain orders, mainly the FOS Contract, costs considered as not pertinent and/or not related, costs relating to staff, and other smaller amounts.

In relation to the findings contained in PVC2011 and PVC2013 referring to the years 2006, 2007, 2008, 2009 and 2010, the Revenue Agency sent the Company separate notices of assessments for IRES, IRAP and VAT purposes. The Company believes that the allegations included in the notices of assessment may not be shared and that the work of the Company is supported by valid defence arguments. For this reason, Tecnimont S.p.A. and Maire Tecnimont S.p.A. (as IRES consolidator) appealed against the aforementioned acts, and at the same time, the ongoing dialogue continued with the Revenue Agency - Regional Revenue Office of Lombardy. Pending proceedings, the Revenue Agency positively assessed the arguments of the Company and ordered the cancellation of almost all the disputes relating to the management expenses charged to Tecnimont S.p.A. (significant values). These disputes must therefore be considered definitively closed as a result of both the cancellation acts in self-defence issued by the Revenue Agency and the reconciliation occurred before the tax court (additional taxes due for Euro 396 thousand, plus interest and penalties).

In relation to additional findings under PVC2011 and PVC2013 contained in the notices of assessment and not subject to cancellation/reconciliation, appeal was proposed before the Provincial Tax Commission of Milan, against:

- notices of assessment for 2007 on the treatment for IRES and IRAP purposes of the FOS loss (findings contained in PVC2011; additional tax assessed was Euro 6,467 thousand, penalties for a total of Euro 10,840 thousand)
- notices of assessment for 2008 on the treatment for IRES and IRAP of the findings contained in PVC2013 (additional tax assessed was Euro 10,571 thousand, penalties for a total of Euro 10,543 thousand)
- notices of assessment for 2009 on the treatment for IRES and IRAP of the findings contained in PVC2013 (additional tax assessed was Euro 2,536 thousand, penalties for a total of Euro 2,536 thousand).

The Provincial Tax Commission of Milan, after having granted deferrals of the hearing several times following joint requests of the Company and the Revenue Agency, decided to join the discussion of the above claims in a single proceeding discussed in the hearing of 23 February 2016. With sentence no. 2265 deposited on 8 March 2016, substantially favourable to the Company, the Tax Commission cancelled most of the requests made by the Agency and, among these, all those relating to the FOS Contract.

With reference to the FOS finding (and other minor) contained in PVC2013, in December 2015, the Revenue Agency notified the Company separate IRES and IRAP notices of assessments for 2010 (additional tax assessed of Euro 10,752 thousand, penalties imposed for a total of Euro 10,752 thousand). The notice of assessment for IRES purposes was also notified to Maire Tecnimont S.p.A. (as IRES consolidator). Even for the FOS dispute relative to 2010, the same considerations already expressed for the previous years are valid: the Company believes that the disputes made in the notices of assessment may not be shared and that the Company’s activity is supported by valid defence arguments. For this reason, Tecnimont S.p.A. and Maire Tecnimont S.p.A., continuing the ongoing dialogue and in an attempt to reach a possible agreement, submitted a request for assessment with adhesion. The terms to submit any appeals are pending.

Tecnimont S.p.A., supported by a leading legal and tax firm, considers that the maximum aggregated liability emerging from the aforementioned findings and the charges of PVC 2011 and PVC 2013 is covered by the provision for risks and charges allocated by the Company.

TECNIMONT SPA: Notice of assessment related to IRPEG - IRAP - VAT and withholding taxes for the year 2003

With notice of assessment IRPEG - IRAP - VAT and withholdings for the year 2003, notified to Maire Engineering (merged with Tecnimont S.p.A.), the Revenue Agency has assessed higher IRPEG (Corporate Income Tax) of Euro 4,656 thousand, additional IRAP of Euro 577 thousand, additional VAT of Euro 3,129 thousand, higher withholding tax of Euro 10 thousand, additional regional tax of Euro 700 and imposed a fine totalling Euro 6,988 thousand. The judgement of the Provincial Tax Commission of Turin (almost entirely favourable to the Company) was modified by the judges of the Regional Commission, who allowed the appeal of the Revenue Agency (judgement dated 19 November 2008). Among the points cancelled by the Provincial Tax Commission, but then confirmed by the Regional Tax Commission of Turin, attention is drawn to point number 2 (IRPEG), relating to the windfall gain of Euro 12,022 thousand deriving from the issuance of the UNCITRAL arbitration award. An appeal challenging the judgement of the Regional Tax Commission of Turin has been deposited before the Supreme Court.

The Company paid to the tax authorities Euro 12,130 thousand provisionally equal to the amount due to the following the negative outcome in the Tax Commissions responsible for the case.

It is also pointed out that on 24 November 2009 an appeal was presented to the Inland Revenue of Turin for the refund of taxes already paid in 2005 as a result of the earnings of the Quetta Fund (Euro 2,329,000, plus interest). The company reserves the right to initiate an appeal before the Tax Commission.

Ingenieria y Construccion Tecnimont Chile y Compania Limitada: tax assessment

It is reported that in May 2013 of the current year Ingenieria y Construccion Tecnimont Chile y Compania Limitada ("Tecnimont Chile") it was notified on act by the Chilean tax authorities of assessments and allegations of a fiscal nature. In particular, the tax authorities have challenged the determination of the taxable profit at 31 December 2011 refusing to recognize the cumulative tax losses at that date (approximately Chilean pesos 71.9 billion), restating the taxable income and demanding tax for about Chilean pesos 4.9 billion. Tecnimont Chile acted promptly to request the annulment of the notification considered unlawful and unfounded, providing new and extensive documentation not previously taken into consideration by the tax authorities.

On the basis of this documentation, on 8 August 2013, the Chilean financial administration partially cancelled the deed, acknowledging the validity of part of the tax losses and almost entirely cancelled all claims for payment made by way of greater tax and interest, previously notified to the Company. Tecnimont Chile has in any case submitted a legal petition to have the deed cancelled in full.

TWS SA: tax assessment (years 2004-2009)

It should be noted that in December 2014, the Revenue Agency - Provincial Directorate Milan I - notified the Swiss Company TWS SA separate assessments challenging the tax residence in Italy of the Company for the tax years 2004 to 2009. The taxes assessed were Euro 3,198 thousand (issuing penalties totalling Euro 3,838 thousand).

The Company considered such notices unlawful and groundless and, supported by a leading legal and tax firm, appealed against all these acts before the competent Provincial Tax Commission of Milan, with a judgement filed 29 June 2015, accepted all the appeals and ordered the office to pay the litigation costs.

An appeal before the competent Regional Tax Commission of Lombardy is pending.

17. Report on Corporate Governance and Ownership Structure

In compliance with the regulatory obligations provided by article 123-*bis* of the Italian Consolidated Finance Act, every year the Company prepares the "Report on Corporate Governance and Ownership Structure", containing a general description of the corporate governance system adopted by the Group and reporting information on ownership structure, including the main governance practices implemented and the characteristics of the internal control and risk management system relating to the financial information process. The Report is available on the Company's website www.mairetecnimont.it. under "Governance".

18. Treasury Shares and Parent Company Shares

The Company does not, directly or indirectly, own treasury shares.

As already reported in the paragraph "Key Events in the year", the ordinary Shareholders' Meeting of 15 December 2015 authorized the purchase and disposal up to a maximum of 10,000,000 ordinary shares for a period of 18 months. As of the date of the Shareholders' Meeting, as in the entire year 2015, shares of the issuer were not purchased or disposed of, directly or indirectly.

19. Going Concern

The Group achieved a positive result in 2015 of Euro 43.8 million (Euro 50.6 million at 31 December 2014), and at 31 December 2015 it had consolidated shareholders' equity of Euro 126.2 million (Euro 93.7 million in 2014).

At the same date, net financial debt was Euro 125.6 million (Euro 365 at 31 December 2014), thanks to cash flows from operating activities, which were affected by the result and by changes in working capital related to operating collections, the collection related to the closure of arbitration with Endesa Chile and the finalization of the sale of a majority stake in BiOlevano S.r.l., which effectively concluded the plan to dispose of non-strategic assets carried out in past years.

In 2015, the Group successfully completed awards for a value of about Euro 3,209.4 million that increased the Backlog, which at 31 December 2015 was Euro 6,893 million, an increase of approximately Euro 1,941.4 million compared to 2014.

On 28 December 2015, the Group concluded an additional strategy that also involved all the medium/long-term bank debt as well as a part of short-term debt. The transaction was made possible thanks to the disbursement of a new loan of Euro 350 million for the subsidiary Tecnimont under more favourable repayment conditions and terms than those obtained in April 2015. In particular, there was an immediate reduction in the cost of debt to 2.5% and an extension of the repayment terms to 5 years.

The results achieved confirmed to be in line with the forecasts included in the Group's industrial and financial plan and also with the Group's strategic assumptions.

In light of the results achieved, the initiatives that the Group has already undertaken and implemented allow the Board of Directors to argue that there is no doubt on going concern assumption.

20. Subsequent Events and Business Outlook

The main events were as follows:

NEW CONTRACT - SOCAR POLYMER - EPC FOR A POLYETHYLENE PLANT

On 5 February 2016, following an international competition, the subsidiary Tecnimont S.p.A. and KT - Kinetics Technology S.p.A., signed an EPC contract with SOCAR POLYMER for the construction of a polyethylene plant on Lump Sum Turn-Key basis. The plant will be located in the petrochemical complex of Sumgayit, about 30 km north of Baku, Azerbaijan. The total value of the project is approximately USD 180 million. The scope of the project includes engineering services, provision of equipment and materials and construction activities to build the plant start up and performance tests.

COLLABORATION AGREEMENT TECNIMONT/KBR

Tecnimont, a subsidiary of Maire Tecnimont, and KBR, Inc. have reached a collaboration agreement for the establishment of a joint venture for Engineering, Procurement and Construction activities for an ammonia and urea plant (in addition to auxiliary facilities and installations) for Cronus Fertilizer, LLC, Tuscola, Illinois, USA. As already announced to the market, the project, the estimated value of which is equal to about USD 1.5 billion, is subject to the financial closing. Through this agreement, the Maire Tecnimont Group and KBR combine the global expertise of the two companies, leveraging strategic synergies related to the respective areas of expertise.

21. Outlook

The existing high level of backlog at the end of 2015, supplemented by the acquisitions of the first months of the current year, allows predicting consolidation in growth in production volumes. Growth is expected to manifest more markedly in the second part of the year with the entry at full capacity of operating activities on the important EPC projects recently awarded. The higher incidence, compared to the previous year, of the EPC projects on overall production volumes for the current year, allows the realization of growing industrial results, with profitability in line with that expressed by this type of contract.

Despite the complex market environment, the maintenance is expected to maintain a high level of backlog with the acquisition of new orders in the core business, thanks to the recognized technological equity and a flexible business model that has already enabled the Group to adapt to market changes.

22. Parent Company Operating Performance

Maire Tecnimont S.p.A. is a joint-stock company incorporated in Italy registered at the Commercial Register of Rome with the function of the group holding company of Maire Tecnimont Group. Maire Tecnimont S.p.A. closed the financial year ending 31 December 2015 with a net profit of Euro 18.5 million, EBITDA of Euro 41.8 million and a net equity of Euro 416.5 million.

The main decrease compared to a non-current assets is due to the return by Tecnimont S.p.A. of the outstanding loan of 59 million net of new loans granted to the subsidiary Tecnimont Civil Construction, part of which were renounced and destined to capital account by way of contribution of grant, net of an impairment of the investment of Euro 14 million.

Current assets are mainly composed of tax credits from the tax authorities for excess IRES and VAT receivable, as well as trade receivables from subsidiaries.

Shareholders' equity totalled Euro 416,472 thousand at 31 December 2015, an increase from the previous year of Euro 18,542 thousand, due to the 2015 result, net of the change in the valuation reserve.

The item non-current liabilities has increased by Euro 84,437 thousand; the main changes are related to obtaining a passive intercompany loan by the subsidiary Stamicarbon for approximately Euro 120 million subsequently partially granted to Tecnimont S.p.A. in order to successfully conclude the extinction of the old 2013 lines and disbursement of the new loan for Euro 200 million in the strategy of April 2015. Subsequently, on 28 December, the Group concluded a further strategy thanks to the disbursement of a new loan of Euro 350 million for the subsidiary Tecnimont which, through an intercompany loan to the parent company Maire Tecnimont S.p.A., allowed this one to repay Stamicarbon the Euro 120 million previously obtained.

The current liabilities item mainly refers to payables due to subsidiaries for tax and VAT consolidation, the amount is the net balance of advance payments and of tax receivables and payables transferred to the consolidating company by subsidiaries under tax and VAT consolidation. The remaining part relates to the short-term portion of loans and trade payables due to third party suppliers and Group companies. The reduction is mainly due to the repayment of the loan related to the rescheduling agreements and new finance stipulated in 2013.

Balance Sheet

(Values in Euro thousands)	2015	2014
Non-current assets	778,171	823,408
Current assets	78,917	81,919
Total assets	**857,088**	**905,327**
Shareholders' equity	416,472	397,930
Non-current liabilities	404,646	320,209
Current liabilities	35,970	187,188
Shareholders' equity and liabilities	**857,088**	**905,327**

Revenues during the year were mainly characterized by the dividends collected in 2015 from subsidiaries and earnings from "inter-group services" provided to the direct subsidiaries.

Financial expenses were Euro 20.5 million and were down by compared to the previous year; they are mainly related to interest expense on intercompany loans for Euro 10 million, interest expense on bank loans for Euro 2.8 million and Euro 6.4 million for the monetary and non-monetary component of interest on the equity-linked bonds of Euro 80 million issued in 2014.

Total expenses on investments were Euro 12.1 million are related to the impairment of the investment in Tecnimont Civil Construction S.p.A. for 14 million; this impairment was created as a result of the impairment test performed on the book value of the same; net of a gain of Euro 1.9 million recorded following the collection of the financial receivables due from Tecnimont Chile LTDA, previously impaired.

Deferred tax assets reported a positive value of Euro 6,996 thousand with an increase of Euro 821 thousand compared to the previous year and mainly relate to the recognition of deferred tax assets relating to tax losses and non-deductible interest expense transferred to the tax consolidation and used in determining the taxable income of the tax consolidation, net of releases for uses in the period and allocation differences with respect to the previous year.

Income Statement

(Values in Euro thousands)	2015	2014
Total revenues	82,597	66,540
Total costs	(40,772)	(38,591)
Gross operating margin	41,825	27,949
Amortization, depreciation, impairment and provisions	(190)	(210)
Operating profit (loss)	41,635	27,739
Interest income	2,478	4,857
Interest expense	(20,447)	(22,555)
Gains/(Losses) on investments	(12,140)	(18,300)
Profit (Loss) before tax	11,526	(8,259)
Income tax for the year, current and deferred	6,996	6,175
Profit (Loss) for the year	**18,522**	**(2,084)**
Earnings (Loss) per Share	0.061	(0.0068)
Diluted earnings (loss) per share	0.054	(0.0061)

The "Reconciliation between the net income of Maire Tecnimont S.p.A. and the Group net income" and the "Reconciliation between the shareholders' equity of Maire Tecnimont S.p.A. and the Group shareholders' equity" is included in the explanatory notes to the consolidated financial statements.

Consolidated Financial Statements and Notes

as at 31 December 2015

23. Consolidated Financial Statements

23.1. Consolidated Income Statement

(Values in Euro thousands)	Notes	31 December 2015	31 December 2014
Revenues	27.1	1,637,455	1,545,383
Other operating revenues	27.2	32,171	37,808
Total revenues		**1,669,626**	**1,583,191**
Raw materials and consumables	27.4	(653,909)	(667,689)
Services	27.5	(523,862)	(439,988)
Personnel expenses	27.6	(273,293)	(264,979)
Other operating expenses	27.7	(87,721)	(83,648)
Total costs		**(1,538,785)**	**(1,456,304)**
Gross operating margin		**130,841**	**126,887**
Amortization, depreciation and write-downs	27.8	(6,118)	(9,498)
Write down of receivables included in working capital	27.9	(2,419)	(1,045)
Provisions to the funds for risks and charges	27.9	(6,878)	(12,938)
EBIT		**115,427**	**103,406**
Financial income	27.10	2,510	1,957
Financial expenses	27.11	(39,130)	(42,076)
Gains/(Charges) on investments	27.12	(1,194)	(1,905)
Income before tax		**77,613**	**61,382**
Income taxes, current and deferred	27.13	(33,822)	(10,739)
Profit for the year		**43,791**	**50,643**
Group		43,956	50,297
Minority interests		(165)	346
Base earnings per share	27.14	**0.144**	**0.165**
Diluted earnings per share		**0.129**	**0.147**

The analyses of related party transactions, in accordance with Consob Resolution no. 15519 of 27 July 2006 are provided in the specific disclosure section "Transactions with Related Parties".

23.2. Consolidated Statement of Comprehensive Income

(Values in Euro thousands)	Notes	31 December 2015	31 December 2014
Profit (Loss) for the year		**43,791**	**50,643**
Other comprehensive income that will not be subsequently reclassified under profit/(loss) for the year:			
Actuarial gains (losses)	*28.18*	4	(676)
Related tax effect		(1)	186
Total other comprehensive income that will not be subsequently reclassified under profit/(loss) for the year:		**3**	**(490)**
Other comprehensive income that will be subsequently reclassified under profit/(loss) for the year:			
Translation differences	*28.18*	(4,204)	(215)
Net valuation of derivatives:			
• valuation of derivative instruments	*28.18*	(6,440)	(746)
• related tax effect		1,771	205
Total other comprehensive income that will be subsequently reclassified under profit/(loss) for the year:		**(8,873)**	**(756)**
Total other comprehensive income for the year, net of the tax effect:		**(8,870)**	**(1,246)**
Comprehensive income (loss) for the year		**34,921**	**49,397**
Attributable to:			
• Group		35,086	49,051
• Minority interests		(165)	345
Total base earnings per share		0.115	0.161
Total diluted earnings per share		0.103	0.143

The analyses of related party transactions, in accordance with Consob Resolution no. 15519 of 27 July 2006 are provided in the specific disclosure section “Transactions with Related Parties”.

23.3. Consolidated Statement of Financial Position

(Values in Euro thousands)	Notes	31 December 2015	31 December 2014
Assets			
Non-current assets			
Property, plant and equipment	28.1	33,631	33,490
Goodwill	28.2	291,754	291,754
Other intangible assets	28.3	26,076	26,022
Investments in associated companies	28.4	10,060	3,048
Financial instruments – Derivatives	28.5	1,610	10
Other non-current financial assets	28.6	10,598	13,998
Other non-current assets	28.7	90,996	58,404
Deferred tax assets	28.8	78,417	90,918
Total non-current assets		**543,142**	**517,644**
Current assets			
Inventories	28.9	902	1,866
Advances to suppliers	28.9	160,753	151,802
Construction contracts	28.10	504,506	416,380
Trade receivables	28.11	393,094	476,801
Current tax assets	28.12	123,074	141,095
Financial instruments – Derivatives	28.13	854	574
Other current financial assets	28.14	8,410	8,309
Other current assets	28.15	68,954	140,398
Cash and cash equivalents	28.16	362,385	160,242
Total current assets		**1,622,932**	**1,497,467**
Non-current assets classified as held for sale	28.17	0	94,565
Elimination of assets from and to assets/liabilities held for sale	28.17	0	(82,466)
Total assets		**2,166,074**	**2,027,210**

The analyses of related party transactions, in accordance with Consob Resolution no. 15519 of 27 July 2006 are provided in the specific disclosure section “Transactions with Related Parties”.

(Values in Euro thousands)	Notes	31 December 2015	31 December 2014
Shareholders' equity			
Share capital	28.18	19,690	19,690
Share premium reserve	28.18	224,698	224,698
Other reserves	28.18	62,019	66,223
Valuation reserve	28.18	(7,436)	(2,770)
Total Shareholders' Equity and reserves		**298,971**	**307,841**
Profits/(losses) carried forward	28.18	(218,056)	(265,940)
Profit/(loss) for the year	28.18	43,956	50,297
Total Group Shareholders' equity		**124,871**	**92,199**
Minority interests		1,328	1,506
Total Shareholders' equity		**126,199**	**93,705**
Non-current liabilities			
Financial debt net of the current portion	28.19	346,001	4,035
Provisions for risk and charges - over 12 months	28.20	48,695	63,588
Deferred tax liabilities	28.8	20,597	20,658
Employee benefit obligations	28.21	12,204	14,767
Other non-current liabilities	28.22	28,394	19,233
Financial instruments – Derivatives	28.23	3,789	8
Other non-current financial liabilities	28.24	73,113	71,292
Total non-current liabilities		**532,793**	**193,581**
Current liabilities			
Short-term financial debt	28.25	75,606	468,889
Tax payables	28.26	33,331	36,629
Financial instruments – Derivatives	28.27	10,610	4,327
Other current financial liabilities	28.28	330	2,378
Advances from customers	28.29	259,373	161,390
Construction contracts	28.30	344,969	246,958
Trade payables	28.31	726,779	755,896
Other current liabilities	28.32	56,084	58,167
Total current liabilities		**1,507,082**	**1,734,634**
Liabilities directly associated with non-current assets classified as held for sale	28.17	0	87,757
Elimination of liabilities from and to assets/liabilities held for sale	28.17	0	(82,466)
Total shareholders' equity and liabilities		**2,166,074**	**2,027,210**

The analyses of related party transactions, in accordance with Consob Resolution no. 15519 of 27 July 2006 are provided in the specific disclosure section "Transactions with Related Parties".

24. Consolidated Statement of Changes in Equity

(Values in Euro thousands)	Share capital	Share premium reserve	Other reserves	Translation reserve	Valuation reserve	Income and Loss from previous years	Profit (Loss) for the Year	Group shareholders' equity	Capital and minority reserves	Consolidated shareholders' equity – Group and minorities
Balances at 31 December 2013	**19,690**	**224,698**	**68,337**	**(8,859)**	**(1,737)**	**(285,573)**	**16,952**	**33,507**	**1,689**	**35,195**
Allocation of profit						16,952	(16,952)	**0**		**0**
Non-monetary component bond			6,960					**6,960**		**6,960**
Change in scope of consolidation								**-**		**-**
Other changes			-			2,681		**2,681**	**(284)**	**2,397**
Dividend distribution								**-**	**(244)**	**(244)**
Total income (loss) for the year				(215)	(1,032)		50,297	**49,051**	**345**	**49,397**
Balances at 31 December 2014	**19,690**	**224,698**	**75,297**	**(9,074)**	**(2,770)**	**(265,940)**	**50,297**	**92,199**	**1,506**	**93,705**
Balances at 31 December 2014	**19,690**	**224,698**	**75,297**	**(9,074)**	**(2,770)**	**(265,940)**	**50,297**	**92,199**	**1,506**	**93,705**
Allocation of profit						50,297	(50,297)	**0**		**0**
Change in scope of consolidation								**0**		**0**
Other changes						(2,413)		**(2,413)**	**(13)**	**(2,426)**
Dividend distribution								**0**	**-**	**0**
Total income (loss) for the year				(4,204)	(4,666)		43,956	**35,086**	**(165)**	**34,921**
Balances at 31 December 2015	**19,690**	**224,698**	**75,297**	**(13,278)**	**(7,436)**	**(218,056)**	**43,956**	**124,871**	**1,328**	**126,199**

25. Consolidated Statement of Cash Flows(indirect method)

(Values in Euro thousands)		31 December 2015	31 December 2014
Cash and cash equivalents at the beginning of the year (A)		**160,242**	**167,012**
Operations			
Net Income of Group and Minorities		**43,791**	**50,643**
Adjustments:			
-	Amortisation and impairment losses of intangible assets	3,069	2,614
-	Depreciation and impairment losses of non-current tangible assets	3,049	6,884
-	Provisions	9,297	13,983
-	(Revaluations)/Write-dow ns on investments	1,193	1,905
-	Financial (Income)/Charges	36,621	40,119
-	Income and deferred tax	33,821	10,739
-	Capital (Gains)/Losses	(68)	(20)
-	(Increase)/Decrease in inventories/advance payments to suppliers	(7,988)	(17,096)
-	(Increase)/Decrease in trade receivables	81,288	(65,815)
-	(Increase)/Decrease in receivables for construction contracts	(88,126)	(135,065)
-	Increase/(Decrease) in other liabilities	3,473	(20,653)
-	(Increase)/Decrease in other assets	27,559	(2,482)
-	Increase/(Decrease) in trade payables/advances from clients	68,865	176,255
-	Increase/(Decrease) in payables for construction contracts	98,012	(42,891)
-	Increase/(Decrease) in provisions (including post-employment benefits)	(17,361)	8,566
-	Income taxes paid	(6,660)	(22,466)
Cash flow from operations (B)		**289,833**	**5,221**
Investments			
(Investment)/Disposal of non-current tangible assets		(3,121)	(1,886)
(Investment)/Disposal of intangible assets		(3,123)	(3,413)
(Investment)/Disposal in associated companies		(1,002)	(259)
(Increase)/Decrease in other investments		(103)	321
Cash flow from investments (C)		**(7,350)**	**(5,237)**
Financing			
Increase/(Decrease) in bank overdrafts		(31,045)	(18,923)
Changes in financial liabilities		(55,072)	(63,746)
(Increase)/Decrease in securities/bonds		495	658
Change in other financial assets and liabilities		5,279	(456)
Bond Equity Linked - net charges		0	77,759
Cash flow from financing (D)		**(80,342)**	**(4,707)**
Increase/(Decrease) in Cash and Cash Equivalents (B+C+D)		**202,143**	**(4,722)**
Cash and cash equivalents at year end (A+B+C+D)		**362,385**	**162,290**
of which: Cash and cash equivalents included in Assets held for sale and Discontinued		-	2,048
CASH AND CASH EQUIVALENTS SHOWN IN THE FINANCIAL STATEMENTS AT YEAR END		**362,385**	**160,242**

26. Explanatory Notes as at 31 December 2015

Preparation Criteria

Introduction

Maire Tecnimont S.p.A. is a joint-stock company incorporated under the Italian laws, registered at the Commercial register of Rome. The addresses of the registered office and the places in which the Group conducts its core business are listed in the introduction to the financial statements.

The consolidated financial statements for 2015 have been prepared in accordance with International Accounting Principles (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union, as well as with the provisions issued in implementation of Article 9 of Law 38/2005. IFRS also includes all the revised accounting principles (IAS) and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC). The financial statements have been prepared according to the historical cost principle, modified as required for the valuation of some financial instruments. The consolidated financial statements as at 31 December 2015 presented herein are denominated in Euros as this is the currency in which most of the Group's transactions are performed. Foreign operations are included in the consolidated financial statements in accordance with the principles described hereunder.

Going Concern

The Group and the Company deem it appropriate to use the going concern basis for the preparation of the consolidated financial statements ended 31 December 2015.

Accounting Statements

The formats of the financial statements adopted by the Group reflect the additions and the changes introduced by the application of IAS 1 revised, as described below:

The items on the statement of financial position are classified as current and non-current, while those of the consolidated income statement and consolidated statement of comprehensive income are classified by nature. The consolidated statement of cash flows has been prepared using the indirect method, adjusting net income at the year with non-monetary components. The statement of changes in shareholders' equity shows the total income (charges) for the year and other changes in the shareholders' equity.

Accounting Principles, Amendments and IFRS Interpretations Starting From January 2015

The following accounting standards, amendments and interpretations were applied by the Group for the first time starting from 1 January 2015:

- On 20 May 2013 the interpretation IFRIC 21 – Levies, was published, which provides clarification on when recognition of a liability related to taxes (other than income taxes) imposed by a government agency. The standard addresses both the liabilities for taxes that fall within the scope of IAS 37 – Provisions, contingent liabilities and assets, as well as for the taxes where the amount and timing are certain. The interpretation is applied retrospectively for annual periods commencing no later than 17 June 2014 or later. The adoption of this new interpretation had no impact on the consolidated financial statements of the Group.

- On 12 December 2013, the IASB published the "Annual Improvements to IFRSs: 2011-2013 Cycle" which incorporates amendments to some standards in the context of the annual improvement process thereof (among which: IFRS 3 Business Combinations – Scope exception for joint ventures, IFRS 13 Fair Value Measurement – Scope of portfolio exception, IAS 40 Investment Properties – Interrelationship between IFRS 3 and IAS 40). The changes shall apply beginning at from 1 January 2015 or after. The adoption of said amendments had no impact on the consolidated financial statements of the Group.

IFRS and IFRIC Accounting Principles, Amendments and Interpretations approved by the European Union, not yet obligatorily applicable and not adopted by the Group in advance as at 31 December 2015

The Group has not opted for the advance adoption of the following Standards, new and amended, approved, but not yet obligatorily applicable:

- Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions" (published on 21 November 2013): concerning the accounting of the contributions made by employees or third parties to the defined benefit plans. The amendment shall apply at the latest beginning from 1 February 2015 or after.

- Amendment to IFRS 11 Joint Arrangements – "Accounting for acquisitions of interests in joint operations" (published on 6 May 2014): relating to the accounting for the purchase of stakes in a joint operation whose activity constitutes a business. The amendments are applicable starting from 1 January 2016. However, earlier application is permitted.

- Amendments to IAS 16 Property, plant and Equipment and IAS 38 Intangibles Assets – "Clarification of acceptable methods of depreciation and amortisation" (published on 12 May 2014): according to which a criterion of depreciation based on revenues is considered generally inappropriate, since revenues generated by an activity that includes the use of the depreciated asset generally reflect different factors rather than only consumption of economic benefits of the asset, requirement that is, instead, required for depreciation. The amendments are applicable starting from 1 January 2016. However, earlier application is permitted.

- Amendment to IAS 1 – "Disclosure Initiative" (published on 18 December 2014): the objective of the amendments is to provide clarification to disclosure elements that may be perceived as impediments to a clear and intelligible drafting of financial statements. The amendments are applicable starting from 1 January 2016. However, earlier application is permitted.

The Directors are currently assessing the possible impacts from the introduction of said amendments on the Group's consolidated financial statements.

Lastly, as part of the annual process of improvement of the standards, on 12 December 2013, the IASB published the documents "Annual Improvements to IFRSs: 2010-2012 Cycle" (among which IFRS 2 Share Based Payments – Definition of vesting condition, IFRS 3 Business Combination – Accounting for contingent consideration, IFRS 8 Operating segments – Aggregation of operating segments and Reconciliation of total of the reportable segments' assets to the entity's assets, IFRS 13 Fair Value Measurement – Short-term receivables and payables) and on 25 September 2014 "Annual Improvements to IFRSs: 2012-2014 Cycle" (among which: IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 – Financial Instruments: Disclosure and IAS 19 – Employee Benefits), which partially integrate the existing standards. The amendments apply at the latest respectively for annual periods beginning on or after 1 February 2015 or later date and for annual periods beginning on 1 January 2016 or later date. The Directors are currently assessing the possible impacts of the introduction of said amendments on the Group's consolidated financial statements.

ACCOUNTING PRINCIPLES, AMENDMENTS AND IFRS INTERPRETATIONS NOT YET APPROVED BY THE EUROPEAN UNION

At the date of reference of this Financial Report, the EU competent authorities have not yet completed the standardisation process required to adopt the accounting principles and amendments described below.

- Standard IFRS 15 – Revenue from Contracts with Customers (published on 28 May 2014), which is intended to replace IAS 18 – Revenue and IAS 11 – Construction Contracts, as well as the interpretations of IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers and SIC 31 – Revenues-Barter Transactions Involving Advertising Services. The standard establishes a new model of revenue recognition shall be applied to all contracts with customers except those that fall within the scope of application of other IAS/IFRS principals such as leasing, insurance contracts and financial instruments. The basic steps for the recognition of revenue under the new model are: the identification of the contract with the customer; the identification of performance obligations of the contract; pricing; the allocation of the price to the performance obligations of the contract; the criteria for registration of revenue when the entity fulfils each performance obligation.

  The principle is applicable starting from 1 January 2018. However, earlier application is permitted. The Directors expect that the application of IFRS 15 may have impacts on the amounts recorded as revenues and the related disclosure in the Group's consolidated financial statements.

- Final version of IFRS 9 – Financial Instruments (published on 24 July 2014). The document includes the results of the phases relating to Classification and measurement, impairment and hedge accounting, of the IASB's project aimed at replacing IAS 39: it introduces new criteria for classifying and measuring financial assets and liabilities. With reference to the impairment model, the new standard requires that the estimate of losses on receivables to be made on the basis of the expected losses model (and not the incurred losses model used by IAS 39) using supportable information available without unreasonable effort or expense that include historic, current and future data; it introduces a new hedge accounting model (increase in the types of transactions eligible for hedge accounting, changes in the accounting method of forward contracts and options when included in a hedge accounting report, changes in the effectiveness test).

  The new standard, which replaces the previous version of IFRS 9, shall be applied for financial statements beginning on 1 January 2018 or later. The Directors expect that the application of IFRS 9 may have impacts on the amounts and the related disclosure in the Group's consolidated financial statements.

- On 13 January 2016, the IASB published the standard IFRS 16 – Leases, which is intended to replace the standard IAS 17 – Leases, as well as the interpretations IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The new standard provides a new definition of lease and introduces a criterion based on control (right of use) of an asset to distinguish lease contracts from service contracts, identifying as discriminants: the identification of the asset, the right to replace it, the right to obtain substantially all of the economic benefits arising from the use of the asset and the right to direct the implement the use goods subject to the contract. The standard establishes a single model of recognition and evaluation of lease agreements for the leasee, which involves registration of the leased asset to also operational in the assets with a financial debt balancing entry, while also providing the opportunity to not recognize as leases contracts concerning "low-value assets" and leases with a contract term equal to or less than 12 months. By contrast, the Standard does not include significant changes for lessors.

The standard is applicable as of 1 January 2019. However, earlier application is permitted only for companies that proceeded with early application of IFRS 15 - Revenue from Contracts with Customers. However, it is not possible to provide a reasonable estimation of the effect until the Group has completed a detailed analysis of the related contracts.

- Document "Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)" (published on 18 December 2014), containing amendments related to issues emerged following the application of the consolidation exception granted to investment entities. The amendments introduced by the document shall be applied beginning the years that start 1 January 2016 or after. However, early adoption is permitted. The Directors are currently assessing the possible impacts of the introduction of such amendments on the Group's consolidated financial statements.

- On 11 September 2014, the IASB published an amendment to IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture. The document was published in order to resolve the current conflict between IAS 28 and IFRS 10 related to the valuation of the profit or loss resulting from the sale or transfer of a non-monetary asset to a joint venture or an associate in exchange for a portion in the capital of the latter. For the moment, the IASB has suspended the application of this amendment.

SCOPE OF CONSOLIDATION

In addition to the parent company Maire Tecnimont S.p.A., the companies directly or indirectly controlled by it are included in the consolidation. In particular, entities are consolidated when Maire Tecnimont S.p.A. exercises control over them, either through the direct or indirect share ownership of the majority of votes exercisable in the Shareholders' Meeting or when it exercises a significant influence expressed by the power to determine the financial and management decisions of the company/entity, obtaining the related benefits also regardless of the existence of any share ownership. Entities are excluded from line-by-line consolidation if the inclusion thereof, in terms of operating dynamics (for example, companies not yet or no longer operating and companies for which the liquidation process appears nearly concluded), would be irrelevant to the accurate presentation of the Group's earnings, cash flow and financial position from both the qualitative and the quantitative perspective. Joint Operations, in which two or more parties start a business enterprise subject to joint control, are consolidated using the proportionate method. All subsidiaries are included in the scope of consolidation from the date on which the Group acquires control. Companies are excluded from the scope of consolidation as from the date on which the Group transfers control.

Compared to 31 December 2014, we note the deconsolidation of Biolevano S.r.l. following the sale of 70% of the shares, the liquidation of Consorzio Sapezal, Empresa Madrilena de Ingenierìa y Construcciòn S.A, K.T Iberia S.L and Japigia S.r.l. In 2015, KT Cameroun SA, established in 2014, has been included in the scope of consolidation.

None of the aforementioned changes had a significant effect on the Group.

As mentioned previously, in considering them irrelevant in terms of the truthful and correct representation of the Group's economic, equity and financial position and of no particular use to the financial statement users (as qualified by the "Framework for the Preparation and Presentation of Financial Statements" published by the IFRS), the subsidiaries listed below have not been consolidated, considering their current state of inoperativeness, or economic irrelevance, or the liquidation procedures underway:

- Svincolo Taccone S.c.a.r.l. in liquidation, Ravizza S.c.a.r.l. in liquidation, Parco Grande S.c.a.r.l. in liquidation, Program International S.r.l. in liquidation, Tecnimont Illinois LLC and Exportadora de Ingegnieria y Servicios TCM SpA, and the newly-established (November 2015) TecnimontHQC S.c.a.r.l. and TecnimontHQC Sdn Bhd.

For the purpose of preparing the consolidated information in accordance with IFRS, all the consolidated companies have prepared a specific reporting package in line with the IFRS principles adopted by the Group, as illustrated below, restating and/or adjusting the accounting data approved by the competent corporate bodies of the respective companies.

Consolidation is based on the following criteria and methods:

a) adoption of the line-by-line consolidation method, consisting of the full incorporation of the assets, liabilities, costs and revenue, regardless of the percentage owned;
b) adoption of the proportionate consolidation method, consisting of the full incorporation of the assets, liabilities, costs and revenue, according to the percentage taking into account;
c) elimination of intra-group items arising from financial transactions between Group companies, including the elimination of any potential gains or losses not yet realised arising from transactions between consolidated companies and recognizing the resulting deferred tax implications;
d) elimination of intra-group dividends and subsequent reallocation to the initial shareholders' equity reserves;
e) elimination of the book value of the holdings in companies included in the scope of consolidation, along with the corresponding share of net equity and the allocation of the positive and/or negative differences arising in relation to the various items affected (assets, liabilities and shareholders' equity), defined according to the acquisition date of the holding and the subsequent changes occurring;
f) the presentation of that part of the equity, reserves, and profits or losses attributable to minority shareholders in specific items of the income statement and shareholders' equity;
g) the adoption of the translation method at current exchange rates for foreign companies preparing their financial statements in an operating currency other than the euro, involving the translation of all monetary assets and liabilities at year-end exchange rates and income statement items at the average exchange rate for the year. The balance arising from conversion is recognized among the shareholders' equity reserve.

The exchange rates used for the translation of the financial statements prepared in foreign currencies are those published by UIC (Italian Foreign Exchange Office), as shown in the table below:

Exchange rates	January-December '15	31/12/2015	January-December '14	31/12/2014
Euro/U.S. Dollar	1.10951	1.0887	1.3285	1.2141
Euro/Brazil Real	3.70044	4.3117	3.12113	3.2207
Euro/Indian Rupee	71.1956	72.0215	81.0406	76.7190
Euro/Nigerian Naira	219.515	216.703013	219.1630	223.692866
Euro/New Chilean Peso	726.4060	772.712673	756.9330	737.296656
Euro/Russian rouble	68.072	80.6736	50.9518	72.3370
Euro/Saudi Riyal	4.16201	4.086239	4.983070	4.557329
Euro/Polish Zloty	4.18412	4.2639	4.184260	4.2732
Euro/Yen	134.314	131.070	140.306	145.23

As at 31 December 2015 the scope of consolidation was as follows:

Companies consolidated using the line-by-line method:

Consolidated companies	Consolidation method	HQ/Country	Currency	Share capital	% Group	Through:	
Maire Tecnimont S.p.A.	Line-by-line	Italy (Rome)	EUR	19,689,550	–	Parent Company	
Tecnimont S.p.A.	Line-by-line	Italy (Milan)	EUR	1,000,000	100%	Maire Tecnimont S.p.A.	100%
Tecnimont Civil Construction S.p.A.	Line-by-line	Italy	EUR	6,000,000	100%	Maire Tecnimont S.p.A.	100%
Met NewEN S.p.A.	Line-by-line	Italy	EUR	3,807,549	100%	Maire Tecnimont S.p.A.	99%
						Tecnimont Civil Construction S.p.A.	1%
Met T&S Ltd	Line-by-line	Italy	GBP	100,000	100%	Met NewEN S.p.A.	100%
Stamicarbon B.V.	Line-by-line	Netherlands	EUR	9,080,000	100%	Maire Tecnimont S.p.A.	100%
Noy Engineering S.r.l. in liquidation	Line-by-line	Italy	EUR	100,000	100%	Stamicarbon B.V.	100%
KT S.p.A.	Line-by-line	Italy	EUR	6,000,000	100%	Maire Tecnimont S.p.A.	100%
Processi Innovativi S.r.l.	Line-by-line	Italy	EUR	45,000	56.67%	KT S.p.A.	56.67%
KTI Immobiliare S.r.l.	Line-by-line	Italy	EUR	100,000	100%	KT S.p.A.	100%
KTI Arabia LLC	Line-by-line	Saudi Arabia	Rial	500,000	70%	KT S.p.A.	70%
KT Cameroun S.A.	Line-by-line	Cameroon	XAF	70,000,000	75%	KT S.p.A.	75%
MST S.r.l.	Line-by-line	Italy	EUR	400,000	100%	Tecnimont S.p.A.	100%
TCM FR S.A.	Line-by-line	France	EUR	3,000,000	100%	Tecnimont S.p.A.	100%
TPI Tecnimont Planung und Industrieanlagenbau Gmbh	Line-by-line	Germany	EUR	260,000	100%	Tecnimont S.p.A.	100%
Tws S.A.	Line-by-line	Switzerland	EUR	507,900	100%	T.P.I.	100%
Imm.Lux. S.A.	Line-by-line	Luxembourg	EUR	780,000	100%	Tecnimont S.p.A.	100%
Protecma S.r.l.	Line-by-line	Italy	EUR	3,000,000	100%	Tecnimont S.p.A.	100%
Tecnimont Poland Sp.Zo.o	Line-by-line	Poland	Plz	50,000	100%	Tecnimont S.p.A.	100%
Tecnimont Arabia Ltd.	Line-by-line	Saudi Arabia	Rial	5,500,000	100%	Tecnimont S.p.A.	100%

Consolidated companies	Consolidation method	HQ/Country	Currency	Share capital	% Group	Through:	
Tecnimont Nigeria Ltd.	Line-by-line	Nigeria	Naire	10,000,000	100%	Tecnimont S.p.A.	100%
Tecnimont Russia	Line-by-line	Russia	RUR	18,000,000	100%	Tecnimont S.p.A.	99%
						T.P.I.	1%
Tecnimont Private Limited (former Tecnimont ICB Pvt. Ltd.)	Line-by-line	India	Indian Rupee	13,968,090	100%	Tecnimont S.p.A.	100%
Tecnimont do Brasil Ltda.	Line-by-line	Brazil	Real	571,900,501	100%	Tecnimont S.p.A.	99.3%
						Maire Engineering France S.A.	0.70%
Tecnimont Chile Ltda.	Line-by-line	Chile	Pesos	6,483,322,072	100.00%	Tecnimont S.p.A.	95.71%
						Tecnimont do Brasil Ltda.	4.28%
						T.P.I.	0.01%
Consorcio ME Ivai	Line-by-line	Brazil	Real	12,487,309	65%	Tecnimont do Brasil Ltda.	65%
Tecnimont Mexico SA de CV	Line-by-line	Mexico	MXN	50,000	100%	Tecnimont S.p.A.	90.00%
						TWS S.A,	10.00%
Maire Engineering France S.A.	Line-by-line	France	EUR	680,000	99.98%	Tecnimont S.p.A.	99.98%
Tecnimont USA INC.	Line-by-line	Texas (USA)	USD	10,000	100.00%	Tecnimont S.p.A.	100.00%
Transfima S.p.A.	Line-by-line	Italy	EUR	1,020,000	51%	Tecnimont Civil Construction S.p.A.	51%
Transfima G.E.I.E.	Line-by-line	Italy	EUR	250,000	50.65%	Tecnimont Civil Construction S.p.A	43%
						Transfima S.p.A.	15%
Cefalù 20 S.c.a.r.l.	Line-by-line	Italy	EUR	20,000,000	99.99%	Tecnimont Civil Construction S.p.A	99.99%
Corace S.c.a.r.l. in liquidation	Line-by-line	Italy	EUR	10,000	65%	Tecnimont Civil Construction S.p.A	65%
MGR Verduno 2005 S.p.A.	Line-by-line	Italy	EUR	600,000	95.95%	Tecnimont Civil Construction S.p.A	95.95%
ML 3000 S.c.a.r.l. in liquidation	Line-by-line	Italy	EUR	10,000	51%	Tecnimont Civil Construction S.p.A	51%
Birillo 2007 S.c.a.r.l.	Line-by-line	Italy	EUR	600,000	100%	Tecnimont Civil Construction S.p.A	98.4%
						MST S.r.l.	1.6%
Coav S.c.a.r.l. in liquidation	Line-by-line	Italy	EUR	25,500	51%	Tecnimont Civil Construction S.p.A	51.0%
TCC Denmark Aps	Line-by-line	Italy	EUR	10,728	100%	Tecnimont Civil Construction S.p.A	100.0%

Companies consolidated on a proportionate basis:

Consolidated companies	Consolidation method	Office/Country	Currency	Share capital	% Group	Through:	
JTS Contracting Company Ltd	Proportionate	Malta	EUR	100,000	45%	Tecnimont S.p.A.	35%
						TCM FR S.A. (former Sofregaz S.A.)	10%
Sep FOS(*)	Proportionate	France	EUR	-	50%	Tecnimont S.p.A.	49%
						TCM FR S.A. (former Sofregaz S.A.)	1%
Consorzio Turbigo 800	Proportionate	Italy	EUR	100,000	50%	Tecnimont S.p.A.	50%
JV Gasco(*)	Proportionate	United Arab Emirates	USD	-	50%	Tecnimont S.p.A.	50%
JO Saipem-Dodsal-Tecnimont (*)	Proportionate	United Arab Emirates	AED	-	32%	Tecnimont Civil Construction S.p.A.	32%
UTE Hidrogeno Cadereyta(*)	Proportionate	Spain	Euro	6,000	43%	KT S.p.A	43%

(*) *These are joint venture agreements set up to manage a specific project and evaluated as joint operation in light of the introduction of IFRS 11.*

VALUATION CRITERIA

The most significant valuation criteria used to prepare the consolidated financial statements are described below.

BUSINESS COMBINATION

The acquisition of subsidiaries is accounted for according to the acquisition method. The purchase price is the sum of the current values, on the date of acquisition, of the assets acquired, the liabilities incurred or undertaken and the financial instruments issued by the Group in exchange for management of the acquired company.

When the identifiable assets, liabilities and contingent liabilities of the acquired company meet recognition requirements under IFRS 3, these are recognized at their fair values at the acquisition date, except for non-current assets (and disposal groups) which are classified as held for sale in accordance with IFRS 5 and measured at fair value less costs to sell.

Goodwill arising from the acquisition is recognized as an asset and initially valued at cost, calculated as the excess of purchase price over the Group's share of the current value of recorded assets, liabilities and identifiable contingent liabilities. If, after these values are recalculated, it is the case that the Group's share of the current values of assets, liabilities and identifiable contingent liabilities exceeds the purchase price, the difference is immediately charged to the Income Statement.

Minority interests in the acquired entity are initially recognized in proportion to their interest in the fair values of recognized assets, liabilities and contingent liabilities.

INVESTMENTS IN ASSOCIATED COMPANIES

An affiliate is an entity in which the Group has significant influence, but not control or joint control, by participating in the investee's financial and operating policy decisions.

The share of profit/(loss) for the year and assets and liabilities of affiliated companies are recognized in the consolidated financial statements by using the equity method, unless they are classified as held for sale, in case they are recognized separately, in accordance with the provisions of IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

Under this method, investments in affiliated companies are recognized in the consolidated balance sheet at cost, adjusted to consider changes following the acquisition of net assets of affiliated companies, net of any impairment losses on individual investments. Any losses of affiliated companies exceeding the Group's interest (including medium/long-term interests which are a substantial part of the Group's net investment in the associate) are not recognized, unless the Group has an obligation to cover them.

INVESTMENTS IN JOINT VENTURES AND JOINT OPERATIONS

A joint operation is a contractual arrangement whereby the Group undertakes with other investors an economic activity which is subject to joint control. Joint control is understood as the contractually shared control over a business activity and exists solely when strategic, financial and operational decisions related to the business require the full consent of all the parties that share such control.

When a Group company undertakes its activities directly through joint operations agreements, the assets and liabilities that are jointly controlled with other investors are recognized in the consolidated financial statements on the basis of the percentage attributable to the Group. They are classified by nature. Liabilities and costs incurred directly for jointly controlled assets are recognized on an accruals basis. The portion of profit deriving from the sale or use of resources generated by the joint operation, net of the relevant portion of costs, is recognized when it is probable that the Group will benefit from the economic rewards of such transactions and their amount can be reliably calculated.

Joint venture agreements that entail the creation of a separate entity in which each investor has an investment are considered jointly controlled entities. The Group recognizes investments in joint ventures using the equity method. Under this method, joint ventures are recognized in the consolidated statement of financial position at cost, adjusted to consider changes following the acquisition of net assets of affiliated companies, net of any impairment losses on individual investments. Any losses of affiliated companies exceeding the Group's interest (including medium/long-term interests which are a substantial part of the Group's net investment in the associate) are not recognized, unless the Group has an obligation to cover them.

In transactions between a Group company and a jointly-controlled venture, unrealized profits and losses are eliminated to the extent of the Group's percentage share in the jointly-controlled venture, except in cases where unrealized losses constitute evidence of a reduction in value in the transferred asset.

Goodwill

Goodwill arising from the acquisition of a subsidiary or jointly-controlled entity reflects the excess of the acquisition cost above the percentage of the Group's interest in the fair value of the subsidiary's or jointly controlled entity's identifiable assets, liabilities and contingent assets at the acquisition date. Goodwill is recognized as an asset and tested annually for impairment.

Impairment losses are immediately booked to the income statement and are never reversed, in accordance with the provisions of IAS 36 - Impairment of Assets.

For the purpose of impairment testing, goodwill acquired in a business combination transaction must be allocated to each cash-generating unit in the acquiring company, or groups of cash generating units, that are expected to benefit from aggregation synergies. When the recoverable value of cash-generating units (or groups of cash-generating units) is lower than the book value, goodwill is written down.

In the event of disposal of a subsidiary or joint-control venture, the portion of goodwill attributable to it is included in the calculation of gains or losses arising from disposal.

Goodwill arising from acquisitions performed before the date of the transition to IFRSs is maintained at the amounts calculated under Italian GAAP at that date and tested for impairment at the same date.

Non-current assets classified as held for sale

Non-current assets (and disposal groups) are classified as held for sale when it is expected that their book value will be recovered by selling the asset rather than using it for the Company's operations. This condition is only met when the sale is highly probable, the asset (or disposal group) is available for immediate sale in its current state and management is committed to the sale, which should take place within twelve months of classification as held for sale.

Non-current assets (and groups of assets being disposed of) that are classified as held for sale are valued at the lower of the previous book value and the market value less disposal costs.

Recognition of Revenues

Revenues from transactions are recognized at the fair value of the consideration received, net of returns, discounts, allowances and premiums, as follows:

- revenues from sales: when the risks and rewards of ownership are effectively transferred;
- revenues from services: at the time when the service is provided.

The Group includes the exchange differences on commercial operations among operating profit or loss and, more specifically, under the items "Other operating revenues" or "Other operating costs" according to whether the net effect is positive or negative, with a breakdown provided in the Notes.

The amounts accrued, if expressed in foreign currency, are calculated taking into account foreign exchanges with which the related currency hedges were made.

CONSTRUCTION CONTRACTS

When the profit or loss on a construction contract can be reliably estimated, the revenues and costs relating to the contract are recognized as revenue and costs in relation to the status of completion at the reporting date, based on the ratio of costs incurred for work performed up to the reporting date and the total estimated contract costs (the cost-to-cost method).

Given the technical complexity, the size and the duration of the construction projects, the additional compensations, contract changes, price revisions and incentives are included to the extent that they have been agreed upon with the client. In evaluating these elements, the Group recognises revenues only if it has reached an advanced stage of negotiations, making it probable that the customer will agree and possible to reliably calculate the amount that the customer will pay.

When the profit or loss on a construction contract cannot be reliably estimated, revenues related to the contract are recognized only to the extent of contract costs incurred which are likely to be recovered. Contract costs are recognized as expenses in the financial period in which they are incurred.

When it is probable that total contract costs will exceed contract revenues, the loss is expensed immediately.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment used for the production or the supply of goods and services are recognized at their historical cost, comprehensive of any additional charges and direct costs required to make the asset available for use.

Property, plant and equipment are recognized at cost, net of accumulated amortization/depreciation and any impairment losses.

Property is recorded at fair value at the date of the revaluation less any subsequent accumulated amortization/depreciation and any subsequent accumulated impairment, and is depreciated over its estimated useful life. Annually, property values are recalculated based on an independent expert appraisal. The positive/negative difference is recorded in revaluation surplus under equity.

Amortization/depreciation is calculated on a straight-line basis by applying the following rates on the cost of the assets over their estimated useful life, which is reviewed annually:

Asset category	Depreciation rate
Land	0%
Buildings	from 2% to 10%
Plant and equipment	from 7.5% to 15%
Industrial and commercial equipment	15%
Furniture and fittings	12%
IT equipment	20%
Vehicles	from 20% to 25%

Gains and losses arising from the transfer or disposal of assets are calculated as the difference between sales revenue and the net carrying amount of the asset.

Ordinary maintenance expenses are fully recognized in the income statement.

Operations to improve an asset with respect to its original verified condition are capitalised and depreciated in proportion to the residual useful life thereof.

Leasehold improvements that meet capitalisation requirements are recognized under tangible fixed assets and depreciated over the shorter of the residual concession term and the asset's useful life.

Leased Assets

The leasing contracts under which the Group does not bear all the risks and benefits from the rewards incidental to ownership are considered as operating leases.

Payments for operating leases are recognized on a straight-line basis over the duration of the contract.

Grants

Public grants are recognized when it is reasonably certain that they will be received and when all conditions for attaining them have been met.

Any capitalized government grants refering to tangible fixed assets are recognized as direct deductions from the value of the assets to which they refer. The value of the asset is adjusted for systematic depreciation, calculated according to the residual possible use of the asset over its useful life.

INTANGIBLE ASSETS

Intangible assets purchased separately are shown at cost less amortization/depreciation and impairment. Amortization is calculated on a straight-line basis over the asset's residual useful life. The amortisation method and residual useful lives are reviewed at the end of each accounting period. The effects of changes in the amortization/depreciation method and the residual useful life are reflected in the accounting treatment going forward rather than retrospectively.

Internally Generated Intangible Assets – Research and Development Costs

Research costs are charged to the Income Statement in the period in which they have been incurred.

Internally generated intangible assets arising from the development stage of an internal Group project are capitalised as assets if, and only if, all of the following conditions have been met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- the Group intends to complete the asset for use or sale;
- the Group is capable of using or selling the asset;
- it is probable that the asset will generate future economic benefits; and
- The Group has the technological, financial and other resources to complete the development and use or sell the asset during the development stage.

The initially recognized amount of internally generated intangible assets corresponds to the sum of expenses incurred from the date in which the asset first meets the above requirements. When internally generated intangible assets cannot be recognized, the development expenses are booked to the income statement when incurred.

Following their initial recognition, internally generated intangible assets are accounted for at cost net of accumulated impairment losses, as in the case of intangible assets purchased separately.

Intangible assets acquired in business combination

Intangible assets acquired in a business combination are identified and recognized separately from amortization if they meet the definition of intangible assets and their fair value can be reliably determined. The cost of such intangible assets is their fair value on the date of acquisition. After initial recognition, intangible assets acquired in a business combination are measured at cost, net of accumulated impairment losses, as for intangible assets acquired separately.

Impairment Losses on Tangible, Intangible and Financial Assets

At each reporting date, the Group reviews the carrying amount of its property, plant and equipment, intangible assets and financial assets to determine whether there are any indications that they have become impaired. Where it is impossible to estimate the recoverable value of an individual asset, the Group estimates the recoverable value of the cash-generating unit to which the asset belongs. Where these conditions exist, the Company estimates the recoverable amount of the assets to enable the computation of the amount of any required write-down.

Intangible assets with indefinite useful lives such as goodwill are tested for impairment each year and whenever there is an indication of a possible impairment loss.

The recoverable amount is the higher of the fair value net of selling expenses and the value in use. In calculating the value in use, estimated future cash flows are discounted to present value at a gross rate that reflects current market valuations of the value of capital and the specific risks connected to the asset. Various cash flow scenarios (sensitivity analyses) are utilised in determining this value.

If the recoverable amount of an asset (or of a cash-generating unit) is estimated to be lower than the relative book value, it is reduced to the lower recoverable value. An impairment loss is recognized immediately in the income statement.

When the impairment loss of an asset is successively removed or reduced, the book value of the asset is increased to the new estimated recoverable value and cannot exceed the value that would have been determined if no impairment loss had been reported. Reversals of impairment losses are immediately recognized in the income statement.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost is composed of direct materials and, where applicable, direct labor, general production costs and other expenses incurred to bring inventories to their current location and state. The cost is calculated using the weighted average cost method. The net realizable value is the estimated sale price less estimated completion costs and selling expenses.

FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognized in the Statement of Financial Position at the moment when the Group becomes a party to the relative contractual clauses.

FINANCIAL ASSETS

Receivables

Receivables are initially recognized at fair value and subsequently measured at amortized cost, according to the effective interest method, net of impairment losses that reflect amounts deemed non-recoverable and which are taken to specific provisions adjusting receivables. Amounts considered non-recoverable are estimated on the basis of expected future cash flows. These flows consider expected recovery times, estimated realisable value, any guarantees and costs that the Group expects to incur to recover the receivables. The original value of the receivables is restored in the subsequent financial years if the reasons for impairment cease to exist. In this case, the reversal is recognized in the income statement and may not exceed the amortized cost that the receivable would have had if it had not been impaired.

Trade receivables with a maturity falling within normal commercial terms are not adjusted to present value. Receivables denominated in a currency other than the operating currency of the individual companies are valued at the year-end exchange rate.

Other financia assets

The financial assets that the Group intends or is able to keep until maturity in accordance with IAS 39 are recognised at cost, reported at the trade date, corresponding to the fair value of the initial amount paid, plus any transaction costs (e.g., commissions, consultancy fees, etc.) directly attributable to the acquisition of the asset. Subsequently to the initial assessment, such assets are valued at amortized cost, using the original effective interest rate method.

Any financial assets held in order to generate revenues in the short term are recognized and measured at fair value through profit or loss. Any other financial assets are classified as available-for-sale financial assets and are recognized and measured at fair value through equity. These gains or losses are recorded in the Income Statement as soon as the asset is sold or impaired. Available-for-sale financial assets include investments in companies other than subsidiaries, jointly controlled entities and affiliates.

Cash and cash equivalents

This item includes cash, bank current accounts and deposits refundable on demand, as well as other short-term highly liquid investments that can be easily converted into cash with minor risks in terms of change in value.

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial liabilities and the Group’s equity instruments are classified in accordance with the underlying contractual agreements and in compliance with the respective definitions of liabilities and equity instruments. The latter are defined as contracts attributing the right to benefit from the residual interest in the Company’s assets after deducting all of its liabilities.

The accounting standards adopted in relation to specific financial liabilities and equity instruments are described below.

Payables

Payables are initially recognized at cost, which corresponds to the fair value of liabilities, net of directly related transaction costs.

After initial recognition, these liabilities are measured at amortized cost, using the effective interest method. This category includes interest-bearing bank loans and bank overdrafts.

Trade payables with normal commercial maturities are not adjusted to present value. Payables denominated in currencies other than the operating currency of the individual companies are valued at the year-end exchange rates.

Fair Value Measurement

Fair value is the value at which an asset (or a liability) can be exchanged in a transaction between independent parties having a reasonable degree of knowledge of market conditions and other meaningful elements related to the object of the negotiation. The definition of fair value implies the assumption that an entity is fully operating and that there is no necessity to liquidate or materially reduce business activities, or carry out transactions at unfavorable conditions. The fair value reflects the financial standing of the instrument as it incorporates the counterparty risk.

Receivables and Payables:

The fair value of receivables and payables recognized in the financial statements at cost or amortized cost is provided in the Notes for disclosure purposes, calculated as follows:

- for short-term receivables and payables, it is held that the cashed-out/cashed-in value is reasonably close to their fair value;
- for long-term receivables and payables, the fair value assessment is mainly carried out through the future cash flow discounting method. Each future cash flow is discounted at a rate based on the zero-coupon yield increased by a margin representing the specific counterparty's risk level.

Other Financial Instruments (Bonds and Securities)

The fair value of this category of financial assets is determined by taking into account the market prices at the Statement of Financial Position date, where these exist, or alternatively by using other valuation methods based exclusively on market data.

Equity Instruments

Equity instruments issued by the Company are recognized on the basis of the amounts received in exchange for them, net of direct issuing costs.

Convertible bonds

In accordance with IAS 32 – "Financial Instruments: Presentation", convertible bonds are accounted for as compound financial instruments, consisting of two components which are accounted for separately only if relevant: a liability and a conversion option. The liability corresponds to the present value of future cash flows, based on the current interest rate at the date of issue for an equivalent non-convertible bond. The option value is defined as the difference between the net amount received and the amount of the liability and is recognized in equity. The value of the conversion option into shares is not changed in subsequent periods. In contrast, if the characteristics of the bond involve, upon exercise of the conversion right, the right for the company to deliver shares or offer a combination of shares and cash, the option is accounted for as a financial liability for the embedded derivative, measured at fair value through the income statement while the differential with respect to the original nominal value or the financial liability (host) is recorded at amortized cost.

In consideration of the placement of the convertible bond issued in February 2014 by Maire Tecnimont S.p.A., it is configured as a compound financial instrument the accounting methods of which are outlined above.

Derivative Instruments and Hedge Accounting

The Group uses derivatives (swap, option and forward contracts) to hedge risks arising from changes in interest rates on bank loans and exchange rate risks on cash flows of contracts denominated in foreign currencies.

The structure of existing contracts complies with the Group's hedging policy.

Derivatives are measured at their fair value by booking changes in fair value within the income statement if they do not meet the conditions to be qualified as hedges or due to the typology of the instrument or due to the choice of the company to not implement the so-called efficacy test. Derivative instruments are classified as hedges when the relation between the derivative and the object of the hedge is formally documented and the efficacy of the hedge, tested periodically, is high pursuant to IAS 39. The booking of derivative instruments differs as a function of the objective of the hedge: whether they are cash flow hedges or fair value hedges.

Cash flow hedge

Fair value changes in derivative instruments which, if they are effective, are designated as hedges of future cash flows on the Group's contractual commitments, are recognised directly in equity, while the ineffective portion is booked immediately to the income statement.

Amounts directly recorded through shareholders' equity are included in the Income Statement in the same period in which the commitments under the hedge contract impact the Income Statement.

Fair value hedge

For the effective hedging of exposures to "changes in fair value", the hedged item is adjusted by the fair value changes linked to the hedged risk with a counter item in the Income Statement. Gains and losses arising from the valuation of derivative contracts are also recognized through the Income Statement.

Changes in the fair value of derivatives that are not designated as hedge instruments are recognized through the Income Statement of the period in which they occur.

Embedded derivatives

Embedded derivatives in contracts are accounted for as separate derivatives only if:

- the related risks and features are not closely linked to those of the host contract;
- the embedded instrument fulfills the definition of derivative;
- the hybrid instrument is not accounted for at fair value with changes in fair value reported in the income statement.

If an embedded derivative is separated, the host contract is accounted for under the provisions of IAS 39 if it is a financial instrument, and in accordance with other appropriate standards if it is not a financial instrument.

Measurement of fair value

The fair value of financial instruments corresponds to the current market price or, if it is not available, the value resulting from the application of the appropriate financial measurement models, which consider all factors adopted by market operators and prices obtained in a real market transaction. In particular, the fair value of interest rate swaps is determined by discounting expected cash flows, whereas the fair value of forward exchange transactions is calculated on market exchange rates at the reporting date and on differential exchange rates between the related currencies.

DERECOGNITION OF FINANCIAL INSTRUMENTS

Financial assets are derecognized when the right to receive the cash flows ceases and substantially all of the risks and rewards associated with the ownership of assets have been transferred or an item is considered definitively non-recoverable after all the necessary recovery procedures have been completed. Financial liabilities are derecognised when the specific contractual obligation has been discharged. Receivables transferred in factoring operations are only derecognised if substantially all the risks and rewards of ownership have been transferred to the factor. Receivables transferred with and without recourse that do not meet the above requirement continue to be carried by the Company even though they have been legally transferred; in this case, a financial liability of equal amount is recognised in connection with the advance received.

SHAREHOLDERS' EQUITY

Share Capital

The share capital is represented by the Parent Company's subscribed and paid-up capital. Costs directly related to the issuance of shares are classified as a reduction in share capital when they are directly related to the equity transaction.

Treasury Shares

These are presented as a decrease in Group equity. Costs incurred by the Parent to issue new shares are treated as a decrease in equity, net of any deferred tax effect. Gains or losses arising from the purchase, sale, issuance or cancellation of treasury shares are not recognized in the income statement.

Profit (Losses) carried forward

These include profits for previous years that were not distributed or allocated to reserves and losses for previous years that have not yet been covered. This item also includes transfers from other equity reserves when the restrictions to which amounts were previously subject no longer apply, as well as the recognition of the effects of changes in accounting policies and material errors.

Other reserves

These include, but are not limited to, the fair value reserve relating to items recognized through equity, the treasury share reserve, legal reserve and translation reserve.

Valuation reserve

This reserve includes, but is not limited to, the cash flow reserve for the recognition of the effective portion of hedges and the reserve for actuarial gains (losses) on defined-benefit plans recognized directly in equity.

CONTRACTUAL LIABILITIES ARISING FROM FINANCIAL GUARANTEES

Contractual liabilities deriving from financial guarantees are initially recognized at fair value and subsequently at the highest between:

- the amount of the contractual obligation, determined in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets;
- the initially recognized amount, net of accumulated depreciation/amortization, where appropriate, recognized in accordance with the recognition of revenues as described above.

PROVISIONS FOR RISKS AND CHARGES

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are accrued on the basis of the best estimate of costs to be incurred to settle the obligation at the reporting date. They are discounted when the effect of the time value of money is material.

When the Group believes that an allocation to the provision for risks and charges has to be in part or entirely refunded or compensated, the indemnity is reported under assets only when the refund is virtually certain and the related amount can be reliably determined.

Onerous Contracts

If the Group has a contract that can be considered onerous, the present contract obligation is recognized and valued as a provision.

An onerous contract is a contract in which the non-discretional costs required to meet the obligation exceed the economic rewards expected from the contract itself.

Restructuring provision

A restructuring provision is recognized only if the Group has developed a detailed and formal plan for such a restructuring, and has given rise to a valid expectation among third parties that the Group will perform such a restructuring, either because it has already started the related activities or because it has key elements to the interested third parties.

A restructuring provision should only include direct restructuring costs that are not associated with the Group’s current operations.

Warranties

Provisions for warranty costs are recognized when it is probable that an intervention under guarantee on completed works is requested. Provisions are calculated on the basis of management’s best estimate of the costs to be incurred to settle the obligation.

POST-EMPLOYMENT BENEFITS

Payments for defined-contribution plans are booked to the income statement in the period when they are due.

The cost of benefits recognized under defined-benefit plans is calculated using the projected unit credit method based on actuarial calculations performed the end of each year. Actuarial gains and losses are fully recognized when they arise and are taken directly to a specific equity reserve. Past service cost is immediately recognized to the extent that benefits have already accrued.

Recognized liabilities for post-employment benefits reflect the present value of liabilities for defined-benefit plans, adjusted to consider unrecognized actuarial gains and losses and unrecognized prior service costs, less the fair value of plan assets. Any net assets arising from such calculation are limited to the value of non-recognized actuarial losses and costs of past service, plus the current value of any repayments and reductions in future contributions to the plan.

Other Long-term Benefits

The accounting treatment of other long-term benefits is the same as that applied to post-employment benefits except for the fact that the actuarial gains and losses and the costs of past services are fully recognized in the income statement in the period in which these materialise.

INTEREST INCOME AND EXPENSE

Interest is recognized on an accruals basis using the effective interest method, i.e., the interest rate that renders all inflows and outflows (including any premiums, discounts, commissions, etc.) that comprise a specific transaction financially equivalent. The Group classifies translation differences deriving from financial operations to this item, whereas operating translation differences deriving from commercial operations are included in operating profit or loss and, more specifically, under "Other operating revenues" or "Other operating costs" according to whether the net effect is positive or negative, with a breakdown provided in the Notes.

TAXES

Income taxes for the year are determined as the sum of current and deferred taxes.

Current taxes

Current taxes of the current and previous years are recognized at the amount expected to be paid to the tax authorities.

Current tax liabilities are calculated using the tax rate applicable in the individual countries where the Group is operating at the reporting date.

Deferred taxes

Deferred taxes are taxes that the Group expects to settle or recover on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax values for the purpose of calculating the tax base. They are recognised using the balance sheet liability method. Deferred tax liabilities are normally recognized for all taxable temporary differences, while deferred tax assets are recognized when it is likely that future taxable profit will be sufficient to allow the deduction of temporary differences. Such assets and liabilities are not recognized if the temporary differences derive from goodwill or from initial recognition (not in business combinations) of other assets and liabilities referring to operations that have no impact on financial results or taxable income.

The book value of deferred tax assets is revised at each financial statements date and reduced when it is no longer probable that sufficient taxable income will be achieved to allow the full or partial recovery of such assets.

Deferred taxes are calculated at the tax rate that is expected to be effective when the asset is realized or the liability settled. Deferred taxes are registered directly to profit or loss, unless they are registered directly to equity because they relate to items also recognized directly in equity.

Deferred tax assets and liabilities are offset when it is legally possible and when such deferred taxes are linked to taxes due to the same tax authority and the Group is willing to settle current tax assets and liabilities on a net basis.

Deferred taxes are registered directly to profit or loss, unless they are registered directly to equity because they relate to items also recognized directly in equity.

USE OF ESTIMATES

The preparation of the consolidated financial statements and Notes in accordance with IFRSs requires that management makes use of estimates and assumptions that affect the carrying amounts of assets and liabilities and disclosures of contingent assets and liabilities at the reporting date. The estimates and assumptions made are based on experience and other relevant factors. Therefore, the actual results achieved may differ from those estimates. Estimates and assumptions are periodically reviewed and the affects of any adjustments are booked to the income statement in the period when the estimate is revised, if the revision has effects in that period only, and in subsequent periods as well, if the revision effects both the current and future periods. We underscore that the recent financial and economic crisis has led the Company to formulate new assumptions for its future economic and financial developments due to the high level of uncertainty. Therefore, based on the information currently available, it is reasonably possible that next year's financial results may differ from the Company's estimates and could lead to even significant adjustments in the book values of the relative items.

The main financial statement items affected by such situations of uncertainty are:

- construction contracts – the Group's consolidated revenue is primarily generated by multi-year contracts whose value consideration is determined on the date of the tender or on the date the contract is awarded. Accordingly, the originally estimated margins on these contracts could decrease following a rise in costs incurred during the performance of the contract (such as, for example, costs for raw materials, contract penalties for delays in delivery, the occurrence of unforeseeable events in construction or litigation with customers, subcontractors and suppliers);
- goodwill, other fixed assets, financial assets: these are tested for impairment once a year and whenever there is indication of a possible impairment loss to determine their recoverable amount.
- derivatives: they are initially recognized at cost and adjusted to fair value at subsequent reporting dates. Fair value corresponds with current market price or, if it is not available, the value resulting from the application of appropriate financial measurement models;
- provisions for risks and charges – these are registered based on the best estimate of costs required for complying with the obligation on the date of the financial report and the net present value determined when the relative impact is material;
- employee benefits: service cost is calculated on the basis of the best actuarial calculations at the estimate date.

Changes to accounting estimates and errors

The Group applies IAS 8 to select and apply its accounting principles for the accounting treatment of changes to accounting principles, for changes to accounting estimates and to correct any errors made in previous financial years.

Subsequent Events

Subsequent events are events that occur after the reporting date but before the date on which the financial statements are authorised for publication. The date of authorisation of publication refers to the date of approval by the Board of Directors. Such subsequent events can refer to information concerning situations that existed on the reporting date (adjusting subsequent events) or situations arising after the reporting date (non-adjusting subsequent events). Effects related to the former are reported in the financial statements in the form of an update to the earlier facts reported, while the latter, if significant, are exclusively and appropriately reported in the Notes.

27. Consolidated Income Statement

27.1. Revenues

The revenue generated in 2015 amounted to Euro 1,637,455 thousand recording an increase of Euro 92,072 thousand with regard to the previous year. A breakdown is shown in the table below:

(Values in Euro thousands)	2015	2014
Revenues from sales and services	1,407,190	268,867
Change in state of work for contracts in progress	230,265	1,276,516
Total	**1,637,455**	**1,545,383**

Specifically, such variation in the year is partly due to the increase in "Revenue from sales and services" of Euro 1,138,323 thousand, mainly as a result of the higher income from the major contracts closed in the year. This change is instead offset by the decrease in the item "Change orders for contracts in progress", which recorded a decrease of Euro 1,046,251 thousand.

The increased volumes reflect the evolution of the projects in the backlog and are mainly due to progress made on new acquisitions; in the previous year, by contrast, the main projects were at a very advanced stage and not yet offset by new awards.

Considering, it is noted that the largest share is related to the "Technology, Engineering & Construction" BU which represented approximately 93% (91.5% in 2014) of Group revenues, an increase over the previous year in terms of percentage of consolidated volumes as a result of the advancement of new acquisitions in recent years and in line with the Group's strategic assumptions that are based on a consolidation of the traditional EPC activities, with greater focus on the E and EP components and a suitable leverage on the value of technology and customer service activities, through the exploitation of the distinctive competences that have constantly marked the Group's position in the market.

The main production volumes of the "Technology, Engineering & Construction" BU regarding to the Tempa Rossa, ADCO, ADGAS, Kingisepp (RU), IOWA LDPE Mexico and Punta Catalina in Santo Domingo projects.

Lastly, the Infrastructures & Civil Engineering BU accounted for approximately 7% (8.5% in 2014) in revenues with a decrease in absolute terms of about Euro 18.1 million.

This change is mainly due to the final phase of certain contracts, primarily the Etihad railway, not yet offset by new acquisition.

The changes in work in progress also take into account the positive impact deriving from the recognition of not only the prices stipulated by contract, but also any changes, incentives and other claims recognized after relevant reasonable updates in the works, which are considered possibly acceptable by customers as accurately valued. In particular, the assessment of claims was made on the basis of the reasonably foreseeable through ongoing negotiations with customers for recognition of the higher costs incurred and may therefore present a risk of realizability by their nature.

27.2. Other operating revenues

"Other operating revenues" at 31 December 2015 amount to Euro 32,171 thousand, a decrease of Euro 5,638 thousand against the previous year. The breakdown is shown in the table below:

(Values in Euro thousands)	2015	2014
Gains on disposals	90	6,181
Revenues from green certificates	11,794	22,376
Extraordinary income	5,765	7,010
Contract penalties receivable	156	725
Insurance settlements	11,797	12
Release of provisions for bad debts	1,410	665
Income from the sale of materials	734	497
Exchange rate gains	355	0
Other	69	342
Total	**32,171**	**37,808**

Other operating revenues include items that do not directly relate to the Group's production activities, but are inherent to its core business. Other operating revenues mainly include:

- revenues for green certificates equal to Euro 11,794 thousand; the item includes the value of green certificates, annual titles of renewable production, on the basis of production at the Biomasse Olevano plant recorded until the sale date, the previous year the item included revenues for a total of 12 months of production;
- extraordinary income amounted to Euro 5,765 thousand, are mainly related to the higher allocation of costs relating to previous years;
- active contractual penalties of Euro 156 thousand, are mainly related to penalties applied to suppliers;
- insurance indemnities of Euro 11,797 thousand, almost exclusively concern the indemnity related to the MAPFRE accident received from the Chilean subsidiary;
- use of risk provisions of Euro 1,410 thousand relating to the release of risk provisions mainly related to credit risk where the risk of occurrence has failed;
- gains on disposals of Euro 90 thousand; last year, the item mostly included the positive economic effects of the amount associated with the sale of the business unit of Sofregaz S.A;
- income derivatives on exchange rates and other miscellaneous income.

"Operational foreign exchange differences" were reclassified under "Other operating costs" since at 31 December 2015 they had a negative value.

27.3. Information by business segment

Maire Tecnimont S.p.A. is the parent company of an integrated industrial group that operates in Italy and the world markets, providing engineering and construction services and products to the following sectors:

- (I) Technology, Engineering & Construction;

- (II) Infrastructure & Civil Engineering.

It shall be noted that data relating to the BU are in line with the internal reporting structure used by the Company's Top Management; it shall also be recalled that as from FY 2014, in order to reflect the reorganization of the management view in the reporting structure, the data relating to the 'Oil & Gas and Petrochemicals' and 'Power' BU have been merged, in line with the new internal reporting structured used by the Company's top management that also reflects the Group's current organizational structure in the new 'Technology, Engineering & Construction' BU. Below is a summary of the key characteristics of these markets. Below is a summary of the key characteristics of these markets.

III. **<u>'Technology, Engineering & Construction' BU</u>**, designs and constructs plants and systems mainly for the natural gas industry (separation, treatment, liquefaction, transportation, storage, regasification, and compression/pumping stations); it designs and constructs plants and systems for the chemicals and petrochemicals industry, especially those for the production of polyethylene and polypropylene (polyolefins), ethylene oxide, ethylenic glycol, purified terephthalic acid (PTA), ammonia, urea and fertilizers; in the fertilizer sector, it grants patented technology and intellectual property licenses to current and potential urea producers. Other important activities are linked to the sulphur recovery process, hydrogen production units and high-temperature furnaces. Also designs and constructs power generation plants (simple or combined-cycle electric power plants and co-generation plants), waste-to-energy and district heating plants, the re-powering of electric power plants, and the construction of energy transformation and transmission systems with progressive growth in E and EP services.

I. **<u>'Infrastructure & Civil Engineering' BU</u>** designs and executes large-scale infrastructure works (such as roads and highways, railways, underground and surface metro lines, tunnels, bridges and viaducts), facilities and buildings for the industrial, commercial and service sectors; it provides 'environmental services' support for projects in the infrastructure, civil and industrial construction, energy and general plant sectors. Active in maintenance services, facility management, provision of general services related to temporary construction facilities, Operation & Maintenance activities. Also active in the sector of renewable sources (solar and wind power mainly) for large plants.

The Group evaluates the performance of its business segments based on the performance achieved by each unit. The Business Unit revenue shown is that directly achieved by or attributable to the operations typically carried out by the Business Unit and includes income generated by transactions with third parties. The Business Unit costs are the operating expenses incurred by the Business Unit payable to third parties. The way the Group is managed, amortization/depreciation, risk provisions, interest income and expenses, and taxation remain the responsibility of the corporate unit as these are not part of operating activities and are shown in the "total" column. Sector reporting is presented in the following table:

<u>REVENUES AND PROFIT BY BUSINESS SECTOR AS OF 31/12/2015:</u>

(Values in Euro thousands)	Revenues		EBITDA by Segment	
	2015	2014	2015	2014
Technology, Engineering & Construction	1,553,460	1,448,942	133,412	138,161
Infrastructures & Civil Engineering	116,165	134,249	(2,571)	(11,274)
Total	**1,669,626**	**1,583,191**	**130,841**	**126,887**

INCOME STATEMENT AS AT 31/12/2015 BY BUSINESS SECTOR:

(Values in Euro thousands)	Technology, Engineering & Construction	Infrastructures & Civil Engineering	Total
Sector revenues	1,553,460	116,165	**1,669,626**
Business Profit	**208,550**	**2,681**	**211,231**
EBITDA	**133,412**	**(2,571)**	**130,841**
Amortization, depreciation, impairment losses and risk provisions			(15,415)
Operating income (loss)			**115,427**
Interest income (expense)			(37,814)
Pre-tax profit			**77,613**
Income taxes for the year			(33,822)
Net income/(loss)			**43,791**
Profit/(loss) for the year - Group			43,956
Profit/(loss) attributable to minorities			(165)

INCOME STATEMENT AS AT 31/12/2014 BY BUSINESS SECTOR:

(Values in Euro thousands)	Technology, Engineering & Construction	Infrastructures & Civil Engineering	Total
Sector revenues	1,448,942	134,249	**1,583,191**
Business Profit	**215,030**	**(4,722)**	**210,308**
EBITDA	**138,161**	**(11,274)**	**126,887**
Amortization, depreciation, impairment losses and risk provisions			(23,481)
Operating income (loss)			**103,406**
Interest income (expense)			(42,024)
Pre-tax profit			**61,382**
Income taxes for the year			(10,739)
Net income/(loss)			**50,643**
Profit/(loss) for the year - Group			50,297
Profit/(loss) attributable to minorities			346

BALANCE SHEET BY BUSINESS SECTOR AS AT 31/12/2015:

(Values in Euro thousands)	Technology, Engineering & Construction	Infrastructures & Civil Engineering	TOTAL
Segment assets	1,240,117	326,411	1,566,528
Unallocated assets (**)			599,545
Total assets			**2,166,074**
Segment liabilities	-1,321,562	-140,165	-1,461,727
Unallocated liabilities (**)			-704,347
Total liabilities			**-2,166,074**

(**)The unallocated assets and liabilities mainly refer to Treasury and tax assets and liabilities, which are operations performed by the Parent Company and have not been allocated to the business segments as they cannot be directly attributed to the operations.

BALANCE SHEET BY BUSINESS SECTOR AS AT 31/12/2014:

(Values in Euro thousands)	Technology, Engineering & Construction	Infrastructures & Civil Engineering	TOTAL
Segment assets	1,117,988	465,300	1,583,289
Unallocated assets (**)			443,921
Total assets			**2,027,210**
Segment liabilities	-1,090,612	-269,257	-1,359,869
Unallocated liabilities (**)			-667,341
Total liabilities			**-2,027,210**

(**)The unallocated assets and liabilities mainly refer to Treasury and tax assets and liabilities, which are operations performed by the Parent Company and have not been allocated to the business segments as they cannot be directly attributed to the operations.

GEOGRAPHICAL AREAS:

The table below indicates revenues generated by each geographical area at 31 December 2015 and the previous year data for comparison:

(Values in Euro thousands)	December 2015		December 2014		Change	
	Absolute	%	Absolute	%	Absolute	%
Italy	334,598	20.0%	236,205	14.9%	98,393	41.7%
Abroad						
• Europe EU	236,927	14.2%	163,922	10.4%	73,005	44.5%
• Europe non-EU	124,278	7.4%	123,067	7.8%	1,211	1.0%
• Middle East	434,688	26.0%	445,215	28.1%	(10,527)	(2.4%)
• Americas	407,845	24.4%	441,601	27.9%	(33,756)	(7.6%)
• Others	131,290	7.9%	173,181	10.9%	(41,891)	(24.2%)
Total consolidated revenues	**1,669,626**		**1,583,191**		**86,435**	**5.5%**

The table above shows the percentage weight of Revenues by geographical area where the greatest incidence is referred to the revenues generated in the Middle East (26%) and in the Americas (24.4%). As clearly evidenced in the table of Revenues by Business Unit, this value confirms the substantial contribution of the 'Technology, Engineering & Construction' BU in the Middle East, where the Group has an established presence. In South America, there was still a significant production value thanks to the contracts awarded in the USA, Mexico and Santo Domingo.

27.4. Raw materials and consumables

Costs incurred for raw materials and consumables in 2015 are Euro 653,909 thousand, down Euro 13,780 thousand on the previous year.

The breakdown is as follows:

(Values in Euro thousands)	2015	2014
Raw materials purchased	(645,526)	(663,584)
Consumables	(7,547)	(4,167)
Fuel	(731)	(1,069)
Changes in inventory	(105)	1,131
Total	**(653,909)**	**(667,689)**

In particular, in 2015, the item "Raw materials purchased" shows a decrease of Euro 18,058 thousand which reflects the intense phase of materials purchase in the previous year (metal structures, cables and primary equipment such as valves, pumps, compressors, heaters and key machinery) for the major contracts awarded in the previous years, and for which the emission phase of the main equipment orders had been completed and the implementation phase was underway.

The new contracts awarded have had limited production and for which a substantial increase is planned in the volume of activities in the coming months.
"Consumables" were instead driven by the higher demand for office equipment and other materials required by the start-up of the most recently acquired contracts and the need for specific consumables for the opening of new construction sites.

27.5. Costs for services

Costs incurred for services for 2015 are Euro 523,862 thousand, up 83,874 thousand with respect to the previous year.

The breakdown is as follows:

(Values in Euro thousands)	2015	2014
Sub-contracting to third parties	(245,263)	(200,961)
Turnkey plant design costs	(100,219)	(85,824)
Reallocated costs	(6,371)	(7,505)
Utilities	(6,492)	(5,771)
Transportation costs	(23,246)	(26,701)
Maintenance	(5,739)	(2,147)

Consultancy and services	(34,251)	(27,721)
Increase in fixed assets due to internal works	5,417	2,867
Bank and guarantee charges	(29,788)	(25,216)
Sales and advertising costs	(6,072)	(4,774)
Additional personnel costs	(25,912)	(21,824)
Telegraph and similar costs	(343)	(759)
Insurance	(6,908)	(6,947)
Other	(38,675)	(26,705)
Total	**(523,862)**	**(439,988)**

The change in the items that compose "Costs for services" reflect the evolution of the projects in the backlog and are mainly due to progress made on new acquisitions; in the previous year, by contrast, the main projects were at a very advanced stage and not yet offset by new acquisitions.

The items "Subcontracting to third parties", mainly refer to costs for subcontracts related to the construction phase and "Turnkey projects" were affected precisely by this performance and both recorded a significant increase.

In 2015, the item "Reallocated costs" recorded a decrease; the item refers to costs charged back by the unconsolidated consortium companies related to the "Infrastructure & Civil Engineering" BU; the item "Transportation costs" also decreased over the previous year due, in this case, to the different mix of activities.

"Consultancy and services" increased following the greater use of freelance technicians charging on an hourly basis; this item also includes costs for professional fees, primarily for assistance for out of court settlements, audit fees, business consulting and services and consulting related to the projects initiated during the HY.

The items "Utilities" and "Ancillary personnel costs" increased mainly as a result of an increase in the average number of employees compared to 2014.

The item "Bank and guarantee charges" increased significantly in absolute value following the issue of guarantees related to new large projects awarded, although there was a reduction in the cost as a result of the improved rating of the Group as also highlighted by the recent financial strategies related to bank debt.

"Other" mainly refers to non-capitalised costs for information technology services, the maintenance costs of the application packages, other miscellaneous services incurred by the other consolidated companies, various services at the site and fees of corporate bodies.

Other cost items are substantially in line with the same period of the previous year.

27.6. Personnel expense

Personnel expense in 2015 amounted to Euro 273,293 thousand, down Euro 8,314 thousand in comparison with the previous year.

The breakdown is as follows:

(Values in Euro thousands)	2015	2014
Wages and salaries	(216,315)	(207,195)

Social security contributions	(43,239)	(44,303)
Post-employment benefits	(11,065)	(9,929)
Other costs	(2,674)	(3,552)
Total	**(273,293)**	**(264,979)**

In the year 2015, the quantitative and qualitative investment plan in Human Capital continued, with a net increase of 337 resources, distributed in the various functional areas, which brought the workforce from 4,259 units at 31 December 2014 to 4,596 units at the end of 2015.

This increase is mainly attributable to the Asia geographical areas – with a net increase of 259 units, out of 337 total, 195 of which in the Indian subsidiary Tecnimont Private Limited (formerly Tecnimont ICB Pvt. Ltd.) – and 106 in Italy, where the figure went from 1,888 to 1,994 resources.

In the period of reference, the Human Resources policy was aimed at ensuring support to the strategic and operational development of the Group, through the optimization and re-qualification process of the mix of professionalism of Human Capital, nationally and internationally. The realignment path continued of the business functions in support of the evolution of the business and productivity, and the recruitment of resources to be assigned to recently awarded projects was initiated, in relation to which a significant increase in business volumes is expected.

The increase in personnel costs is therefore the result of the above factors; the incidence of social security contributions on total compensation is lower than the theoretical Italian rate because many employees are hired abroad.

The item also includes the fair value component recognized in the year in relation to the incentive plan based on Phantom Stock dedicated to the CEO of the Company and certain senior managers of the Group. This new Plan, approved by the Board of Directors on 19 March 2015 and by the Shareholders' Meeting on 28 April 2015, is based on co-investment logics and deferral of the annual bonus, in line with the provisions of the Corporate Governance Code and market best practices, ensuring full alignment of the interests of management with those of shareholders in the long-term perspective.

Changes in the workforce by category:

Title	Workforce 31/12/2014	New hires	Outgoing employees	Reclassification employee level (*)	Workforce 31/12/2015	Δ Workforce 31/12/2015 vs. 31/12/2014
Executives	451	49	(29)	12	483	32
Middle-managers	1,499	220	(200)	56	1,575	76
White collars	1,992	469	(163)	(81)	2,217	225
Blue collars	317	30	(39)	13	321	4
Total	**4,259**	**768**	**(431)**	**0**	**4,596**	**337**
Average no. of employees	**4,276**				**4,365**	

(*) include promotions, changes in qualification following intra-group transfers/reclassification of Job Titles

The classification "Executives" and "Middle-managers" does not reflect Italian contracts, but responds to national and international identification parameters of Management and Middle Management used for Italian and foreign managerial resources.

Changes in the workforce by geographical area (31/12/2014-31/12/2015):

Geographical Area	Workforce 31/12/2014	New hires	Outgoing employees	Δ resources by geographical area	Workforce 31/12/2015	Δ Workforce 31/12/2015 vs. 31/12/2014
Italy	1,888	269	(164)	1	1,994	106
Rest of Europe	277	64	(98)	(5)	238	(39)
Asia	2,077	422	(167)	4	2,336	259
America	15	4	(1)	0	18	3
Africa	2	9	(1)	0	10	8
Total	**4,259**	**768**	**(431)**	**0**	**4,596**	**337**

It is pointed out that the use of labour services varies according to the phase and schedule of works, which may call for direct construction work using the Group materials and workforce or for the use of third-party services. In particular, Group policy provides for the contracting of the labour required to execute the individual orders to meet completion deadlines.

27.7. Other operating expense

Other operating costs in 2015 are 87,721 thousand Euro, up 4,073 thousand Euro with respect to the previous year.

The breakdown is as follows:

(Values in Euro thousands)	2015	2014
Contractual penalties payable	(600)	(1,485)
Rent	(27,053)	(26,878)
Rentals	(12,746)	(10,197)
Charges on exchange rate derivatives	(1,671)	(3,796)
Losses on receivables	(2,376)	(764)
Operating exchange rate differences	(10,232)	(17,215)
Other costs	(33,043)	(23,313)
Total	**(87,721)**	**(83,648)**

"Contract penalties payable" is a consequence of settlement acts due to failure to achieve certain plant performances.

The item "Rent" refers to the cost of the rent of the office buildings of the Group's premises and is slightly higher than the previous year, the effect is related to the need for additional space as a result of the overall growth in the Group's activities and resources, net of certain optimizations.

The item "Rentals" is related to the cost of leasing the capital goods needed for the Group's operating activities and the leasing instalments payable on vehicles and marked an increase of Euro 2,549 over the previous year.

"Charges on exchange rate derivatives" of Euro 1,671 thousand refers to the cash flow hedges related to the Group's contractual obligations that had an impact on the Income Statement in the year. The decrease is linked to the trend of the Forex markets and the expiry of the hedges on exchange rate risks on contracts completed in the year.

The item "Losses on trade receivables", net of the use of the fund for the same amount mainly refers to the valuation of the recoverability of the receivable from the Polish customer PBG following the decision on the admission of creditors to the relative bankruptcy proceedings at the Poznan Court.

The item "Operating exchange rate differences", equal to Euro 10,232 thousand, represents the negative net balance between gains and losses on exchange rates deriving from operating exchange rate differences; the change is related to the performance of currency markets and the foreign currencies of current projects.

"Other costs" is mainly due to indirect and local taxes related primarily to some foreign companies, membership fees, losses, contingent liabilities, other various general costs and payments for the use of licenses and patents; the increase is related to the purchase of licenses for some new contracts awarded.

27.8. Amortization/depreciation and impairment

Amortization/depreciation and impairment is Euro 6,118 thousand in FY 2015, down Euro 3,380 thousand against the previous year.

The breakdown is shown below:

(Values in Euro thousands)	2015	2014
Amortization of intangible assets	(3,069)	(2,614)
Depreciation of tangible assets	(3,049)	(3,181)
Other impairment of assets	0	(3,703)
Total	**(6,118)**	**(9,498)**

Depreciation and amortization is essentially in line with as recorded in the previous year; instead, impairments of fixed assets decreased as the previous year impairment losses were recorded of certain assets of the Group.

The amortization of intangible fixed assets relates primarily to:

- amortization of patent rights for Euro 1,236 thousand, mainly related to urea licenses patented by Stamicarbon recognized and valued upon allocation of the gain of the acquisition, as well as new ones developed over the years and other licenses developed in the scope of the Maire Tecnimont Innovation Center (MTIC);
- the amortization of concessions and licenses for Euro 551 thousand and mainly refers to the Group's software application licenses;
- the amortization of other intangible fixed assets for Euro 1,282 thousand. This item is mainly attributable to ancillary and advisory costs incurred for the implementation and commissioning of the Group main software applications and partly due to the amortization of other various intangibles arisen during the acquisition of Stamicarbon B.V.

The depreciation of tangible fixed assets relates primarily:

- to the depreciation of buildings owned for Euro 456 thousand related to the surplus value of the buildings in the financial statements after the acquisition of Tecnimont Private Limited (formerly Tecnimont ICB Pvt. Ltd.) and for the remainder to other property assets;

- to the depreciation of plant and equipment for Euro 510 thousand and industrial equipment for Euro 283 thousand (assets functional to construction site work);

- for Euro 1,799 thousand to depreciation of other assets, office furniture, improvements on leasehold assets, electronic machines, vehicles, industrial transport.

27.9. Provisions for bad debts and risks and charges

Provisions for bad debts and for charges were Euro 9,297 thousand in FY 2015, down Euro 4,686 thousand against the previous year.

This item consists of the following:

(Values in Euro thousands)	2015	2014
Accrual to the provision for bad debts	(2,419)	(1,045)
Provisions for risks and charges	(6,878)	(12,938)
Total	**(9,297)**	**(13,983)**

Total provisions for bad debts increased by Euro 1,374 thousand against the previous year. Receivables were subject to individual impairment for individually significant positions, for which there are objective conditions of partial or total uncollectibility. The amount of the impairment loss considers an estimate of recoverable cash flows and the date of their collection, as well as future recovery costs and expenses.

Provisions for risks and charges instead decreased by Euro 6,060 thousand against the previous year. This item includes provisions for charges related to lawsuits, pending litigation and charges related to disputes with employees; as well as other risks related to investments in real estate assets held for sale.

27.10. Financial income

(Values in Euro thousands)	2015	2014
Income from subsidiaries	32	26
Other income	2,478	1,931
Total	**2,510**	**1,957**

Interest income amounts to Euro 2,510 thousand an increase of Euro 553 thousand against the previous year.

"Income from subsidiaries" refers to interests to the unconsolidated subsidiary, Program International.

"Other income" was generated mainly by interest income on temporary cash investments, current accounts, financial instruments classified as financing, and receivables valued at amortized cost. Financial income generated by interest income is up slightly vs 31 December 2014 due to the averagely higher liquidity versus 2014.

27.11. Financial charges

(Values in Euro thousands)	2015	2014
Expenses from affiliated companies	(3)	(31)
Other expenses	(28,259)	(34,956)
Interest/Other Expenses Bond-Equity Linked	(6,421)	(5,373)
Derivative expenses	(4,447)	(1,716)
Total	**(39,130)**	**(42,076)**

Interest expense amounted to Euro 39,130 thousand, down Euro 2,946 thousand with respect to the previous year.

Expenses from associated companies for Euro 3 thousand include expenses related to loans payable to the consortium companies Cavet and Cavtomi.

“Other expense” which mainly includes loan interest, interest payable on current accounts, on factoring transactions and bank and ancillary charges, on financial liabilities valued on the amortized cost criterion using the effective interest rate method for Euro 28,259 thousand decreased significantly by Euro 6,697 thousand.

The decrease is mainly a result of the financial strategies concluded in 2015, starting from the one in April and the last one in December 2015, which reduced the average rate of the Group’s indebtedness. The December strategy involved all the medium/long-term bank debt as well as a part of short-term debt. The new loan of Euro 350 million has more favourable repayment conditions and terms; in particular, there was an immediate reduction in the cost of debt to 2.5% and an extension of the repayment terms to 5 years. The economic benefit associated with the reduction in the cost of debt, agreed with the strategy in December 2015, will be more important starting in 2016, covering the entire year.

However, it is noted that the item includes a one-off negative effect related to old transaction costs of the 2013 strategy and a portion of the one of April 2015, which as a result of the quantitative test, as required by IAS 39 on the occasion of disbursement of the new lines, were expensed and equal to approximately Euro 3.8 million.

If this effect were excluded from the interest expenses, there would be a significant improvement of approximately Euro 10.5 million compared to the previous year, confirming the positive trend of financial balance.

“Other expenses” also includes financial charges for the discounting of financial assets and liabilities, interest expenses on employee severance indemnities and other employee benefits, and other charges.

“Interest Equity-Linked Bond” for Euro 6,421 thousand includes the monetary and non-monetary component of interest on the equity-linked bond for nominal Euro 80 million issued in February 2014. The increase is related to the different period of accrual of interest that in 2014, had an impact on the income statement only for 10 months.

Derivative expenses for Euro 4,447 thousand increased by Euro 2,731 thousand over the previous year and refer to Euro 2,073 thousand for the time-value quota of exchange rate risk hedging derivatives. As this component is not considered a hedging component, the variation of its fair value is recorded in the income statement. This component increased compared to last year as a result of both the trend of forward points (which reflect the ratio between interest rates in the Eurozone and those in the Dollar zone) as well as of the new contracts stipulated by the Group to cover the flows of new and important acquisitions.

The item also includes Euro 2,374 thousand for the change in the negative mark to market of the derivatives stipulated to hedge the exposure to the risk of changes in the prices of raw materials (mainly copper); the change derives from the trend in market prices of commodities with respect to the forward price guaranteed. The negative mark to market is offset by future cash inflows of equal amount. These instruments, although relating to management hedges of raw materials risk, are classified as held for trading for accounting purposes and measured at fair value in the income statement.

27.12. Gains/(Charges) on investments

(Values in Euro thousands)	2015	2014
Gains from investments in other companies	735	312
Revaluation/(Impairment losses) associated companies	(1,014)	(228)
Revaluation/(Impairment losses) other companies	(915)	(1,989)
Total	**(1,194)**	**(1,905)**

The balance of gains and losses on equity investments is negative and equal to Euro 1,194 thousand, showing a decrease of Euro 711 thousand against the previous year.

Gains from investments in other companies include the dividends received from Kafco LTD, a company participated by Stamicarbon B.V.

The negative net balance of impairments of associates refers to the equity valuation of the same, in particular charges mainly relate to the company Desimont Contracting Nigeria for Euro 875 thousand, UCC Engineering LLP for Euro 31 thousand, KT Star for Euro 52 thousand and Hidrogeno Cadereyta S.A.P.I. for Euro 179 thousand; net of gains for approximately Euro 134 thousand relating to Studio Geotecnico Italiano.

Impairments of other companies refer to Euro 902 thousand for the impairment of the investment in the affiliate Progetto Alfiere S.p.A. The latter, following the sale of the real estate initiative "Torri dell'Eur", obtained the financial resources necessary to repay shareholders and was subsequently put into liquidation.

27.13. Taxes

(Values in Euro thousands)	2015	2014
Current income taxes	(32,784)	(12,846)
Income taxes related to previous years	1,902	(4,110)
Deferred tax assets	(2,921)	5,838
Deferred taxes	(19)	379
Total	**(33,822)**	**(10,739)**

Estimated taxes amounted to Euro 33,822 thousand, an increase of Euro 23,083 thousand as a result of both a higher pre-tax result and a higher tax rate compared to the previous year.

The effective tax rate at 31 December 2015 was approximately 43.6%, compared with 17.5% at 31 December 2014 however when the figure had been significantly and positively influenced by the effects of the closing of the agreement with the Enel-Endesa Group in relation to the Bocamina litigation, since in the past years, the Group had not set aside deferred tax assets on losses realized by the Chilean subsidiary generated by this project and in the previous year due to the closing of the agreement, they had been recognized and contextually used for the corresponding part.

Also, "Advanced and deferred taxes" recognized in the balance sheet were redetermined for the reduction in the IRES rate from 27.5% to 24%; the effects expressed by the reduction in the IRES rate were accounted for in the financial statements at 31 December 2015, even if effect is expected as of 1st January 2017, as required by the standard that imposes to take account of future changes in rate following new rules of law; the overall effect of the adjustment impacted the 2015 tax burden for about Euro 5.3 million.

Current taxes mainly include the expense for income taxes of foreign companies, the expense related to IRAP and the remainder is related to other miscellaneous taxes.

The item income taxes in previous years mainly consists of lower costs emerged with the submission of tax returns submitted in 2015.

The net amount of deferred tax assets and liabilities reflects the effect of the use of deferred tax assets on tax losses realized in prior years accounted for as a reduction in the year of the Group's taxable amount and uses on taxable temporary differences in previous years deductible in the current year; also including the effect of the adjustment of the IRES rate as already illustrated.

27.14. Earnings (Loss) per Share

Maire Tecnimont S.p.A. share capital is comprised of ordinary shares for which the basic earnings (loss) per share is calculated by dividing the FY 2015 net loss attributable to the Group by the weighted average of the number of outstanding shares of Maire Tecnimont S.p.A. in the financial year in question. At the reporting date the number of shares outstanding was 305,527,500. This figure was used to calculate the basic earnings per share at 31 December 2015. Basic earnings were Euro 0,144.

(Amounts in Euro)	2015	2014
Number of outstanding shares	305,527,500	305,527,500
(Treasury shares)	0	0
Number of shares for the calculation of the earnings per share	305,527,500	305,527,500
Net income attributable to the Group	43,956,482	50,297,369
Number of shares Reserved Capital Increase Equity Linked Bond	36,533,017	36,533,017
Data per share (Euro)		
Basic earnings per share attributable to the Group in Euro	**0.144**	**0.165**
Net earnings per diluted share attributable to the Group in Euro	**0.129**	**0.147**

It shall also be noted that in February 2014 the parent company had closed a financing transaction through equity-linked bond loan of Euro 80 million, placed with qualified Italian and foreign investors. The bonds may be convertible at a conversion price set at Euro 2,1898, in newly issued ordinary shares of the Company. In fact, on 30 April 2014, during an extraordinary meeting the shareholders had authorized the convertibility of the equity-linked bond. For effect, the Shareholders' Meeting approved the proposal for a divisible share capital increase in exchange for cash payment, with exclusion of the option right pursuant to art. 2441, paragraph 5 of the Italian Civil Code, for a total maximum amount of Euro 80 million (including the premium), to be paid in one or more tranches by issuing up to 36,533,017 shares having the same characteristics of the ordinary shares in issue. The increase is exclusively and irrevocably for the conversion of the said bond, according to the terms of the relevant regulations, at a price per share equal to Euro 2.1898 (of which Euro 0.01 attributable to capital and Euro 2.1798 to premium).

At the date of this financial report the calculation of the diluted earnings also considered this component, as at 31 December 2015, the conversion was “in the money”.

Diluted earnings thus equal to Euro 0,129.

28. Consolidated Statement of Financial Position

28.1. Property, plant and equipment

(Values in Euro thousands)	2014	Changes in the year	2015
Land	4,058	72	4,130
Buildings	22,145	(309)	21,836
Plant and equipment	1,005	(487)	518
Tangible fixed assets in progress and advances	28	(28)	0
Industrial and commercial equipment	700	(18)	682
Other assets	5,554	911	6,465
Total	**33,490**	**140**	**33,631**

The following table outlines the changes in the historical cost, amortization and net book value of the Company's intangible assets:

(Values in Euro thousands)	Land	Buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Under construction and advances	Total
Net carrying amount at 31 December 2014	**4,058**	**22,145**	**1,005**	**700**	**5,554**	**28**	**33,490**
Increases	0	36	23	208	2,340	0	2,607
Disposals	0	0	0	0	(2)	0	(2)
Depreciation	0	(456)	(510)	(283)	(1,799)	0	(3,049)
Reclassifications/cost adjustments	0	28	0	0	0	(28)	0
Changes due to scope of consolidation	0	0	0	0	0	0	0
Impairment losses/increase in value	0	0	0	0	0	0	0
Other changes	72	83	0	57	371	0	583
Net carrying amount at 31 December 2015	**4,130**	**21,836**	**518**	**682**	**6,465**	**0**	**33,631**
Historical cost	4,130	27,709	4,606	3,860	39,793	0	80,098
Accumulated depreciation	0	(5,873)	(4,088)	(3,179)	(33,328)	0	(46,468)

Changes during the year are mainly related to the depreciation of the year, net of acquisitions. The main changes in the year of reference refer to:

- Land, with a net increase of Euro 72 thousand, mainly a consequence arising from the translation of foreign currency balances;
- Buildings, with a net decrease of Euro 309 thousand, mainly due to amortization for the year. The increases are mainly related to the purchase of small site buildings and as a result of the translation of foreign currency balances;

- Plant and equipment, with a net decrease of Euro 487 thousand, mainly due to amortization for the year;

- Industrial and commercial equipment, with a net decrease of Euro 18 thousand, mainly due to amortization for the year. The increases refer to purchases of specific site material and other changes are the result of foreign currency conversion;

- Other assets, with a net increase of Euro 910 thousand, mainly due to improvements to rented buildings, office furniture, electronic equipment, net of depreciation for the year. The increases are related to the growth of the Group's project portfolio as well as new operational offices located in Milan dedicated to the integrated project teams; also, the set-up continued of the Group's foreign offices in Nigeria, Egypt, Russia, Azerbaijan and Singapore, functional to the Group's current development Plan, and the offices have also been completed of the London-based company MET T&S.

28.2. Goodwill

(Values in Euro thousands)	2014	Changes in the year	2015
Goodwill	291,754	0	291,754
Total	**291,754**	**0**	**291,754**

This balance amounting to Euro 291,754 thousand, did not change during the year 2015. It includes the consolidation differences relating to:

- Tecnimont Group acquisition amounting to Euro 135,249 thousand;
- Acquisition and subsequent merger of Maire Engineering SpA into Maire Investimenti S.p.A. of Euro 53,852 thousand (after the merger Maire Investimenti S.p.A. changed its name to Maire Engineering S.p.A.) net of an impairment of Euro 10,000 thousand in 2013;
- Acquisition and subsequent merger by Maire Engineering of the companies Tecno Impianti di Di Amato & Orlandi S.p.A., SIL Società Italiana Lavori S.p.A. and Calosi e Del Mastio S.p.A. of Euro 18,697 thousand;
- Acquisition of Tecnimont Private Limited subsidiary (formerly Tecnimont ICB Pvt. Ltd.) of Euro 55,284 thousand;
- Acquisition of Noy Engineering S.r.l.'s equity of Euro 137 thousand ;
- Acquisition of Stamicarbon B.V. subsidiary of Euro 2,184 thousand;
- Acquisition of the KT Group of Euro 26,351thousand.

In accordance with the method provided for by IAS 36 to calculate potential impairment losses, the Maire Tecnimont Group has identified cash generating units (CGUs), which are the smallest identifiable groups of assets capable of generating largely independent cash flows, within the consolidated financial statements. The maximum level of CGU aggregation is represented by the operating segments in accordance with IFRS 8.

Goodwill has been allocated in a timely manner to the CGUs that are expected to generate cash flows related to the business combinations that originated the goodwill.

The CGUs were identified with uniform criteria regarding to the previous year also in line with what was done for the representation of the operating sectors.

The table below summarizes the value of goodwill broken down by sector of activity:

(Values in Euro thousands)	2014	Changes in the year	2015
Technology, Engineering & Construction	238.6	0	238.6
Infrastructures & Civil Engineering	51	0	51
Licensing	2.2	0	2.2
Total	**291.8**	**0.0**	**291.8**

The Group tests the recoverability of goodwill and other tangible and intangible fixed assets at least once a year, even in the absence of impairment loss indicators. The recoverable value of the CGUs to which the individual goodwill has been allocated is tested by determining the value in use, defined as the present value of the expected cash flows using a discount rate that reflects the specific risks of each CGU at the valuation date. The CGU carrying amount includes the carrying value of non-current assets which can be allocated to the CGUs either directly or according to a reasonable and standardized criterion. The items under net working capital are not included in the calculation of the carrying amount and the recoverable value. They are tested separately for impairment, in compliance with the applicable accounting principles.

The analysis in question was carried out with the help of an independent expert, using the cash flows based on 2016 on the budget approved on 11 February 2016, and for 2017-2019, on the revision of the forecasts of the industrial and financial plan, approved by the Board of Directors on 12 November 2015 and subsequently supplemented on 11 February 2016 by specific plans relating to the Infrastructures and Civil Engineering CGU of Tecnimont Civil Construction S.p.A., which involve the enhancement of synergies and competences that become fundamental for the new business model of the company MetNewen S.p.A. The latter, now active in the sector of renewables (solar and wind power mainly) of large systems, will leverage on the synergies with Tecnimont Civil Construction S.p.A., an ideal partner for civil works, the value of which constitutes on average much of the investment project.

Said flows confirm the assumptions and strategic basis of the Group plan and reflect the Top Management's best projections in relation to the main assumptions concerning the Company performance (macroeconomic and pricing trends, development and business outlooks). The aforementioned assumptions and the corresponding financials are considered adequate for the purpose of the impairment test. The plan forecasts include - in addition to contract margins - commercial, general and administrative costs.

The use value was determined based on the estimated discounted future cash flows that the CGUs will be able to produce in the future. The estimated revenue flows include the reversal of general and administrative expenses (G&A) of the Group for all CGUs. The value of the cash flows has been shown net of notional taxation, considering the tax benefit relating to the possible tax deductibility of amortization/depreciation. Assumptions have not been adopted either in relation to changes in the net working capital (CCN) or in relation to fixed capital.

As for the determination of the recoverable value, the income flows refer to the business plan period, if available, and a terminal value beyond the time span of the business plan, consistently with the nature of investments and the segments of activity. With regard to the terminal value estimate, the flow of the last year of forecast was not chosen as an expression of the "normalized flow", but the arithmetic average of the marginalization of the future cash flows of the Plan was considered, subsequently applied to the revenues of the last explicit year of the plan; the latter representative of the expected evolution of the activity also by virtue of the current backlog.

The "normalized" flow was capitalized considering a growth rate between 0% and 2.6% for the "Technology, Engineering & Construction" CGU, between 0% and 2.4% for the "Licensing" CGU, and between 0% and 2.1% for the "Infrastructure & Civil Engineering".

For the purpose of discounting the operating flows, the post tax WACC was identified as a rate of reference. The parameters used for the estimate of the discounting rates (Beta and Net Financial Position) have been determined based on a sample of comparable companies operating in the "Infrastructure" sector for the E&IC CGU and in the "Engineering" sector for all the other CGUS, assessing financial highlights and the most important market values for each of them.

For the purpose of expressing the riskless rate, the yield of 10 year Interest Rate Swap contracts denominated in Euro was taken into account. This rate, concerning the component of the cost of equity, was increased by the credit spread of the major countries on the basis of the Group's operating turnover. The market risk premium was estimated to be 5.5%.

As regards the component of the cost of equity, the rates were prudently increased by 1.8 percentage points for the units "Technology, Engineering & Construction" and "Licensing", and 4.74 percentage points for the CGU "Infrastructures and Civil Engineering", following the gradual deterioration of the economic results of the same CGU over the past two years, but also considering the prospects of the same CGU following the redefinition of its structure, the commercial repositioning as well as the enhancement of synergies and competences.

The analyses carried out on the basis of the above parameters have not highlighted any impairment.

Sensitivity analyses have also been carried out on the basis of changes to the following parameters: i) discounting rate; and ii) growth rate for the estimate of terminal value; on the basis of these analyses, the range of recoverable value of the CGUs has been defined.

Discount rate (post-tax WACC)	Lower bound	Upper bound
CGU Technology, Engineering & Construction	10.5%	12.5%
Infrastructure and Civil Engineering CGU	9.8%	11.8%
Licensing CGU	10.6%	12.6%

Growth rate over the planning horizon	Lower bound	Upper bound
CGU Technology, Engineering & Construction	0%	2.6%
Infrastructure and Civil Engineering CGU	0%	2.1%
Licensing CGU	0%	2.4%

The results of these sensitivity analyses have not highlighted any impact on the values booked for the three CGUs. It is noted that even if the change assumptions of net working capital (CCN) were reflected in the flows related to the CGU Infrastructures and Civil Engineering, represented mainly by the subsidiary Tecnimont Civil Construction S.p.A., for which there has been a partial impairment of the carrying amount of the investment recorded in the financial statements of the Parent Company during the year, the results of the test and relative sensitivity would not have revealed impacts on the value recorded referable to the same CGU.

In applying this method, the management makes use of assumptions, including the estimate of future increases in the backlog, revenues, gross margin, operating costs, terminal value growth rate, investments and WACC (discount rate). Cash flow projections refer to current operation conditions and, therefore, they do not include financial flows correlated with extraordinary events.

Lastly, it is necessary to specify that the Group management is in charge of developing estimates and projections based on the past experience and expectations about the future outlook of the market in which the Group operates. However, the estimate of the recoverable value of the cash generating unit requires the use of prudent estimates by the management. The Group cannot prevent impairment losses of goodwill in future periods. In fact, various factors linked to the evolution of the market may require a reassessment of the value of goodwill. The circumstances and the events that could lead to an additional impairment test shall be monitored by the Group on an ongoing basis.

28.3. Other intangible assets

(Values in Euro thousands)	2014	Changes in the year	2015
Patent rights	20,825	(1,802)	19,023
Concessions, licences, trademarks and similar rights	371	1,193	1,564
Others	2,157	15	2,172
Work in progress and advances	1,541	1,776	3,317
Backlog	1,128	(1,128)	0
Total	**26,022**	**54**	**26,076**

The following table outlines the changes in the historical cost, amortization and net book value of the Company's intangible assets:

(Values in Euro thousands)	Patent rights	Concessions, licences, trademarks and similar rights	Others	Work in progress and advances	Backlog	Total
Net carrying amount as at 31 December 2014	**20,825**	**371**	**2,157**	**1,541**	**1,128**	**26,022**
Increases	1,461	1,743	1,175	1,776	0	6,155
Disposals	0	0	0	0	0	0
Depreciation	(1,236)	(551)	(1,282)	0	0	(3,069)
Reclassifications/cost adjustments	0	0	0	0	0	0
Changes due to scope of consolidation	0	0	0	0	0	0
Impairment losses/increase in value	(2,027)	0	0	0	(1,128)	(3,155)
Other changes	0	2	121	0	0	123
Net carrying amount as at 31 December 2015	**19,023**	**1,564**	**2,172**	**3,317**	**(0)**	**26,076**
Historical cost	29,888	9,345	51,210	3,317	40,694	134,456
Accumulated amortization	(10,865)	(7,781)	(49,038)	0	(40,694)	(108,378)

The value of "Other intangible assets" at 31 December 2015 was Euro 26,076 thousand, up Euro 54 thousand compared to 31 December 2014; the main changes in the financial year are attributable to:

- Patent rights decreased Euro 1,802 thousand primarily related to new technologies and intellectual property rights (patents and licenses) developed and deposited by Stamicarbon B.V. and Maire Tecnimont Innovation Center (MTIC); the changes for the year are as a result of amortization for the year, of some value adjustments, net of new intellectual property registrations;
- Concessions, licenses and trademarks, with a net increase of Euro 1,193 thousand primarily related to costs incurred for the purchase of software licensing functional to business activity, applications for engineering and business process management, as well as for the implementation of the new system for management and digitization of documents; net of amortization for the year;

- Other intangible fixed assets, with a total net increase of Euro 15 thousand, the increases are related to consulting costs incurred for the implementation and operation of new software; the reduction is related to amortization for the year;
- Assets in progress and advances recorded a net increase of Euro 1,776 thousand, which mainly include costs for some new software and related implementations still ongoing, in addition to development costs of other group applications.
- The item incomplete backlog was completely cleared during the year.

28.4. Investments in associates and Joint Ventures

(Values in Euro thousands)	2014	Changes in the year	2015
Shareholdings in associated companies:			
• Studio Geotecnico Italiano	1,021	0	1,021
• MCM servizi Roma S.c.a.r.l. in liquidation	4	0	4
• UCC Engineering LLP - Kazakistan (*)	181	(181)	0
• Desimont Contracting Nigeria (*)	26	(26)	0
• JV TSJ Limited (*)	0	0	0
• Villaggio Olimpico Moi S.c.a.r.l. in liquidation	3	0	3
• Consorzio FEIC	5	0	5
• Tecnimont Construction Co WLL-Qatar	20	0	20
• KT Star Co. S.A.E.	1,648	109	1,757
• HIDROGENO CADEREYTA – S.A.P.I. de C.V.	135	(135)	0
• Baltica S.c.a r.l.	5	0	5
• Bio - P S.r.l.	0	4	4
• Biolevano S.r.l.	0	7,240	7,240
Total	**3,048**	**7,012**	**10,060**

(*) The investment was written off and a provision for accumulated losses was recognized under provisions for risks and charges.

In 2015, there were the following changes relating to investments in associated companies:

- the investment in UCC Engineering LLP decreased by Euro 181 thousand, and also the investment in Desimont Contracting Nigeria decreased by Euro 26 thousand in both cases as a result of the equity valuation, with recognition of an additional risk provision for losses accumulated under provisions for risks and charges;

- the investment in KT Star Co. S.A.E. increased by Euro 109 thousand, as a result of the equity valuation, net of Hidrogeno Cadereyta Sapi, which instead recorded a decrease of Euro 135 thousand;

- recognition of the minority shareholding in Biolevano S.r.l. by Met Newen S.p.A. following the sale of the majority portion of 70% to third parties and subsequent deconsolidation of the Biomass Plant in Olevano di Lomellina.

- establishment of Bio-P S.r.l. in order to develop a research project related to biopolymers.

The details of the associated companies and joint ventures are as follows:

Company	HQ/Country	Currency	Share capital	% Group	Through:	%
Studio Geotecnico Italiano	ITA	EUR	1,550,000	44.64%	Tecnimont S.p.A.	44.64%
MCM servizi Roma S.c.a.r.l. in liquidation	ITA	EUR	12,000	33.33%	MST S.r.l.	33.33%
UCC Engineering LLP - Kazakistan	KZT	KZT	20,000,000	30%	Tecnimont S.p.A.	30%
Desimont Contracting Nigeria	Nigeria	NGN	0	45%	Tecnimont S.p.A.	45%
JV TSJ Limited	Malta	USD	123,630	55.00%	Tecnimont S.p.A.	55.00%
Villaggio Olimpico Moi S.c.a.r.l. in liquidation	ITA	EUR	10,000	33.33%	Tecnimont C.C. S.p.A.	33.33%
Consorzio FEIC	ITA	EUR	15,494	33.33%	Tecnimont C.C. S.p.A.	33.33%
Tecnimont Construction Co WLL-Qatar	Qatar	QAR	42,000	49%	Tecnimont C.C. S.p.A.	49%
KT Star CO. S.A.E.	Egypt	USD	1,000	40%	KT S.p.A.	40%
HIDROGENO CADEREYTA – S.A.P.I. de C.V.	Mexico	MXN	10,000	40.7%	KT S.p.A.	40.7%
BALTICA S.c.a r.l.	ITA	EUR	10,000	50.0%	KT S.p.A.	50.0%
Biolevano S.r.l.	ITA	EUR	18,274,000	30.0%	MET NEWen S.p.A.	30.0%
BIO - P S.r.l.	ITA	EUR	50,000	30.0%	Processi Innovativi S.r.l.	30.0%

A summary of the relevant financial data of the main associates and joint ventures and the reconciliation of the carrying amount of the investment is as follows:

SUMMARY OF THE MAIN ECONOMIC AND FINANCIAL DATA

(Values in Euro thousands)	Studio Geotecnico	TSJ Limited	KT Star Co. S.A.E.	Biolevano S.r.l.
NON-CURRENT ASSETS	79	0	0	67,855
CURRENT ASSETS	7,074	66,336	4,587	26,625
FINANCIAL ASSETS	93	5,832	0	0
CASH AND CASH EQUIVALENTS	378	6,931	295	3,558
TOTAL ASSETS	7,623	72,168	4,882	98,038
SHAREHOLDERS' EQUITY	2,774	(17,007)	4,681	21,222
NON-CURRENT LIABILITIES	755	0	0	15,000
CURRENT LIABILITIES	3,955	89,175	201	12,385
FINANCIAL LIABILITIES (current and non)	139	0	0	49,431
TOTAL EQUITY AND LIABILITIES	7,623	72,168	4,882	98,038
REVENUES	5,476	57,488	157	32,883
GROSS OPERATING INCOME	165	2,725	-134	5,046
TOTAL COMPREHENSIVE INCOME STATEMENT	69	3,899	-134	2,596

RECONCILIATION WITH THE BOOK VALUE OF THE INVESTMENT

(Values in Euro thousands)	Studio Geotecnico	TSJ Limited	KT Star Co. S.A.E.	Biolevano S.r.l.
GROUP PORTION	44%	55%	40%	30%
SHAREHOLDERS' EQUITY ATTRIBUTABLE PORTION	1,221	(9,354)	1,872	6,367
OTHER ADJUSTMENTS (*)	(199)	9,354	(115)	873
ACCOUNTING VALUE OF THE INVESTMENT	1,021	0	1,757	7,240

(*) "Other adjustments" in relation to JV TSJ Limited are for the inclusion of the risk provision for losses accumulated under provisions for risks and charges, in relation to Biolevano S.r.l. are mainly related to the fair value revaluation of the residual holding after the sale of the company.

Regarding to the other investments held by the Group in associates and joint ventures, there were no individually significant holdings with respect to both the total of consolidated assets and the operating activities and geographical areas and, therefore, the additional information required in such cases by IFRS 12 was not provided.

28.5. Financial instruments – Non-current derivatives

(Values in Euro thousands)	2014	Changes in the year	2015
Financial instruments - Derivatives	10	1,600	1,610
Total	**10**	**1,600**	**1,610**

Non-current financial instruments, derivatives were Euro 1,610 thousand at 31 December 2015, up to Euro 1,600 thousand against 2014. The item refers to the valuation of the derivatives used to hedge exchange rate risks related to the revenue and costs of the contracts. For further information and an analysis of the fair-value hierarchy, reference should be made to section "Information on Financial Risks".

28.6. Other non-current financial assets

(Values in Euro thousands)	2014	Changes in the year	2015
Investments:			
Non-consolidated subsidiaries	105	79	184
Other companies	6,729	(2,431)	4,298
Total investments	**6,834**	**(2,352)**	**4,482**
Financial receivables from associated companies	0	4,500	4,500
Financial receivables from affiliated companies	6,346	(4,736)	1,610
Receivables from others	818	(812)	6
Total financial receivables	**7,164**	**(1,048)**	**6,116**
Total	**13,998**	**(3,400)**	**10,598**

INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES

(Values in Euro thousands)	2014	Changes in the year	2015
Investments in non-consolidated subsidiaries:			
• Svincolo Taccone S.c.a.r.l. in liquidation	8	0	8
• Ravizza S.c.a.r.l. in liquidation	5	0	5
• Parco Grande S.c.a.r.l. in liquidation	5	0	5
• Program International C.E. S.r.l. in liquidation (*)	0	0	0
• Exportadora de Ingegniería y Servicios TCM SpA	67	0	68
• Tecnimont Illinois Llc.	8	0	9
• KT Cameroun S.A.	12	(12)	0
• Tecnimont HQC Sdn Bhd.	0	83	83
• Tecnimont HQC S.c.a.r.l.	0	6	6
Total	**105**	**79**	**184**

(*) The investment was written off

In 2015, there were the following changes:

- The company KT Cameroun SA was included in the scope of consolidation following the start of operations of the company;
- The new companies Tecnimont HQC S.c.a.r.l. and Tecnimont HQC Sdn Bhd were established following the award of the project for a petrochemical plant in Malaysia by Petronas for the Rapid complex, the companies are not yet operational and it was therefore decided not to consolidate them.

Tecnimont Exportadora de Ingegniería y Servicios TCM S.p.A. in Chile, Tecnimont Illinois LLC in the United States, are still not operational and it was therefore decided not to consolidate them.

The table below provides information on the non-consolidated subsidiaries:

Company	Office/Country	Currency	% Group	Through:	%
Ravizza S.c.a.r.l in liquidation	ITA	EUR	50%	Tecnimont C.C. S.p.A.	50%
Parco Grande S.c.a.r.l. in liquidation	ITA	EUR	50%	Tecnimont C.C. S.p.A.	50%
Program International C.E. S.r.l in liquidation	ITA	EUR	100%	KT S.p.A.	100%
Svincolo Taccone S.c.a.r.l. in liquidation	ITA	EUR	80%	Tecnimont S.p.A.	80%
Exportadora de Ingegniería y Servicios TCM SpA	Chile	CLP	100%	Tecnimont S.p.A.	100%
Tecnimont Illinois Llc.	USA	USD	100%	Tecnimont USA Inc.	100%
TecnimontHQC S.c.a.r.l.	ITA	EUR	60%	Tecnimont S.p.A.	60%
TecnimontHQC Sdn Bhd.	Malaysia	MYR	60%	Tecnimont S.p.A.	60%

Investments in non-consolidated subsidiaries mainly relate to consortia set up for specific contracts, the life of which relates to the term of the contracts which, as to date, has not expired or started. Investments in non-consolidated subsidiaries are classified as available-for-sale financial instruments, which should be valued at fair value. However, because the investment relates to shares not listed on an active market, the fair value cannot be reliably measured, although we do not expect it to change from the cost. They are therefore recognized at cost and, in the event, adjusted for impairment.

Regarding the investments held by the Group in non-consolidated subsidiaries, there were no individually significant holdings with respect to both the total of consolidated assets and the operating activities and geographical areas and, therefore, the additional information required in such cases by IFRS 12 was not provided.

INVESTMENTS IN OTHER COMPANIES

(Values in Euro thousands)	2014	Changes in the year	2015
• Metrofiera S.c.a.r.l.	2	0	2
• Bata S.p.A. in liquidation	38	0	38
• R.C.C.F. S.p.A. – Nodo di Torino	4	0	4
• Finenergia S.p.A. in liquidation	26	0	26
• Società Interporto Campano S.p.A.	1,653	0	1,653
• Penta Domus S.p.A	2,095	(1,586)	509
• Consorzio Cavtomi	150	0	150
• Consorzio Cavet	434	0	434
• Lotto 5A S.c.a.r.l.	2	0	2
• Metro B1 S.c.a.r.l.	352	0	352
• RI.MA.TI. S.c.a.r.l.	40	0	40
• Consorzio Sirio	0.3	0	0.3
• Lybian Joint Company	9	0	9
• Consorzio Ponte Stretto di Messina	4	(4)	0
• Progetto Alfiere Costruzione in liquidation (*)	870	(870)	0
• Cisfi S.p.a.	1,008	0	1,008
• Fondazione ITS	10	0	10
• Consorzio contratto di programma Aquila (*)	0	0	0
• Consorzio parco scientifico e tecnologico Abruzzo (*)	0	0	0
• Tecnosanità S.c.a.r.l.	17	0	17
• Consorzio Tecnoenergia Nord S.c.a.r.l.	12	23	35
• Consorzio Tecnoenergia Sud S.c.a.r.l.	2	5	7
Total	**6,729**	**(2,432)**	**4,297**

(*) These investments have been fully written down

In 2015, there were the following changes:

- closing of Consorzio Ponte Stretto di Messina;
- impairment of the investment in Progetto Alfiere following the sale of the real estate initiative “Torri dell’Eur” and subsequent liquidation of the company;

- impairment of the investment in Penta Domus S.p.A. following the reduction of the company's capital as a result of the losses incurred in the real estate initiative "Ex Area Vitali" through the vehicle Cinque Cerchi S.p.A.;
- subscription of capital increases in the consortia Tecnoenergia Nord and Sud S.c.a.r.l.

Investments in other companies refer primarily to the consortia formed to execute specific contracts, the life cycles of which relate to the duration of the contracts themselves. These investments should be valued at fair value, but given that the investments are in shares that are not traded on an active market, the fair value cannot be reliably determined, although we do not expect any value changes. Therefore, these holdings are carried at cost and adjusted for possible impairment. Investments in other companies are classified as available for-sale financial instruments.

The key data of the investments in other companies is as follows:

Company	Office/Country	Currency	% Group	Through:	%
Consorzio contratto di programma Aquila	ITA	EUR	5.50%	KT S.p.A.	5.50%
Fondazione ITS	ITA	EUR	10%	KT S.p.A.	10%
Consorzio Parco scientifico e tecnologico Abruzzo	ITA	EUR	12.50%	KT S.p.A.	12.50%
Consorzio Tecnoenergia Nord S.c.a.r.l.	ITA	EUR	12.50%	MST S.r.l	12.50%
Consorzio Tecnoenergia Sud S.c.a.r.l.	ITA	EUR	12.50%	MST S.r.l	12.50%
Tecnosanità S.c.a.r.l.	ITA	EUR	17%	MST S.r.l	17%
Consorzio Cavtomi	ITA	EUR	3%	Tecnimont C.C. S.p.A.	3%
Società Interporto Campano S.p.A.	ITA	EUR	3.08%	Tecnimont C.C. S.p.A.	3.08%
R.C.C.F. SC.p.A. – Nodo di Torino	ITA	EUR	4%	Tecnimont C.C. S.p.A.	4%
Bata S.r.l. in liquidation	ITA	EUR	4.41%	Tecnimont C.C. S.p.A.	4.41%
RI.MA.TI. S.c.a.r.l.	ITA	EUR	6.15%	Tecnimont C.C. S.p.A.	6.15%
Consorzio Cavet	ITA	EUR	8%	Tecnimont C.C. S.p.A.	8%
Lotto 5°A S.c.a.r.l.	ITA	EUR	15%	Tecnimont C.C. S.p.A.	15%
Progetto Alfiere Costruzione in liquidation	ITA	EUR	19%	Tecnimont C.C. S.p.A.	19%
Metro B1 S.c.a.r.l.	ITA	EUR	19.30%	Tecnimont C.C. S.p.A.	19.30%
Penta Domus S.p.A	ITA	EUR	13.01%	Tecnimont C.C. S.p.A.	13.01%
Metrofiera S.c.a.r.l.	ITA	EUR	99.99%	Tecnimont C.C. S.p.A.	99.99%
Cisfi S.p.a	ITA	EUR	0.69%	Tecnimont C.C. S.p.A.	0.69%
Lybian Joint Company	Libya	Libyan dinar	0.33%	Tecnimont S.p.A.	0.33%
Finenergia S.p.A. in liquidation	ITA	EUR	1.25%	Tecnimont S.p.A.	1.25%

Non-current Financial Receivables from Associated Companies

Receivables from associated companies were Euro 4,500 thousand and are related to the financial receivable to the company MET NEWen S.p.A. from the associate Biolevano S.r.l.; the receivable arose following the resolution of the shareholders' meeting of BiOlevano S.r.l. of voluntary reduction of the share capital.

Non-current Financial Receivables from Affiliated Companies

Receivables from affiliated companies are Euro 1.610 thousand and refer to the financial receivable of Tecnimont Civil Construction S.p.A. from the affiliated company Penta Domus S.p.A., the latter active in the "Ex Area Vitali" real estate initiative.

The decrease of Euro 4,736 thousand is due to the repayment of the loan granted to the subsidiary Progetto Alfiere S.p.A.; following the sale of the real estate initiative "Torri dell'Eur" the latter obtained the necessary financial resources to repay the shareholders; Progetto Alfiere was subsequently winded up.

Non-current financial receivables from others

Financial receivables from other businesses relate to the financial receivable due to Tecnimont C.C. S.p.A. from RCCF Nodo di Torino S.C.P.A. in liquidation.

28.7. Other Non-current Assets

(Values in Euro thousands)	2014	Changes in the year	2015
Client receivables due after 12 months	44,535	28,669	73,204
Other trade receivables due after 12 months	13,869	(1,599)	12,270
Deferred assets due after 12 months	0	5,522	5,522
Total	**58,404**	**32,592**	**90,996**

Other non-current assets were Euro 90,996 thousand, up to Euro 32,592 thousand against 31 December 2014.

Receivables from customers due after 12 months mainly refer to amounts due for performance guarantee withholdings to customers for work in progress.

Receivables from customers due after twelve months also include the long-term portion of the sale price component of Biolevano S.r.l.; we also recall that said portion of the deferred price is subject to the fulfilment of certain conditions.

Other trade receivables due after 12 months are Euro 12,270 thousand and mainly refer to receivables under dispute against J&P and other miscellaneous receivables due after 12 months, including security deposits.

Deferred assets due after twelve months were Euro 5,522 thousand and mainly consist of prepayments of premiums on commissions for bank guarantees on new large projects awarded.

28.8. Deferred Tax Assets and Liabilities

(Values in Euro thousands)	2014	Changes in the year	2015
Deferred tax assets	90,918	(12,501)	78,417
Deferred tax liabilities	(20,658)	61	(20,597)
Total	**70,260**	**(12,440)**	**57,820**

Deferred tax assets and liabilities showed a positive net balance of Euro 57,820 thousand, down Euro 12,440 thousand compared to 31 December 2014, mainly reflecting the combined effect of the decrease in both deferred tax assets and deferred tax liabilities.

The decrease in deferred tax assets is mainly due to the use of deferred tax assets that some Group companies had allocated in previous years on temporary differences that have become deductible in the reporting period.

The deferred tax provision decreased slightly following temporary differences that became taxable in the year and mainly due to intercompany dividends not yet received at 31 December 2014 and partially received in 2015.

The determination of prepaid tax assets was carried out critically evaluating the existence of the basis for the future recovery of these assets on the basis of the capacity of the Company and the Maire Tecnimont Group, by virtue of the financial year of the option relative to the "tax consolidation" to generate positive taxable income in future periods. Adhesion to the national tax consolidation was renewed for FY 2016-2018.

The Group enjoys theoretical tax benefits for tax losses that can be carried forward for approximately Euro 20.3 million not registered in the balance sheet as an asset.

Also in 2015, "advanced and deferred taxes" recognized in the balance sheet were redetermined for the reduction in the IRES rate from 27.5% to 24%; the effects expressed by the reduction in the IRES rate were accounted for in the financial statements at 31 December 2015, even if effect is expected as of 1st January 2017, as required by the standard that imposes to take account of future changes in rate following new rules of law; the overall effect of the adjustment impacted the 2015 tax burden for about Euro 5.3 million.

The composition of deferred tax assets and liabilities and changes during the year is shown in the table below:

(Values in Euro thousands)	2014	Allocations	Uses	Reclassifications/Other changes	2015
Deferred tax assets					
Tax losses	41,860	4,680	(9,714)	0	36,826
Provision for risks and charges	26,077	3,923	(12,802)	(405)	16,793
MTM Derivatives	3,997	1,143	(29)	1,454	6,565
Value differences of intangible fixed assets	3,166		(446)		2,720
Employee benefit obligations – IAS 19	296	29	(93)	0	232
Others (also consolidated)	15,522	6,275	(7,334)	818	15,281
Total deferred tax assets	**90,918**	**16,050**	**(30,418)**	**1,867**	**78,417**
Deferred tax liabilities					
Provision for bad debts	(447)				(447)
MTM Derivatives	(2,216)		709		(1,507)

Amortized cost of financing	(50)		50		0
Employee benefit obligations – IAS 19	(612)	(210)			(822)
IFRS 3 Acquisition of Tecnimont ICB	(4,938)		115		(4,823)
Value differences of intangible fixed assets	(4,152)	(47)	819		(3,380)
Others (also consolidated)	(8,244)	(1,555)	181		(9,618)
Total deferred tax liabilities	**(20,658)**	**(1,812)**	**1,874**	**0**	**(20,597)**
Provisions for risks and charges	**70,260**	**14,238**	**(28,544)**	**1,867**	**57,820**

28.9. Inventories and Advances to Suppliers

(Euro thousands)	2014	Changes in the year	2015
Finished products and goods	1,866	(964)	902
Advances	151,802	8,951	160,753
Total	**153,668**	**7,987**	**161,655**

The item “Finished products and goods” refers to consumables and finished products used mainly by the companies Transfirma and Consorzio Cefalù 20 for the conduct of their site activities.

Advance payments, equal to Euro 160,753 thousand, refer to the advance payments made to Italian and foreign suppliers and subcontractors against the shipment of materials needed for the construction of plants and work in progress.

The increase in advances to suppliers for Euro 8,951 thousand is the direct consequence of the performance of contracts awarded during the previous year and for which the issue phase of the main equipment orders was intense and there were also more materials in stock for delivery.

28.10. Construction Contracts - Receivables

(Values in Euro thousands)	2014	Changes in the year	2015
Works in progress - Advance payments	416,380	88,126	504,506
Total	**416,380**	**88,126**	**504,506**

“Works in progress”, shown as assets (construction contracts receivable), is the net positive value of each individual contract resulting from the advancement in production and the relative invoicing on account and contractual risk provision.

The increase in the value of construction contracts receivables of Euro 88,126 thousand is substantially related to the following factors: growth in production volume during the year, which was also higher than the invoices on account compared to 31 December 2014. The change is also related to the contractual terms of the same, net of the reduction following billing and subsequent collection of the agreement with the Enel-Endesa Group.

The main construction contracts refer to infrastructure contracts including the Fiumetorto-Cefalù railway line and the new railway network of Etihad Railways. For the Technology, Engineering & Construction sector, the main ones are those that refer to the projects AGRP Kuwait, Kima, Temparossa, Punta Catalina, ADGAS, Iowa, LDPE Novy Urengoy.

The value of construction contracts includes the additional requirements relative to the projects in an advanced stage of negotiation for the portion likely to be accepted by the client. At present such requests have an impact on the values of the contracts concerned of approximately 3.7% of the same for the Technology, Engineering & Construction BU and about 5.5% for the Infrastructure BU.

28.11. Trade receivables

(Values in Euro thousands)	2014	Changes in the year	2015
Clients due within 12 months	449,760	(91,286)	358,474
Subsidiaries due within 12 months	779	127	906
Associated companies due within 12 months	11,754	10,079	21,833
Affiliated companies due within 12 months	14,508	(2,627)	11,881
Total	**476,801**	**(83,707)**	**393,094**

Trade receivables at 31 December 2015 were Euro 393,094 thousand, down by Euro 83,707 thousand against 31 December 2014.

The decrease in trade receivables is mainly due to the effect related to invoices lower than collections in the period and the contractual terms of the main contracts, which will allow greater invoicing in the subsequent months.

Receivables from subsidiaries refer to receivables from non-consolidated subsidiaries. This item includes receivables from Program International Consulting Engineers S.r.l. for Euro 731 thousand, Parco Grande for Euro 80 thousand and Ravizza for Euro 95 thousand.

Receivables from associated companies were Euro 21,833 thousand and mainly refer: for Euro 18,241 thousand for receivables for services rendered by the Group to TSJ Limited, for the project "Borouge 3"; the increase is related to increased activities during the year. For Euro 2,106 thousand to Biolevano S.r.l. for residual amounts of trade receivables related to the construction of the Biomass plant, for Euro 968 thousand to charge backs made to Desimont Contracting Ltd, for Euro 501 thousand to engineering services rendered to UCC Engineering LLP.

Receivables from subsidiaries mainly refer to engineering services provided and are due from Metro B1 for Euro 5,637 thousand, Consorzio Cavtomi for Euro 3,878 thousand, Interporto Campano for Euro 1,751 thousand, Euro 80 thousand refer to receivables from Progetto Alfiere S.p.A. for asset management services and Euro 353 thousand from Penta Domus S.p.A. for asset and project management services in the "Ex Area Vitali" project.

Trade receivables are shown net of the provision for bad debts, which was Euro 10,065 thousand at 31 December 2015 (Euro 10,689 thousand in 2014).

(Values in Euro thousands)	2014	Allocations	Uses	Change in scope of consolidation	Other changes	2015
Bad debt provision	10,689	2,419	(3,043)	0	0	10,065
Total	**10,689**	**2,419**	**(3,043)**	**0**	**0**	**10,065**

The allocations made are mainly related to orders of the Technology, Engineering & Construction BU. The decreases are related to uses in the year following the final accounting of losses on receivables previously provisioned.

Receivables from past due clients are primarily related to the Infrastructure and Civil Engineering BU and are from entities belonging to the Italian Public Administration; in relation to the Technology, Engineering & Construction BU, they relate to a few positions and are constantly monitored. Both case studies do not raise concerns about the solvency status of clients (Italian and foreign government agencies), and related collection.

The carrying amount of all trade receivables substantially corresponds with fair value, which is calculated as indicated in the section on measurement criteria.

28.12. Current tax assets

(Values in Euro thousands)	2014	Changes in the year	2015
Tax receivables	141,095	(18,021)	123,074
Total	**141,095**	**(18,021)**	**123,074**

Tax receivables amounted to Euro 123,074 thousand, up Euro 18,021 thousand compared to 31 December 2014. The item mainly includes VAT receivables from tax authorities for Euro 44,503 thousand, of which Euro 22,575 thousand relating to the foreign subsidiaries Tecnimont Do Brasil and Tecnimont Chile and other tax receivables for Euro 78,571 thousand.

The VAT receivables of the South American companies are deemed recoverable not only through the acquisition of new contracts by the Group but also following the recognition in case of any sale of the Company. During the year, following the invoicing and collection in April of the agreement with the Enel-Endesa Group, part of VAT receivables of South American companies was recovered.

Other tax receivables for Euro 78,571 thousand mainly refer to:

- tax receivables for foreign companies for Euro 30,063 thousand, mainly relating to tax receivables of the subsidiary Tecnimont Private Limited (formerly Tecnimont ICB Pvt. Ltd.) and Tecnimont Russia and Stamicarbon;
- receivables for excess IRES paid by Maire Tecnimont S.p.A. heading the tax consolidation, in the amount of Euro 20,914 thousand;
- the balance of tax receivables for Euro 27,594 thousand mainly includes: the overpayment of current IRES advance tax by other Group companies, IRAP advance tax, and withholding tax due on bank interest and other tax credits due for various rebates as well as receivables for tax paid abroad.

Maire Tecnimont S.p.A. and its subsidiaries Tecnimont S.p.A., MST S.r.l., Protecma S.r.l., Tecnimont Civil Construction S.p.A., Met Newen S.p.A, KT S.p.A. have chosen to apply the National Tax Consolidation Regime that allows to calculate IRES income taxes based on a taxable base resulting from the algebric sum of the positive and negative taxable income amounts of each individual Group company. Adhesion to the national tax consolidation was renewed for FY 2016-2018.

The companies Tecnimont S.p.A., Tecnimont Civil Construction S.p.A, Protecma S.r.l, Consorzio Cefalù 20, Consorzio Corace in liquidation, Met Newen and M.S.T. S.r.l. also adhered to the Group VAT consolidation regime.

28.13. Financial instruments – Derivatives

(Values in Euro thousands)	2014	Changes in the year	2015
Financial instruments - Derivatives	574	280	854
Total	**574**	**280**	**854**

As At 31 December 2015, Derivative instruments were Euro 854 thousand (up Euro 280 thousand over 31 December 2014). This is mainly due to the fair value measurement of derivative contracts in place; for details, please refer to the measurement criteria section.

As at 31 December 2015, the item includes the valuation of derivative instruments hedging exchange rate risk on future contract revenue and backlog costs. The positive mark-to-market value was due to the Forex trend, which saw the dollar weaken against the euro from the derivatives transaction date to the end of the year. The positive mark-to-market value is offset by future operating cash outflows of equal amount.

For further information and an analysis of the fair value hierarchy, please refer to the section entitled “INFORMATION ON FINANCIAL RISKS”.

28.14. Other current financial assets

(Values in Euro thousands)	2014	Changes in the year	2015
Financial receivables due within 12 months			
Due to subsidiaries	900	(0)	900
Due to associated companies	549	(39)	510
Due to affiliated companies	1,678	(253)	1,425
Other securities	3,900	(495)	3,405
Due to others	1,282	888	2,170
Total	**8,309**	**101**	**8,410**

Other current financial assets are Euro 8,410 thousand at 31 December 2015, up Euro 101 thousand against 31 December 2014.

Receivables from subsidiaries refer to receivables from non-consolidated subsidiaries; this item essentially includes financial receivables from Program International Consulting Engineers S.r.l. for Euro 900 thousand.

Financial receivables from affiliated companies relate to Villaggio Olimpico Moi for Euro 69 thousand and MCM Servizi Roma for Euro 441 thousand, the reduction is mainly related to the collection of part of the receivable from MCM Servizi Roma.

Financial receivables from subsidiaries are all from the CAVET Consortium and the reduction of the year is a direct result of respectively compensating financial creditors and debtors of the Group to the same Consortium.

"Other securities" for Euro 3,405 thousand mainly consist of temporary liquidity investments, mainly in SICAV of the subsidiary TCM FR S.A. for Euro 3,145; these financial instruments are classified as assets held to maturity and measured at the amortised cost that is close to their face value.

Other receivables for Euro 2,170 thousand increased by Euro 888 thousand; this item includes accrued financial income, financial receivables from factoring companies for the residual portions of received advances, and other miscellaneous receivables.

The book values of all the above financial assets are in line with their fair value, measured in accordance with the methods set out in the section "Valuation Criteria".

28.15. Other current assets

(Values in Euro thousands)	2014	Changes in the year	2015
Other receivables within 12 months	132,615	(76,093)	56,522
Trade accrued charges and deferred income	7,783	4,648	12,432
Total	**140,398**	**(71,445)**	**68,954**

As at 31 December 2015, other current assets are Euro 68,954 thousand, down by Euro 71,445 thousand against 2014. The item consists mainly of receivables from other shareholders of the consolidated consortium companies, insurance premiums, trade deferrals, receivables from employees and other miscellaneous receivables.

The decrease in other current assets is primarily due to the sale of the company BiOlevano S.r.l. to which Tecnimont S.p.A. and MST S.r.L. claim trade receivables reclassified, already at the closing date of the 2014 financial statements, under such item in accordance with IFRS 5. A portion of these receivables was collected for a total of Euro 47.9 million, a portion of the debt claimed by Tecnimont S.p.A., equal to Euro 28.3 million was allocated for capital increase of Biolevano S.r.l. in the first half of 2015, a portion was reclassified under "Other non-current assets" for the deferred transfer price portion following fulfilment of certain conditions.

On 24 March 2015, the shareholders' meeting of Biolevano S.r.l. resolved to increase the share capital for payment of up to Euro 33,274 thousand, the subscription of such capital increase of Euro 28,274 thousand was offered, in compliance with article 2481-*bis* of the Civil Code, to the sole shareholder Met Newen S.p.A., which subsequently waived subscription rights at the meeting. Tecnimont S.p.A. expressed willingness to subscribe Euro 28,274 thousand, through the partial use and compensation of its trade receivables for the same amount. Following the transaction described above, Tecnimont S.p.A. held 84.97% of the share capital and Met Newen S.p.A. 15.03% of the new share capital of BiOlevano S.r.l. On 25 June 2015, Tecnimont S.p.A. sold its majority stake (60%) of the capital of BiOlevano S.r.l. to Italian investors and a minority stake (24.97%) to Met Newen S.p.A.; subsequently, on 30 December 2015, Met Newen S.p.A. sold a further 10% of the capital of BiOlevano S.r.l. to Italian investors.

The book value of all the current assets in question is substantially in line with their fair value.

The table below shows the breakdown of other receivables due within 12 months:

(Values in Euro thousands)	2014	Changes in the year	2015
Receivables from companies classified IFRS 5	82,466	(82,466)	0
Receivables from consortium partners	13,233	1,760	14,993
Other receivables	25,788	470	26,258
VAT receivables (foreign countries)	2,999	4,097	7,096
Insurance premiums	436	817	1,253
Security deposits	1,769	72	1,841
Other prepayments (rents, commissions, assistance)	7,783	4,649	12,432
Receivables from employees	4,202	(3,338)	864
Advances to suppliers	1	2,832	2,833
Social security receivables	1,402	(337)	1,065
Receivables from other shareholders for payments still due	319	0	319
Total	**140,398**	**(71,445)**	**68,954**

28.16. Cash and cash equivalents

(Values in Euro thousands)	2014	Changes in the year	2015
Bank and postal deposits	159,071	202,983	362,054
Cash-in-hand and cash equivalents	1,171	(840)	331
Total	**160,242**	**202,143**	**362,385**

Cash and cash equivalents at 31 December 2015 amount to Euro 362,385 thousand, up Euro 202,143 thousand over 2014.

Cash flows from operating activities showed a positive flow of Euro 289,833 thousand, a significant improvement compared to the same indicator in 2014 which instead reported cash generation of Euro 5,221 thousand. These flows, in addition to the result of the year, were positively affected by the changes in working capital, operating collections in the year and the collection for the closure of the arbitration with Endesa Chile.

Cash flow from investment absorbed cash for Euro 7,350 thousand mainly due to the implementation of software and other applications, development costs for licences and new technologies – patents by Stamicarbon B.V and Maire Tecnimont Innovation Center (MTIC), and for the purchase of capital goods, net of dividends collected from associated companies and other investment activities.

Financial balance also absorbed cash for Euro 80,342 thousand mainly due to the implementation of the strategies to reduce and optimize bank debt concluded on 28 April 2015 and 28 December 2015; interest expense paid in 2015, repayments of advances on invoices related to the working capital management of specific contracts and the repayment of overdrafts.

Group cash and cash equivalents allocated to joint operations were approximately Euro 5,679 thousand at 31 December 2015.

The estimated fair value of the bank and post office deposits on 31 December 2014 approximated their book value.

28.17. Non-current assets classified as held for sale

(Values in Euro thousands)	2014	Changes in the year	2015
Assets held for sale	94,565	(94,565)	0
Elimination of assets from and to assets held for sale	(82,466)	82,466	0
Total assets	**12,099**	**(12,099)**	**0**
Liabilities directly related to assets classified as held for sale	(87,757)	87,757	0
Elimination of liabilities from and to liabilities held for sale	82,466	(82,466)	0
Total liabilities	**(5,291)**	**5,291**	**0**
Total	**6,808**	**(6,808)**	**0**

The change in the year is due to the sale of Biolevano S.r.l. at the end of June 2015; this sale has not generated economic effects, but had a positive impact on working capital as previously represented.
Cash and cash equivalents allocated in assets held for sale last year were Euro 2,788 thousand.
For further information, please refer to the paragraph "Key events in the period".

28.18. Shareholders' Equity

The Group's shareholders' equity booked at 31 December 2015 is Euro 124,871 thousand, up Euro 32,672 thousand on 2014. The total consolidated equity, considering the minorities, on 31 December 2015 was Euro 126,199, thousand, up Euro 32,494 thousand on the previous year.

The overall change in the Group's equity is mainly due to the result of the year, which was partially offset by the decreases in the Cash Flow Hedge reserve of derivative hedging instruments and the translation reserve of foreign financial statements in currencies other than the functional currency (Euro).

Minority shareholders' equity is Euro 1,328 thousand and was negative for Euro 178 thousand.

Share capital

The share capital at 31 December 2015 for Euro 19,689,550 thousand was made up of 305,527,500 shares, without nominal value and accruing regular dividend.

Share premium reserve

The reserve was made up of Euro 25,000 thousand paid before 26 November 2007 and Euro 58,045 thousand generated by the premium on the share capital increase made in 2007, net of charges for listing costs, equal to Euro 3,971 thousand net of the tax effect.

The 2013 change was Euro 141,653 thousand, comprising the premium paid following the reserved share capital increase and other shareholders totalling Euro 146,417 thousand, offset for Euro 4,167 thousand by expenses for the share capital increase, net of the tax effect.

This capital reserve can be freely used either for a free share capital increase and/or to cover losses. In accordance with article 2431 of the Civil Code, the reserve can also be distributed to the shareholders on the approval of the Shareholders' Meeting.

OTHER RESERVES

Other reserves at 31 December 2015 total Euro 62,019 thousand and are broken down as follows:

- The legal reserve of parent company Maire Tecnimont S.p.A. equal to Euro 5,328,000 at 31 December 2015;
- Asset revaluation reserve, of Euro 9,722 thousand, recognized after the acquisition of the remaining 50% of Tecnimont Private Limited (formerly Tecnimont ICB Pvt. Ltd.), and the revaluation of other buildings;
- Foreign currency conversion reserve, which was negative for Euro 13,278 thousand at 31 December 2015, made up of the temporary conversion differences of currency-denominated financial statements of foreign companies; the negative change in the year is Euro 4,204 thousand and was influenced by currency performance;
- Statutory reserves were Euro 46,554 thousand at 31 December 2015 and did not change against the previous year;
- Other reserves, which are Euro 6,732 thousand at 31 December 2015.
- "Equity" reserve component of the convertible bond - equity linked - of Euro 80 million issued in February 2014 for Euro 6,960 thousand. This value expresses the option of conversion into shares of the convertible bond, with reference to which, regarding the accounting method, reference is made to the paragraph "Other non-current financial liabilities" in the Notes.

VALUATION RESERVE

The valuation reserve shows a negative balance of Euro -7,436 thousand at 31 December 2015 and is made up of the Cash Flow Hedge Reserve and the Actuarial Gains and Losses Reserve. The table below shows the changes in the Valuation Reserve:

(Values in Euro thousands)	Cash flow hedge reserve	Actuarial gains/losses	Total
Net carrying amount as at 31 December 2014	**(1,937)**	**(831)**	**(2,770)**
Actuarial gains/(losses)	0	4	4
Related tax effect	0	(1)	(1)
Net valuation of derivatives:			
Carrying amount of derivative instruments	(6,440)	0	(6,440)
Related tax effect	1,771	0	1,771
Net carrying amount as at 31 December 2015	**(6,606)**	**(828)**	**(7,436)**

The tables below show the "Reconciliation between the Net Income of Maire Tecnimont S.p.A. and the Group Net Income" and the "Reconciliation between the shareholders' equity of Maire Tecnimont S.p.A. and Group shareholders' equity".

Reconciliation between the Net Income of Maire Tecnimont S.p.A. and the Group Net Income

(Values in Euro thousands)	2014	2015
Net profit of Maire Tecnimont S.p.A.	(2,084)	18,522
Intra-group dividends eliminated in consolidated financial statements	(41,252)	(53,826)
Results achieved from investee companies	68,834	66,650
Elimination of intra-Group profit and impairment	22,900	12,140
Other consolidation adjustments	1,619	304
Deferred and advanced income taxes	280	166
Group Net Income	**50,297**	**43,956**

Reconciliation between the Shareholders' Equity of Maire Tecnimont S.p.A. and Group Shareholders' Equity

(Values in Euro thousands)	2014	2015
Shareholders' equity of Maire Tecnimont S.p.A	397,929	416,472
Elimination of the carrying amounts of consolidated investments	(706,351)	(736,271)
Recognition of equity of consolidated investments	248,013	294,113
Other consolidation adjustments	152,608	150,557
Group shareholders' equity	**92,199**	**124,871**
Minorities	1,506	1,328
Consolidated shareholders' equity	**93,705**	**126,199**

28.19. Financial payables net of the current portion

(Values in Euro thousands)	2014	Changes in the year	2015
Bank borrowings beyond 12 months	4,035	341,966	346,001
Total	**4,035**	**341,966**	**346,001**

Financial payables net of the current portion are Euro 346,001 thousand, up Euro 341,966 thousand over 31 December 2014 due to the positive conclusions of the strategy for refinancing and optimization of bank debt at Group level in 2015. The April 2015 strategy had concerned the bank debt restructured in May 2013 of approximately Euro 350 million, plus Euro 25 million of short term bank debt transformed into medium/long-term. The transaction was made possible thanks to the collections expressed by operations along with the disbursement of a loan for Euro 200 million for the subsidiary Tecnimont and the disbursement of a loan for Euro 120 million for the Dutch subsidiary Stamicarbon.

Regarding the amount refinanced, an immediate reduction of over 250bp (basis points) of the average cost and extension lengthening of the repayment terms had been agreed with the lending banks.

On 28 December 2015, the Group concluded an additional strategy that also involved all the medium/long-term bank debt as well as a part of short-term debt. The transaction was made possible thanks to the disbursement of a new loan of Euro 350 million for the subsidiary Tecnimont under more favourable repayment conditions and terms than those obtained in April 2015. In particular, there was an immediate reduction in the cost of debt to 2.5% and an extension of the repayment terms to 5 years. The new loan was secured by covenants in line with the standards for this type of operation, of which the first measurement will take place with reference to the figures at 30 June 2016.

The remaining portion of financial debt, net of the current portion of Euro 2,929 thousand refers to financing pertaining to Maire Tecnimont not involved in the 2015 strategy and that are following their natural expiration. Said loans were secured by covenants that involve maintaining a certain ratio between net financial position and Ebitda that at 31 December 2015 was respected. As at 31 December 2015, there are no overdue payables to report.

28.20. Provisions for charges over 12 months

(Values in Euro thousands)	2014	Changes in the year	2015
Provisions for charges over 12 months	63,588	(14,893)	48,695
Total	**63,588**	**(14,893)**	**48,695**

The breakdown and changes made during the period are detailed below:

(Values in Euro thousands)	2014	Allocations	Uses	Reclassifications/Change in consolidation scope	2015
Provision for charges related to personnel	**32,025**	**17,122**	**(23,884)**	**(4,335)**	**20,928**
Other provisions	21,295	17,122	(17,661)	(1,079)	19,677
Provision for disputes	10,730	0	(6,223)	(3,256)	1,251
Provisions for tax risks	**11,363**	**0**	**(266)**	**0**	**11,097**
Other provisions for charges:	**20,200**	**1,877**	**(3,675)**	**(1,732)**	**16,670**
Risks associated with legal action	3,198	709	0	0	3,907
Provision for contract risks	14,827	1,168	(3,400)	(1,286)	11,309
Others	2,175	0	(275)	(446)	1,454
Total	**63,588**	**18,999**	**(27,825)**	**(6,067)**	**48,695**

Provisions for charges are Euro 48,695 thousand, down Euro 14,893 thousand against 31 December 2014.

The main increases in provisions for charges related to personnel are attributable to the estimated costs related to personnel remuneration and incentive policies. The item also includes the fair value component recognized in the year in relation to the incentive plan based on Phantom Stock. The uses and releases of personnel provisions are attributable to charges that had financial effect in the year, particularly also related to the closure of the downsizing procedure started in 2014 and which formed part of the ongoing processes of optimization of human capital and progressive adaptation of company functions to the changed business needs.

The item tax risks mainly includes provisions for charges attributable to risks related both to tax audits of tax periods not yet defined and still without administrative proceedings, and ongoing proceedings for disputes.

The provision for contract risk also includes the equity evaluation of companies concerning for these specific projects that report a negative shareholders' equity, for which the Company has the intention, though not immediate, given the absence of regulatory requirements, to contribute to the coverage of the equity imbalance of the investee.

The increase is attributable both to the allocation made to cover the losses accumulated by Desimont Contracting Nigeria Ltd and other contractual risks on completed contracts; the fund uses refer mainly to charges that had economic impact during the year related to contractual risks on completed contracts, particularly following the signing of transactions with Basell Polyolefine GMBH, Marine Consulting and other minor ones.

Other residual changes are related to other charges for various legal disputes and litigations.

28.21. Post-employment and other employee benefits

(Values in Euro thousands)	2014	Changes in the year	2015
Post-employment and other employee benefits	14,767	(2,563)	12,204
Total	**14,767**	**(2,563)**	**12,204**

All employees of Italian Group companies have post-employment benefits known as severance indemnity ("TFR"). In addition, the employees of the former Fiat Engineering are also given a "Loyalty Bonus Plan" – which is similar to a defined-benefit plan – while employees of some foreign companies of the Tecnimont Group enjoy other benefit plans defined as "defined contribution plans".

In accordance with IAS 19 - Employee Benefits, the Group has estimated the liabilities for the defined-benefit plans at 31 December 2015, a breakdown of which is shown in the table below.

(Values in Euro thousands)	POST-EMPLOYMENT INDEMNITY PROVISION	LOYALTY PREMIUM	OTHER PLANS	Total
Balance as at 31 December 2014	**14,200**	**93**	**474**	**14,767**
Changes in the year	(2,583)	(71)	91	(2,563)
Balance as at 31 December 2015	**11,617**	**22**	**565**	**12,204**

The main decreases in the TFR fund and Loyalty Premium are linked to the leaving of employees.

The current service cost has been booked within the income statement under "Personnel expense". Interest expense on assumed obligations is booked to the income statement under "Interest expense - other expense". Actuarial gains and losses are shown in a specific valuation reserve under shareholders' equity. The parameters used to value the post-employment benefits are:

• First assumption: it was decided to adopt a rate of 1% for the year 2016 and a rate of 1.5% for subsequent years, as average scenario of the planned inflation from the "Update Note of Economics and Finance 2015".

• Salary increases: the Company's remuneration policy takes into account contractual and meritocratic components and inflation adjustments, and is used to estimate the future provisions for the post-employment benefits accrued by employees until they leave the Company. In particular, an average annual remuneration increase equal to 4% including inflation was chosen.

• Discounting rate: this is determined using the market yields on corporate bonds issued by primary companies at the valuation date, based on the "Composite" interest rate curve of securities issued by AA rating Corporate issuers of the "Investment Grade" class of the Eurozone (source: Bloomberg) interest rate curve on 31 December 2015;

• Collective reference: with reference to the entire collective subject of analysis of Maire Tecnimont Group the average age and average seniority (TFR base) were considered.

Sensitivity analyses were also carried out based on changes in the following parameters: a) discount rate, b) inflation rate, c) pay rises, d) probability of early termination of the employment and severance pay advance; on the basis of this analysis, the range was defined of the value of liabilities for defined benefit plans, the results of which however revealed no significant impacts.

28.22. Other non-current liabilities

(Values in Euro thousands)	2014	Changes in the year	2015
Supplier payables beyond 12 months	18,744	9,453	28,196
Tax payables beyond 12 months	489	(382)	109
Long-term deferred liabilities	0	89	89
Total	**19,233**	**9,161**	**28,394**

Other non-current liabilities are Euro 28,394 thousand at 31 December 2015 and mainly relate to the supplier/subcontractor contractual guarantees held by the Group to ensure the good outcome of the works. The increase was due primarily to the progress of works and contractual terms with suppliers, against which the deductions were higher than on 31 December 2015 also as a result of the increase in production volumes in 2015.

Taxes payable beyond 12 months are substantially in line with the previous year.

28.23. Financial Instruments – Non-current Derivatives

(Euro thousands)	2014	Changes in the year	2015
Financial instruments - Derivatives	8	3,781	3,789
Total	**8**	**3,781**	**3,789**

Financial instruments – non-current derivatives recorded as liabilities total Euro 3,789 thousand at 31 December 2015, up Euro 3,781 thousand against 31 December 2014 and are mainly due to the fair value valuation of derivative contracts in place. This amount in the long-term relates to the measurement of derivative instruments for the hedging of exchange rate risk on some contract revenue and costs. The change derives from the trend in the exchange rates market from the date of inception of derivative instruments to year end. The negative mark to market is offset by future cash inflows of equal amount;

For further information and an analysis of the fair value hierarchy, reference should be made to the section "INFORMATION ON FINANCIAL RISKS".

28.24. Other non-current financial liabilities

(Values in Euro thousands)	2014	Changes in the year	2015
Payables to other lenders	71,292	1,821	73,113
Total	**71,292**	**1,821**	**73,113**

Other non-current financial liabilities include the financial component of the equity-linked bond, net of the related accessory expenses. The equity component of the same instrument has been reclassified under "Other reserves" in shareholders' equity. The change is the consequence only of the valuation at amortized cost of the instrument.

In this regard it is noted as follows:

On 20 February 2014 the parent company Maire Tecnimont S.p.A. closed a financing transaction through on equity-linked bond loan for Euro 80 million, placed with qualified Italian and foreign investors.

The initial conversion price of the bonds has been set at 2.1898; the bonds were issued at par, for a unit nominal value of Euro 100,000; they have a term of 5 years and a fixed annual coupon of 5.75%, payable every six-months in arrears. If not previously converted, redeemed, purchased or cancelled, the Bonds will be redeemed at par on 20 February 2019.

On 30 April 2014, during an extraordinary meeting the shareholders also authorized the convertibility of the equity-linked bond. The extraordinary Shareholders' Meeting therefore approved the proposed divisible share capital increase in exchange for cash payment, with the exclusion of stock options pursuant to art. 2441, paragraph 5 of the Italian Civil Code, for a total of up to Euro 80 million (including the premium). This will be paid in one or more tranches by means of the issue of 36,533,017 ordinary shares with the same characteristics as the ordinary shares already in issue, reserved exclusively and irrevocably for the conversion of said debenture loan, according to the terms of the related regulation. The price per share is Euro 2.1898 (of which Euro 0.01 to be allocated to share capital and Euro 2.1798 as premium), subject to any adjustments to the conversion price as established by the Loan Regulation, consequently amending art. 6 of the Company's Articles of Association.

As from 7 March 2018, Maire Tecnimont would have had the right to settle all conversions by making cash payment of an amount up to the nominal value of the bonds and deliver a number of shares calculated according to the methods specified in the Regulation (the "Net Share Settlement Election"). In addition, at the date of maturity of the Bonds, the Company still had the right to deliver a combination of shares and cash, instead of regulating the conversion of the Bonds solely in cash, in accordance with the procedures set out in the Regulations.

On 9 July 2014, the Board of Directors of the Company approved the Revised Budget for the year 2014 and the update of the Group's Business Plan 2013-2019, as well as all the forecasts contained therein with particular reference to the year concerning the extinction methods of the convertible bond.

Even on the basis of these assumptions and after careful and thorough evaluation by the Board of Directors of the data thus adopted, confirmed its decision not to proceed, taking into account these assumptions and renouncing, to the extent possible, to the exercise of the right to net share settlement election expected residually in the terms of the loan and has opted instead, as of now, and always on the basis of the foregoing, for the settlement in shares only in relation to the bond itself.

In accordance with IAS 32 – "Financial Instruments: Presentation", convertible bonds are accounted for as compound financial instruments, consisting of two components which are accounted for separately only if relevant: a liability and a conversion option. The liability corresponds to the present value of future cash flows, based on the current interest rate at the date of issue for an equivalent non-convertible bond. The option value is defined as the difference between the net amount received and the amount of the liability and is recognized in equity. The value of the conversion option into shares is not changed in subsequent periods. In contrast, if the characteristics of the bond involve, upon exercise of the conversion right, the right for the company to deliver shares, pay the amount in cash or offer a combination of shares and cash, the option is accounted for as a financial liability for the embedded derivative, measured at fair value through the income statement while the differential with respect to the original nominal value or the financial liability (host) is recorded at amortized cost.

As indicated above, in consideration of the irrevocable waiver regarding the Net Share Settlement Election by the Company, the option is (in fact) "cancelled" in substance. In theory, therefore, it is believed that, should there be the possibility of a proposal for a cash payment portion calculated under the option, the bondholders may demand fulfilment through the delivery of shares. As said waiver involves the maintenance of a fixed ratio of conversion into shares over the term of the bond, it identifies a compound financial instrument the accounting methods of which are outlined above.

28.25. Short-term financial payables

(Values in Euro thousands)	2014	Changes in the year	2015
Bank debt	439,090	(389,581)	49,509
Payables to other lenders	17,598	5,815	23,413
Accrued financial liabilities	12,201	(9,517)	2,684
Total	**468,889**	**(393,283)**	**75,606**

Short-term financial payables amount to Euro 75,606 thousand, down Euro 393,283 thousand over 31 December 2014, mainly due to the medium/long-term reclassification following the positive conclusions of the strategy for refinancing and optimization of bank debt at Group level in 2015. The last strategy of 28 December 2015 involved all the medium/long-term bank debt as well as a part of short-term debt.

As at 31 December 2015, the short-term financial payables to banks mainly refer to:

- Euro 5,807 thousand for the short-term portion of the principal of the loans granted to Maire Tecnimont S.p.A. by Intesa San Paolo;

- Euro 4,022 thousand for the short-term capital portion of a loan not part of the renegotiation of past strategies;

- Euro 3,223 thousand for the loan received by the subsidiary Tecnimont Private Limited (formerly Tecnimont ICB Pvt. Ltd.);

- Euro 36,457 thousand for negative current account balances due to the use of facilities granted and advances on trade flows related to contracts in progress.

Short-term payables to other lenders is Euro 23,413 thousand and is mainly connected with the mobilisation of credits and factoring operations in the management of the working capital of certain projects, and transfers of VAT receivables from the tax authorities.

Accrued expenses on loans and interest on overdrafts accrued and not yet paid were Euro 2,684 thousand.

The net financial position at 31 December 2015 was negative for Euro 125.6 million, with an improvement of Euro 239.4 million over 2014 (a negative Euro 365 million). This improvement is a result of reduced bank debt as a result of the operating collections for the year and the arbitration with Endesa Chile.

The breakdown of the net financial position is indicated in the paragraph "Financial performance of the Group" in the Report on Operations, to which reference should be made for further details on changes from the previous period.

The table below shows the net financial debt of the Group as at 31 December 2015 and for the previous year in line with the Consob Communication No. DEM/6064293/2006 of 28 July 2006:

	MAIRE TECNIMONT GROUP NET FINANCIAL DEBT		
	Values in Euro thousands	**31/12/2015**	**31/12/2014**
A.	Cash	(331)	(1,171)
B.	Bank and post office deposits	(362,054)	(159,070)
C.	Securities	(3,405)	(3,900)
D.	**Liquidity (A+B+C)**	**(365,790)**	**(164,141)**
E.	**Current financial recevaibles**	**(5,859)**	**(4,983)**
F.	Current bank debts	69,799	468,889
G.	Current part of non-current borrowings	5,807	-
H.	Other current financial debts	10,940	6,705
I.	**Current financial debt (F+G+H)**	**86,546**	**475,594**
J.	**Net current financial debt (I-E-D)**	**(285,103)**	**306,469**
K.	Non-current bank debts	346,001	4,035
L.	Bonds issued	73,113	71,292
M.	Other non-current debts	3,789	8
N.	**Non-current financial debt (K+L+M)**	**422,903**	**75,335**
O.	**Net financial debt (J+N)**	**137,800**	**381,804**

The following table provides a reconciliation of net financial debt and net financial position of the Group as at 31 December 2015 and for the year ended 31 December 2014:

NFD AND NFP RECONCILIATION			
	Values in Euro thousands	31/12/2015	31/12/2014
O.	**Net financial debt**	**137,800**	**381,804**
	Net financial debt of assets on disposal	-	(2,788)
	Other non-current financial assets	(10,598)	(13,998)
	Financial instruments - derivatives (non consistent portion)	(1,610)	(10)
Net financial position		**125,592**	**365,008**

The fair value estimate of these financial instruments at 31 December 2015, measured using the method indicated in the section "Measurement criteria", was substantially in line with their book value. The breakdown by maturity date of the gross financial liabilities is shown in the section "Information on Financial Risks".

28.26. Tax payables

(Values in Euro thousands)	2014	Changes in the year	2015
Tax payables	36,629	(3,298)	33,331
Total	**36,629**	**(3,298)**	**33,331**

"Tax payables" of Euro 33,331 thousand declined from the value registered at 31 December 2014 of Euro 3,298 thousand.

The item mainly covers tax payables of foreign companies, including VAT, of Euro 22,518 thousand, mainly relating to the foreign companies Tecnimont Private Limited (formerly Tecnimont ICB Pvt. Ltd.), TCM FR S.A., to Stamicarbon B.V and Tecnimont Russia.

The other tax payables relate to IRES and IRAP of companies not included in the consolidated tax, VAT payables which refer mainly to deferred payment VAT that will be paid at the time of payment by the public sector client.

The remaining portion relates to employee IRPEF income tax deductions, withholding income tax for payments to third parties and other various tax payables.

As at 31 December 2015, there were no overdue tax and social security positions.

28.27. Financial instruments – Derivatives

(Euro thousands)	2014	Changes in the year	2015
Financial instruments - Derivatives	4,327	6,283	10,610
Total	**4,327**	**6,283**	**10,610**

Financial derivatives amounted to Euro 10,610 thousand at 31 December 2015, up to Euro 6,283 thousand versus 31 December 2014 and refers to the fair-value measurement of the outstanding derivative contracts.

The item refers to the valuation of the derivatives used to hedge the exchange rate risk of cash flows related to contract revenues and expenses and the risk of changes in commodity prices (copper), the value of which is relevant on the overall margin of the projects. The increase compared to 31 December 2014 derives mainly from the trend in the exchange rate market in relation to the hedged currencies; as well as from growth in absolute value of the notional covered as a result of the significant awards in the year. The negative mark to market value is offset by future cash inflows of an equal amount.

For further information and an analysis of the fair value hierarchy, please refer to the section entitled "INFORMATION ON FINANCIAL RISKS".

28.28. Other current financial liabilities

(Euro thousands)	2014	Changes in the year	2015
Other current financial liabilities	2,378	(2,048)	330
Total	**2,378**	**(2,048)**	**330**

A breakdown of other current financial liabilities amounts to Euro 330 thousand includes financial liabilities not from banking system but mainly relating to the loans received from the consortia.

The reduction of the year is a direct result of offsetting respectively the financial creditors and debtors of the Group to the Cavet Consortium.
The item other current financial liabilities, is specifically relating to the consortium Cavtomi.

28.29. Advances from customers

(Values in Euro thousands)	2014	Changes in the year	2015
Advances from customers	161,390	97,983	259,373
Total	**161,390**	**97,983**	**259,373**

As at 31 December 2015, advances from customers amount to Euro 259,373 thousand, up to Euro 97,983 thousand on 2014. Advances from customers represent contractual payments received from customers at the conclusion of the construction contract.

The increase is mainly due to the advance payment of the ADGAS, Socar Polymer and EuroChem contracts partially offset by the reabsorption through invoices on account, of advance payments collected in previous years.

The main contractual advances refer to the IOWA, AGRP Kuwait, Kima, Punta Catalina, ADGAS, Eurochem and Socar projects.

28.30. Construction Contracts Payable

(Values in Euro thousands)	2014	Changes in the year	2015
Works in progress - Advance payments	246,958	98,011	344,969
Total	**246,958**	**98,011**	**344,969**

The work in progress part of liabilities (construction contracts) reflects the net negative balance for each individual contract of the sum of progressive production, advance invoicing and the provision for contractual risks.

The Euro 98,011 thousand decrease is related to the advancement of the work and the contractual terms, for which the work carried out in the year was lower than invoices on account. The item was also positively affected by the collection of the first invoicing progress of the new Al Dabb'iya project on behalf of ADCO.

The main construction contracts payable relate to the projects ADCO, NH3 Kingisepp, EPCM Moscow Refinery.

28.31. Trade payables

(Values in Euro thousands)	2014	Changes in the year	2015
Due to suppliers within 12 months	726,723	(28,798)	697,925
Due to subsidiaries within 12 months	1,315	13	1,328
Due to associated companies within 12 months	1,791	(386)	1,405
Due to parent companies within 12 months	1,135	(966)	169
Due to affiliated companies within 12 months	24,932	1,020	25,952
Total	**755,896**	**(29,117)**	**726,779**

Trade payables amount to Euro 726,779 thousand at 31 December 2015, down by Euro 29,117 thousand on 2014.

This change derives from both the performance of the new contracts awarded that have not yet entered a phase of intense production, and the old contracts that have instead reached a very advanced phase. In the year, payments to suppliers were also recorded on the basis of payment plans negotiated with them. The Group has in fact stipulated repayment plans resulting for which a gradual reduction of the older trade items is ongoing.

Trade payables to subsidiaries refer to payables due to unconsolidated companies and, specifically: Ravizza S.c.a.r.l. for Euro 31 thousand, Parco Grande S.c.a.r.l. for Euro 69 thousand and Program International Consulting Engineers S.r.l. for Euro 1,228 thousand.

Trade payables to associates amounted to Euro 1,405 thousand and are due mainly from Studio Geotecnico Italiano for Euro 789 thousand, MCM Servizi Roma for Euro 431 thousand, and from Biolevano S.r.l. for Euro 138 thousand.

Payables to parent companies amounted to Euro 169 thousand and refer to payables to GLV S.p.A. for the use of trademarks and lease of office space.

Payables to affiliates of Euro 25,952 thousand mainly refer to amounts due to Consortium Cavet for Euro 764 thousand, Lotto 5A S.c.a.r.l. in liquidation for Euro 11,948 thousand, Consortium Metro B1 for Euro 12,109 thousand, Metrofiera Scarl in liquidation for Euro 639 thousand and Rimati for Euro 510 thousand.

28.32. Other current liabilities

(Values in Euro thousands)	2014	Changes in the year	2015
Residual debt Efacec transaction	2,624	(2,624)	0
Employee salaries accrued but not yet paid	19,756	(324)	19,432
Pension and social security payables	10,717	(146)	10,571
Expropriation payables	7,576	(826)	6,750
Tax payables (foreign countries)	1,011	2,941	3,952
Accrued and deferred liabilities	801	(108)	693
Other payables (various creditors)	15,682	(996)	14,686
Total	**58,167**	**(2,083)**	**56,084**

As at 31 December 2015, "Other current liabilities" amount to Euro 56,084 thousand, down Euro 2,083 thousand relating to the previous year.

The change is mainly related to the extinction of the residual debt related to the Efacec transaction, which was paid in 2015.

The remaining items in other current liabilities mainly refer to payables due to social security institutions, accrued but not paid amounts due to staff, expropriation payables and other sundry payables.

"Expropriation payables" includes the amount due to expropriation accrued to date and related to the "Fiumetorto-Cefalù" project managed by Cefalù 20 S.c.a.r.l.; this payable amount will be reimbursed by the client.

"Tax payables" refer mainly to VAT payables of some foreign branches.

As at 31 December 2015, there were no overdue taxes and social security positions.

29. Commitments and contingent liabilities

The table below shows the commitments and contingent liabilities of Maire Tecnimont Group as at 31 December 2015 and as at 31 December 2014:

MAIRE TECNIMONT GROUP'S FINANCIAL GUARANTEES (Values in Euro thousands)	**31/12/2015**	**31/12/2014**
GUARANTEES ISSUED ON BEHALF OF THE GROUP		
Bank guarantees issued to third parties, of which:		
Guarantees issued to clients for contracts in progress		
Performance bonds (with banks and insurance companies)	*1,116,312*	*712,359*
Advance bonds (with banks and insurance companies)	*656,167*	*221,113*
Others	*216,594*	*221,616*
Total personal guarantees	**1,989,073**	**1,155,088**
OTHER PERSONAL GUARANTEES		
Parent company guarantees on behalf of subsidiaries, of which:	**12,389,628**	**9,217,743**
Performance	*9,860,074*	*8,068,865*
Others	*2,529,554*	*1,148,878*
Parent guarantees on its own behalf	**14,532**	**44,970**
Total other personal guarantees	**12,404,160**	**9,262,713**
Overall total	**14,393,233**	**10,417,801**

"Guarantees issued on behalf of the Group" equal to Euro 1,989,073 thousand refer to the guarantees issued by banks and/or insurers on behalf of the Group operating companies carrying out their core business. In particular:

- "Performance Bonds": these guarantee the performance of the contract. In issuing this type of guarantee, the bank undertakes an obligation to repay the client up to a certain amount in case the contractor's execution of the work fails to fulfill the contractual terms. In the case of large-scale orders, the customers could request SACE insurance coverage for some risks with an obligation to the bank.
- "Advance Bonds": these are guarantees of repayment for contractual advances. In issuing this type of guarantee, the bank undertakes an obligation to repay the client a set amount, as the reimbursement of payments on account, in case of contractual default by the guarantee applicant (the contractor). In the case of large-scale orders, the customers could request SACE insurance coverage for some risks with an obligation to the bank.

"Other personal guarantees" of Euro 12,404,160 thousand refer to the "Parent Company guarantees" issued to clients by Group companies on behalf of subsidiaries, mainly Maire Tecnimont S.p.A, in relation to the obligations undertaken as part of their core business and, therefore, contract execution. The increase for the year is related to the Parent Company guarantees issued for new orders, mainly ADCO, ADGAS, SUMGAYT and EUROCHEM, net of discharges for the year. "Other Personal Guarantees" residually relate to other guarantees (letters of Patronage) in favour of banks on behalf of certain subsidiaries, mainly Tecnimont S.p.A. The increase in the year is a result of the new loan concluded in December that concerned the subsidiary Tecnimont S.p.A.

30. Transactions with related parties

With reference to the disclosure on related parties, it is reported that all related party transactions have been conducted based on market conditions. As at 31 December 2015, the breakdown of the Company's receivables/payables (including financial receivables/payables) and cost/revenue transactions with related parties, is shown in the tables below. The tables also show the equity positions resulting from transactions that occurred during the previous year and are still being defined:

(Values in Euro thousands)	Trade receivables	Trade payables	Total	Costs	Revenues
G.L.V. Capital S.p.A	0	(169)	0	(396)	0
Total	**0**	**(169)**	**0**	**(396)**	**0**

More specifically, payable contracts still outstanding relate to the lease of property used as offices by the Group companies, the use of the "Maire" trademark (relations with GLV Capital S.p.A.) and other minor charge backs.

Relations with other non-consolidated and/or non-associated companies of the Group are purely commercial and relate to specific activities related to contracts; moreover, as some consortia have substantially concluded activities, they are in liquidation phase.

(Values in Euro thousands)	Trade receivables	Trade payables	Total	Costs	Revenues
MCM Servizi Roma S.c.a.r.l. in liquidation	0	(432)	441	0	0
Studio Geotecnico Italiano	0	(789)	0	(1,059)	0
Villaggio Olimpico MOI S.c.a.r.l. In liquidation	0	(4)	70	(171)	0
Ravizza S.c.a.r.l In liquidation	95	(31)	0	(113)	0
Parco Grande S.c.a.r.l. In liquidation	80	(69)	0	(209)	0
Program International Consulting Engineers S.r.l in liquidation	766	(669)	900	0	32
KTI Star	6	0	0	0	26
UCC Engineering LLP	501	0	0	0	60
Desimont Contracting	968	0	0	0	656
Biolevano S.r.l	7,138	(138)	4,500	(113)	3,981
Total	**9,554**	**(2,132)**	**5,911**	**(1,664)**	**4,755**

As required by IAS 24, the remuneration of Directors, Auditors and key managers are included in the 2015 Report on corporate governance and ownership structure and 2015 Remuneration Report both available on the company website www.mairetecnimont.it. under "Governance".

31. Independent Auditor Fees

The table below has been prepared in compliance with article 149-duodecies of the "Consob Regulations for Issuers" to show the fees paid in FY 2015 for audit services and fees paid for other non-audit services carried out by the same Independent Auditors.

Type of service	Service provider	Recipient	2015 Fees (Values in Euro thousands)
Audit	Deloitte & Touche S.p.A.	Parent company Maire Tecnimont	192
	Deloitte & Touche S.p.A.	Maire Tecnimont Group	832
	Deloitte network	Maire Tecnimont Group	369
Attestation services (*)	Deloitte & Touche S.p.A.	Parent company Maire Tecnimont	5
	Deloitte & Touche S.p.A.	Maire Tecnimont Group	59
Other services (**)	Deloitte & Touche S.p.A.	Parent company Maire Tecnimont	80
	Deloitte Network	Maire Tecnimont Group	250

Prices do not include VAT, expenses or, where applicable, the reimbursement of the Consob reporting contribution.

(*) Certification services include the signing of tax declarations

(**) Other services carried out are activities involving support for conducting some verifications to monitor the actual operability of administrative and accounting procedures; and activities related to the possible valorization of a minority stake of the subsidiary Stamicarbon B.V.

32. Information on financial risks

In the performance of its ordinary activities, the Group is exposed to financial risks. More precisely:

- credit risk related to normal business relationships with clients and financing transactions;
- liquidity risk, related to the difficulty of liquidating market positions in the desired time frame or of obtaining the financial resources needed to continue operations;
- market risk, related to fluctuations in interest rates, exchange rates and the price of goods, since the Group operates internationally in areas with different currencies and uses interest-bearing financial instruments;
- risk of default and loan covenants related to the possibility that the loan contracts contain clauses that entitle the lending banks if specific circumstances arise to request from the borrower immediate repayment of the loans, that, consequently, would generate a liquidity risk.

The Maire Tecnimont Group constantly monitors the financial risks to which it is exposed in such a way as to evaluate the potential negative effects of such risks in advance and to take suitable actions to mitigate them.

The following section provides qualitative and quantitative benchmark indicators on the incidence of such risks on Maire Tecnimont Group. The quantitative data presented below are not predictive value. In particular, the market risk sensitivity analysis cannot reflect the complexity and the related reactions of markets that could derive from each hypothetical change.

32.1. Credit risk

Credit risk represents the Maire Tecnimont Group's exposure to potential losses arising from a counterparty's failure to fulfill its obligations. Credit risk associated with the ordinary business of commercial transactions is monitored by both the operational and the administrative functions on the basis of formal procedures that define the customer risk quantification and control methods.

The Group also has outstanding procedures to manage credit collection operations and possible disputes.

Currently, the Group is not exposed to significant concentrations of credit risk either by geographical area or by client as it has diversified its operations into several geographical markets and business lines.

The Group's maximum theoretical exposure to credit risk at 31 December 2015 corresponded to the book value of the financial assets shown in the statement of financial position, as well as the nominal value of the guarantees issued for third-party loans or commitments.

The receivables reported in the Statement of Financial Position at 31 December 2015 are net of bad debt provisions, which are computed on the hypothetical default risk of the counterparty based on their reliability (third parties, related parties and public entities).

Trade receivables due from third-party clients due within and over 12 months at 31 December 2015 were Euro 358,474 thousand (Euro 449,760 thousand in 2014) and Euro 73,204 thousand (44,535 thousand in 2014), respectively, less the provision for bad debts of Euro 10,065 thousand (Euro 10,689 thousand in 2014) for receivables subject to write down. Amounts considered non-recoverable are estimated on the basis of expected future cash flows. These flows consider expected recovery times, estimated realisable value, any guarantees and costs that the Group expects to incur to recover the receivables.

The tables below provide a breakdown of third-party trade receivables by expiry date and Business Unit:

(Values in Euro thousands)	Overdue as at 31/12/2015					
	Not yet due	From 0 to 90 days	From 91 to 365 days	From 366 to 731 days	More than 731 days	Total
Technology, Engineering & Construction	171,315	60,971	24,753	28,948	70,759	356,747
Infrastructures & Civil Engineering	41,278	11,471	11,697	6,321	4,127	74,894
Other	21	16	0	0	0	37
Total trade receivables from third parties	**212,614**	**72,458**	**36,450**	**35,269**	**74,886**	**431,678**
Of which:						
Due within 12 months						***358,474***
Due after 12 months						***73,204***

(Values in Euro thousands)	Overdue as at 31/12/2014					
	Not yet due	From 0 to 90 days	From 91 to 365 days	From 366 to 731 days	More than 731 days	Total
Technology, Engineering & Construction	201,717	43,736	40,187	39,116	52,950	377,706
Infrastructure & Civil Engineering	66,637	9,592	17,276	10,009	2,898	106,412
Other	179	7	78	4,041	5,874	10,179
Total trade receivables from third parties	**268,532**	**53,334**	**57,542**	**53,165**	**61,722**	**494,295**
Of which:						
Due within 12 months						***449,760***
Due after 12 months						***44,535***

Trade receivables overdue for 366 days and more than 731 days for the Infrastructure & Civil Engineering BU are mainly related to subjects belonging to the Italian Public Administration, related to the Technology, Engineering & Construction BU, and also related to a few locations and constantly monitored; both cases do not give rise to concern regarding solvency of customers (Italian and foreign government bodies), and the collectibility of the same.

Trade receivables are shown net of the provision for bad debts, which amounted to Euro 10,065 thousand at 31 December 2015 (Euro 10,689 thousand in 2014).

(Values in Euro thousands)	2014	Allocations	Uses	Change in scope of consolidation	Other changes	2015
Bad debt provision	10,689	2,419	(3,043)	0	0	10,065
Total	**10,689**	**2,419**	**(3,043)**	**0**	**0**	**10,065**

The allocations made are mainly related to orders of the Technology, Engineering & Construction BU. The decreases are related to uses in the year following the final accounting of losses on receivables previously provisioned.

32.2. Liquidity risk

Liquidity risk represents the risk that, due to the difficulty of obtaining new financial resources or of liquidating market positions, the company is unable to meet its payment obligations, is forced to incur additional costs to obtain the resources needed or, as an extreme consequence, is confronted with a situation of potential insolvency of a risk of the continuation of the its activity.

Also in April 2015, we obtained the proceeds related to the transaction for the Bocamina project and a loan entered into by Stamicarbon; the combination of the operations described above led to the conclusion of overall refinancing of the existing bank debt.

In 2015, the sale was also finalized by a majority stake of 70% of the share capital of BiOlevano S.r.l. (BiOlevano), owner of the biomass plant located in Olevano Lomellina.

On 28 December 2015, the Group concluded an additional strategy that also involved all the medium/long-term bank debt as well as a part of short-term debt, including the one allocated on Stamicarbon in April 2015, as well as a part of the short-term debt. The transaction was made possible thanks to the disbursement of a new loan of Euro 350 million for the subsidiary Tecnimont under more favourable repayment conditions and terms than those obtained in April 2015. In particular, there was an immediate reduction in the cost of debt to 2.5% and an extension of the repayment terms to 5 years.

Cash and cash equivalents at 31 December 2015 amounted to Euro 362,385 thousand and compared to 31 December 2014, they increased by Euro 202,143 thousand; the cash flows from operating activities generated a positive cash flow of Euro 289,833 thousand, a significant improvement in comparison with the corresponding 2014 indicator that however reported a cash generation of Euro 5,221 thousand. These flows, in addition to the result of the year, were positively affected by the changes in working capital, operating collections in the year and the collection for the closure of the arbitration with Endesa Chile.

The table below shows the breakdown of financial debt by expiry date:

31/12/2015 **(Values in Euro thousands)**	**Due within 1 year**	**Due in 2 to 5 years**	**Due after 5 years**	**Total**
Payables due to banks	52,193	346,001	0	398,194
Payables due to other financials	23,413	0	0	23,413
Other current financial liabilities	330	0	0	330
Other non-current financial liabilities	0	73,113	0	73,113
Derivative instruments	10,610	3,789	0	14,399
Total current and non-current financial liabilities	**86,546**	**422,903**	**0**	**509,449**

31/12/2014 (Values in Euro thousands)	Due within 1 year	Due in 2 to 5 years	Due after 5 years	Total
Payables due to banks	451,291	4,035	0	455,326
Payables due to other financials	17,598	0	0	17,598
Other current financial liabilities	2,378	0	0	2,378
Other non-current financial liabilities	0	71,292	0	71,292
Derivative instruments	4,327	8	0	4,335
Total current and non-current financial liabilities	**475,594**	**75,335**	**0**	**550,929**

32.3. Market Risks

Exchange rate risk

The Group is exposed to risks arising from changes in exchange rates, which can affect the profit/(loss) for the year and shareholders' equity. In particular, when Group companies incur costs in a currency that differs from that in which the respective revenue will be generated, a change in exchange rates could affect their operating profit/(loss).

The Group is exposed to the following main exchange rates:

- EUR/USD, in relation to sales in US dollars made in markets that use the dollar as currency for trade flows and sales/purchases in the sector in which Maire Tecnimont Group operates;
- EUR/RUB, in relation to Ruble-denominated trade flows and sales/purchases of some orders in the sector in which Maire Tecnimont Group operates.

Other minor exposures relate to EUR/BRL and EUR/PLN exchange rates.

Maire Tecnimont Group has adopted the following strategies to reduce exchange rate risk:

- when signing individual contracts, it stipulates exchange rate derivative contracts to hedge the differences between receipts and payments denominated in foreign currencies, throughout the entire duration of the contract. Such transactions may be defined as cash flow hedges;
- where possible, the contracts are signed in the currencies of expenditure to reduce hedging costs.

In accordance with the Group's accounting principles, the impact of such fluctuations are reflected directly through shareholders' equity in "Foreign currency translation reserve". In accordance with the Group's accounting principles, the impact of such fluctuations are reflected directly through shareholders' equity in "Foreign currency translation reserve".

Raw material price fluctuation risk

The Group is exposed to risks arising from changes in the prices of commodities which can affect the profit/(loss) of the year and shareholders' equity. In particular, such changes may impact the operating results of the Group companies when such companies sustain costs of procurement of semi-finished or finished products (e.g. machinery, pipes, cables) in which the contents of raw material has a significant effect on the overall margin of projects. The change in the price of these commodities can affect the operating results of these companies.

Sensitivity analysis

The potential loss in fair value (see table below) of derivative instruments that hedge exchange rate risk (currency swap/forward) and raw material price fluctuation (commodity swap), held by the Group at 31 December 2015, would lead to a negative impact on net equity of about Euro (40,917) thousand net of the tax impact, as a result of an unfavourable and immediate 10% fluctuation in exchange rates of the principal foreign currencies against the Euro.

Financial Instrument (values in Euro thousands)	**Book Value as at 31/12/2015**	**Impact on Income Statement**	**Impact on shareholders' equity**	**Impact on Income Statement**	**Impact on shareholders' equity**
Financial Assets and Liabilities		**+ 10%**		**- 10%**	
"Foreign Currency Options"(*)	(953)	-	3,932	-	(4,831)
"Forward Currency Swap" (*)	(8,607)	(1,064)	42,251	1,911	(51,606)
"Commodity Swap" (*)	(2,374)	919	-	(919)	-
Impact on financial assets pre-tax		(145)	46,183	992	(56,437)
Tax rate 27.5%		27.5%	27.5%	27.5%	27.5%
Impact on financial assets after tax		(105)	33,483	719	(40,917)
Total increase (decrease)		**(105)**	**33,483**	**719**	**(40,917)**

(*) *Fair-Value "Level 2"*

The analysis does not take into account future trade receivables and payables for which the Group has entered the hedging transactions referred to above. It may be reasonably assumed that the exchange rate fluctuations would cause an opposite effect of equal amount on the hedged underlying transactions.

The table below shows the periods in which the cash flows associated with the cash flow hedge derivatives outstanding at the reporting date are expected to have an impact on the Income Statement.

(Values in Euro thousands)	31/12/2015				
	Book value	Projected flows	Due within 1 year	Due within 2 to 5 years	Due after 5 years
"Foreign Currency Options"(*)	(953)	45,926	-	45,926	-
"Forward Currency Swap" (*)	(8,607)	481,060	321,230	159,830	-
"Commodity Swap" (*)	(2,374)	9,286	9,286	-	-

(*) *Fair-Value "Level 2"*

32.4. Interest rate risk

The Maire Tecnimont Group is exposed to fluctuations in interest rates relating to the measurement of borrowing costs.

Financial debt (Values in Euro thousands)	Total	Hedged portion	Portion not hedged
Current debt	75,936	0	75,936
Non-current debt	346,001	0	346,001
Total debt	**421,937**	**0**	**421,937**
Total cash and cash equivalents	*(362,385)*	*0*	*(362,385)*

The risk on the portion of the floating-rate debt is essentially cancelled as the Group's cash deposits bear interest at rates indexed at the same Euribor rate applied to the debt.

32.5. Risk of default and debt covenants

This risk relates to the possibility that loan agreements contain provisions giving the lending banks the right to claim immediate repayment of principal from the borrower should certain events occur, thereby generating liquidity risk.

The new loan disbursed on 28 December 2015 of Euro 350 million for the subsidiary Tecnimont is supported by covenants in line with the standards for this type of operation, of which the first measurement will take place with reference to the figures at 30 June 2016. Specifically, the financial parameters of the loan envisage the maintenance of a certain ratio between net financial position and equity and between net financial position and EBITDA.

Analysis of forward transactions and derivatives

The Group has verified compliance with the requirements of IAS 39 and the possible application of hedge accounting in the recognition of hedge transactions in the financial statements. In particular:

- transactions eligible for hedge accounting under IAS 39: the two types are cash flow hedges and fair value hedges. When realized, the accrued result of cash flow hedges for exchange rate transactions – the only hedge transactions currently in place – is included in the gross operating margin; any change in fair value is recognized under shareholders' equity for the effective part and in the income statement for the ineffective part;

- transactions eligible for hedge accounting under IAS 39.

The accrued result and the change in fair value are recognized below the gross operating margin line among financial income and expense.

IFRS 7 requires that the classification of financial instruments at their fair value to be determined on the basis of the quality of the input sources used in measuring fair value. IFRS 7 sets out the following fair-value disclosure hierarchy:

- Level 1: determination of the fair value on the basis of prices deducible from quotations on an active market. The instruments with which the Group operates do not fall within this category;
- Level 2: determination of the fair value on the basis of prices deducible from quotations on an active market of similar assets or by means of valuation techniques for which the significant factors are directly or indirectly deduced from data observable on the market; The instruments used by the Group fall into this category;
- Level 3: determination of fair value based on valuation models whose inputs are not based on observable market data ("unobservable inputs"). At the present time, the Group has no instrument whose value is determined using models with inputs not based directly on observable market data.

The fair value of all derivative instruments used by the Group is determined on the basis of valuation methods that incorporate observable market parameters (No transfers from Level 1 to Level 2 or vice versa were made in FY 2015.

Derivative instruments as at 31 December 2015

The tables below show the following information:

- the outstanding amount of the derivative outstanding contracts at the reporting date, by maturity;
- the portion of fair value of the above booked to the income statement.

Any difference between the value in the Statement of Financial Position and the fair value recognized in the Income Statement represents the fair value of contracts that may be defined as cash flow hedges, which, in accordance with the Group's accounting principles, is directly recognized among shareholders' equity reserves.

Exchange rate derivatives

The Group uses exchange rate hedges to mitigate any risk of future potential fluctuations in the cash flows into and/or out of the contracts, attributable to unfavourable changes in the exchange rate.

The derivatives held at 31 December 2015 related to forward financial transactions and, in particular, to contracts hedging the exchange rate risk inherent in Maire Tecnimont Group orders denominated in foreign currencies.

Exchange rate derivatives are stipulated with primary Italian and foreign bank corporations for the purposes of managerial hedging and also for accounting purposes; these instruments are qualified as hedging instruments. Changes in the fair value of the derivatives held to hedge future cash inflows generated by the Group's contractual commitments are directly reported under shareholders' equity when effective, whereas the ineffective portion is immediately recorded in the income statement.

Amounts directly not recognized under shareholders' equity are included in the income statement in the same period in which the hedged cash flow generated its effect on the income statement.

32.6. Classification of financial instruments

In accordance with IFRS 7, the tables below show the types of financial instruments included in the Statement of Financial Position items and the valuation criteria applied:

The book value of the financial assets and liabilities is substantially in line with their fair value.

31/12/2015 (values in Euro thousands)	Loans and receivables	Fair value assets held for trading recognized in income statement	Hedge derivatives	Assets held to maturity	Assets held for sale	Total
Other non-current financial assets	6,116	-		-	4,482	10,598
Other non-current assets	90,996	-	-	-	-	90,996
Trade receivables	393,094	-	-	-	-	393,094
Financial instruments – Current and non-current derivatives	-	-	2,464 (*)	-	-	2,464
Other current financial assets	8,410	-	-	-	-	8,410
Other current assets	68,954	-	-	-	-	68,954
Cash and cash equivalents	362,385	-	-	-	-	362,385
Total financial assets	**929,954**	**0**	**2,464**	**0**	**4,482**	**936,900**

(*) *Fair-Value "Level 2"*

31/12/2014 (values in Euro thousands)	Loans and receivables	Fair value assets held for trading recognized in income statement	Hedge derivatives	Assets held to maturity	Assets held for sale	Total
Other non-current financial assets	7,164	-		-	6,834	13,998
Other non-current assets	58,404	-	-	-	-	58,404
Trade receivables	476,801	-	-	-	-	476,801
Financial instruments - Derivatives	-	-	583 (*)	-	-	583
Other current financial assets	8,309	-	-	-	-	8,309
Other current assets	140,399	-	-	-	-	140,399
Cash and cash equivalents	160,242	-	-	-	-	160,242
Total financial assets	**851,319**	**0**	**583**	**0**	**6,834**	**858,736**

(*) *Fair-Value "Level 2"*

31/12/2015 **(Values in Euro thousands)**	**Financial liabilities measured at amortized cost**	**Fair value liabilities held for trading recognized in income statement**	**Hedge derivatives**	**Total**
Financial payables net of the current portion	346,001			346,001
Other non-current financial liabilities	73,113			73,113
Short-term financial payables	75,606			75,606
Other current financial liabilities	330			330
Financial instruments – Current and non-current derivatives		2,374 (*)	12,024 (*)	14,398
Trade payables	742,779			742,779
Other current liabilities	56,085			56,085
Total financial liabilities	**1,293,913**	**2,374**	**12,024**	**1,308,311**

(*) *Fair-Value "Level 2"*

31/12/2014 **(Values in Euro thousands)**	**Financial liabilities measured at amortized cost**	**Fair value liabilities held for trading recognized in income statement**	**Hedge derivatives**	**Total**
Financial instruments – Non-current derivatives			8 (*)	8
Financial payables net of the current portion	4,035			4,035
Other non-current financial liabilities	71,292			71,292
Short-term financial payables	468,889			468,889
Other current financial liabilities	2,378			2,378
Financial instruments - Derivatives			4,327 (*)	4,327
Trade payables	755,896			755,896
Other current liabilities	58,166			58,166
Total financial liabilities	**1,360,656**	**0**	**4,335**	**1,364,991**

(*) *Fair-Value "Level 2"*

33. Positions or Transactions deriving from Atypical or Unusual Operations

In accordance with Consob Communication no. DEM/6064293 dated 28 July 2006, it is specified that during the year the Group did not implement any atypical and/or unusual transactions, as defined by the Communication.

34. Significant non-recurring events and transactions

In FY 2015, the Group did not enter into any of the non-recurring significant transactions pursuant to Consob Communication no. DEM/6064293 of 28 July 2006 except as set forth in the section of the Report on Operations, "Key events in the fiscal year".

35. Key events after 31 December 2015

Information on the significant events occurring after 31 December 2015 is provided in the "Report on Operations" presented earlier in this Annual Report.

36. Attestation to the Consolidated Financial Statements Pursuant to article 154-*bis*, paragraph 5, of Italian Legislative Decree 58/98 and Subsequent Amendments and Supplements

1. The undersigned Pierroberto Folgiero in his capacity as Chief Executive Officer and Dario Michelangeli in his capacity as "Executive in Charge of Preparation of the Company Accounting Documents" of MAIRE TECNIMONT S.p.A., taking into account the contents of article 154-*bis*, paragraphs 3 and 4, of Italian Legislative Decree 58 of 24 February 1998, attest to:
    - the adequacy in relation to the characteristics of the company and
    - the effective application of the administrative and accounting procedures as the basis for preparation of the consolidated financial statements in Financial Year 2015.
2. It is also attested that the consolidated financial statements:
    - are prepared in accordance with International Financial Reporting Standards as endorsed by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
    - correspond to the information contained in the accounting ledgers and records;
    - have been prepared in accordance with article 154-*ter* of the aforementioned Italian Legislative Decree 58/98 and subsequent amendments and supplements and provide a true and fair representation of the equity, economic and financial situation of the issuer and the whole of the companies included in the scope of consolidation.
3. The Report on Operations provides a reliable analysis of the performance, the operating result and the situation of the issuer, and the whole of the consolidated companies, as well as a description of the principal risks and uncertainties to which they are exposed.

The present attestation is provided also pursuant to and for the purposes of article 154-*bis*, paragraph 2, of Italian Legislative Decree 58 of 24 February 1998.

Milan, 16 March 2016

Chief Executive Officer	Executive in charge of preparation of the Company Accounting Documents
Pierroberto Folgiero	**Dario Michelangeli**

Financial Statements and Explanatory Notes

as at 31 December 2015

37. Financial Statements

37.1. Income Statement

(Values in Euro thousands)	Notes	2015	2014
Revenues	*41.1*	80,474	64,199
Other income and revenues	*41.2*	2,123	2,341
Total revenues		**82,597**	**66,540**
Raw materials and consumables	*41.3*	(37)	(40)
Services	*41.4*	(21,175)	(15,661)
Personnel expense	*41.5*	(17,590)	(21,268)
Other operating expense	*41.6*	(1,970)	(1,622)
Total costs		**(40,772)**	**(38,591)**
Gross operating margin		**41,825**	**27,949**
Amortization, depreciation and write-downs	*41.7*	(190)	(210)
Operating profit (loss)		**41,635**	**27,739**
Financial income	*41.8*	2,478	4,857
Financial charges	*41.9*	(20,447)	(22,555)
Gains/(Charges) on investments	*0*	(12,140)	(18,300)
Profit (Loss) before tax		**11,526**	**(8,259)**
Income taxes, current and deferred	*41.11*	6,996	6,175
Profit (Loss) for the year		**18,522**	**(2,084)**
Earnings (loss) per share	***41.12***	**0.061**	**(0.0068)**
Diluted earnings (loss) per share	***41.12***	**0.054**	**(0.0061)**

The analyses of related party transactions, in accordance with Consob Resolution no. 15519 of 27 July 2006 are provided in the specific disclosure section "Transactions with Related Parties".

37.2. Statement of Comprehensive Income

(Values in Euro thousands)	Notes	2015	2014
Profit (Loss) for the year		**18,522**	**(2,084)**
Other comprehensive income that will not be subsequently reclassified under profit/(loss) for the year:			
Provision for risks and charges	*42.11*	28	(63)
Related tax effect	*42.11*	(8)	17
Total other comprehensive income that will not be subsequently reclassified under profit/(loss) for the year:		**20**	**(46)**
Comprehensive Income for the Year		**18,542**	**(2,130)**
Total base profit (loss) per share		0.061	(0.0068)
Total diluted profit (loss) per share		0.054	(0.0061)

37.3. Statement of Financial Position

(Values in Euro thousands)	Notes	2015	2014
Assets			
Non-current assets			
Property, plant and equipment	*42.1*	91	83
Other intangible assets	*42.2*	3,143	3,327
Investments in subsidiaries	*42.3*	736,271	706,351
Other non-current assets	*42.4*	1,100	1,100
Other non-current financial assets	*42.5*	34,054	108,171
Deferred tax assets	*42.6*	3,512	4,376
Total non-current assets		**778,171**	**823,408**
Current assets			
Trade receivables	*42.7*	33,738	31,437
Current tax assets	*42.8*	27,198	35,446
Other current assets	*42.9*	17,678	13,945
Cash and cash equivalents	*42.10*	303	1,091
Total current assets		**78,917**	**81,919**
Total assets		**857,088**	**905,327**

The analyses of related party transactions, in accordance with Consob Resolution no. 15519 of 27 July 2006 are provided in the specific disclosure section "Transactions with Related Parties".

(Values in Euro thousands)	Notes	2015	2014
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	*42.11*	19,690	19,690
Share premium reserve	*42.11*	224,698	224,698
Other reserves	*42.11*	159,452	159,452
Valuation reserve	*42.11*	(19)	(39)
Total shareholders' equity and reserves	*42.11*	403,821	403,801
Profit / (Loss) from previous years	*42.11*	(5,871)	(3,787)
Profit / (Loss) for the year	*42.11*	18,522	(2,084)
Total shareholders' equity		**416,472**	**397,930**
Non-current liabilities			
Financial payables net of the current portion	*42.12*	2,929	0
Provisions for risks and charges over 12 months	*42.13*	5,831	7,420
Deferred tax liabilities	*42.6*	364	367
Post-employment and other employee benefits	*42.14*	430	479
Other non-current financial liabilities	*42.15*	395,092	311,943
Total non-current liabilities		**404,646**	**320,209**
Current liabilities			
Short-term financial payables	*42.16*	7,485	79,321
Tax payables	*42.17*	594	476
Trade payables	*42.18*	19,777	76,710
Other current liabilities	*42.19*	8,114	30,681
Total current liabilities		**35,970**	**187,188**
Total shareholders' equity and liabilities		**857,088**	**905,327**

The analyses of related party transactions, in accordance with Consob Resolution no. 15519 of 27 July 2006 are provided in the specific disclosure section "Transactions with Related Parties".

38. Statement of Changes in Equity

(Values in Euro thousands)	Share capital	Share premium reserve	Statutory reserve	Other reserves	Valuation Reserve	Income and loss from previous years	Profit (loss) for the year	Shareholders' equity
Balances at 31 December 2013	**19,690**	**224,698**	**5,328**	**147,164**	**7**	**1,573**	**(5,361)**	**393,099**
Allocation of profit						(5,361)	5,361	**0**
Equity component of the convertible bond				6,960				**6,960**
Total profit (loss) for the year					(46)		(2,084)	**(2,130)**
Balances at 31 December 2014	**19,690**	**224,698**	**5,328**	**154,124**	**(39)**	**(3,787)**	**(2,084)**	**397,930**
Balances at 31 December 2014	**19,690**	**224,698**	**5,328**	**154,124**	**(39)**	**(3,787)**	**(2,084)**	**397,930**
Allocation of profit						(2,084)	2,084	**0**
Total profit (loss) for the year					20		18,522	**18,542**
Balances at 31 December 2015	**19,690**	**224,698**	**5,328**	**154,124**	**(19)**	**(5,871)**	**18,522**	**416,472**

39. Consolidated Cash Flow Statement (Indirect Method)

(Values in Euro thousands)	2015	2014
Cash and cash equivalents at the beginning of the year (A)	**1,091**	**619**
Operations		
Net Result	18,522	(2,084)
Adjustments for:		
Amortisation and write-downs of intangible assets	184	184
Depreciation of non-current tangible assets	6	26
Allocations to provisions	0	0
Financial (income)/expense	17,969	17,698
Income taxes	(6,996)	(6,175)
Capital (gains)/losses	0	0
Impairment of investments	14,000	18,300
(Increase) / Decrease in trade receivables	(2,301)	(9,230)
Increase / (Decrease) in other liabilities	(22,568)	(13,571)
(Increase) / Decrease in other assets	(3,733)	10,382
Increase / (Decrease) in trade payables	(56,934)	(10,303)
Increase / (Decrease) in provisions (including post-employment benefits)	(1,617)	4,961
Income taxes paid	16,224	(2,400)
Cash flow from operations (B)	**(27,244)**	**7,788**
Investments		
(Investments)/Disposals - non-current tangible assets	(13)	0
(Investment)/Disposal of intangible assets	0	197
(Increase)/Decrease in other investments	(43,920)	(10,000)
Cash flow from investments (C)	**(43,933)**	**(9,803)**
Financing		
Change in financial debt	(85,056)	(32,326)
Change in other financial assets and liabilities	155,445	(42,946)
Change in capital and reserves	0	0
Net income Convertible Bond	0	77,759
Cash flow from financing (D)	**70,389**	**2,487**
Increase/(Decrease) in Cash and cash equivalents (B+C+D)	**(788)**	**472**
Cash and Cash equivalents at the end of the year (A+B+C+D)	**303**	**1,091**

The analyses of related party transactions, in accordance with Consob Resolution no. 15519 of 27 July 2006 are provided in the specific disclosure section “Transactions with Related Parties”.

40. Explanatory Notes as at 31 December 2015

Preparation Criteria

Introduction

Maire Tecnimont S.p.A. is a joint-stock company incorporated under the Italian laws, registered with the Rome Business Register. According to the provisions of the first paragraph of art. 4 of Legislative Decree 38/2005, the financial statements of Maire Tecnimont S.p.A. (separate financial statements), whose shares are listed and traded on the Italian Regulated Market, have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission as defined by Article 6 of the EC Regulation 1606/2002 enacted by the European Parliament and Council on 19 July 2002. The financial statements have been prepared using the historical cost criterion, modified as required for the valuation of certain financial instruments, and based on the going concern principle.

The financial statements are denominated in Euro (€) as this is the currency in which most of the Company's operations are performed.

Accounting Statements

The formats of and disclosures contained in these financial statements have been prepared in line with IAS 1 - REVISED, as called for by CONSOB Communications 1559 and 6064293 issued on 28 July 2006.

The items in the statement of financial position are classified as current and non-current, while those of the income statement and the statement of comprehensive income are classified by type.

The statement of cash flows has been prepared using the indirect method, adjusting net income for the year for non-monetary components.

The statement of changes in equity shows the total income (charges) for the year and other changes in the shareholders' equity.

Going Concern

The Group and the Company deem it appropriate to use the going concern basis for the preparation of the financial statements for the year ended 31 December 2015.

Accounting Principles, Amendments and IFRS Interpretations Starting From January 2015

The following standards, amendments and interpretations were applied for the first time by the Company with effect from 1 January 2015:

- On 20 May 2013 the interpretation IFRIC 21 – Levies, was published, which provides clarification on when recognition of a liability related to taxes (other than income taxes) imposed by a government agency. The standard addresses both the liabilities for taxes that fall within the scope of IAS 37 – Provisions, contingent liabilities and assets, as well as the taxes where the amount and timing are certain. The interpretation is applied retrospectively for annual periods commencing no later than 17 June 2014 or later. The adoption of this new interpretation had no impact on the annual financial statements of the Company.

- On 12 December 2013, the IASB published the document "Annual Improvements to IFRSs: 2011-2013 Cycle" which incorporates amendments to some standards in the context of the annual improvement process thereof (among which: IFRS 3 Business Combinations – Scope exception for joint ventures, IFRS 13 Fair Value Measurement – Scope of portfolio exception, IAS 40 Investment Properties – Interrelationship between IFRS 3 and IAS 40). The changes shall apply beginning the years that start 1 January 2015 or after. The adoption of said amendments had no impact on the annual financial statements of the Company.

IFRS and IFRIC Accounting Principles, Amendments and Interpretations approved by the European Union, not yet obligatorily applicable and not adopted by the Group in advance as at 31 December 2015

The Company has not applied the following Standards, new and amended, issued but not yet effective.

- Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions" (published on 21 November 2013): concerning the accounting of the contributions made by employees or third parties to the defined benefit plans. The amendment shall apply at the latest beginning the years that start 1 February 2015 or after.

- Amendment to IFRS 11 Joint Arrangements – "Accounting for acquisitions of interests in joint operations" (published on 6 May 2014): relating to the accounting for the purchase of stakes in a joint operation whose activity constitutes a business. The amendments are applicable starting from 1 January 2016. However, earlier application is permitted.

- Amendments to IAS 16 Property, plant and equipment and IAS 41 Agriculture – "Bearer Plants" (published on 30 June 2014): the bearer plants, or fruit trees that shall produce annual crops (such as vines, plant nuts) shall be accounted for in accordance with the requirements of IAS 16 (rather than IAS 41). The amendments are applicable starting from 1 January 2016. However, earlier application is permitted.

- Amendments to IAS 16 Property, plant and Equipment and IAS 38 Intangibles Assets – "Clarification of acceptable methods of depreciation and amortisation" (published on 12 May 2014): according to which a criterion of depreciation based on revenues is considered generally inappropriate, since revenues generated by an activity that includes the use of the asset depreciated generally reflect factors other than only consumption of economic benefits of the asset, requirement that is, instead, required for depreciation. The amendments are applicable starting from 1 January 2016. However, earlier application is permitted.

- Amendment to IAS 1 – "Disclosure Initiative" (published on 18 December 2014): the objective of the amendments is to provide clarification to disclosure elements that may be perceived as impediments to a clear and intelligible drafting of financial statements. The amendments are applicable starting from 1 January 2016. However, earlier application is permitted.

- Amendment to IAS 27 - Equity Method in Separate Financial Statements (published on 12 August 2014): introduces the option of using in the separate financial statements of an entity the equity method for the evaluation of investments in subsidiaries, jointly ventures and associates. The amendments are applicable starting from 1 January 2016. However, earlier application is permitted.

The Directors are currently assessing the possible impacts from the introduction of said amendments on the Company's annual financial statements.

Lastly, as part of the annual process of improvement of the standards, on 12 December 2013, the IASB published the documents "Annual Improvements to IFRSs: 2010-2012 Cycle" (among which IFRS 2 Share Based Payments – Definition of vesting condition, IFRS 3 Business Combination – Accounting for contingent consideration, IFRS 8 Operating segments – Aggregation of operating segments and Reconciliation of total of the reportable segments' assets to the entity's assets, IFRS 13 Fair Value Measurement – Short-term receivables and payables) and on 25 September 2014 "Annual Improvements to IFRSs: 2012-2014 Cycle" (among which: IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 – Financial Instruments: Disclosure and IAS 19 – Employee Benefits), which partially integrate the existing standards. The amendments apply at the latest respectively for annual periods beginning on or after 1 February 2015 or later date and for annual periods beginning on 1 January 2016 or later date. The Directors are currently assessing the possible impacts of the introduction of said amendments on the Company's annual financial statements.

ACCOUNTING PRINCIPLES, AMENDMENTS AND IFRS INTERPRETATIONS NOT YET APPROVED BY THE EUROPEAN UNION

At the date of reference of this Financial Report, the EU competent authorities have not yet completed the standardisation process required to adopt the accounting principles and amendments described below.

- Standard IFRS 15 – Revenue from Contracts with Customers (published on 28 May 2014), which is destined to replace IAS 18 – Revenue and IAS 11 – Construction Contracts, as well as the interpretations of IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers and SIC 31 – Revenues-Barter Transactions Involving Advertising Services. The standard establishes a new model of revenue recognition shall apply to all contracts with customers except those that fall within the scope of application of other IAS/IFRS principles such as leasing, insurance contracts and financial instruments. The basic steps for the recognition of revenue under the new model are: the identification of the contract with the customer; the identification of performance obligations of the contract; pricing; the allocation of the price to the performance obligations of the contract; the criteria for registration of revenue when the entity fulfils each performance obligation.

  The principle is applicable starting from 1 January 2018. However, earlier application is permitted. The Directors do not expect that the application of IFRS 15 may have impacts on the amounts recorded as revenues and the related disclosure in the Company's financial statements.

- Final version of IFRS 9 – Financial Instruments (published on 24 July 2014). The document includes the results of the phases relating to Classification and measurement, impairment and hedge accounting, of the IASB's project aimed at replacing IAS 39: it introduces new criteria for classifying and measuring financial assets and liabilities; With reference to the impairment model, the new standard requires that the estimate of losses on receivables to be made on the basis of the expected losses model (and not the incurred losses model used by IAS 39) using supportable information available without unreasonable effort or expense that include historic, current and future data; it introduces a new hedge accounting model (increase in the types of transactions eligible for hedge accounting, changes in the accounting method of forward contracts and options when included in a hedge accounting report, changes in the effectiveness test).

The new standard, which replaces the previous version of IFRS 9, shall be applied for financial statements beginning on 1 January 2018 or later. The Directors do not expect that the application of IFRS 9 may have impacts on the amounts recorded and the related disclosure in the Company's financial statements.

- On 13 January 2016, the IASB published the standard IFRS 16 – Leases, which is intended to replace the standard IAS 17 – Leases, as well as the interpretations IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The new standard provides a new definition of lease and introduces a criterion based on control (right of use) of an asset to distinguish lease contracts from service contracts, identifying as discriminants: the identification of the asset, the right to replace the same, the right to obtain substantially all of the economic benefits arising from the use of the asset and the right to direct the use of the asset underlying the contract. The standard establishes a single model of recognition and evaluation of lease agreements for the lessee, which involves registration of even the operational lease as an asset with financial debt as a balancing entry, while also providing the opportunity to not recognize as leases contracts concerning "low-value assets" and leases with a contract term equal to or less than 12 months. By contrast, the Standard does not include significant changes for lessors.

  The standard is applicable as of 1 January 2019. However, earlier application is permitted only for companies that proceeded with thr early application of IFRS 15 - Revenue from Contracts with Customers. However, it is not possible to provide a reasonable estimate of the effect until the Company has completed a detailed analysis of the related contracts.

- Document "Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)" (published on 18 December 2014), containing amendments relating to issues raised following the application of the consolidation exception granted to investment entities. The amendments introduced by the document shall be applied beginning the years that start 1 January 2016 or after. However, early adoption is permitted. The Directors are currently assessing the possible impacts of the introduction of said amendments on the Company's annual financial statements.

- On 11 September 2014, the IASB published an amendment to IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture. The document was published in order to resolve the current conflict between IAS 28 and IFRS 10 related to the valuation of the profit or loss resulting from the sale or transfer of a non-monetary assets to a joint venture or associate in return for a portion in the capital of the latter. For the moment, the IASB has suspended the application of this amendment.

40.1. Valuation Criteria

The most significant measurement criteria used to prepare the consolidated financial statements are described below.

Business Combination

The acquisition of subsidiaries is accounted for according to the acquisition method. The purchase price is the sum of the current values, on the date of acquisition, of the assets acquired, the liabilities incurred or undertaken and the financial instruments issued by the

Company in exchange for the management of the acquired company, plus any directly attributable merger costs.

When the identifiable assets, liabilities and contingent liabilities of the acquired company meet recognition requirements under IFRS 3, these are recognized at their fair values at the acquisition date, except for non-current assets (and disposal groups) which are classified as held for sale in accordance with IFRS 5 and measured at fair value less costs of sale.

Goodwill arising from the acquisition is recognized as an asset and is initially valued at cost, calculated as the excess of purchase price over the Group's share of the current value of recorded assets, liabilities and identifiable contingent liabilities. If, after these values are recalculated, it is the case that the Group's share of the current values of assets, liabilities and identifiable contingent liabilities exceeds the purchase price, the difference is immediately charged to the Income Statement.

EQUITY INVESTMENTS

Investments in subsidiaries, jointly-controlled ventures and associated companies, other than those held for sale, are valued at the purchase cost inclusive of any other costs directly related to the asset. When an indication of impairment exists, the recoverability of the book value of the investment is tested by comparing the book value of the asset with the corresponding recoverable value represented by the higher of the fair value, net of the cost of selling the asset, and the value in use. In the absence of a binding sale agreement, the fair value is estimated on the basis of the values observed in recent transactions in an active market or on the basis of the best available information to reflect the amount that the Company can obtain through the sale of the asset. The value in use is generally determined, within the limits of the corresponding portion of the subsidiary's equity taken from the consolidated financial statements, by discounting the asset's expected cash flows and, if meaningful and reasonably determinable, by its disposal, net of selling costs. Cash flows are determined based on reasonable assumptions and with the support of documentary evidence representing the best estimate of the future foreseeable economic conditions, giving higher importance to independent information. The discounting of cash flows is made using a rate that takes account of the implicit business risk of the company. The risk arising from potential losses exceeding the shareholders' equity is recognized in a specific provision as long as the controlling company is committed to fulfil the legal or implicit obligations towards the subsidiary or to cover its losses.

When the reasons for the impairment no longer exist, investments valued at cost are revalued within the limits of the write-downs previously applied through recognition in the Income Statement under the item "Gains/Losses from investments". The other investments are valued at fair value through the Income Statement if held for trading or under "Other reserves" of the shareholders' equity. In the latter case, the reserve is recognized through the Income Statement at the time of the impairment or disposal. When the fair value cannot be reliably determined, investments are valued at cost, net of impairment; in this case impairment cannot be reversed.

Investments held for sale are valued at the lower of their book value and their fair value, net of selling costs.

NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets (and disposal groups) are classified as held for sale when it is expected that their book value will be recovered by selling the asset rather than using it for the Company's operations. This condition is only met when the sale is highly probable, the asset (or disposal group) is available for immediate sale in its current state and management is committed to the sale, which should take place within twelve months of classification as held for sale.

Non-current assets (and groups of assets being disposed of) that are classified as held for sale are valued at the lower of the previous book value and the market value less disposal costs.

RECOGNITION OF REVENUES

Revenues from transactions are recognized at the fair value of the consideration received, net of returns, discounts, allowances and premiums, as follows:

- revenues from sales: when the risks and rewards of ownership are effectively transferred;
- revenues from services: at the time the service is provided.

The Company classifies the differences in exchange rates arising from commercial transactions under operating income, and, more specifically, under "Other operating revenue" or "Other operating costs" according to whether the net effect is positive or negative, with detailed provided in the notes to the financial statements.

Dividends received

Dividends are recognized when the shareholders are entitled to receive them, which normally occurs in the period in which the Shareholders' Meeting of the company in which the investment is held approves the distribution of earnings or reserves.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment used for production or to provide goods and services are recognised at historical cost, including any related expenses and direct costs incurred to prepare the asset for use.

Property, plant and equipment are recognized at cost, net of accumulated depreciation and any impairment.

Amortization/depreciation is calculated on a straight-line basis by applying the following rates on the cost of the assets over their estimated useful life, which is reviewed annually:

Asset category	Depreciation rate
Land	0%
Buildings	from 3% to 10%
Plant and Equipment	from 7.5% to 15%
Industrial and commercial equipment	15%
Furniture and fittings	12%
IT equipment	20%
Vehicles	25%

Gains and losses arising from the transfer or disposal of assets are calculated as the difference between sales revenue and the net carrying amount of the asset. They are booked to the income statement for the year.

Ordinary maintenance expenses are fully recognized in the income statement.

Interventions to improve an asset with respect to its original verified condition are capitalised and depreciated in proportion to the residual useful life thereof.

Leasehold improvements that meet capitalisation requirements are recognized under tangible fixed assets and depreciated over the shorter of the residual concession term and the asset's useful life.

Leased Assets

The leasing contracts under which the Group does not bear all the risks and benefits from the rewards incidental to ownership are considered as operating leases.

Payments for operating leases are recognized on a straight-line basis over the duration of the contract.

Grants

Public grants are recognized when it is reasonably certain that they will be received and when all conditions for attaining them have been met.

Any capitalized government grants towards items of tangible fixed assets are recognized as direct deductions from the value of the assets to which they refer. The value of the asset is adjusted for systematic depreciation, calculated according to the residual possible use of the asset over its useful life.

INTANGIBLE ASSETS

Intangible assets purchased separately are shown at cost less amortization/depreciation and impairment. Amortization is calculated on a straight-line basis over the asset's residual useful life. The amortization/depreciation method and the residual life are reviewed at the end of each reporting period. The effects of changes in the amortization/depreciation method and the residual useful life are reflected in the accounting treatment going forward rather than retrospectively.

Internally Generated Intangible Assets – Research and Development Costs

Research costs are charged to the Income Statement in the period in which they are incurred.

Intangible assets generated internally as a result of development as part of an internal project within the Group are only recorded as assets when all the following conditions are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- the Group intends to complete the asset for use or sale;
- the Group is capable of using or selling the asset;
- it is probable that the asset will generate future economic benefits; and
- the Group has the technological, financial and other resources to complete the development and use or sell the asset during the development stage.

The initially recognized amount of internally generated intangible assets corresponds to the sum of expenses incurred from the date in which the asset first meets the above requirements. When internally generated intangible assets cannot be recognized, the development expenses booked to the income statement when incurred.

Following their initial recognition, internally generated intangible assets are accounted for at cost net of accumulated impairment losses, as in the case of intangible assets purchased separately.

Intangible assets acquired in business combination

Intangible assets acquired in a business combination are identified and recognised separately from amortization if they meet the definition of intangible assets and their fair value can be reliably determined. The cost of such intangible assets is their fair value on the date of award.

The effects of changes in the depreciation method and the residual useful life are reflected in the accounting treatment going forward rather than retrospectively.

Impairment Losses on Tangible Assets, Intangible Assets and Financial Assets

At each reporting date, the Company reviews the book values of its tangible, intangible and financial assets to determine whether there is any indication of impairments of value. Should it be impossible to estimate the recoverable value of an individual asset, the Company estimates the recoverable value of the cash-generating unit to which the asset belongs. If there are signs of impairment, the Group estimates the recoverable amount of the assets to calculate any impairment losses.

Intangible assets with an indefinite useful life, such as goodwill and trademarks, are tested for impairment annually or whenever there is indication of impairment.

The recoverable amount is the greatest between the fair value net of sale costs and the valu of use. In calculating the value in use, estimated future cash flows are discounted to present value at a gross rate that reflects current market valuations of the value of capital and the specific risks connected to the asset.

If the recoverable amount of an asset (or of a cash-generating unit) is estimated to be lower than the relative book value, it is reduced to the lower recoverable value. An impairment loss is recognized immediately in the income statement.

When the impairment loss of an asset is successively removed or reduced, the book value of the asset is increased to the new estimated recoverable value and cannot exceed the value that would have been determined if no impairment loss had been reported. Reversals of impairment losses are immediately recognized in the income statement.

Financial instruments

Financial assets and liabilities are recognized in the Statement of Financial Position at the moment when the Company becomes a party to the relative contractual clauses.

Financial assets

Receivables

Receivables are initially recognized at fair value and subsequently evaluated at amortized cost, according to the effective interest method, net of impairment losses that reflect amounts deemed non-recoverable and which are taken to specific provisions adjusting receivables. Amounts considered non-recoverable are estimated on the basis of expected future cash flows. These flows consider expected recovery times, estimated realisable value, any guarantees and costs that the Group expects to incur to recover the receivables. The original value of the receivables is restored in subsequent financial years if the reasons for impairment cease to exist. In this case, the reversal is recognized in the income statement and may not exceed the amortized cost that the receivable would have had if it had not been impaired.

Trade receivables with a maturity falling within normal commercial terms are not adjusted to present value. Receivables denominated in a currency other than the operating currency of the individual companies are valued at the year-end exchange rate.

Other financial assets

The financial assets that the Company intends or is able to keep until maturity in accordance with IAS 39 are recognised at cost, reported at the date of the trade, corresponding to the fair value of the initial amount paid, plus any transaction costs (e.g. commissions, consulting fees, etc.) directly attributable to the acquisition of the asset. Subsequent to the initial assessment, such assets are valued at amortized cost, using the original effective interest rate method.

Any financial assets held in order to generate revenues in the short term are recognized and measured at fair value through profit or loss. Any other financial assets are classified as available-for-sale financial assets and are recognized and measured at fair value through equity. These gains or losses are recorded in the Income Statement as soon as the asset is sold or impaired. Available-for-sale financial assets include investments in companies other than subsidiaries, jointly controlled entities and affiliates.

Cash and cash equivalents

This item includes cash, bank current accounts and deposits refundable on demand, as well as other short-term highly liquid investments that can be easily converted into cash with minor risks in terms of change in value.

Financial Liabilities and Equity Instruments

Financial liabilities and the Company's equity instruments are classified in accordance with the substance of the underlying contractual agreements and in compliance with the respective definitions of liabilities and equity instruments. The latter are defined as contracts attributing the right to benefit from the residual interest in the Company's assets after deducting all of its liabilities. The accounting standards adopted in relation to specific financial liabilities and equity instruments are described below.

Payables

Payables are initially recognized at cost, which corresponds with the fair value of liabilities, net of directly related transaction costs.

After initial recognition, these liabilities are measured at amortized cost, using the effective interest method. This category includes interest-bearing bank loans and bank overdrafts.

Trade payables with normal commercial maturities are not adjusted to present value. Payables denominated in currencies other than the operating currency of the individual companies are valued at the year-end exchange rates.

Fair Value Measurement

Fair value is the value at which an asset (or a liability) can be exchanged in a transaction between independent parties having a reasonable degree of knowledge of market conditions and other meaningful elements related to the object of the negotiation. The definition of fair value implies the assumption that an entity is fully operating and that there is no necessity to liquidate or materially reduce business activities, or carry out transactions at unfavorable conditions. The fair value reflects the financial quality of the instrument as it incorporates the counterparty risk.

Receivables and Payables:

The fair value of receivables and payables recognized in the financial statements at cost or amortized cost is provided in the Notes for disclosure purposes, calculated as follows:

- for short-term receivables and payables, it is considered that the cashed-out/cashed-in value is reasonably close to their fair value;
- for long-term receivables and payables, the fair value assessment is mainly carried out through the future cash flow discounting method. Each future cash flow is discounted at a

rate based on the zero-coupon yield increased by a margin representing the specific counterparty's risk level.

Other Financial Instruments (Bonds and Securities)

The fair value of this category of financial assets is determined by taking into account the market prices at the date of the Statement of Financial Position, where these exist, or alternatively by using other evaluation methods based exclusively on market data.

EQUITY INSTRUMENTS

Equity instruments issued by the Company are recognized on the basis of the amounts received in exchange for them, net of direct issuing costs.

CONVERTIBLE BONDS

In accordance with IAS 32 – "Financial Instruments: Presentation", convertible bonds are accounted for as compound financial instruments, consisting of two components which are accounted for separately only if relevant: a liability and a conversion option. The liability corresponds to the present value of future cash flows, based on the current interest rate at the date of issue for an equivalent non-convertible bond. The option value is defined as the difference between the net amount received and the amount of the liability and is recognized in equity. The value of the conversion option into shares is not changed in subsequent periods. In contrast, if the characteristics of the bond involve, upon exercise of the conversion right, the right for the company to deliver shares or offer a combination of shares and cash, the option is accounted for as a financial liability for the embedded derivative, measured at fair value through the income statement while the differential with respect to the original nominal value or the financial liability (host) is recorded at amortized cost.

Considering the placement of the convertible bond issued in February 2014 by Maire Tecnimont S.p.A., it is configured as a compound financial instrument the accounting methods of which are outlined above.

DERECOGNITION OF FINANCIAL INSTRUMENTS

The Group enters into factoring agreements by which it transfers contractual rights on receivables to third parties in exchange for the related cash flows. Such transactions may involve:

- the substantial transfer of the risks and rewards deriving from the ownership of the underlying financial asset;
- the Group maintaining a significant part or all of the above mentioned risks and rewards.

In the first case, the Group derecognizes the financial asset from its Statement of Financial Position and separately recognizes under assets and liabilities every right and obligation deriving from the transfer or maintained after the transaction.

In the second case, the Group continues to recognize the financial asset in its own financial statements.

Shareholders' Equity

Share Capital

The share capital is represented by the Company's subscribed and paid-up capital. Costs directly related to the issuance of shares are classified as a reduction in share capital when they are directly related to the equity transaction.

Treasury Shares

Treasury shares are represented as a negative item of Company shareholders' equity. The costs incurred in relation to the issuance of new shares by the Company are deducted from the shareholders' equity, net of any potential deferred tax impact. Gains or losses arising from the purchase, sale, issuance or cancellation of treasury shares are not recognized in the income statement.

Retained earnings (losses carried forward)

These include profits for previous years that were not distributed or allocated to reserves and losses for previous years that have not yet been covered. This item also includes transfers from other equity reserves when the restrictions to which amounts were previously subject no longer apply, as well as the recognition of the effects of changes in accounting policies and material errors.

Other reserves

Other reserves include, among others, the statutory reserve and the extraordinary reserve.

Valuation reserve

The valuation reserve includes, among others, the actuarial reserve on defined benefit plans recognized in shareholders' equity.

Contractual liabilities arising from financial guarantees

Contractual liabilities deriving from financial guarantees are initially recognized at fair value and subsequently at the highest between :

- the amount of the contractual obligation, determined in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets;
- the initially recognized amount, net of accumulated depreciation/amortization, where appropriate, recognized in accordance with the recognition of revenues as described above.

Provisions for Risks and Charges

Provisions are recognized in the financial statements when the Company has a current obligation (legal or constructive) as a result of a past event and will more than likely be requested to fulfil such obligation. Provisions are accrued on the basis of the best estimate of costs to be incurred to settle the obligation at the reporting date. They are discounted when the effect of the time value of money is material.

When the Company believes that a provision for risks and charges has to be in part or entirely refunded or compensated, the indemnity is reported under assets only when the refund is virtually certain and the related amount can be reliably determined.

Onerous contracts

If the Company has a contract that can be classified as onerous, the current obligation of the contract must be recorded and valued in the same way as a provision.

An onerous contract is a contract in which the non-discretional costs required to meet the obligation exceed the economic rewards expected from the contract itself.

Guarantees

Provisions for warranty costs are recognized when it is probable that an intervention under guarantee on completed works is requested. Provisions are calculated on the basis of management's best estimate of the costs to be incurred to settle the obligation.

POST-EMPLOYMENT BENEFITS

Payments for defined-contribution plans are booked to the income statement in the period when they are due.

The cost of benefits recognized under defined-benefit plans is calculated using the projected unit credit method based on actuarial calculations performed at each year end. Actuarial gains and losses are fully recognized when they arise and are directly registered to a specific equity reserve. Past service cost is immediately recognized to the extent that benefits have already accrued.
Recognized liabilities for post-employment benefits reflect the present value of liabilities for defined-benefit plans, adjusted to consider unrecognized actuarial gains and losses and unrecognized prior service costs, less the fair value of plan assets. Any net assets arising from such calculation are limited to the value of non-recognized actuarial losses and costs of past service, plus the current value of any repayments and reductions in future contributions to the plan.

Other Long-term Benefits

The accounting treatment of other long-term benefits is the same as that applied to post-employment benefits except for the fact that the actuarial gains and losses and the costs of past services are fully recognized in the income statement in the period in which these materialise.

INTEREST INCOME AND EXPENSE

Interest is recognized on an accruals basis using the effective interest method, i.e., the interest rate that renders all inflows and outflows (including any premiums, discounts, commissions, etc.) that comprise a specific transaction financially equivalent. The Company classifies under this item the changes due to exchange rates arising from financial transactions, while the changes due to exchange rates on commercial transactions are recognized under operating income, specifically under the item "Other operating revenue" or "Other operating costs", according to their positive or negative impact; the relevant details are provided in the notes to the financial statements.

TAXES

Income taxes for the year are determined as the sum of current and deferred taxes.

Current taxes

Current taxes of the current and previous years are recognized at the amount expected to be paid to the tax authorities.

Current tax liabilities are calculated using the applicable tax rates and the fiscal rules in force or substantially approved on the closing date of the financial year. Maire Tecnimont S.p.A. and the main subsidiaries resident in Italy have exercised the option to adopt the National Tax Consolidation Regime, which enables the calculation of the IRES corporate tax on a taxable income base defined as the algebraic sum of the profits and losses of each individual company. In 2011, Maire Tecnimont S.p.A. and the main Group companies joined the Group's VAT consolidation regime.

Deferred taxes

Deferred taxes are taxes that are expected to be paid or recovered on the temporary differences arising between the value of an asset or a liability for tax purposes and its carrying amount in the Statement of Financial Position.

Deferred tax liabilities are normally recognized for all taxable temporary differences, while deferred tax assets are recognized when it is likely that future taxable profit will be sufficient to allow the deduction of temporary differences.

The book value of deferred tax assets is revised at each financial statements date and reduced when it is no longer probable that sufficient taxable income will be achieved to allow the full or partial recovery of such assets.

Deferred taxes are calculated at the tax rate that is expected to be effective when the asset is realized or the liability settled. Deferred taxes are directly registered to profit or loss, unless they are directly registered to equity because they relate to items also recognized directly in equity.

USE OF ESTIMATES

The preparation of the consolidated financial statements and Notes in accordance with IFRSs requires that management makes use of estimates and assumptions that affect the carrying amounts of assets and liabilities and disclosures of contingent assets and liabilities at the reporting date. The estimates and assumptions made are based on experience and other relevant factors. Therefore, the actual results achieved may differ from those estimates. Estimates and assumptions are periodically reviewed and the effects of any adjustments booked to the income statement in the period when the estimate is revised, if the revision has effects in that period only, and in subsequent periods as well, if the revision effects both the current and future periods. We underscore that the recent financial and economic crisis has led the Company to formulate new assumptions for its future economic and financial developments due to the high level of uncertainty. Therefore, it cannot be excluded that next year's financial results may differ from the Company's estimates and could lead to even significant adjustments, which cannot possibly be anticipated today, in the book values of the corresponding items.

The main financial statement items affected by such situations of uncertainty are:

- provisions for credit risks;
- impairment of financial assets;
- amortization/depreciation;

- impairment of asset elements;
- employee benefits;
- income taxes;
- provisions;
- valuation of derivative instruments and the relative underlying asset.

41. Income Statement

41.1. Revenues

Revenue generated in FY 2015 is Euro 80,474 thousand, up Euro 16,275 thousand compared to the previous period, and is broken down as follows:

(Values in Euro thousands)	31/12/15	31/12/14
Revenues from sales and services	26,648	22,947
Dividends from subsidiaries	53,826	41,252
Total	**80,474**	**64,199**

revenues from the dividends from subsidiaries amount to Euro 53,826 thousand and relate to dividends received during the year from the subsidiary KT-Kinetics Technology S.p.A. for Euro 8,686 thousand and from the subsidiary Stamicarbon B.V. for Euro 45,140 thousand.

Income for goods and services are Euro 26,648 thousand and relate to income generated by "Inter-group Services" delivered to the direct subsidiaries.

Specifically, income from services refers to the services provided by the Parent Company in relation to the direction, coordination and control of legal, administrative, tax, financial and strategic matters on behalf of the individual Group companies.

41.2. Other operating revenues

(Values in Euro thousands)	31/12/15	31/12/14
Cost recovery	2	2
Extraordinary income	90	0
Insurance claims	28	0
Other	2,003	2,339
Total	**2,123**	**2,341**

Other operating revenues in the year amounted to Euro 2,123 thousand of which Euro 2,003 thousand were generated by the administrative, fiscal and legal services provided by Maire Tecnimont S.p.A. to some Group companies (Tecnimont S.p.A., Met NewEn S.p.A. and Biolevano S.r.l).

41.3. Raw materials and consumables

The costs of raw materials and consumables were Euro 37 thousand.

The breakdown is as follows:

(Values in Euro thousands)	31/12/15	31/12/14
Consumables	(22)	(25)
Consumables	(15)	(15)
Total	**(37)**	**(40)**

The item mainly refers to the purchase of office equipment for Euro 22 thousand and to petrol/fuel consumption for Euro 15 thousand, which was used for business cars.

41.4. Costs for services

The total cost of services for the year is Euro 21,175 thousand, up Euro 5,514 thousand against the previous year.

The breakdown is as follows:

(Values in Euro thousands)	31/12/15	31/12/14
Utilities	(218)	(210)
Maintenance	(80)	(93)
Consulting and services	(5,559)	(3,095)
Directors and Statutory Auditors remuneration	(2,024)	(2,070)
Cost of bank guarantees and other banking services	(603)	(220)
Sale and advertising costs	(264)	(294)
Additional employee costs	(4,137)	(3,746)
Additional employee costs	(8)	(12)
Insurance	(161)	(149)
Other	(8,121)	(5,772)
Total	**(21,175)**	**(15,661)**

Consultancy and services includes professional fees, primarily for legal advice, services and legal and administrative consultancy for the projects launched in the year, audit and tax advice fees, and business consultancy.

Directors and Statutory Auditors remuneration refers to the fees accrued by members of the Board of Directors, the Board of Statutory Auditors, the Supervisory Board, the Remuneration Committee and the Internal Control Committee and the Related Parties Committee.

Additional employee costs mainly relate to the costs of business travel and other ancillary costs by personnel.

The item Other mainly refers to the provision of intra-group services incurred for the headquarters in Via Gaetano de Castillia (Milan), which includes the provision of offices, maintenance and other ancillary activities. The item also includes costs for corporate events, non-capitalized costs incurred for information technology services, the maintenance of application packages, printing and reprographic services.

41.5. Personnel expense

Personnel expense was Euro 17,590 thousand, down Euro 3,678 thousand on previous year.

The breakdown is as follows:

(Values in Euro thousands)	31/12/15	31/12/14
Wages and salaries	(13,368)	(16,001)
Social security costs	(3,509)	(4,555)
Employee severance indemnity	(713)	(702)
Other expenses	0	(10)
Total	**(17,590)**	**(21,268)**

In 2015, there was a decrease in personnel costs mainly due to a decrease in expenses related to remuneration policies and incentives to employees, which had a significant impact on labour costs last year; consequently social costs also decreased compared to the previous year and the incidence of the same on total remuneration is in line with the theoretical. The item also includes the fair value component recognized in the year in relation to the incentive plan based on Phantom Stock.

The actual workforce at 31 December was equal to 101 resources, up 7 resources compared to the previous year; the average number of employees during the year went from 91 to 97 resources.

In detail, a breakdown of the Company’s workforce by category with the relevant changes is shown below:

Title	Workforce at 31/12/2014	New hires	Outgoing employees	Promotions	Transfers	Workforce at 31/12/2015
Managers	33	5	(1)	0	0	37
Middle-managers	30	7	(5)	(1)	3	34
Middle-managers	31	3	(2)	1	(3)	30
Blue collars	0	0	0	0	0	0
Total	**94**	**15**	**(8)**	**0**	**0**	**101**
Average no. of employees	91					97

41.6. Other operating expense

Other operating expenses in the current year are equal to Euro 1,970 thousand, up Euro 348 thousand compared to the previous year.

The breakdown is as follows:

(Values in Euro thousands)	31/12/15	31/12/14
Leases	(479)	(533)
Rentals	(519)	(467)
Other expenses	(972)	(622)
Total	**(1,970)**	**(1,622)**

The item rentals mainly relates to the rental of application packages and vehicles.

Leases relate to the leasing of properties for office use, especially for the headquarters in Piazzale Flaminio (Rome) and Via Castello della Magliana (Rome).

Other expenses amounting to Euro 972 thousand mainly refer to membership fees of Euro 434 thousand and representation costs of Euro 250 thousand.

41.7. Amortization/depreciation and impairment

Amortization/depreciation and impairment is Euro 190 thousand in the year, down Euro 20 thousand against the previous year.

The breakdown is as follows:

(Values in Euro thousands)	31/12/15	31/12/14
Amortization of intangible assets	(184)	(184)
Depreciation of tangible assets	(6)	(26)
Total	**(190)**	**(210)**

Amortization of intangible assets of Euro 184 thousand refers to concessions and licenses (SAP, Tagetik and other corporate software application packages) and to other intangible fixed assets related mainly to the consulting costs incurred for the implementation and roll-out of before mentioned applications.

The depreciation of tangible assets of Euro 6 thousand refers to office and electronic machinery and other equipment. The decrease is due to certain assets becoming fully depreciated during the past year.

41.8. Financial income

(Values in Euro thousands)	31/12/15	31/12/14
Income from subsidiaries	2,331	3,951
Other income	77	407
Foreign exchange gains	70	499
Total	**2,478**	**4,857**

Income from subsidiaries of Euro 2,331 thousand refers to the interest income accrued on financing, financial instruments classified as financing and receivables valued at amortized cost, granted mainly to Tecnimont Civil Construction S.p.A. and Met NewEn S.p.A. The item has been decreased as during the year, the Tecnimont S.p.A. repaid the active loans outstanding and equals to Euro 59,150 thousand.

The amount of other income refers to interest income of Euro 77 thousand and relates to interest on bank current accounts and on a residual basis, interest due from the tax authorities.

Foreign exchange gains were Euro 70 thousand and refer to both currency adjustments of foreign currency and profits made.

41.9. Interest expense

(Values in Euro thousands)	31/12/15	31/12/14
Charges from associated companies	(10,094)	(8,471)
Other expense	(3,933)	(8,711)
Interest/other expense equity-linked bond	(6,420)	(5,373)
Total	**(20,447)**	**(22,555)**

Interest expense was Euro 20,447 thousand and is related to Euro 10,094 thousand to interest expense on loans received from Stamicarbon B.V., KT-Kinetics Technology S.p.A., Tecnimont S.p.A., Protecma S.p.A, Tecnimont Russia, Tecnimont Planung und Industrieanlagenbau GmbH, Imm.Lux S.A. and Maire Engineering France S.A.
There was an increase over the previous year, due to new loans received in 2015, mainly from Tecnimont S.p.A.
These expenses are valued at amortised cost using the effective interest rate method.

Other expenses refer to interest expenses on bank loans and decreased significantly compared to the previous year mainly as a result of financial strategies concluded in 2015, starting from the one in April and the last one in December 2015, which reduced the average rate of the Group's indebtedness and specifically allowed Maire Tecnimont S.p.A. to repay the debt related to the rescheduling agreements and new funding stipulated with the Group's main lending banks in 2013 thanks to certain intercompany loans received from Stamicarbon BV and subsequently from Tecnimont S.p.A.

"Interest Equity-Linked Bond" for Euro 6,420 thousand includes the monetary and non-monetary component of interest on the equity-linked bond for nominal Euro 80 million issued in February 2014. The increase is related to the different period of accrual of interest that in 2014, had an impact on the income statement only for 10 months.

41.10. Gains/(Losses) on investments

(Values in Euro thousands)	31/12/15	31/12/14
Revaluation/(write-down) of subsidiaries	(14,000)	(18,300)
Revaluation/(write-down) of financial assets	1,860	0
Total	**(12,140)**	**(18,300)**

Impairments of investments at 31 December 2015 were equal to Euro 14,000 thousand and relate to the shareholding in Tecnimont Civil Construction S.p.A.

This write-down was carried out following the results of the impairment test performed on the value of investments held by Maire Tecnimont, as described in the paragraph "Investments in subsidiaries".

The revaluation of financial fixed assets amounted to Euro 1,860 thousand, in fact, following the collection of the financial receivables due from Tecnimont Chile LTDA, the impairment provision previously set aside was released.

41.11. Taxes

(Values in Euro thousands)	31/12/15	31/12/14
Current income taxes	410	378
Income taxes related to previous years	138	(615)
Deferred tax assets	6,445	6,528
Deferred tax liabilities	3	(116)
Total	**6,996**	**6,175**

This item shows a positive value of Euro 6,996 thousand, up to Euro 821 thousand compared to the previous year.

Current income taxes were equal to Euro 410 thousand and refer to the allocation difference of the income for the payment of tax losses utilized in the CNM 2015 consolidation - FY 2014 with respect to as indicated in the financial statements, as well as the remuneration on excess interest expense not deducted by the Company and deducted by the consolidated in line with the current terms of the consolidation agreement in force.

Maire Tecnimont S.p.A. and its subsidiaries Tecnimont S.p.A., Protecma S.p.A., Tecnimont Civil Construction S.p.A., Met Newen S.p.A., KT-Kinetics Technology S.p.A. and M.S.T S.r.l. have chosen to apply for the National Tax Consolidation Regime that allows to calculate IRES income taxes based on a taxable base generated from the algebraic sum of the taxable income amounts of each individual Group company. Membership of the national tax consolidation was renewed for FY 2016-2018. Deferred tax assets arising from tax losses that have been recorded and may be carried forward are recognized to the extent of the likely future taxable income generated and which may be retrieved.

Income taxes related to previous years of Euro 138 thousand refer to an adjustment of the debt to the companies in the tax consolidation and IRES reimbursements for the years 2006 and 2007.

Advanced tax assets of Euro 6,445 thousand relate to the recognition of advanced tax assets relating to tax losses and non-deductible interest expense transferred to the tax consolidation and used in determining the taxable income of the tax consolidation, net of releases for uses in the period and allocation differences referring to the previous year.

Also in 2015, "advanced and deferred taxes" recognized in the balance sheet were redetermined for the reduction in the IRES rate from 27.5% to 24%; the effects expressed by the reduction in the IRES rate were accounted for in the financial statements as at 31 December 2015, even if the effect is expected as at 1st January 2017, as required by the standard that imposes to take account of future changes in the rate following new rules of law; the overall effect of the adjustment impacted the 2015 tax burden for about Euro 0.2 million.

Deferred tax liabilities for Euro 3 thousand refer to the fiscally recognized amortization of the Tecnimont and KT-Kinetics Technology trademarks, which, due to their classification as fixed assets with an indefinite useful life, are not subject to amortization in the statutory financial statements, whereas a benefit is instead recognized only for fiscal purposes.

The table below shows the breakdown of the theoretical and the actual tax charge for the year under consideration:

Ires	
Description	**31/12/2015**
Income before tax	**11,526**
Theoretical tax rate (*)	**27.5%**
Theoretical tax charge	**3,170**
Temporary differences deductible in subsequent years:	
Temporary taxable differences	24,590
Total	24,590
Reversal of temporary differences from previous years:	
Temporary deductible differences	10,059
Total	10,059
Differences that cannot be reversed in subsequesnt years (**):	
Increases	15,661
Decreases	-53,017
Total	-37,357
Total changes	-22,689
Tax loss	**-11,162**
Current income taxes for the year	**-3,070**
Actual IRES tax rate	**N/A**

(*) *To enable the users of these financial statements to understand better the reconciliation between the tax charge recognized in the financial statements and the theoretical tax charge, IRAP has not been taken into account, since it is computed on a different taxable base than that of income before tax and would generate discrepancies between one fiscal year and another. Therefore, theoretical income taxes have been determined by applying solely the Italian tax rate (IRES of 27.5% in 2015) to the income before tax.*

(**) *This item relates mainly to dividends received from subsidiaries and to write down of investments.*

41.12. Earnings (Loss) per Share

Maire Tecnimont S.p.A. share capital is comprised of ordinary shares for which the basic earnings (loss) per share is calculated by dividing the FY 2015 net profit by the weighted average of the number of outstanding shares of Maire Tecnimont S.p.A. in the considered financial year. At the reporting date the outstanding number of shares was 305,527,500. This figure was used to calculate the basic earnings per share at 31 December 2015. Basic earnings were equal to Euro 0,061.

(Amounts in Euro)	2015	2014
Number of outstanding shares	305,527,500	305,527,500
(Treasury shares)	0	0
Number of shares for the calculation of the earnings per share	305,527,500	305,527,500
Net income attributable to the financial year	18,522,367	(2,084,013)
Number of shares Reserved Capital Increase Equity Linked Bond	36,533,017	36,533,017
Data per share (Euro)		

Net result per base-share in Euro	**0.061**	**(0.0068)**
Net result per diluted-share in Euro	**0.054**	**(0.0061)**

It shall also be noted that in February 2014 the parent company had closed a financing transaction through equity-linked bond loan of Euro 80 million, owned by qualified Italian and foreign investors. The bonds may be convertible at a conversion price set at Euro 2.1898, in newly issued ordinary shares of the Company. In fact, on 30 April 2014, during an extraordinary meeting the shareholders had authorized the convertibility of the equity-linked bond. As a resultt, the Shareholders' Meeting approved the proposal for a divisible share capital increase in exchange for cash payment, excluding the right option pursuant to art. 2441, paragraph 5 of the Italian Civil Code, for a total maximum amount of Euro 80 million (including the premium), to be paid in one or more tranches by issuing up to 36,533,017 shares having the same characteristics of the ordinary shares in issue. The increase is exclusively and irrevocably for the conversion of the said bond, according to the terms of the relevant regulations, at a price per share equal to Euro 2.1898 (of which Euro 0.01 attributable to capital and Euro 2.1798 to premium).

At the date of this financial report the calculation of the diluted earnings of this component has been considered, as at 31 December 2015, the conversion was "in the money".

Diluted earnings thus were equal to Euro 0.054.

42. Balance sheet items

42.1. Property, plant and equipment

(Values in Euro thousands)	31/12/14	Changes in the year	31/12/15
Other assets	83	8	91
Total	**83**	**8**	**91**

The following table outlines the changes in the historical cost, amortization and net book value of the Company's intangible assets:

(Values in Euro thousands)	Plant and equipment	Industrial and commercial equipment	Other assets	Total
Net book value at 31 December 2014	**0**	**0**	**83**	**83**
Increases	0	0	13	13
Amortization	0	0	(5)	(5)
Net book value at 31 December 2015	**0**	**0**	**91**	**91**
Historical cost	2	20	473	495
Accumulated amortization	(2)	(20)	(382)	(404)

The main reductions are due to annual depreciation.

42.2. Other intangible assets

(Values in Euro thousands)	31/12/14	Changes in the year	31/12/15
Concessions, licenses, trademarks and similar rights	3,192	(49)	3,143
Other	135	(135)	0
Total	**3,327**	**(184)**	**3,143**

The following table outlines the changes in the historical cost, amortization and net book value of the Company's intangible assets:

(Values in Euro thousands)	Concessions, licenses, trademarks and similar rights	Other	Total
Net book value at 31 December 2014	**3,192**	**135**	**3,327**
Amortization	(49)	(135)	(184)
Net book value at 31 December 2015	**3,143**	**0**	**3,143**
Historical cost	4,343	4,508	8,851
Accumulated amortization	(1,200)	(4,508)	(5,708)

The main reductions are due to annual depreciation.

The values of the trademarks with an indefinite useful life are shown in the following table:

(Values in Euro thousands)	2015
Tecnimont trademark	3,016
KT- Kinetics Technology trademark	70
Total	**3,086**

The Company tests the recoverability of the trademarks with an indefinite useful life at least once a year and more frequently in the presence of indicators of impairment losses. The recoverable value of the trademarks with an indefinite useful life has been determined based on their value in use.

42.3. Investments in subsidiaries

(Values in Euro thousands)	2014	Changes in the year	2015
Subsidiaries:			
Investment in Tecnimont S.p.A.	588,510	0	588,510
Investment in Tecnimont Civil Construction S.p.A.	44,800	27,000	71,800
Investment in Met Newen S.p.A.	5,940	2,920	8,860
Investment in K.T. S.p.A.	26,972	0	26,972
Investment in Stamicarbon B.V.	40,129	0	40,129
Total	**706,351**	**29,920**	**736,271**

The value of investments in subsidiaries was equal to Euro 736,271 thousand and the change compared to the previous year is due to the increase in the value of the investment in Met Newen S.p.A. following the waiver of Euro 2,920 thousand of financial receivables due from the same company and Tecnimont Civil Construction S.p.A. for the waiver of Euro 41,000 thousand of financial receivables and simultaneous capital increase; net of a subsequent impairment of the investment of Euro 14,000 thousand as a result of the impairment test performed on the value of investments.

Equity investments held in subsidiaries are measured at cost.

The last column of the table below shows the difference between the book value at cost and the relative portion of shareholders' equity:

Company (values in Euro thousands)	Registered Office	Share Capital	Currency	Accounting shareholders' equity (Group portion) *	% ownership	Pro rata accounting shareholders' equity (A)	Book value (B)	Delta (A-B)
Tecnimont S.p.A.	Via G. De Castillia 6/A (MI)	1,000	Euro	129,525	100%	129,525	588,510	(458,985)
Tecnimont Civil Construction S.p.A.	Via G. De Castillia 6/A (MI)	6,000	Euro	71,678	100%	71,678	71,800	(122)
Met Newen S.p.A.	Via G. De Castillia 6/A (MI)	3,807	Euro	9,234	99%	9,142	8,860	282
K.T S.p.A.	Viale Castello della Magliana (RM)	6,000	Euro	33,084	100%	33,084	26,972	6,112
Stamicarbon B.V.	Sittard-Netherlands	9,080	Euro	50,592	100%	50,592	40,129	10,463

(*) As resulting from the latest consolidated financial statements approved by the relevant Boards of Directors or, if not available, from the consolidated reporting packages.

During the year there have been events that have indicated a reduction in the value of the impairment, and therefore the possible non-recoverability of the carrying amount of the investment in Tecnimont Civil Construction S.p.A. – related to Infrastructures & Civil Engineering; in fact, this BU continues the turn-around process started in the previous years and continued in 2015, through a process of reconfiguration of the corporate structures in order both to increase its capacity to adapt to changes in production volumes and allow a higher focus and consequent ability to meet the demand for engineering services. In 2015, there was a partial shift of the award process of new contracts, although the figure of awards is certainly positive; in fact, in 2015, new contracts were awarded and change orders and project variations were formalized for a total of Euro 106.7 million; compared to the total number of new orders recorded in 2014, there was an increase of about Euro 71.2 million, +200.5%.

Regardin to the investment in Tecnimont S.p.A. we proceeded to an impairment test because the carrying value of the investment was above the pro-quota shareholders' equity amount at 31 December 2015, as already recorded in the previous year.

The analysis in question was carried out with the help of an independent expert, using the cash flows concerned on 2016 on the budget approved on 11 February 2016, and for 2017-2019 on the revision of the forecasts of the industrial and financial plan, approved by the Board of Directors on 12 November 2015 and subsequently supplemented on 11 February 2016 by specific plans relating to the Infrastructures and Civil Engineering CGU of Tecnimont Civil Construction S.p.A., which involve the enhancement of synergies and competences that become fundamental for the new business model of the company MetNewen S.p.A. This one, now active in the sector of renewables (solar and wind power mainly) of large systems, will leverage on the synergies with Tecnimont Civil Construction S.p.A., an ideal partner for civil works, the value of which constitutes on average much of the investment project.

These flows confirm the assumptions and strategic basis of the Group plan and reflect the Top Management's best projections in relation to the main assumptions concerning the Company's performance (macroeconomic and pricing trends, development and business outlooks). The aforementioned assumptions and the corresponding financials are considered adequate for the purpose of the impairment test. The plan forecasts include - in addition to contract margins - commercial, general and administrative costs.

The value of the shareholdings held by Maire Tecnimont was calculated by making an estimate of the corresponding operating value, the net financial position and the value of the accessory activities.

The operating value of each unit was determined based on the estimate of the discounted future cash flows (in the form of income flow) that the companies are expected to generate in the future. The projected income flows include the reversal of general and administrative costs (G&A) of the Group for all the units. The value of the income flows has been shown net of notional taxation, considering the tax benefit relating to the possible tax deductibility of amortization/depreciation.

To determine the recoverable value, the income flows refer to the business plan period, if available, and a terminal value beyond the time span of the business plan, consistently with the nature of investments and the segments of activity. With regard to the terminal value estimate, the flow of the last year of forecast was not chosen as an expression of the "normalized flow", but was considered the arithmetic average of the marginalization of the future cash flows of the Plan, subsequently applied to the revenues of the last explicit year; this one representative of the expected evolution of the activity also by virtue of the current backlog.

The "normalized" flow was capitalized considering a growth rate g, as detailed in the following tables.

For the the discounting purpose of the operating flows, the post tax WACC was identified as a rate of reference. The parameters used to estimate the discounting rates (Beta and Net Financial Position) have been determined based on a basket of comparable companies operating in the "Infrastructure" sector for the E&IC CGU and "Engineering" for all the other CGUS, assessing financial highlights and the most important market values for each of them.

As an expressive parameter of the riskless rate, the yield of 10 year Interest Rate Swap contracts denominated in Euro was taken into account. This rate, as regards the component of the cost of equity, was increased by the credit spread of the major countries on the basis of the Group's operating turnover. The market risk premium was estimated to be 5.5%.

As regards the component of the cost of equity, the rates were prudently increased by 4.74 percentage points for the investment in Tecnimont Civil Construction following the gradual deterioration of the economic results of the same CGU over the past two years, but also considering the prospects of the same CGU following the redefinition of its structure, the commercial repositioning as well as the enhancement of synergies and competences. For all other investments, the rates were however increased by 1.8 percentage points.

The main ancillary assets/liabilities (ACC) included in the valuation were the tax benefits deriving from the exploitation of tax losses carried forward over the Plan.

The analyses carried out on the basis of the above-described parameters highlighted the loss of value of the investment in Tecnimont Civil Construction S.p.A., hence impairment of Euro 14,000 thousand has been recorded as at 31 December 2015.

Sensitivity analyses have also been carried out on the basis of changes to the following parameters: i) discounting rate; and ii) growth rate for the estimate of terminal value; on the basis of these analyses, the range of recoverable value of the CGUs has been defined.

Discount rate (post-tax WACC)	Lower bound	Upper bound
Investments - Tecnimont SpA	10.4%	12.4%
Investments - KT SpA	9.4%	11.4%
Investments - Stamicarbon BV	10.6%	12.6%
Investments - TCC SpA	9.2%	11.2%
Investments - MetNewEn SpA	10%	12%

Growth rate over the planning horizon	Lower bound	Upper bound
Investments - Tecnimont SpA	0%	2.7%
Investments - KT SpA	0%	2.9%
Investments - Stamicarbon BV	0%	2.4%
Investments - TCC SpA	0%	1.8%
Investments - MetNewEn SpA	0%	4.1%

About the results of the sensitivity analysis:

- these have not revealed any impacts in relation to the investments. With reference to the equity investment in Tecnimont Civil Construction S.p.A., in view of the alignment of the investment to the value in use applied as a result of the test, the sensitivity analysis would require a correction, moreover of a negligible amount, in the hypothesis of a greater discounting rate and lower growth rate.

42.4. Other non-current assets

(Values in Euro thousands)	31/12/14	Changes in the year	31/12/15
Trade receivables beyond 12 months	1,100	0	1,100
Total	**1,100**	**0**	**1,100**

Other non-current assets related to trade receivables due after 12 months that are under dispute - specifically, Euro 1,100 thousand due from the Region of Calabria.

With reference to this receivable, the arbitration award had upheld much of the demand made by the Company, thereby allowing the amount booked to be sustainable. The counterparty has appealed against the arbitration award and in 2013 the decision of the Court of Appeal of Catanzaro declared the award purely null for flaws in form; the Company has therefore decided to appeal against the judgement filed on 6 May 2013 and to petition the Supreme Court of Cassation in this regard. The appeal to the Supreme Court was delivered for notification on 20/6/14; the Region has not filed a counter-claim; the hearing date for the discussion and then the decision are pending. As at today's date, we believe that the above amount can be collected, given the continued reasons of merit, as already expressed in the arbitration award.

This amount was due to the company Protecma S.r.l (Tecnimont S.p.A. subsidiary) by the aforementioned contractor for completed activities in the past. In order to reach a more effective management of the dispute, the Company transferred the aforementioned receivable in 2009 to Maire Tecnimont S.p.A. based on an appraisal value. Such receivable is recognized at the presumed realizable value.

42.5. Other non-current financial assets

(Values in Euro thousands)	31/12/14	Changes in the year	31/12/15
Other non-corrunt financial receivables			
From subsidiaries	107,359	(73,305)	34,054
From others	812	(812)	0
Total	**108,171**	**(74,117)**	**34,054**

Other non-current financial assets are equal to Euro 34,054 thousand and refer to receivables from Tecnimont Civil Construction S.p.A. and for Euro 490 thousand to Tecnimont do Brasil LTDA.
The amount of loans disbursed to Tecnimont do Brasil LTDA was written off since it is currently deemed they cannot be recovered.

The item decreased significantly during the year, the Tecnimont S.p.A. repaid the loans outstanding equals to Euro 59,150 thousand.

The loans are all interest bearing in line with market rates and expire due after the next financial year.

The item Receivables from others shows a zero balance since financial accrued assets for interest accrued in prior years from the tax authorities for VAT refunds requested of Euro 812 thousand were collected.

Other non-current financial assets are classified as financial instruments which, after their initial recognition, are valued at amortized cost using the effective interest rate method. The estimated fair value of the loans granted is substantially in line with their book value, computed as indicated in the section "Valuation Criteria".

42.6. Deferred Tax Assets and Liabilities

(Values in Euro thousands)	31/12/14	Changes in the year	31/12/15
Deferred tax assets	4,376	(864)	3,512
Deferred tax liabilities	(367)	3	(364)
Total	**4,009**	**(861)**	**3,148**

The item, "Deferred Tax Assets and Liabilities" shows a positive value of Euro 3,148 thousand, down Euro 861 thousand in comparison with the previous year. The item comprises advanced tax credits for Euro 3,512 thousand and deferred tax liability provisions for Euro 364 thousand.

Maire Tecnimont S.p.A. and its subsidiaries Tecnimont S.p.A., Protecma S.p.A., Tecnimont Civil Construction S.p.A., Met Newen S.p.A., KT-Kinetics Technology S.p.A. and M.S.T S.r.l. have chosen to apply the option for the National Tax Consolidation Regime that allows to calculate IRES income taxes based on a taxable base generated from the algebraic sum of the taxable income amounts of each individual Group company. Adhesion to the national tax consolidation was renewed for FY 2016-2018. Deferred tax assets arising from tax losses that have been recorded and may be carried forward are recognized to the extent of the likely future taxable income being generated, which may be retrieved.

The decrease in deferred tax assets is mainly due to the combined effect of the provision of deferred tax assets on tax losses, on excess interest expense transferred to the tax consolidation, used in the tax consolidation to reduce the taxable amount of the period, as well as the allocation of assets on deductible temporary differences in future years for appropriations of charges related to remuneration policies and staff bonuses and the reversal for the temporary differences of previous years reversed in the period.

Deferred taxes provision of Euro 364 thousand mainly refers to the fiscally recognized amortization of the Tecnimont and KT-Kinetics Technology trademarks, which, due to their classification as fixed assets with an indefinite useful life, are not subject to amortization in the statutory financial statements, whereas a benefit is instead recognized solely for fiscal purposes.

Also in 2015, "advanced and deferred taxes" recognized in the balance sheet were redetermined for the reduction in the IRES rate from 27.5% to 24%; the effects expressed by the reduction in the IRES rate were accounted for in the financial statements at 31 December 2015, even if effect is expected as of 1st January 2017, as required by the standard that imposes to take account of future changes in rate following new rules of law; the overall effect of the adjustment impacted the 2015 tax burden for about Euro 0.2 million.

The composition of deferred tax assets and liabilities and changes during the year is shown in the table below:

(Values in Euro thousands)	2014	Provision	Utilization	Reclassifications/ Other	2015
Deferred tax assets					
Other	2,467		(565)	(401)	1,501
Capital increase charges - IAS 32	1,392		(446)		946
Post-employment benefits	103	0		(55)	48
Tax losses	414	7,869		(7,266)	1,017
Total deferred tax assets	**4,376**	**7,869**	**(1,011)**	**(7,722)**	**3,512**
Deferred tax liabilities					
Value differences in tangible and intangible fixed assets (trademarks)	(367)	(47)		50	(364)
Total deferred tax liabilities	**(367)**	**(47)**			**(364)**
TOTAL	**4,009**	**7,822**	**(1,011)**	**(7,672)**	**3,148**

42.7. Trade receivables

(Values in Euro thousands)	31/12/14	Changes in the year	31/12/15
Customers receivables within 12 months	5	11	16
Subsidiary receivables within 12 months	31,432	2,280	33,712
Associated receivables within 12 months	0	10	10
Total	**31,437**	**2,301**	**33,738**

Trade receivables from customers at 31 December 2015 were Euro 16 thousand.

Receivables from subsidiaries were Euro 33,712 thousand, of which Euro 5,723 thousand from Tecnimont S.p.A. for co-ordination and control activities, fiscal, financial, legal service and other charge backs; Euro 2,058 thousand refer to receivables from KT-Kinetics Technology S.p.A. for co-ordination and control activities; Euro 14,078 thousand from Tecnimont Civil Construction S.p.A. for co-ordination and control activities; Euro 147 thousand from Stamicarbon BV for charge backs related to the SAP management application; Euro 163 thousand from Met Newen S.p.A. for the coordination and control for administrative/fiscal services.

Lastly, Euro 7,514 thousand refer to receivables for tax consolidation; the amount is the net balance of advance payments and of tax receivables and payables transferred to the consolidating company by subsidiaries that are part of the tax consolidation.

The item includes the excess IRES transferred to the subsidiaries on the basis of Presidential Decree 29/09/1973 of Euro 3,994 thousand, which could be used by them to offset other tax payables.

42.8. Current tax assets

(Values in Euro thousands)	31/12/14	Changes in the year	31/12/15
Tax receivables	35,446	(8,248)	27,198
Total	**35,446**	**(8,248)**	**27,198**

Current tax assets at 31 December 2015 are Euro 27,198 thousand, down against the previous year. This change is mainly due to the decrease in excess IRES, partially used to offset the tax charge of tax consolidation for the year for the amount in excess of the possibility of use of tax losses.

The receivables mainly refer to:
- Receivables for excess IRES paid by Maire Tecnimont S.p.A. heading the tax consolidation, in the amount of Euro 20,914 thousand;
- Receivables from Tax Authorities for VAT for Euro 2,584 thousand;
- Residual tax receivables for Euro 3,700 thousand relate to the excess of IRAP advances, tax receivables from tax authorities for various reimbursements and receivables for other taxes.

Adhesion to the national tax consolidation was renewed for FY 2016-2018. In 2015, the Group's VAT consolidation agreement was renewed and Maire Tecnimont S.p.A., as parent company, consolidates the debt and/or credit balances of the subsidiaries adhering to this scheme.

42.9. Other current assets

(Values in Euro thousands)	31/12/14	Changes in the year	31/12/15
Other receivables due within 12 months	11,523	3,339	14,862
Trade accrued charges and deferred income	2,422	394	2,816
Total	**13,945**	**3,733**	**17,678**

Other current assets at 31 December 2015 were to Euro 17,678 thousand, an increase of Euro 3,733 thousand compared to the previous year and mainly refer to group VAT and prepaid charges and expenses.

Also in 2015, certain Group companies have renewed adherence to the Consolidated VAT, transferring their debit balances of VAT payments to the consolidating Maire Tecnimont S.p.A.

42.10. Cash and cash equivalents

(Values in Euro thousands)	31/12/14	Changes in the year	31/12/15
Bank and post office accounts	1,086	(789)	297
Cash-in-hand and cash equivalents	5	1	6
Total	**1,091**	**(788)**	**303**

Cash and cash equivalents are equal to Euro 303,000 on 31 December 2015, down Euro 788,000 against the previous year.

Cash flows from operating activities showed a negative flow of Euro 27,244 thousand, a decrease compared to the same indicator in 2014 which instead reported a positive flow of Euro 7,788 thousand. Cash flows from operations, despite the positive result for the year, were negatively affected by changes in working capital; in fact, the changes in trade payables were mainly recorded as a significant use of cash due to the payments made.

The flow from investments absorbed cash for Euro 43,933 thousand mainly due to the increase of Euro 41,000 of the value of the investment in Tecnimont Civil Construction S.p.A. as a result of the capital increase and the share capital increase of Met Newen S.p.A. for Euro 2,920 thousand.

Financial management instead generated cash for Euro 70,389 thousand mainly for obtaining new intercompany loans from the subsidiaries Tecnimont S.p.A., then used in part to pay off the debt relating to the rescheduling agreements and new loans stipulated with the main lending banks of the Group in 2013 and disbursements related to borrowing costs in particular those relating to the equity-linked bond.

The estimated fair value of the bank and post office deposits on 31 December 2015 approximated their book value.

42.11. Shareholders' Equity

SHAREHOLDERS' EQUITY

Shareholders' equity is Euro 416,472 thousand at 31 December 2015, up Euro 18,542 thousand against the previous year.

SHARE CAPITAL

Share capital was equal to Euro 19,690 thousand and was made up of 305,527,500 shares.

SHARE PREMIUM RESERVE

The reserve was made up of Euro 25,000 thousand paid before 26 November 2007 and Euro 58,045 thousand generated by the premium on the share capital increase made in 2007, net of charges for listing costs, equal to Euro 3,971 thousand net of the tax effect.

The 2013 change is Euro 141,653, comprising the premium paid by the shareholder ARDECO and the other shareholders totaling Euro 146,417 thousand, offset by Euro 4,764 thousand in expenses for the share capital increase, net of the tax effect.

This capital reserve can be freely used either for a free share capital increase and/or to cover losses. In accordance with article 2431 of the Civil Code, the reserve can also be distributed to the shareholders on approval of the Shareholders' Meeting.

OTHER RESERVES

Other reserves at 31 December 2015 total Euro 159,452 thousand and are broken down as follows:

- Extraordinary reserve, which at 31 December 2015 was equal to Euro 140,432 thousand and did not change compared to the previous year.
- Legal reserve, which at 31 December 2015 was equal to Euro 5,328 thousand and did not change compared to the previous year.
- Other reserves for Euro 6,731 thousand, consisting of Euro 6,376 thousand from the proceeds from the sale of treasury shares in May 2010 and Euro 355 thousand regarding the sale of stock options as a result of the capital increase in July 2013 and did not change over the previous year.
- "Equity" reserve component of the convertible bond - equity linked - of Euro 80 million issued in February 2014 for Euro 6,960 thousand. This value expresses the option of conversion into shares of the convertible bond, with reference to which, regarding the accounting method, reference is made to the paragraph "Other non-current financial liabilities" in the Notes.

VALUATION RESERVE

The valuation reserve was negative for Euro 19 thousand at 31 December 2015 and was made up of the actuarial gains and losses reserve for IAS 19 valuations. The changes are shown in the table below:

(Values in Euro thousands)	Actuarial Gains/Losses	Total
Net carrying amount as at 31 December 2014	**(39)**	**(39)**
Actuarial gains/(losses)	28	28
Related tax effect	(8)	(8)
Net carrying amount as at 31 December 2015	**(19)**	**(19)**

RETAINED EARNINGS (LOSSES)

This item was Euro 2,084 thousand following the decision of the Shareholders' Meeting to carry forward the loss of 2014.

Following the review of the items that constitute the shareholder's equity, the following is specified:

AVAILABILITY OF THE MAIN ITEMS OF SHAREHOLDERS' EQUITY

(Values in Euro thousands)	2015	Possibility of use	Portion available
Share capital	19,690	-	-
Share premium reserve	224,698	A,B,C	224,698
Legal reserve	5,328	B	-
Extraordinary reserve	140,432	A,B,C	140,432
Other reserves	13,672	A,B,C	6,731
Retained earnings	(5,871)	-	-

Key:

A: for capital increase

B: for loss coverage

C: for distribution to shareholders

SUMMARY OF USES MADE IN THE PAST 3 YEARS

(Values in Euro thousands)	For loss coverage	For Distribution	For transfer other reserves	Other
Share capital	-	-	-	-
Share premium reserve	-	-	-	-
Legal reserve	-	-	-	-
Treasury shares	-	-	-	-
Extraordinary reserve	-	-	-	-
Valuation reserve	-	-	-	-
Other reserves	-	-	-	-

42.12. Financial payables net of the current portion

(Values in Euro thousands)	31/12/2014	Changes in the year	31/12/2015
Bank borrowings beyond 12 months	0	2,929	2,929
Total	**0**	**2,929**	**2,929**

Financial debt, net of the current portion, was Euro 2,929 thousand, an increase by the same amount compared to 31 December 2014 mainly due to the reclassification from short to medium/long term as a result of the renegotiations that the Group concluded in the year. Specifically, the item includes the long-term portion of debt related to certain Intesa San Paolo loans. Said loans were secured by covenants that involve maintaining a certain ratio between net financial position and Ebitda that at 31 December 2015 was respected.

As at 31 December 2015, there are no overdue payables to report.

42.13. Provision for risks and charges over 12 months

(Values in Euro thousands)	31/12/14	Changes in the year	31/12/15
Provisions for risks and charges over 12 months	7,420	(1,589)	5,831
Total	**7,420**	**(1,589)**	**5,831**

The provision for risks and charges over 12 months decreased by Euro 1,589 thousand over the previous year. It is composed mainly of provisions for estimated costs related to remuneration policies and incentives to employees. The item also includes the fair value component recognized in the year in relation to the incentive plan based on Phantom Stock.

42.14. Post-employment and other employee benefits

With reference to post-employment benefits, the Company has established benefits similar to a defined benefit plan favouring all of its employees.

In accordance with IAS 19 - Employee Benefits, the Company, with the assistance of an actuary, estimated the liabilities for the defined benefit plans on 31 December 2015. The table below shows the relevant changes in 2015:

(Values in Euro thousands)	FONDO TFR	Total
Balance at 31 December 2014	**479**	**479**
+ Current employee service costs	0	0
+ Actuarial losses (gains)	(28)	(28)
+ Income expense on obligations	1	1
+ Other changes	0	0
- Utilisations	(21)	(21)
Balance at 31 December 2015	**430**	**430**

Interest expense on assumed obligations is booked to the income statement under Interest expense - other expense. Actuarial gains and losses are shown in a specific valuation reserve under shareholders' equity.

The parameters used to value the post-employment benefits are:

• First hiring: it was decided to adopt a rate of 1% as average scenario of the planned inflation from the "Update Note of Economics and Finance 2015".

• Salary increases: in line with as done for statistical sources, new wage lines were developed for companies that do not deposit the severance pay to the INPS Treasury Fund. In agreement with management, a salary growth rate of 4% per annum was used for all employees, including inflation.

• Discounting rate: this is determined using the market yields on corporate bonds issued by primary companies at the valuation date, based on the Euro Composite AA (source: Bloomberg) as of 31 December 2015.

• Total workforce: Maire Tecnimont S.p.A. employees, their average age corresponding to 45 years and seniority (base TFR) (post-employment benefits basis) of 8.4 years.

42.15. Other non-current financial liabilities

(Values in Euro thousands)	31/12/14	Changes in the year	31/12/15
Financial liabilities due to subsidiaries	240,651	81,328	321,979
Financial liabilities due to other lenders	71,292	1,821	73,113
Total	**311,943**	**83,149**	**395,092**

Other non-current financial liabilities are Euro 395,092 thousand and refer to Euro 321,979 thousand for amounts due to subsidiaries for inter-company loans, in particular, to payables due to KT-KINETICS TECHNOLOGY S.P.A. for Euro 36,895 thousand, to Tecnimont S.p.A. for Euro 273,568 thousand, to Tecnimont Russia for Euro 2,000 thousand, to Tecnimont Planung und Industrieanlagenbau GmbH for Euro 5,870 thousand, to Imm.Lux S.A. for Euro 276 thousand, to Protecma S.r.l. for Euro 3,170 thousand, to Maire Engineering France S.A. for Euro 200 thousand.

The loans were granted, primarily, for the purpose of issuing loans to other Group companies that require liquidity to manage their ordinary operations. The balance also takes into account the effect of the assumptions of intra-group debt of Tecnimont S.p.A., as part of a broader recapitalization of the same through the subsequent waiver by the assuming party Maire Tecnimont S.p.A. of the related receivables occurred in 2013.

The loans are all interest bearing in line with market rates and are due to expire beyond the next fiscal year. After their initial recognition, the loans are valued at amortized cost using the effective interest rate method.

The item increased by Euro 81,328 thousand; the main changes are related to obtaining a passive intercompany loan by the subsidiary Stamicarbon for approximately Euro 120 million subsequently in part granted to Tecnimont S.p.A. in order to successfully conclude the extinction of the old 2013 lines and disbursement of the new loan for Euro 200 million in the strategy of April 2015. Subsequently, on 28 December, the Group concluded a further strategy thanks to the disbursement of a new loan of Euro 350 million for the subsidiary Tecnimont which, through an intercompany loan to the parent company Maire Tecnimont S.p.A., allowed the latter to repay to Stamicarbon the Euro 120 million previously obtained.

The item "Other non-current financial liabilities - Other lenders" is Euro 73,113 and includes the financial component of the equity-linked bond, net of the related accessory expenses. The equity component of the same instrument has been reclassified under "Other reserves" in shareholders' equity; the change is only due to measurement of the instrument at amortized cost.

In this regard it is noted as follows:

On 20 February 2014 the parent company Maire Tecnimont S.p.A. closed a financing transaction through equity-linked bond loan for Euro 80 million, placed with qualified Italian and foreign investors.

The initial conversion price of the bonds has been set at 2.1898; the bonds were issued at par, for a unit nominal value of Euro 100,000; they have a term of 5 years and a fixed annual coupon of 5.75%, payable six-monthly in arrears. If not previously converted, redeemed, purchased or cancelled, the Bonds will be redeemed at par on 20 February 2019.

On 30 April 2014, during an extraordinary meeting the shareholders also authorized the convertibility of the equity-linked bond. The extraordinary Shareholders' Meeting therefore approved the proposed divisible share capital increase in exchange for cash payment, with the exclusion of stock options pursuant to art. 2441, paragraph 5 of the Italian Civil Code, for a total of up to Euro 80 million (including the premium). This will be paid in one or more tranches by means of the issue of 36,533,017 ordinary shares with the same characteristics as the ordinary shares already in issue, reserved exclusively and irrevocably for the conversion of said debenture loan, according to the terms of the related regulation. The price per share is Euro 2.1898 (of which Euro 0.01 to be allocated to share capital and Euro 2.1798 as premium), subject to any adjustments to the conversion price as established by the Loan Regulation, consequently amending art. 6 of the Company's Articles of Association.

As from 7 March 2018, Maire Tecnimont would have had the right to settle all conversions by making cash payment of an amount up to the nominal value of the bonds and deliver a number of shares calculated according to the methods specified in the Regulation (the "Net Share Settlement Election"). In addition, at the date of maturity of the Bonds, the Company still had the right to deliver a combination of shares and cash, instead of regulating the conversion of the Bonds solely in cash, in accordance with the procedures set out in the Regulations.

On 9 July 2014, the Board of Directors of the Company approved the Revised Budget for the year 2014 and the update of the Group's Business Plan 2013-2019, as well as all the forecasts contained therein with particular reference to the year concerning the extinction methods of the convertible bond.

Even on the basis of these assumptions and after careful and thorough evaluation by the Board of Directors of the data thus adopted, confirmed its decision not to proceed, taking into account these assumptions and renouncing, to the extent possible, to the exercise of the right to net share settlement election expected residually in the terms of the loan and has opted instead, as of now, and always on the basis of the foregoing, for the settlement in shares only in relation to the bond itself.

In accordance with IAS 32 – "Financial Instruments: Presentation", convertible bonds are accounted for as compound financial instruments, consisting of two components which are accounted for separately only if relevant: a liability and a conversion option. The liability corresponds to the present value of future cash flows, based on the current interest rate at the date of issue for an equivalent non-convertible bond. The option value is defined as the difference between the net amount received and the amount of the liability and is recognized in equity. The value of the conversion option into shares is not changed in subsequent periods. In contrast, if the characteristics of the bond involve, upon exercise of the conversion right, the right for the company to deliver shares, pay the amount in cash or offer a combination of shares and cash, the option is accounted for as a financial liability for the embedded derivative, estimated at fair value through the income statement while the differential with respect to the original nominal value or the financial liability (host) is registered at amortized cost.

As indicated above, in consideration of the irrevocable waiver regarding the Net Share Settlement Election by the Company, the option is (in fact) "cancelled" in substance. In theory, therefore, it is believed that, should there be the possibility of a proposal for a cash payment portion calculated under the option, the bondholders may demand fulfilment through the delivery of shares. As said waiver involves the maintenance of a fixed conversion ratio into shares over the term of the bond, it identifies a compound financial instrument the accounting methods of which are outlined above.

42.16. Short-term financial payables

(Values in Euro thousands)	31/12/14	Changes in the year	31/12/15
Bank debt	79,321	(71,836)	7,485
Total	**79,321**	**(71,836)**	**7,485**

Short-term financial payables were equal to Euro 7,485 thousand, down by Euro 71,836 thousand compared to 31 December 2014; this reduction is due to the repayment of portions of loans as a result of financial strategies concluded in 2015, starting from the one in April and the last one in December 2015, which reduced the average rate of the Group's indebtedness and specifically allowed Maire Tecnimont S.p.A. to repay the debt related to the rescheduling agreements and new funding stipulated with the Group's main lending banks in 2013 thanks to certain intercompany loans received from Stamicarbon BV and subsequently from Tecnimont S.p.A.

The residual portion mainly refers to the short-term capital portion of certain loans with Intesa San Paolo.

The estimated fair value of the financial instruments was essentially in line with the corresponding book value.

42.17. Tax payables

(Values in Euro thousands)	31/12/14	Changes in the year	31/12/15
Tax payables	476	118	594
Total	476	118	594

Tax liabilities for Euro 594 thousand refer to IRPEF personal income tax for employees.

42.18. Trade payables

Trade payables were equal to Euro 19,777 thousand, down Euro 56,933 thousand compared to the previous year.

(Values in Euro thousands)	31/12/14	Changes in the year	31/12/15
Trade payables within 12 months	7,105	(1,241)	5,864
Subsidiary trade payables within 12 months	67,505	(53,761)	13,744
Associated trade payables within 12 months	296	(296)	0
Parent company trade payables within 12 months	1,135	(966)	169
Affiliated trade payables within 12 months	669	(669)	0
Total	**76,710**	**(56,933)**	**19,777**

Trade payables to suppliers are equal to Euro 5,864 thousand and refer to ordinary operations.

Payables to subsidiaries equal to Euro 13,744 thousand decreased significantly compared to the previous year due to the combined effect of the payment of intercompany debts and the results of the balance of the fiscal consolidation which, in the year following contributions of taxable amounts by the subsidiaries, reduced the debt of the consolidating company Maire Tecnimont S.p.A.

Payables to parent companies equal to Euro 169 thousand refer to G.L.V. S.p.A. payable for the use of trademarks and rents.

In the year, payables to affiliates were paid for Euro 669 thousand and payables due to associates for Euro 296 thousand; they respectively refer to amounts due to Program International Consulting Engineers and Studio Geotecnico Italiano, arising following the assumption of the debts of Tecnimont S.p.A. in 2013.

42.19. Other current liabilities

(Values in Euro thousands)	31/12/14	Changes in the year	31/12/15
Social security payables	587	121	708
Employee salaries accrued but not yet paid	476	98	574
Other liabilities	29,618	(22,786)	6,832
Total	**30,681**	**(22,657)**	**8,114**

Other current liabilities were equal to Euro 8,114 thousand at 31 December 2015, down by Euro 22,657 thousand compared to 2014.

The item refers to payables due to social security entities, employee salaries accrued and not yet paid and other liabilities.

Other payables for Euro 6,832 thousand refer to amounts payable to subsidiaries for Group VAT. Again in 2015, certain Group companies have renewed adherence to the Consolidated VAT, transferring their balances to the credit of the VAT payments to the consolidating Maire Tecnimont S.p.A.

43. Commitments and contingent liabilities

The table below shows the financial guarantees issued by Maire Tecnimont S.p.A. at 31 December 2015 and 2014 and the other commitments.

(Values in Euro thousands)	2015	2014
Guarantees issued on behalf of the Group		
Bank guarantees issued by third parties to other third parties	**86,065**	**64,096**
Other memorandum accounts		
Other personal guarantees		
Parent Company guarantees on behalf of subsidiaries	**12,361,498**	**9,152,204**
Of which:		
Performance Bond	*9,831,943*	*8,003,326*
Others	*2,529,555*	*1,148,878*
Total commitments	**12,447,563**	**9,216,300**

Guarantees issued by third parties on behalf of third parties relates to the guarantee issued in favor of the Lazio and Lombardy Regional Tax Directorate and Provincial Directorate II of Rome - Large Taxpayers Office for Reimbursements and Compensation for Group VAT and TECNIMONT S.p.A. Disputes.

"Other personal guarantees" of Euro 12,361,498 refers to the "Parent Company guarantees" issued to clients on behalf of the subsidiaries in relation to the obligations undertaken as part of their core business and, therefore, contract execution. The increase for the year is related to the Parent Company Guarantees issued for new orders, mainly ADCO, ADGAS, SUMGAYT and EUROCHEM, net of discharges for the year.

"Other Personal Guarantees" residually relate to other guarantees (letters of Patronage) in favour of banks on behalf of certain subsidiaries, mainly Tecnimont S.p.A. The increase in the year is a result of the new loan concluded in December that concerned the subsidiary Tecnimont S.p.A.

44. Transactions with related parties

The related parties with whom Maire Tecnimont carried out transactions in FY 2015 were mainly the following:

- Group companies (Tecnimont S.p.A., KT-Kinetics Technology S.p.A., Tecnimont Civil Construction S.p.A., M.S.T S.r.l., Met Newen S.p.A., Stamicarbon B.V., Protecma S.r.l, Noy Engineering S.r.l., Transfima S.p.A., Corace S.c.a r.l. in liquidation, Cefalù S.c.a.r.l.; Tecnimont Private Limited (formerly Tecnimont ICB Pvt. Ltd.), TCM do Brasil, TCM Chile, Immlux, TCM Russia, TPI, M.E France, TCM FR, Studio Geotecnico Italiano, TSJ Limited, TCM Poland: Program International);
- the parent company G.L.V Capital S.p.A.;

More specifically, commercial payableS contracts still in place relate to the lease of property used as offices by the Group companies, the use of the "Maire" trademark (relations with GLV Capital S.p.A.) and other minor charge - backs;

Maire Tecnimont structurally benefits from certain services rendered by Tecnimont, specifically the availability of spaces within buildings, in addition to providing other related services (general services, facilities, surveillance, equipment); and other services in the AFC by the subsidiary KT.
The balance of additional trade payables also takes into account the effect of the assumption of intra-group debt of Tecnimont S.p.A., as part of the broader recapitalization of the same through the subsequent waiver by the assuming party Maire Tecnimont S.p.A. of the related receivables of 2013 (TPL, TCM do Brasil, TCM Chile, Immlux, TCM Russia, TPI, M.E France, TSJ Limited, TCM Poland, Program International S.r.l.)

Financial contract expenses relate to liabilities for loans received (Tecnimont S.p.A., KT S.P.A.); moreover, the balance of the debt in this case also takes into account the effect of the assumption of intra-group debt of Tecnimont S.p.A. in 2013 (Stamicarbon B.V, Protecma S.r.l, KT S.P.A., Immlux, TCM Russia, TPI, M.E France).

Commercial contracts receivable relate to service activities, performed by Maire Tecnimont S.p.A. in favour of subsidiaries (Tecnimont S.p.A., KT-Kinetics Technology S.p.A. Tecnimont Civil Construction S.p.A., Met Newen S.p.A.), the administrative/fiscal/legal service (Tecnimont S.p.A., Met Newen S.p.A., Biolevano S.r.l.), the charge back of costs incurred on behalf of the subsidiaries.

Financial contracts receivable refers to granted loans (Tecnimont Civil Construction S.p.A. TCM do Brasil) for the management of their operating activities.

The residual balances are debts arising under the tax consolidation agreement (Tecnimont S.p.A., Met Newen S.p.A., KT-Kinetics Technology S.p.A., Tecnimont Civil Construction S.p.A., Protecma S.r.l., M.S.T S.r.l., Program International) and payables and receivables arising as a result of the VAT consolidation agreement (M.S.T S.r.l., Tecnimont Civil Construction S.p.A., Tecnimont S.p.A., Protecma S.r.l., Corace S.c.a r.l. in liquidation, Cefalù S.c.a r.l).

With reference to the disclosure on related parties, it is reported that all related party transactions have been conducted based on market conditions.

As required by IAS 24, the remuneration of Directors, Auditors and key managers are contained in the 2015 Report on corporate governance and ownership structure and 2015 Remuneration Report, both available on the company website www.mairetecnimont.it. under "Governance" section.

The following table analyses receivables/payables and costs/revenue with related parties by nature at 31 December 2015.

(Values in Euro thousands)	Trade receivables	Trade payables	Trade payables from acceptance of debts	Financial receivables	Financial payables	Financial payables from acceptance of debts	Recevibales (Payables) from VAT consolidation	Recevibales (Payables) from tax consolidation	Commercial Revenues	Commercial expenses	Financial income	Financial expense
Tecnimont S.p.A.	5,723	-7,501			-273,568		-6,680	12,625	23,170	-3,146	617	-5,032
KT S.p.A.	2,058	-301			-13,395	-23,500		8,465	4,390	-1,232		-1,411
Tecnimont Civil Contruction S.p.A.	14,078			59,054			379	-12,018	917		1,702	
Met Newen S.p.A.	163						(25)	(52)	35		103	
Stamicarbon B.V.	147	-380							29			-3,180
Biolevano S.r.l.	10								34			
G.L.V Capital S.p.A.		-169								-396		
MST S.r.l.		-10					4,899	2,666	22	-113		
Protecma S.r.l.	6	-335				-3,170	-69	-243	5			-114
TCM Russia		-439	-807			-2,000						-108
TPI	1	-436	-1635			-5,870						-229
ME France		-19	-12			-200						-7
IMMLUX		-28	-76			-276						-11
MET T&S LIMITED	11	-22							7	-9		
Transfima S.p.A.							-35					
Corace S.c.a.r.l.							4,692	624				
Cefalù S.c.a.r.l.	3						4,639				3	
Noy Engineering S.r.l.	12								5			
TICB			-294									
TCM Do Brasil				490								
TCM FR			-678									
TCM Poland			-20									
Program International S.r.l in			-669					-559				
Totale	**22,212**	**-9,640**	**-4,191**	**59,544**	**-286,963**	**-35,016**	**7,800**	**11,508**	**28,614**	**-4,896**	**2,425**	**-10,092**

45. Information on financial risks

A more detailed description of financial risks can be found under "Information on Financial Risks" in the Notes to the consolidated financial statements of Maire Tecnimont Group.

Maire Tecnimont S.p.A. is exposed to financial risks inherent to its ordinary business operations. More precisely:

- credit risk related to normal business relations with clients and financing transactions;
- liquidity risk related to the difficulty of liquidating market positions in the desired timeframe or of securing the financial resources needed to continue operations;
- market risk related to fluctuations in interest rates due to the use of financial instruments that generate interest; and
- risk of default and loan covenants related to the possibility that the loan contracts contain clauses that entitle lending banks to request from the borrower immediate repayment of the loan amounts should specific circumstances arise, that, consequently, would generate a liquidity risk.

Maire Tecnimont S.p.A. constantly monitors the financial risks to which it is exposed in such a way as to evaluate the potential negative effects of such risks and to take suitable actions to mitigate them.

This section provides qualitative and quantitative information on the impact of these risks on Maire Tecnimont S.p.A. The quantitative data provided below are not forward-looking and on market risks cannot reflect the complexity and related market reactions of every change considered.

IFRS 7 requires that the classification of financial instruments at fair value are determined on the significance of the inputs used to measure the fair value according to a fair value disclosure hierarchy (Level 1, Level 2 and Level 3); however, no financial instruments valued at fair value are contained in the financial statements of Maire Tecnimont S.p.A.

CREDIT RISK

Credit risk represents Maire Tecnimont's exposure to potential losses arising from a counterparty's failure to fulfil its obligations. Credit risk associated with the ordinary business of commercial transactions is monitored by both the operational and the administrative functions on the basis of formal procedures that define the customer risk quantification and control methods.

The Company also has procedures in place to manage credit recovery activities and any possible disputes.

The Company's maximum theoretical exposure to credit risk at 31 December 2015 corresponded to the book values of the financial assets shown in the Statement of Financial Position, as well as the nominal values of the guarantees issued for third-party loans or commitments.

As at 31 December 2015, trade receivables due within and over 12 months were Euro 33,738 thousand and Euro 1,100 thousand respectively. The tables below provide a breakdown of the Company's receivables by due date:

Breakdown of trade receivables by due date

(Values in Euro thousands)	Overdue as at 31/12/2015				
	Not yet due	Up to 365 days	From 366 to 731 days	Over 731 days	Total
TRADE RECEIVABLES	9,220	19,188	5,173	157	33,738
OTHER NON-CURRENT ASSETS	0	0	0	1,100	1,100
Total trade receivables	**9,220**	**19,188**	**5,173**	**1,257**	**34,838**
Of which:					
Due within 12 months (Note 42.6, 42.4)					***33,738***
					1,100

(Values in Euro thousands)	Overdue as at 31/12/2014				
	Not yet due	Not due	From 366 to 731 days	Over 731 days	Total
TRADE RECEIVABLES	8,591	17,879	4,820	146	31,437
OTHER NON-CURRENT ASSETS	0	0	0	1,100	1,100
Total trade receivables	**8,591**	**17,879**	**4,820**	**1,246**	**32,537**
Of which:					
Due within 12 months (Note 42.6, 42.4)					***31,437***
					1,100

Other non-current assets,expired for more than 731 days, related to trade receivables beyond 12 months under dispute; specifically in the amount of Euro 1,100 thousand due from the Regione Calabria.

With reference to this receivable, the arbitration decision had upheld much of the demands made by the Company, thereby allowing the amount booked to be sustainable. The counterparty has appealed against the arbitration award and in 2013 the decision of the Court of Appeal of Catanzaro declared the decision null purely for flaws in form; the Company has therefore decided to appeal against the judgement filed on 6 May 2013 and to petition the Supreme Court of Cassation in this respect. The appeal to the Supreme Court was delivered for notification on 20/6/14; the Region has not filed a counter-claim; the hearing date for the discussion and then the decision are pending. As at today's date, we believe that the above amount can be collected, given the continued reasons of merit, as already expressed in the arbitration decision.

This amount was due to the company Protecma S.r.l (Tecnimont S.p.A. subsidiary) by the aforementioned contractor for works completed in the past. In view of a more effective management of the litigation, the Company transferred the aforementioned receivable in 2009 to Maire Tecnimont S.p.A. based on an appraisal value. Such receivable is recognized at the presumed realizable value.

Other trade receivables are essentially all from intra-group companies.

LIQUIDITY RISK

Liquidity risk represents the risk that, due to the difficulty of securing new financial resources or of liquidating market positions, the company is unable to meet its payment obligations, is forced to incur additional costs to obtain the resources needed or, as an extreme consequence, is confronted with a situation of potential insolvency of a risk to the continuation of the its activity.

Also in April 2015, we obtained the proceeds related to the transaction for the Bocamina project and a loan entered into by Stamicarbon; the combination of the operations described above led to the conclusion of overall refinancing of the existing bank debt.

In 2015, the sale was also finalized of a majority stake of 70% of the share capital of BiOlevano S.r.l. (BiOlevano), owner of the biomass plant located in Olevano Lomellina.

On 28 December 2015, the Group concluded an additional strategy that also involved all the medium/long-term bank debt as well as a part of short-term debt. The transaction was made possible thanks to the disbursement of a new loan of Euro 350 million for the subsidiary Tecnimont under more favourable repayment conditions and terms than those obtained in April 2015. In particular, there was an immediate reduction in the cost of debt to 2.5% and an extension of the repayment terms to 5 years.

Cash and cash equivalents of the Group at 31 December 2015 were Euro 362,385 thousand and compared to 2014, they increased by Euro 202,143 thousand; the cash flows from operating activities generated a positive cash flow of Euro 289,833 thousand, a significant improvement in comparison with the corresponding 2014 indicator that instead reported a cash generation of Euro 5,221 thousand. These flows, in addition to the result of the year, were positively affected by the changes in working capital, operating collections in the year and the collection for the closure of the arbitration with Endesa Chile.

The table below shows the breakdown of financial debt of Maire Tecnimont by expiry date:

31/12/2015 (Values in Euro thousands)	Due within 1 year	Due in 2 to 5 years	Due over 5 years	Total
Payables to banks	7,485	2,929	0	10,414
Payables to other intercompany lenders	0	321,979	0	321,979
Payables to other lenders	0	73,113	0	73,113
Total current and non-current financial liabilities	**7,485**	**398,021**	**0**	**405,506**

31/12/2014 (Values in Euro thousands)	Due within 1 year	Due in 2 to 5 years	Due over 5 years	Total
Payables to banks	79,321	0	0	79,321
Payables to other intercompany lenders	0	240,651	0	240,651
Payables to other lenders	0	71,292	0	71,292
Total current and non-current financial liabilities	**79,321**	**311,943**	**0**	**391,264**

These flows have not been discounted and may differ from carrying amounts as a result.

Other non-current liabilities were Euro 321,979 thousand and refer to payables to subsidiaries for intercompany loans; distribution upon maturity is based on the residual contractual maturity or the first date in which payment can be requested.

Other lenders include the financial component of the equity-linked bond, net of the related accessory expenses. The equity component of the same instrument has been reclassified under “Other reserves” in shareholders’ equity;

MARKET RISKS

EXCHANGE RATE RISK

The Company is exposed to risks deriving from exchange rate fluctuations as it has financial assets denominated in currencies other than Euro that may influence its net income or the value of shareholders’ equity.

INTEREST RATE RISK

The Company is exposed to interest rate fluctuations that may affect the extent of the interest expense payable on its debt.

The risk on the residual portion of the floating-rate debt is currently partly nullified as the Group’s cash deposits bear interest at rates indexed at the same Euribor rate applied on the debt.

RISK OF DEFAULT AND DEBT COVENANTS

This risk relates to the possibility that loan agreements contain provisions giving the lending banks the right to claim immediate repayment of principal from the borrower should certain events occur, thereby generating liquidity risk.

The new loan disbursed on 28 December 2015 of Euro 350 million for the subsidiary Tecnimont is secured by covenants in line with the standards for this type of operation, of which the first measurement will take place with reference to the figures at 30 June 2016. Specifically, the financial parameters of the loan envisage the maintenance of a certain ratio between net financial position and equity and between net financial position and EBITDA.

CLASSIFICATION OF FINANCIAL INSTRUMENTS

As required by IFRS 7, the types of financial instruments included in the consolidated financial statements items, with an indication of the measurement criteria applied, are reported below:

Values as at 31/12/2015 (Values in Euro thousands)	Loans and receivables at amortized cost	Fair value assets held for trading recognized in income statement	Hedge derivatives	Assets held to maturity	Assets held for sale	Total
Other non-current assets	1,100					1,100
Other non-current financial assets	34,054					34,054
Trade receivables	33,738					33,738
Other current assets	17,678					17,678
Cash and cash equivalents	303					303
Total	**86,873**					**86,873**

Values as at 31/12/2014 (Values in Euro thousands)	Loans and receivables at amortized cost	Fair value assets held for trading recognized in income statement	Hedge derivatives	Assets held to maturity	Assets held for sale	Total
Other non-current assets	1,100					1,100
Other non-current financial assets	108,171					108,171
Trade receivables	31,437					31,437
Other current assets	13,945					13,945
Cash and cash equivalents	1,091					1,091
Total	**155,744**					**155,744**

Values as at 31/12/2015 (Values in Euro thousands)	Financial liabilities measured at amortized cost	Fair value liabilities held for trading recognized in income statement	Hedge derivatives	Total
Financial payables net of the current portion	2,929			2,929
Other non-current financial liabilities	395,092			395,092
Short-term debt	7,485			7,485
Trade payables	19,777			19,777
Other current liabilities	8,114			8,114
Total	**433,397**			**433,397**

Values as at 31/12/2014 (Values in Euro thousands)	Financial liabilities measured at amortized cost	Fair value liabilities held for trading recognized in income statement	Hedge derivatives	Total
Financial payables net of the current portion	0			0
Other non-current financial liabilities	311,943			311,943
Short-term debt	79,321			79,321
Trade payables	76,710			76,710
Other current liabilities	30,681			30,681
Total	**498,656**			**498,656**

The book value of the financial assets and liabilities is substantially in line with their fair value.

46. Independent Auditor Fees

The table below has been prepared pursuant to article 149-duodecies of the "Consob Regulations for Issuers" to show the fees paid in FY 2015 for the audit service.

Type of service	Service provider	Recipient	2015 Fees (Values in Euro thousands)
Audit	Deloitte & Touche S.p.A.	Maire Tecnimont S.p.A.	192
Attestation services (*)	Deloitte & Touche S.p.A.	Maire Tecnimont S.p.A.	5
Other services (**)	Deloitte & Touche S.p.A.	Maire Tecnimont S.p.A.	80

Prices do not include VAT, expenses or, where applicable, the reimbursement of the Consob reporting contribution.

(*) Certification services include the signing of tax declarations

(**) Other services carried out are activities involving support for conducting some verifications to monitor the actual operability of administrative and accounting procedures.

47. Significant non-recurring events and transactions

During 2015, the Group did not enter into any of the non-recurring significant transactions as defined by Consob Communication No. DEM/6064293 of 28 July 2006.

48. Transactions deriving from atypical and/or unusual Operations

In accordance with Consob Communication no. DEM/6064293 of 28 July 2006, it is specified that during the year the Company did not implement any atypical and/or unusual transactions, as defined by the Communication.

49. Significant events subsequent to 31 December 2015

Information on the significant events occurring after 31 December 2015 is provided in the "Report on Operations" presented earlier in this Annual Report.

50. Attestation to the Financial Statements Pursuant to article 154-*bis*, paragraph 5, of Italian Legislative Decree 58/98 and Subsequent Amendments and Supplements

1. The undersigned Pierroberto Folgiero in his capacity as Chief Executive Officer and Dario Michelangeli in his capacity as "Executive in Charge of Preparation of the Company Accounting Documents" of MAIRE TECNIMONT S.p.A., taking into account the contents of article 154-*bis*, paragraphs 3 and 4, of Italian Legislative Decree 58 of 24 February 1998, attest to:
    - the adequacy in relation to the characteristics of the company and
    - the effective application of the administrative and accounting procedures as the basis for preparation of the financial statements at 31 December 2015.
2. In addition, we attest that the financial statements:
    - are prepared in accordance with International Financial Reporting Standards as endorsed by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
    - correspond to the information contained in the accounting ledgers and records;
    - provide a true and fair representation of the equity, economic and financial situation of the Company in question.
3. The Report on Operations provides a reliable analysis of the performance, the operating result and the situation of the Company in question as well as a description of the principal risks and uncertainties to which it is exposed.

The present attestation is provided also pursuant to and for the purposes of article 154-*bis*, paragraph 2, of Italian Legislative Decree 58 of 24 February 1998.

Milan, 16 March 2016

Chief Executive Officer	Executive in charge of preparation of the Company Accounting Documents
Pierroberto Folgiero	**Dario Michelangeli**

51. Proposal of the Board of Directors

Dear Shareholders,

We believe we have fully illustrated the Company's financial statements and trust that you agree with the presentation and criteria adopted to prepare the financial statements for the fiscal year 2015, which we invite you to approve along with the proposal to carry forward the year's net income equal to Euro 18,522,366.93 as follows:

to shareholders, by way of dividend on the shares outstanding at the ex dividend date, at Euro 0.047 per share, for a total amount of Euro 14,359,792.50;

carry forward the result for an amount of Euro 4,162,574.43.

The amount of the proposed dividend is a third of the consolidated net result of the Maire Tecnimont Group at 31 December 2015. The Board of Directors believes that this proportion allows the recognition of adequate remuneration for shareholders and also allows continuing with the process of strengthening equity, indispensable factor to operate competitively in international markets.

You are also invited to approve the proposal to pay the dividend as of 4 May 2016, with ex dividend date on 2 May 2016.

Milan, 16 March 2016

The Board of Directors

The Chairman

REPORT OF THE INDEPENDENT AUDITORS

ON THE CONSOLIDATED FINANCIAL STATEMENTS

52. Report of the Independent auditors on the Consolidated Financial Statements

Deloitte.

Deloitte & Touche S.p.A.
Via della Camilluccia, 589/A
00135 Roma
Italia

Tel: +39 06 367491
Fax: +39 06 36749282
www.deloitte.it

INDEPENDENT AUDITORS' REPORT PURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
Maire Tecnimont S.p.A.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Maire Tecnimont S.p.A. and its subsidiaries (the "Maire Tecnimont Group"), which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

Auditor's 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) issued pursuant to art. 11, n° 3, of Italian Legislative Decree 39/10. 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, 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 design 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 audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Maire Tecnimont Group as at December 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

Report on Other Legal and Regulatory Requirements

Opinion on the consistency of the report on operations and of certain information included in the report on corporate governance with the consolidated financial statements

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations and of certain information included in the report on corporate governance required by art. 123-bis, n° 4, of Italian Legislative Decree n° 58/98, which are the responsibility of the Directors of Maire Tecnimont S.p.A., with the consolidated financial statements of the Maire Tecnimont Group as at December 31, 2015. In our opinion the report on operations and the information included in the report on corporate governance referred to above are consistent with the consolidated financial statements of the Maire Tecnimont Group as at December 31, 2015.

DELOITTE & TOUCHE S.p.A.

Signed by
Francesco Legrottaglie
Partner

Rome, Italy
April 6, 2016

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

Report of the Independent Auditors

on the Financial Statements

53. Report of the Independent Auditors on the Financial Statements

Deloitte.

Deloitte & Touche S.p.A.
Via della Camilluccia, 589/A
00135 Roma
Italia

Tel: +39 06 367491
Fax: +39 06 36749282
www.deloitte.it

INDEPENDENT AUDITORS' REPORT PURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

**To the Shareholders of
Maire Tecnimont S.p.A.**

Report on the Financial Statements

We have audited the accompanying financial statements of Maire Tecnimont S.p.A., which comprise the statement of financial position as at December 31, 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of these financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11, n° 3, of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

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

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova
Palermo Parma Roma Torino Treviso Verona

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Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239
Partita IVA: IT 03049560166

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Maire Tecnimont S.p.A. as at December 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

Report on Other Legal and Regulatory Requirements

Opinion on the consistency of the report on operations and of certain information included in the report on corporate governance with the financial statements

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations and of certain information included in the report on corporate governance required by art. 123-bis, n° 4, of Italian Legislative Decree n° 58/98, which are the responsibility of the Directors of Maire Tecnimont S.p.A., with the financial statements of Maire Tecnimont S.p.A as at December 31, 2015. In our opinion the report on operations and the information included in the report on corporate governance referred to above are consistent with the financial statements of Maire Tecnimont S.p.A as at December 31, 2015.

DELOITTE & TOUCHE S.p.A.

Signed by
Francesco Legrottaglie
Partner

Rome, Italy
April 6, 2016

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