2017 Annual Report

Contents

Directors' Report

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

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

The Board of Directors was appointed by the Shareholders' Meeting of April 27, 2016 and will remain in office until the approval of the 2018 Annual Accounts

(*) Member of the Remuneration Committee

(**) Member of the Control and Risks Committee

(***) Member of the Related Parties Committee

Board of Statutory Auditors	
Chairman	Francesco FALLACARA
Statutory Auditor	Giorgio LOLI
Statutory Auditor	Antonia DI BELLA
Alternate Auditor	Massimiliano LEONI
Alternate Auditor	Roberta PROVASI
Alternate Auditor	Andrea LORENZATTI

The Board of Statutory Auditors was appointed by the Shareholders' Meeting of April 27, 2016 and will remain in office until approval of the 2018 Annual Accounts

Independent Audit Firm
PricewaterhouseCoopers S.p.A.

The company's Shareholders' Meeting of December 15, 2015 awarded the audit of accounts for the years 2016-2024 to the independent audit firm PricewaterhouseCoopers S.p.A..

2. Investor information

MAIRE TECNIMONT S.P.A. SHARE CAPITAL AT DECEMBER 31, 2017

	Expressed in No. of shares	Expressed in No. of voting rights
Share Capital	Euro 19,689,550	Euro 19,689,550
Total	305,527,500	473,192,634
Floating share capital	137,862,366	122,307,366
Floating share capital %	45.123%	25.847%

MAIRE TECNIMONT SHARE PERFORMANCE

In 2017, the capitalization of the Issuer increased 67.4% from Euro 788,260,950 at December 31, 2016 to Euro 1,319,267,745 at December 31, 2017.

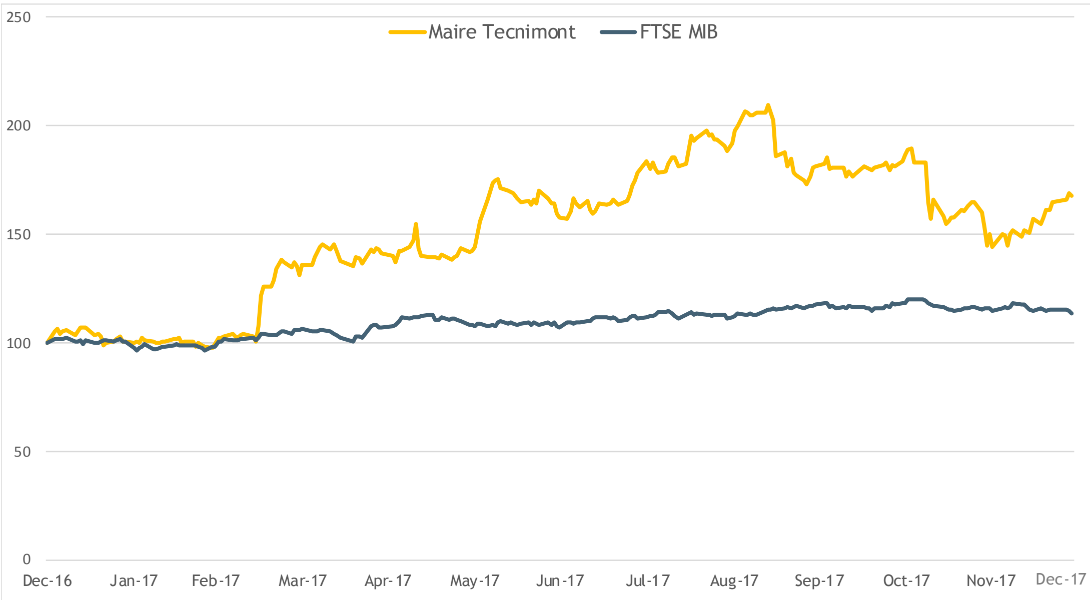
The share performance in 2017 was significantly influenced by:

- The announcement, in March 2017, of strong 2016 results, and the general raising of analyst recommendations and target prices;
- The announcement, at the beginning of June, of the contract signed with JSC NIPIgaspererabotka for the No. 3 package of the Amursky gas treatment plant worth Euro 3.9 billion and the subsequent raising, at the end of July, of management's year-end guidance, resulting in analysts further revising upwards their recommendations and driving the share price higher;
- A contraction, in the second part of the year, principally due to profit-taking following a doubling of the share price in the initial 8 months.
- The divestment by Ardeco of its 5% equity stake, consisting of 50% of its holding.

The average daily trading volume in 2017 was 1,441,635 shares, at an average price of Euro 3.91.

Milan Stock Exchange ordinary share price (Euro)	01/01 - 31/12/2017
Maximum (September 12, 2017)	5.40
Minimum (February 27, 2017)	2.518
Average	3.91
Period-end (December 29, 2017)	4.318
Stock market capitalization (at December 31, 2017)	1,319,267,745

Maire Tecnimont 2017 share performance against the FTSE MIB.



The graph highlights Maire Tecnimont's 53.7% outperformance of the FTSE Italia MIB (40 largest cap shares).

3. Key Events

The Group's key operating events in 2017 were as follows:

MAIRE TECNIMONT EXPANDS ITS UAE PRESENCE THROUGH NEW JOINT VENTURE

Abu Dhabi, January 12, 2017 – Maire Tecnimont S.p.A. announced that its subsidiary Neosia S.p.A (formerly Tecnimont Civil Construction) has established a new company in UAE called Value Technology Engineering LLC, in partnership with SBK Holding - the holding company of His Highness Sheikh Zayed Bin Sultan Bin Khalifa Bin Zayed Al Nahyan - and Geointelligence, part of Value Lab. The new company marries the significant capacity and know-how of the parties regarding innovative solutions to monitor the presence of sand, other materials and the impact of events, in order to reduce potential hazards generated by extreme desert environmental conditions during the operating phases. Typical fields of application for this innovative technology are plant equipment, oil pipelines and overground and metro rail networks. This achievement further consolidates the Maire Tecnimont Group presence in the United Arab Emirates, one of the largest Group Oil & Gas, Petrochemical and Infrastructure sector markets, also through collaboration with its strategic partner ARDECO. Value Technology Engineering LLC will develop its patent, giving clients maximum problem-solving capacity and advanced technology to improve the security and efficiency of infrastructure and plant. The new company will collaborate with UAE and Italian Universities to grow and share technological development and know-how acquired.

MAIRE TECNIMONT BOLSTERS REVAMPING BUSINESS WITH DEDICATED COMPANY

Maire Tecnimont S.p.A. strengthens its commitment to the revamping segment, one of the drivers of the current business strategy. Vinxia Engineering a.s. was therefore incorporated in the Czech Republic. The new company, held by Tecnimont and Stamicarbon, part of the Maire Tecnimont Group, and by a minority shareholder UNIS (20% holding), will be based in Prague. Vinxia will pursue new revamping project business opportunities in the fertilizers sector in the Russian Federation and Eastern Europe and the Caspian. The Czech company UNIS, headquartered in Brno, is an EPC (Engineering, Procurement and Construction) contractor, providing plant services to the Oil & Gas treatment sector, with subsidiaries in Russia and the countries of the ex-Soviet Union. Revamping (modernization of existing plant) has become one of the main drivers of the hydrocarbons value chain. In particular, on the Russian and Eastern European fertilizers market, plant has for some time benefitted from the latest technological standards, in order to boost production capacity, reduce emissions and optimize energy consumption.

MERGER OF THE SUBSIDIARY MET NEWN S.P.A.

In January 2017, the Extraordinary Shareholders' Meetings of the subsidiary Met Newen S.p.A. and of the subsidiary Tecnimont Civil Construction S.p.A. approved the merger proposal of Met Newen S.p.A. into Tecnimont Civil Construction S.p.A..

On April 10, the merger between the subsidiaries Met Newen S.p.A. and Tecnimont Civil Construction S.p.A., respectively engaged in renewable energies and civil infrastructure, became effective. Following the merger, the company assumed the name NEOSIA S.p.A..

MAIRE TECNIMONT SUPPORTS GROUP NEW TECHNOLOGY INVESTMENT THROUGH EURO 40,000,000 BOND ISSUE RESERVED FOR INSTITUTIONAL INVESTORS - COST OF EXISTING BANK DEBT FURTHER REDUCED TO 1.95%

On April 24, 2017, Maire Tecnimont S.p.A. announced the conclusion of agreements for the subscription through private placement by the Pan-European Fund and the Export Development

Fund (created by SACE), both managed by Amundi Group companies, of non-convertible bonds totaling Euro 40,000,000.

Maire Tecnimont S.p.A. is engaging for the first time with the “debt capital market”, thereby diversifying funding through recourse to an instrument whose maturity matches the return timeframes of the underlying transactions as, in line with the Group’s strategy, the bond income will principally be deployed to fund and/or refinance new technology investment plans and the Group’s further international expansion.

The bonds, divided into two equal tranches, are priced all-in at 340 basis points, plus the Euribor at 6 months, with a six-year maturity and bullet repayment on maturity and are supported by guarantees issued by Tecnimont S.p.A. and, for one of the two tranches, also by a guarantee in favor of bondholders by SACE S.p.A.. (CDP Group). The company is supported by Société Générale as advisor.

Both bond tranches were for exclusive subscription by qualifying investors; the securities - with unitary values of Euro 100,000 each - are not be listed or admitted to trading on any market (regulated or non-regulated) or multi-lateral trading systems, nor assigned a rating.

Thanks to the Group’s improved credit rating and supported by solid operating performances and intensive commercial operations, alongside the bond issue a number of terms and conditions of the existing bank debt were reviewed and optimized in the subsidiary Tecnimont S.p.A.. The refinancing involved Banca IMI as Global Coordinator, together with Unicredit and Banco BPM as Mandated Lead Arranger and Bookrunner. In particular, the applicable margin was reduced from 2.5% to 1.95% and the repayment period extended by approx. 15 months (bringing maturity to March 2022), while the repayment plan was also remodeled.

SHAREHOLDERS’ AGM APPROVES THE 2016 ANNUAL ACCOUNTS, THE DISTRIBUTION OF A DIVIDEND, THE RESTRICTED STOCK PLAN AND AUTHORISES THE ACQUISITION AND UTILISATION OF TREASURY SHARES

On April 26, 2017, the Shareholders’ AGM of Maire Tecnimont S.p.A. (the “Company”) approved all matters on the agenda. Specifically, the AGM approved i) the 2016 Annual Accounts of the company reporting Net Income of Euro 9,531,489.41, ii) the distribution of a total dividend of Euro 28,414,057.50 (one-third of 2016 consolidated net income) and iii) the adoption of the 2017-2019 Restricted Stock Plan reserved for the company’s Chief Executive Officer, in addition to other beneficiaries among the Group’s Senior Managers and Executives (the “Beneficiaries”), for retention purposes and to incentivize the creation of long-term value, fully aligning management’s interests and those of the shareholders.

In addition, the AGM - following the withdrawal of authorization by the Shareholders’ Meeting of December 15, 2015 - authorized the Board of Directors to purchase and dispose of treasury shares as per Articles 2357 and 2357-ter of the Civil Code, Article 132 of Legislative Decree No. 58 of February 24, 1998 (“CFA”) and Article 144-bis of Consob Issuers’ Regulation 11971/1999, as subsequently amended, according to the means proposed by the Board of Directors on March 15, 2017. Authorization was approved in pursuit of objectives such as, among others, share incentive plans, the conversion of convertible debt instruments into equity instruments, corporate operations, including investment swaps, in the interest of the company and, through an intermediary, in support of the share’s liquidity and fluid trading. Authorization was granted to acquire treasury shares up to a maximum 20,000,000 ordinary shares (6.54% of the shares currently in circulation), for a period of 18 months from the authorizing Shareholders’ Meeting motion. The unitary payment for the purchase of shares shall be established for each transaction, subject to the restriction that share purchases payments may not exceed the higher price between the price of the last independent transaction and the highest present independent purchase offer price during the trading session in which the purchase was made, while the above-stated unitary price may not however be 10% higher or lower than the share price recorded in the trading session before each individual purchase transaction, in compliance with legal and regulatory provisions and Consob “market practices”. The authorization to dispose of treasury shares was granted without time limit. Treasury share disposals may be carried out at the price or, however, according to the criteria and conditions established on a case by case basis by the Board of Directors in compliance with legal and regulatory provisions and Consob "market practices". The Shareholders' Meeting finally voted in favor of the First Section of the 2017 Remuneration Report drawn up in accordance with Article 123-ter of the CFA.

ADJUSTMENT OF THE CONVERSION PRICE OF THE "EQUITY-LINKED" BOND LOAN

On May 2, 2017, Maire Tecnimont S.p.A. communicated - with regards to the equity-linked bond loan reserved for qualifying Italian and overseas investors called the "€80 million 5.75 percent. Unsecured Equity-Linked Bonds due 2019" (the "Bonds") and following Shareholders' AGM motion of April 26, 2017 approving the distribution of a dividend per share of Euro 0.093, paid out on May 4, 2017 and with dividend coupon of May 2, 2017 - to have sent to holders of the above-stated bonds a Notice through Euroclear and Clearstream Luxembourg.

The Notice stated that the Calculation Agent determined as a result of that outlined above, the change in the conversion price of the Bonds from Euro 2.1509 to Euro 2.0964, in accordance with the Bond Regulation, at the effective date of May 2, 2017 (first trading date of the ordinary shares ex dividend on the Milan Stock Exchange).

TREASURY SHARE BUY-BACK PLAN IN SERVICE OF THE "MAIRE TECNIMONT GROUP EMPLOYEE 2016-2018 SHARE OWNERSHIP PLAN"

On June 22, 2017, Maire Tecnimont S.p.A. communicated - in accordance with Article 144-bis of Consob Regulation No. 11971/1999 (the "Issuers' Regulation"), in addition to Article 2, paragraph 1 of the Delegated Regulation (EC) 2016/1052 of the Commission of March 8, 2016 ("Regulation EC 1052") - that the treasury share buy-back programme, as per Article 5 of Regulation (EC) No. 596/2014 (the "MAR"), in service of the "Maire Tecnimont Group Employee 2016-2018 Share Ownership Plan", had been launched, as approved by the Shareholders' AGM of April 27, 2016 (the "Programme").

On July 3, 2017, Maire Tecnimont S.p.A. communicated the acquisition on the Mercato Telematico Azionario (MTA) organized and managed by Borsa Italiana S.p.A., in the period between June 22, 2017 and June 30, 2017 inclusive, of 780,000 treasury shares (corresponding to 0.26% of the share capital), at an average weighted price of Euro 4.227, for a total amount of Euro 3,297,096.92.

Finally, on June 30, 2017, 452,669 shares from the Programme had been assigned to foreign Plan Beneficiaries.

On July 10, 2017, Maire Tecnimont S.p.A. communicated the acquisition on the Mercato Telematico Azionario (MTA) organized and managed by Borsa Italiana S.p.A., in the period between July 3, 2017 and June 5, 2017 inclusive, of 345,000 treasury shares (corresponding to 0.11% of the share capital), at an average weighted price of Euro 4.165, for a total amount of Euro 1,437,060.87.

Taking into account also the shares already acquired in the June 22, 2017 - June 30, 2017 inclusive period, all 1,125,000 shares concerning the First Cycle (year 2016) of the Plan had been acquired and therefore the relative Program was completed. All the First Cycle (year 2016) shares were assigned to the Plan Beneficiaries by July 25, 2017. On conclusion of the First Cycle (FY 2016), the company continues to hold 16,248 treasury shares.

STAMICARBON ACQUIRES 20% OF THE US PURSELL AGRI-TECH TO DEVELOP INITIATIVES IN THE CONTROLLED RELEASE FERTILIZERS BUSINESS

On October 3, 2017 – Maire Tecnimont S.p.A. announced the acquisition by its subsidiary Stamicarbon of 20% of Pursell Agri-Tech, LLC, a US start-up specialized in the development and sale of controlled release polymer-coated fertilizers. Stamicarbon's investment is approx. USD 5.5 million.

Pursell Agri-Tech, based in Sylacauga, Alabama, has developed a new technology to coat fertilizers at a highly competitive cost, producing controlled release fertilizers for the optimal fertilization of extensive areas. This innovative technology combines a proprietary polymer composition with a highly efficient coating process for the production of a range of controlled release fertilizers, in particular urea. The nutrient solution produced is highly sustainable, increases yields and reduces environmental impact.

In addition, Stamicarbon and Pursell Agri-Tech have begun an industrial collaboration, with Stamicarbon as global licensing partner for the technology outside of North America, licensing third parties such as large urea manufacturers and fertilizer manufacturers and distributors, and with Pursell Agri-Tech developing with selected partners the North American market and Stamicarbon operating as non-exclusive licensing partner. The parties will work together also to implement an innovative platform for the development of new technologies and business initiatives.

TREASURY SHARE BUYBACK PROGRAMME IN SERVICE OF THE "€80 MILLION 5.75 PER CENT. UNSECURED EQUITY-LINKED BONDS DUE 2019" BOND LOAN

On September 22, 2017 - Maire Tecnimont S.p.A. announced, in accordance with Article 144-bis of Consob Regulation No. 11971/1999 (the "Issuers' Regulation"), in addition to Article 2, paragraph 1 of the Delegated Regulation (EC) 2016/1052 of the Commission of March 8, 2016 ("Regulation EC 1052"), that from September 25, 2017 the treasury share buy-back programme of 15,000,000 treasury shares would begin, as per Article 5 of Regulation (EC) No. 596/2014 (the "MAR"), in service of the "€80 million 5,75 per cent. Unsecured Equity-Linked Bonds due 2019", issued by the company following Board of Directors' motion of February 11, 2014, in accordance with Article 2410, first paragraph of the Civil Code (the "Bond Loan").

The Programme, launched in execution of the Shareholders' AGM motion of April 26, 2017 authorizing the acquisition and utilization of treasury shares for a duration of 18 months - was executed utilizing the safe harbours set out as per the MAR.

On February 1, 2018 - as part of the treasury share buy-back programme, Maire Tecnimont S.p.A. announced that, taking account of the transactions carried out in the period between September 25, 2017 and January 30, 2018 inclusive, all 15,000,000 ordinary shares in service of the equity-linked bond loan had been acquired and, therefore, the Programme had concluded.

FRAMEWORK AGREEMENT WITH MITSUBISHI CHEMICAL CORPORATION FOR THE DISTRIBUTION OF GAS CONVERSION TECHNOLOGIES

On December 20, 2017 - Maire Tecnimont S.p.A. announced that METGAS Processing Technologies ("METGAS") - its subsidiary engaged in the development and distribution of new gas conversion technologies - had signed a framework agreement with Mitsubishi Chemical Corporation ("MCC") for the distribution of a technology package ("Technology Package") resulting from combining the technology and know-how of the two parties, for the production of propylene-derivatives utilizing methane rich gas as the prime material.

The Technology Package will link the "Gas to Propylene" technology of METGAS - developed together with Siluria Technologies Inc. - to MCC's technologies to produce oxo-alcohol, acrylic acid and acrylic ester. On the basis of this agreement, METGAS will coordinate the Technology Package's global licensing activities.

Under this agreement, METGAS extends its portfolio to propylene downstream technologies, permitting the production of the chemical products mentioned in countries where the only material available is natural gas. Currently, the total propylene used to produce oxo-alcohol, acrylic acid and acrylic ester represents approx. 15% of the global propylene market, with a Compound Average Growth Rate (CAGR) of approx. 5%.

4. Group operating performance

The Maire Tecnimont Group 2017 key financial highlights (compared to 2016) are reported below:

(in Euro thousands)	December 2017	%	December 2016	%	Change	
Performance indicators:						
Revenues	3,524,289		2,435,426		1,088,863	44.7%
Business Profit (*)	267,256	7.6%	241,243	9.9%	26,013	10.8%
EBITDA (**)	193,475	5.5%	160,025	6.6%	33,450	20.9%
EBIT	183,543	5.2%	152,572	6.3%	30,971	20.3%
Net financial expense	5,350	0.2%	(18,738)	(0.8%)	24,088	128.6%
Income before tax	188,893	5.4%	133,835	5.5%	55,059	41.1%
Income taxes	(62,341)	(1.8%)	(48,542)	(2.0%)	13,799	28.4%
Tax rate	(33.0%)		(36.3%)		N/A	
Net income	126,553	3.6%	85,293	3.5%	41,260	48.4%
Group net income	118,650	3.4%	74,371	3.1%	44,279	59.5%

(*) "Business Profit" is the industrial margin before the allocation of general and administrative costs and research and development expenses; its percentage of revenues is the Business Margin.

(**) EBITDA is net income for the year before taxes (current and deferred), net financial expenses, currency exchange differences, gains and losses on the valuation of holdings, amortization and depreciation and provisions. EBITDA is a measure utilized by management to monitor and assess the operating performance. Management consider EBITDA a key parameter in measuring the Group's performance as not impacted by the effects of differing criteria applied to taxable income, the amount and characteristics of the capital utilized and by amortization and depreciation. As EBITDA is not governed by the Group's accounting standards, the Group calculation criteria may not be uniform with those adopted by other groups and, therefore, may not be comparable.

The Maire Tecnimont Group in 2017 reported revenues of Euro 3,524.3 million, up 44.7% on 2015 (Euro 2,435.4 million).

The increase in volumes reflects progress on backlog projects and principally the beginning of full operations on the main EPC projects, which in the previous year were still in the initial stage and are now in the full construction phase.

The Group reports a Business Profit of Euro 267.3 million for 2017, up 10.8% on Euro 241.2 million for 2016. The 2017 Consolidated Business Margin was 7.6%, down on 9.9% for 2016.

The reduced margin reflects Technology, Engineering & Construction BU project developments and an altered mix of contracts in progress compared to the previous year. The current mix mainly includes EPC projects which are now in the full construction phase, while at December 31, 2016 higher margin and lower volume engineering and procurement and licensing projects contributed more.

G&A costs were Euro 68.3 million, decreasing approx. Euro 7.9 million thanks to continual streamlining. The impact of these costs on revenues also reduced considerably, from 3.1% in 2016 to 1.9% in 2017.

The Group, taking account also of R&D costs of approx. Euro 5.4 million, reports EBITDA of Euro 193.5 million for 2017 (up 20.9% on Euro 160 million for 2016). The 2017 consolidated EBITDA margin was 5.5%, reducing on the previous year (6.6%), due to the different mix and contract execution phases at December 31, 2017, as already described.

Amortization, depreciation, write-downs and provisions amounted to Euro 9.9 million, increasing on the previous year (Euro 7.5 million) following the initiation of amortization and depreciation on new Group operating assets and also provisions on risks concerning real estate project receivables.

Net financial income amounted to Euro 5.4 million, improving approx. Euro 24.1 million on the previous year, principally thanks to the net valuation of derivative instruments.

The 2017 figure in fact includes income of approx. Euro 28.3 million from the cash-settled Total Return Equity Swap (TRES) derivative instruments hedging against fluctuations in the Maire Tecnimont share price; this component in 2016 amounted to income of approx. Euro 1.6 million. The financial management result includes also net charges on derivatives of approx. Euro 2.4 million in relation to the "time value" portion of the derivative currency and raw material hedges; this component in 2016 was a charge of approx. Euro 3.9 million.

Financial expenses on debt however increased following accelerated repayment of the residual portion of the Equity-Linked Bond charges, as a result of the decision to exercise the early repayment option and following the renegotiation of the existing bank debt.

Strong operational results and reduced financial expenses returned income before tax of Euro 188.9 million, up on Euro 133.8 million for the previous year.

Income taxes were estimated at Euro 62.3 million. The effective tax rate was approx. 33%, a small improvement on the normalized average tax rate reported for the preceding quarters and based on the various countries in which operations are carried out.

2017 Net Income was Euro 126.6 million, improving 48.4% on 2016 (Euro 85.3 million).

Group net income amounted to Euro 118.7 million, up 59.5% on 2016 (Euro 74.4 million).

In 2017, the Maire Tecnimont Group won new projects and existing contract extensions worth approx. Euro 4,323.7 million, almost exclusively in the Technology, Engineering & Construction sector and delivering on the core business refocus strategy.

The Maire Tecnimont Group Backlog at December 31, 2017 was Euro 7,229.4 million increasing approx. Euro 712.9 million on 2016, mainly due to the significant acquisitions in the year (principally the AMUR project in Russia), net of the projects completed in 2017.

5. Performance by Business Unit

INTRODUCTION

Maire Tecnimont S.p.A. heads an integrated industrial group providing engineering services and works in the following sectors on the domestic and international markets:

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

The BU figures are in line with the internal reporting structure utilized by company Top Management. The features of these sectors are outlined below:

I. **Technology, Engineering & Construction" Business Unit** - designs and constructs plant, principally for the "natural gas chain" (involving separation, treatment, liquefaction, transport, storage, regasification and compression and pumping stations); designs and constructs chemical and petrochemical industry plant for the production, in particular, of polyethylene and polypropylene (polyolefin), ethylene oxide, ethylene glycol, purified terephthalic acid ("PTA"), ammonia, urea and fertilizers; issues, in addition, within the fertilizer sector, licenses on patented technology and proprietary know-how to current and potential urea producers. Other major activities related to the sulphur recovery process, hydrogen production and high temperature furnaces. It is also engaged in the design and construction of hydro-carbon electric power plant and waste-to-energy and district heating plant.

I. **<u>"Infrastructure & Civil Engineering" Business Unit</u>** - engaged in the design and construction of major infrastructural projects (such as roads and motorways, rail lines, underground and surface metro lines, tunnels, bridges and viaducts) and industrial and commercial and tertiary sector facilities and buildings; it provides environmental services for infrastructure, civil and industrial construction and energy sector projects and plant in general. The Group provides maintenance and facility management services, in addition to general services for temporary construction facilities and Operation & Maintenance services. It also works on large-scale renewables sector plant (mainly solar and wind).

The Group assesses the performance of the operating segments based on the segment operating result. Segment revenues are those directly deriving from or attributable to the Segment and from core operations and include revenues from agreements with third parties. Segment costs are charges from segment operations incurred from third parties. For Group operations, amortization, depreciation, provisions for risks, financial income and expense and income taxes are borne by the corporate entity as excluded from operating activities.

The Maire Tecnimont Group 2017 key financial highlights by Business Unit (compared to 2016) are reported below:

(in Euro thousands)	Technology, Engineering & Construction		Infrastructure & Civil Engineering		Total	
	Total	% Revenues	Total	% Revenues	Total	% Revenues
31/12/2017						
Revenues	3,379,881		144,408		**3,524,289**	
Business Margin	262,174	7.8%	5,083	3.5%	**267,256**	**7.6%**
EBITDA	193,059	5.7%	416	0.3%	**193,475**	**5.5%**
31/12/2016						
Revenues	2,327,889		107,537		**2,435,426**	
Business Margin	237,331	10.2%	3,912	3.6%	**241,243**	**9.9%**
EBITDA	161,831	7.0%	(1,806)	(1.7%)	**160,025**	**6.6%**
Change 2017 vs. 2016						
Revenues	1,051,992	45.2%	36,871	34.3%	**1,088,863**	**44.7%**
Business Margin	24,842	10.5%	1,171	29.9%	**26,013**	**10.8%**
EBITDA	31,228	19.3%	2,222	(123.0%)	**33,450**	**20.9%**

TECHNOLOGY, ENGINEERING & CONSTRUCTION BUSINESS UNIT

2017 revenues were up 45.27% to Euro 3,379.9 million (Euro 2,327.9 million in 2016).

The increase in volumes reflects progress on backlog projects and principally the beginning of full operations on the main EPC projects, which in the previous year were still in the initial stage and are now in the full construction phase.

The 2017 Business Profit rose Euro 24.9 million on the previous year amounting to Euro 262.2 million (Euro 237.3 million in 2016). The Business margin for 2017 was 7.8%, reducing on 10.2% in 2016.

The reduced margin reflects Technology, Engineering & Construction BU project developments and an altered mix of contracts in progress compared to the previous year. The current mix includes various EPC projects which are now in the full construction phase, while at December 31, 2016 higher margin and lower volume engineering and procurement and licensing projects contributed more.

2017 EBITDA was Euro 193.1 million (Euro 161.8 million in 2016), with a margin of 5.7% (7% in 2016); this performance is reflective of the business margin, as previously outlined.

Infrastructure & Civil Engineering Business Unit

2017 revenues of Euro 144.4 million rose 34.3% on the previous year (2016 revenues of Euro 107.5 million), as a result of the advancement of orders in portfolio acquired last year also in the large renewables plant sector.

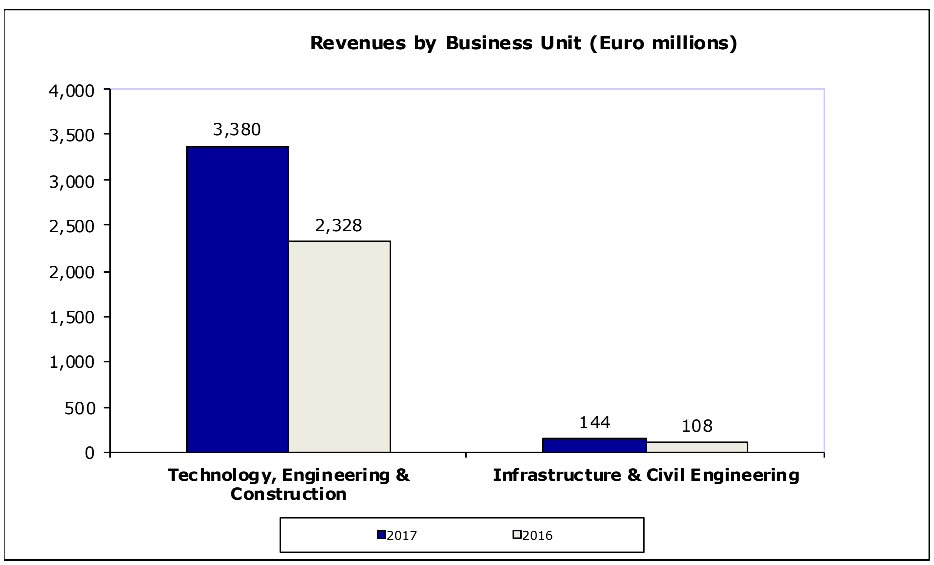
The 2017 Business Profit was Euro 5.1 million (Euro 3.9 million in 2016). The Business margin in 2017 was 3.5%, in line with 3.6% in 2016.

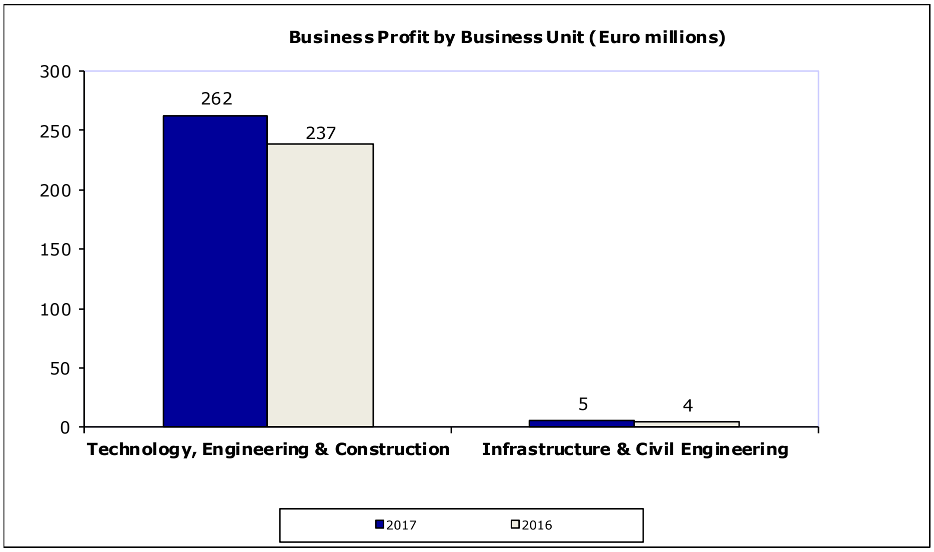
2017 EBITDA was Euro 0.4 million after the absorption of G&A costs; 2016 EBITDA was a loss of Euro 1.8 million.

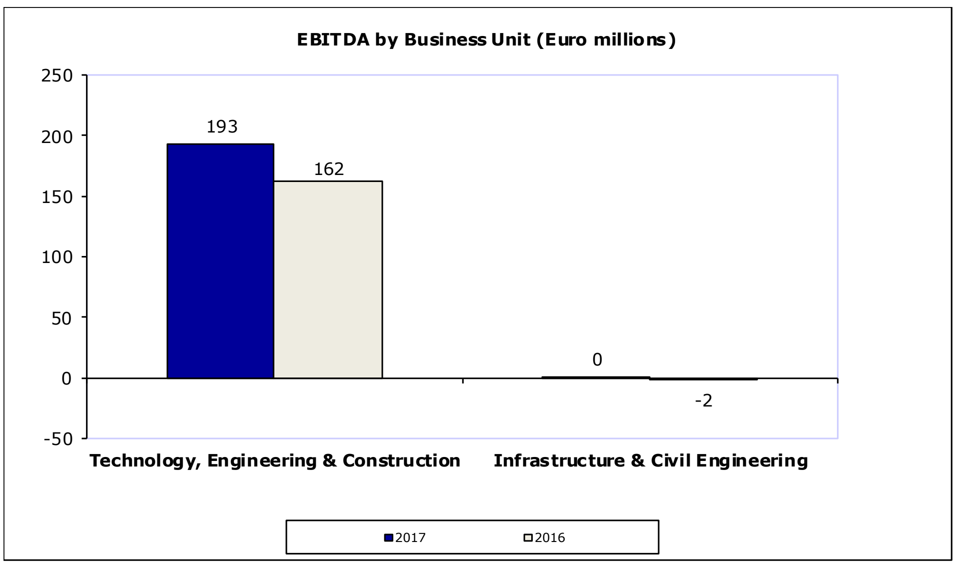
EBITDA in 2017 reflects the positive results from the commercial and organizational initiatives rolled out under the business refocus strategy also in the large renewables plant sector.

The above results take into account not only the recognition of contractual payments, but also works variations, incentives and any reserves ("claims") and for the reliably measured amount expected to be collected.

The following tables outline the Revenues, Business Profit and EBITDA by Business Unit commented upon above.





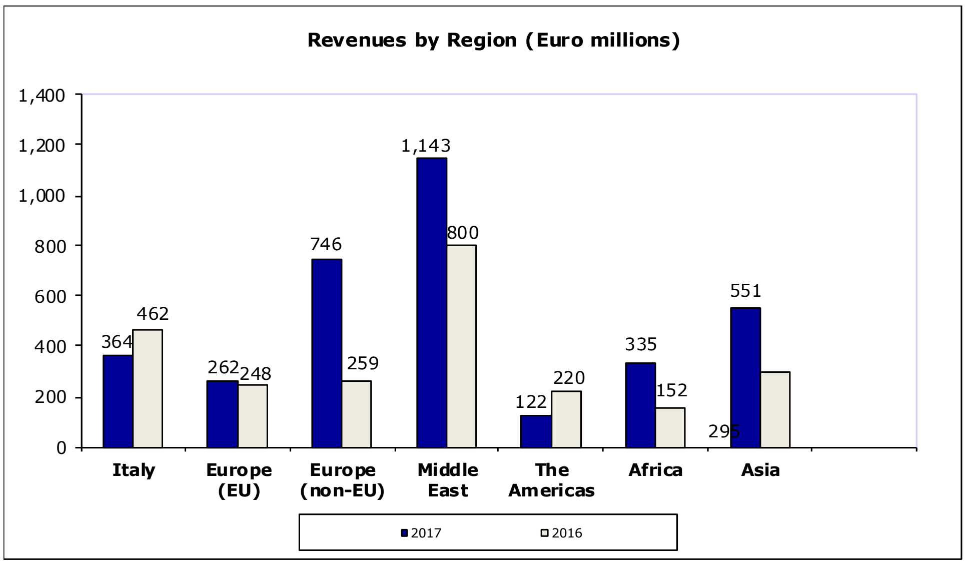


VALUE OF PRODUCTION BY REGION:

The regional breakdown of Revenues in 2017 compared to the previous year is illustrated below:

(in Euro thousands)	2017		2016		Change	
	Total	%	Total	%	Total	%
Italy	364,496	10.3%	46,.845	19.0%	(97,349)	(21.1%)
Overseas						
• Europe (EU)	261,905	7.4%	248,172	10.2%	13,733	5.5%
• Europe (non-EU)	745,765	21.2%	258,599	10.6%	487,166	188.4%

(in Euro thousands)		2017		2016		Change	
		Total	%	Total	%	Total	%
•	Middle East	1,143,224	32.4%	800,364	32.9%	342,860	42.8%
•	The Americas	122,454	3.5%	219,808	9.0%	(97,354)	(44.3%)
•	Africa	335,102	9.5%	152,058	6.2%	183,044	120.4%
•	Asia	551,344	15.6%	294,580	12.1%	256,764	87.2%
Total Consolidated Revenues		**3,524,289**		**2,435,426**		**1,088,863**	**44.7%**



The main regional revenue sources were the Middle East (32.4%) and Europe – non-EU (21.2%). As evident from the Revenues by Business Unit table, this figure highlights the significant contribution of the "Technology, Engineering & Construction" Business Unit in the Middle East, in which the Group has a long-standing presence and in relation to the Non-EU Europe area reflects the development of the current activities in Russia.

6. Backlog by Business Unit and Region

The following tables outline the Group's Backlog, broken down by Business Unit at December 31, 2017, net of third party shares and compared to the previous year:

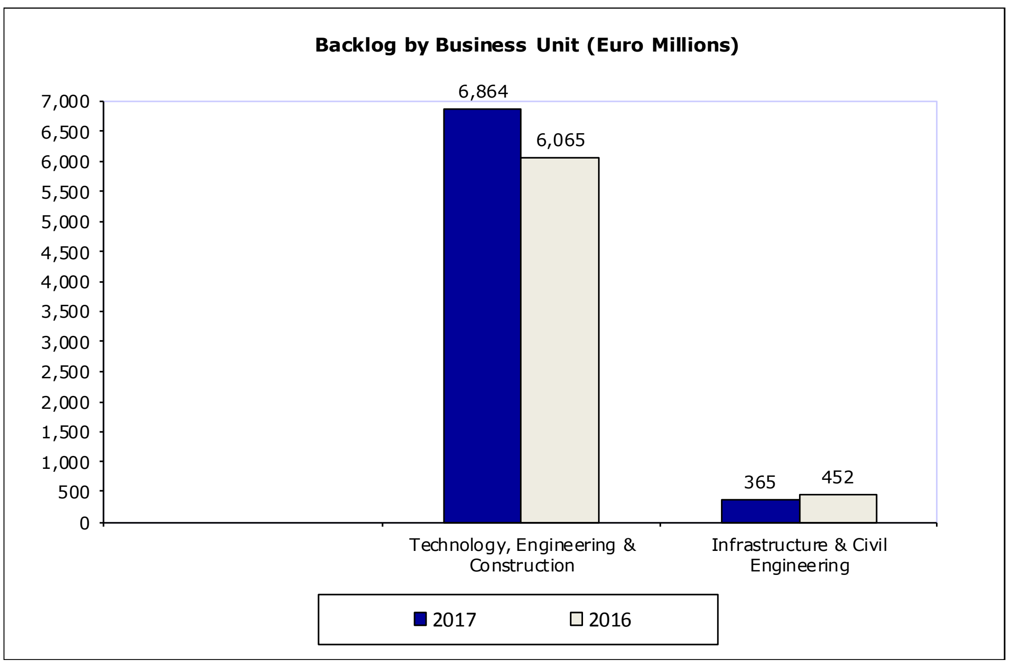
Backlog by Business Unit

(in Euro thousands)	Technology, Engineering & Construction	Infrastructure & Civil Engineering	Total
Initial Order Backlog at 01/01/2017	**6,064,788**	**451,694**	**6,516,482**
Adjustments/Eliminations (**)	(103,696)	9,774	(93,922)
2017 Order Intake	4,278,294	45,395	4,323,689
Revenues net of third parties (*)	3,375,128	141,754	3,516,883
Backlog at 31/12/2017	**6,864,257**	**365,109**	**7,229,366**

(*) Backlog revenues are net of third party shares of Euro 7.4 million.

(**) 2017 Adjustment/Eliminations principally reflect portfolio currency adjustments.

(in Euro thousands)	Backlog at 31.12.2017	Backlog at 31.12.2016	Change December 2017 vs December 2016	
Technology, Engineering & Construction	6,864,257	6,064,788	799,469	13.2%
Infrastructure & Civil Engineering	365,109	451,694	(86,585)	(19.2%)
Total	**7,229,366**	**6,516,482**	**712,884**	**10.9%**



In 2017, the Maire Tecnimont Group won new projects and existing contract extensions worth approx. Euro 4,323.7 million, almost exclusively in the Technology, Engineering & Construction sector and delivering on the core business refocus strategy.

The Maire Tecnimont Group Backlog at December 31, 2017 was Euro 7,229.4 million increasing approx. Euro 712.9 million on 2016, mainly due to the significant acquisitions in the year (principally the AMUR project in Russia), net of the projects completed in 2017.

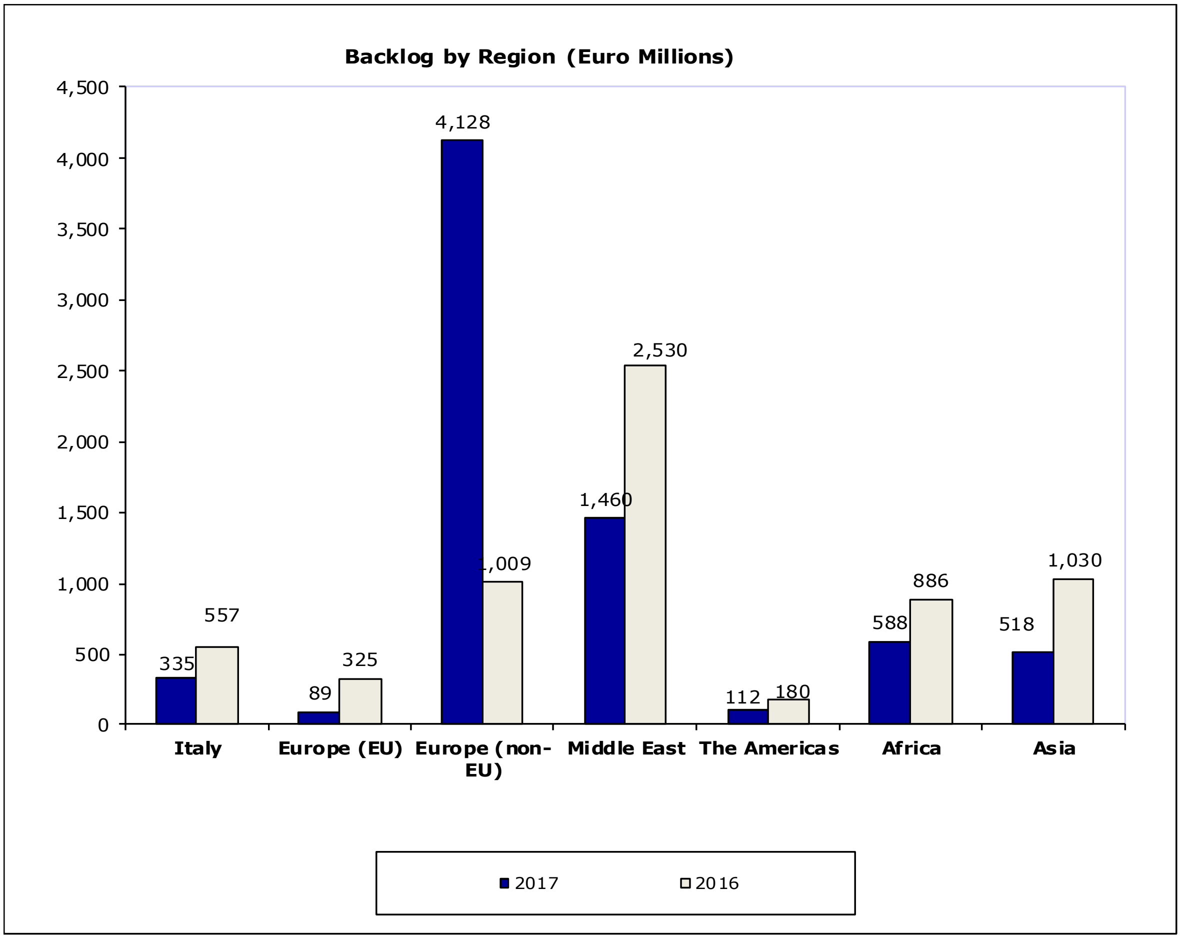
Backlog by Region

The Group Backlog broken down by region at December 31, 2017 and compared with the previous year is presented below:

(in Euro thousands)	Italy	Overseas						Total
		Europe (EU)	Europe (non-EU)	Middle East	The Americas	Africa	Asia	
Initial Order Backlog at 01/01/2017	**557,156**	**324,548**	**1,009,471**	**2,529,704**	**179,691**	**885,818**	**1,030,095**	**6,516,482**
Adjustments/Eliminations (**)	17,644	13,251	(147,736)	43,726	25,274	(5,429)	(40,652)	(93,922)
2017 Order Intake	120,786	13,417	4,011,577	29,685	29,451	39,315	79,459	4,323,689
Revenues net of third parties (*)	360,548	261,905	745,796	1,143,145	122,885	331,260	551,344	3,516,883
Backlog at 31/12/2017	**335,037**	**89,311**	**4,127,516**	**1,459,969**	**111,531**	**588,443**	**517,558**	**7,229,366**

(*) Backlog revenues are net of third party shares totaling Euro 7.4 million.
(**) 2017 Adjustment/Eliminations principally reflect portfolio currency adjustments.

(in Euro thousands)	Backlog at 31.12.2017	Backlog at 31.12.2016	Change December 2017 vs December 2016	
Italy	335,037	557,156	(222,119)	(39.9%)
Europe (EU)	89,311	324,548	(235,237)	(72.5%)
Europe (non-EU)	4,127,516	1,009,471	3,118,045	308.9%
Middle East	1,459,969	2,529,704	(1,069,735)	(42.3%)
The Americas	111,531	179,691	(68,160)	(37.9%)
Africa	588,443	885,818	(297,375)	(33.6%)
Asia	517,558	1,030,095	(512,537)	(49.8%)
Total	**7,229,366**	**6,516,482**	**712,884**	**10.9%**



ORDER INTAKE BY BUSINESS UNIT AND REGION

The table below outlines 2017 Group Order Intake broken down by Business Unit and Region and compared with the previous year:

(in Euro thousands)	December 2017		December 2016		Change 2017 vs 2016	
		% of total		% of total		
Order Intake by Business Unit						
Technology, Engineering & Construction	4,278,294	99.0%	1,678,062	94.4%	2,600,232	155.0%
Infrastructure & Civil Engineering	45,395	1.0%	99,704	5.6%	(54,309)	(54.5%)
Total	**4,323,689**	**100.0%**	**1,777,766**	**100.0%**	**2,545,923**	**143.2%**

(in Euro thousands)	December 2017	% of total	December 2016	% of total	Change 2017 vs 2016	
Order Intake by Region:						
Italy	120,786	2.8%	44,774	2.5%	76,011	169.8%
Europe (EU)	13,417	0.3%	33,535	1.9%	(20,119)	(60.0%)
Europe (non-EU)	4,011,577	92.8%	22,024	1.2%	3,989,553	18114.7%
Middle East	29,684	0.7%	968,021	54.5%	(938,337)	(96.9%)
The Americas	29,451	0.7%	102,406	5.8%	(72,955)	(71.2%)
Africa	39,315	0.9%	108,693	6.1%	(69,379)	(63.8%)
Asia	79,460	1.8%	498,311	28.0%	(418,852)	(84.1%)
Total	**4,323,689**	**100.0%**	**1,777,766**	**100.0%**	**2,545,923**	**143.2%**

In 2017, the Maire Tecnimont Group won new projects and existing contract extensions worth approx. Euro 4,323.7 million, almost exclusively in the Technology, Engineering & Construction sector and delivering on the core business refocus strategy.

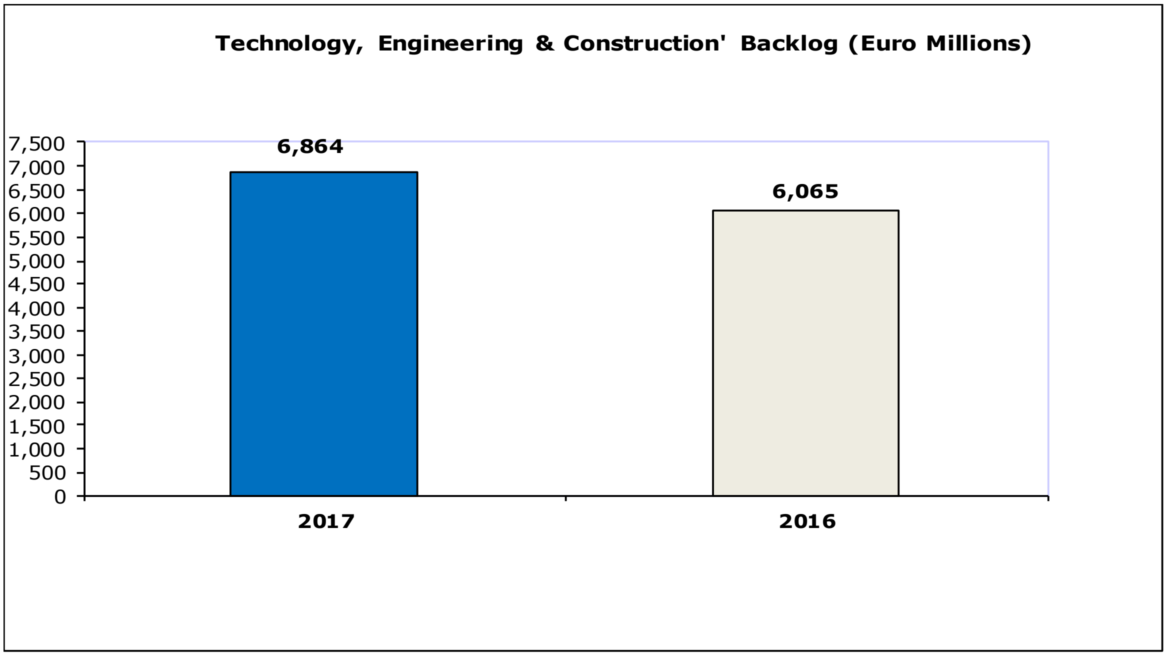
New orders in 2017 in particular included the AMUR (Russia) project. The contract concerns the execution of package No.3 for the Amursky (AGPP) gas treatment plant. The total value is approx. Euro 3.9 billion.
A detailed description of the project is provided in the subsequent section on the main projects acquired.

The Infrastructure BU principally acquired renewable energy orders, new contracts and formalized change orders and project variants.

Analysis of the "Technology, Engineering & Construction" Business Unit Backlog

The Backlog at December 31, 2017 compared with the previous year is as follows:

(in Euro thousands)	Backlog at 31.12.2017	Backlog at 31.12.2016	Change December 2017 vs December 2016	
Technology, Engineering & Construction	6,864,257	6,064,788	799,469	13.2%



The "Technology, Engineering & Construction" Business Unit Backlog at December 31, 2017 was Euro 6,864.3 million, increasing on the previous year Euro 799.5 million.

PRINCIPAL PROJECTS AWARDED:

AMUR (Russia) Tecnimont S.p.A., as majority leader of the consortium including Tecnimont Russia, the Chinese company Sinopec Engineering Group (SEG) and its subsidiary Sinopec Ningbo Engineering Corp., signed a contract with JSC NIPIgaspererabotka (NIPIGas), a general contractor of Gazprompererabotka Blagoveshchensk LLC, part of the Gazprom Group. The contract concerns the execution of package No.3 for the Amursky (AGPP) gas treatment plant, comprising the utilities, off sites and plant infrastructure, to be carried out close to the city of Svobodny, in the Amur district, in the Eastern region of the Russian Federation close to the border with China.

The total value of the contract is approx. Euro 3.9 billion. The contract value comprises a Lump Sum of approx. Euro 1.7 billion (for Engineering and Procurement services) and a reimbursable portion estimated at approx. Euro 2.2 billion for the construction activities, in addition to the site services and logistics.

The project scope includes all of the engineering, procurement, construction, commissioning and performance test activities for the Amur GPP project. The majority of project activities are concentrated in the first two years from the signing of the contract; project completion is scheduled for the end of 2023.

The project is strategic for the entire AGPP complex as the utilities and off sites are necessary to guarantee connection between the process units and for the management of all the process interfaces, which are entirely within the scope of Tecnimont and Sinopec.

Once completed, GPP Amur will be one of the largest gas treatment plants in the world, with a natural gas treatment capacity of 42 billion cubic meters per year and constituting a fundamental element of Gazprom's strategic plan for the supply of natural gas to China.

Other awards:
In addition to the above contract, further projects and change orders for contracts under execution were acquired principally in Europe, the Middle East and Asia and awarded by some of the leading international clients for licensing, engineering services, design and maintenance, in addition to Technology Packages and EP operations.

PROJECTS IN PROGRESS:

ADCO (United Arab Emirates) Tecnimont S.p.A. on December 11, 2014 signed an EPC contract with Abu Dhabi Company for Onshore Oil Operations (ADCO) for construction of phase III of the Al Dabb’iya Surface Facilities project in Abu Dhabi, UAE. The project involves EPC operations until the Performance Tests for the expansion of the existing plant - including in particular: the collection of crude oil through a pipeline network; a Central Process Plant (CPP); the relative oil and associated gas export pipeline. The engineering has been completed, with the delivery of materials substantially completed (progress >96%), while construction is at 60% advancement. The plant completion date, agreed with the client, is December 2018 and is followed by a warranty period of 12 months.

OMAN OIL REFINERIES and PETROLEUM INDUSTRIES COMPANY - SAOC (ORPIC), (Oman), for the construction of 2 polyethylene plant and a polypropylene plant, in addition to the associate utilities. The contract relates to one of the four packages comprising the Liwa Plastic Complex (LPIC) Project. The units will be located in the Sohar Industrial Port Area. The project, announced in December 2015, received Notice-to-Proceed on May 4, 2016 and has a duration of 44 months. The project includes engineering services, the provision of equipment and materials and construction until testing, start-up and the performance tests. The overall advancement of the project is 50.2% (Engineering 90.1%; Procurement 60.3%; Construction 26.1%), in line with the work program agreed with the Client. Currently, all construction companies (civil, mechanic, HVAC and electro-instrumental) are on-site and with civil works constituting the majority of activity. Plant delivery is scheduled by January 4, 2020, the contractual Initial Acceptance Certificate date, followed by a warranty period of 12 months.

SOCAR POLYMER HDPE, (Azerbaijan) In December 2015 Tecnimont S.p.A. and KT – Kinetics Technology S.p.A. agreed with SOCAR POLYMER a lump sum EPC 120 kTpY polyethylene plant construction contract in Sumgayit (30 KM north of Baku). This contract follows the order awarded in April 2015 by the same client Socar Polymer. The project includes engineering services, the provision of equipment and materials and construction until the start-up of the plant and the performance tests. The home office services have reached 99.7% completion, with procurement/manufacturing 99.7% compete, while construction has reached 70.3% progress. The total advancement of the project is 87.7%. Completion is scheduled for September 2018.

SOCAR POLYMER PP (Azerbaijan) In April 2015 Tecnimont S.p.A. and KT – Kinetics Technology S.p.A. agreed with SOCAR POLYMER a lump sum EPC 180 kTpY polypropylene plant construction contract in Sumgayit (30 KM north of Baku).
The project includes engineering services, the provision of equipment and materials and construction until the start-up of the plant and the performance tests.
The home office services have reached 100% completion, with procurement/manufacturing 99.6% compete, while construction has reached 93.4% progress. The total advancement of the project is 97.1%. Completion is expected for May 2018.

ADGAS (United Arab Emirates). On February 3, 2015, Tecnimont S.p.A., in consortium with the company Archirodon, received from the Client ABU DHABI GAS LIQUEFACTION COMPANY LTD (ADGAS) the “Letter of Award”, followed on March 12, 2015 by the signing of the Signature Agreement, for construction of the Package 1 IGD Expansion Project in Abu Dhabi-Das Island, United Arab Emirates. The project involves EPC operations until the Performance Tests for the expansion of the existing plant on the island.
Tecnimont’s role principally centers on expansion of the gas drying plant with the installation of an additional unit and related structures, while Archirodon will be involved in the preparation of

the site with backfill and civil works and sea works along the western coast of Das Island for the above-stated expansion, including further preparation works upon the site with backfill for the IGD-E2 package (upcoming plant expansion project).

The total advancement of the project is 94.8% (TCM portion). Specifically: engineering has reached 100% completion, with procurement of materials 100%, construction 97.3% and commissioning 33.2%. The consortium Partner Archirodon has substantially completed its works. The Provisional Acceptance Certificate (PAC) is expected by June 16, 2018, followed by a mechanical guarantee period of 18 months before the Final Acceptance Certificate (FAC).

KINGISEPP (Russia) - acquired in June 2015, the project is executed under two Lump-Sum-Turn-Key Contracts between JSC "Eurochem NorthWest", a EuroChem Group AG ("EuroChem") subsidiary and a global agro-chemical sector leader, Tecnimont S.p.A and Tecnimont Russia. The Client is availing of SACE financing. The project involves the construction of a new industrial grass root plant for the production and storage of ammonia, based on KBR technology and of 2,700 Tons per day capacity. The site is within an existing industrial complex close to the city of Kingisepp. The overall physical state of project advancement is 82.4%. Engineering activities have concluded, with material Procurement substantially completed (advancement of over 96%). Construction has reached 55% completion and start-up activities have begun. The completion of the project is scheduled for 2018.

CORU – RAFFINERIA MOSCA (Russia), in June, a letter of intent was signed with JSC Gazprom Neft for construction of the Combined Oil Refinery Unit (CORU) Project at the existing Moscow Refinery in the Russian Federation. The contract was signed on october 5, 2015. It covers Detail Engineering, Procurement and Construction Management services. Engineering is 99.9% complete, with material procurement at 98.6%, while construction is 51.6% complete. The total advancement of the project is 94.7%. The Mechanical Completion and project completion (RFSU – Ready for Start-Up), as a consequence of the agreement between the client and the general construction contractor, are respectively scheduled for 39 months and 42 months from the Work Commencement Date (WCD) of June 2015.

SLUISKIL – YARA (Netherlands) acquired in July 2015 from the client Yara Sluiskil B.V.. The project involves the lump sum turn-key construction of a new urea granulation plant with a production capacity of 2,000 tons per day, in addition to a number of related units. The complex will use Yara proprietary technology, enabling production of a special variety of urea, enriched with sulphur. Engineering is 100% complete, with material procurement at 100%, while construction is 80% complete. The total advancement of the project is 92.7%. The mechanical completion of works is scheduled for March 2018, with plant start-up in May 2018, followed by a mechanical guarantee period of 24 months (May 2020).

PP MALAYSIA – PETRONAS (Malaysia), in November 2015, PRPC Polymers Sdn Bhd (PRPC Polymers) - ("PETRONAS") Group - awarded the Tecnimont Group as part of a joint venture with China HuanQiu Contracting & Engineering Corporation (HQC) an EPCC Lump Sum Turn Key project for the construction of two polypropylene units for the RAPID (Refinery and Petrochemical Integrated Development) complex. The two units will be constructed at the RAPID complex, located in Pen Gerang in South-East Johor, Malaysia. The project includes engineering services, the provision of equipment and materials and construction until the start-up of the plant and the performance tests. Engineering is 99.2% complete, with material procurement at 95.9%, while construction is 53.1% complete. The total advancement of the project is 75.9%. Mechanical completion, scheduled for the end of August 2018, permits the achievement of Ready for Start Up at the end of November 2018. On issue of the PAC, expected on April 15, 2019, a period of twelve months for achievement of Final Acceptance will follow.

HDPE MALAYSIA – PETRONAS (Malaysia), in November 2016 Tecnimont was awarded as part of a joint venture with China Huan Qiu Contracting & Engineering Corporation L.td. (HQC) an EPCC Lump Sum Turn Key project for the construction of a high density polypropylene unit for the RAPID (Refinery and Petrochemical Integrated Development) complex by PRPC Polymers

Sdn Bhd (PRPC Polymers) - ("PETRONAS") Group. The HDPE unit, based on the Hostalen Advance Cascade Process (HACP) technology of Lyondel Basell, will have a capacity of 400 tons/year and will be constructed at the RAPID complex, located in Pengerang, South-Eastern Johor, Malaysia. The project includes engineering services, the provision of equipment and materials and construction until the start-up of the plant and the performance tests. Engineering is 86.3% complete, with material procurement at 50%, while construction is 18.3% complete. The total advancement of the project is 38.8%. Mechanical completion, scheduled for March 9, 2019, permits the achievement of Ready for Start Up on May 9, 2019. On issue of the PAC, expected on July 9, 2019, a period of twelve months for achievement of Final Acceptance will follow.

Punta Catalina (Santo Domingo) Tecnimont S.p.A., in consortium with Construtora Norberto Odebrecht S.A. and Ingenieria Estrella S.R.L., was awarded in November 2013 the construction of a strategically important industrial complex for the country's development (a coal fired thermal power plant, an offshore terminal and other related structures). The client is CDEEE, the Dominican Republic national electricity company. The project involves the construction of two coal fired 360 MW plant in Punta Catalina, Dominican Republic. The EPC contract was signed in April 2014, with effective date set retroactively as February 7, 2014. Tecnimont will undertake all engineering works (except for the offshore marine and transmission line works), the procurement of the power island equipment and commissioning and delivery of the plant with the relative acceptance tests. Engineering and procurement has reached 99.9% completion, with the purchase of materials also at 99.9% completion, while construction by CNO is 67.6% complete. Start-up of the two units, with energy generation on the national Dominican Republic network, is scheduled by the end of 2018. The PAC of both the units is scheduled in 2019, followed by a mechanical warranty period of 12 months.

TEMPA ROSSA (Italy) On April 5, 2012, a temporary consortium (ATI) comprising Tecnimont S.p.A. and KT S.p.A. was awarded a contract for the Engineering, Procurement, Supply, Construction and Commissioning of the "Tempa Rossa" Oil & Gas Treatment Centre located close to Corleto Perticara (Potenza). The client is Total E&P Italia S.p.A., an Italian subsidiary of the Total Group. The project has reached a 93.3% overall state of advancement. The engineering activities have been completed, as has procurement, manufacturing and the delivery of materials on-site (progress of 95.4% - the final supplier documentation is yet to be delivered). Works are in the completion phase on 5 wells out of a total of 6 (specifically GG2, GG1, TR2, TR1 and TE1) and on the Corleto tie-in. Overall, construction works on the Tempa Rossa project have reached a 90% state of advancement.

KIMA (Egypt) The Lump Sum Turn Key contract was acquired on October 30, 2011 from Egyptian Chemical & Fertilizers Industries – KIMA, an Egyptian chemical sector group. The contract involves the construction of a new fertilizer complex for the production of ammonia with a capacity of 1,200 tons per day, and of Urea with a production capacity of 1,575 tons per day and relative services.

The plant will be constructed at the existing industrial district in the Assuan region (Northern Egypt). Due to the current political/social situation in Egypt, client operations have slowed significantly for the sourcing of funding for the initiative. The situation was successfully resolved at the end of 2015 with the finalization of credit lines by the client and an increase in Tecnimont's contractual value. In January 2016, recommencement of the project was declared. The engineering and home office activities reached 99% completion, while the site commissioning, begun in February 2016, was 65% complete. The total advancement of the project is 79%. The Provisional Acceptance Certificate (PAC) is expected in November 2018, followed by a 12 month guarantee period, on conclusion of which all obligations will be fully discharged and the Final Acceptance Certificate (FAC) issued.

GASCO (United Arab Emirates) acquired on July 15, 2009 under a joint venture with Japan Gas Corporation (JGC) one of the largest gas development projects globally. The project was officially awarded to Tecnimont by the company Abu Dhabi Gas Industries Ltd. (GASCO). The contract includes the provision of engineering, procurement, construction and start-up services for the Habshan 5 processing plant, part of the Integrated Gas Development (IGD) complex in Abu Dhabi (United Arab Emirates). Operations were completed as per the project schedule. The engineering operations were completed and the "as built" final documentation was delivered to GASCO. The home office is engaged only in occasional assistance to Site operations for the works under guarantee. Procurement has sent all materials to be assembled and completed delivery to the site of the 2 Years Spare Parts. The Construction activities have been completed. All of the key milestones have been reached (Mechanical Completion and Provisional Acceptance (PAC) both for Phase 1 and Phase 2). The Final Acceptance Certificate (FAC) is expected by March 2018.

BOROUGE 3 (United Arab Emirates) two turn key projects acquired in May 2010 as part of a Joint Venture with Samsung Engineering Co. Ltd, with Tecnimont as leader with a 55% holding. The Client Borouge is a Joint Venture between Abu Dhabi National Oil Company (ADNOC) and Borealis. The two EPC contracts respectively concern: 2 polypropylene (PP) plant and 2 polyethylene (PE) plant. 2 polypropylene (PP) plant, 2 polyethylene (PE) plant and 1 low density polyethylene plant (LDPE). All plants have started up successfully and production under the End Client has begun. The Provisional Acceptance Certificate (PAC) of the PE/PP Plant was issued by the Client on July 26, 2015. For the LDPE Plant, the PAC was issued on June 17, 2015. The 12-month Mechanical Warranty periods began on these dates and both have been completed. Currently, the coating period is under warranty, on conclusion of which the plant Final Acceptance Certificate (FAC) will be issued.

LDPE BRATISLAVA – SLOVNAFT (Slovakia) on April 3, 2012, Tecnimont S.p.A. and its subsidiary Tecnimont Planung und Industrieanlagenbau gmbh were awarded an EPCC (Engineering - Procurement – Construction - Commissioning) lump sum contract for the construction of a 220 KTY LDPE plant in Bratislava. The Client is Slovnaft Petrochemicals s.r.o., a Slovakian petrochemicals company, part of the Hungarian MOL group. The engineering, procurement, manufacturing, construction and pre-commissioning are 100% complete. As per the last contractual amendment, on November 26, 2015 Mechanical Completion of the plant was achieved. The plant entered into production in May 2016. The extended production, environmental impact and performance tests were completed by September 2016. The final testing of plant following maintenance was completed successfully, and the Provisional Acceptance Certificate (PAC) is scheduled in the initial months of 2018.

HP-LDPE SADARA (Saudi Arabia) On July 23, 2012, Tecnimont S.p.A. and its subsidiary Tecnimont Arabia Limited were awarded a contract for the construction of a 350 KTY HP-LDPE plant (DOW technology) at Al-Jubail, Saudi Arabia. The Client is Sadara Chemical Company, a Joint Venture between Saudi Aramco and Dow Chemical Company. A 28-month lump sum EPC contract until Mechanical Completion (including pre-commissioning) was agreed. Any assistance to commissioning, start-up and the test run will be provided on a reimbursable basis. On March 27, 2017, Sadara issued the Mechanical Completion Certificate, backdated to February 14, 2017. The 18-month Warranty Period runs from this date.

FERTILIZZANTI IOWA (United States) On September 5, 2012, Tecnimont S.p.A. was awarded a contract for the complete provision of engineering and material procurement services for the construction of a new ammonia plant of 2,200 tons per day (MTPD) capacity in Wever (USA). The scope of works includes Construction Supervision services and commissioning and start-up operations. The client is Iowa Fertilizer Company (IFCo). Engineering is 100% complete, with the physical advancement of the procurement services 100% complete. The total advancement of the project is 100%. The PAC was obtained in September 2017. Completion of the Punch List to obtain the Final Acceptance Certificate (FAC) is currently in progress.

LDPE MESSICO (Mexico) acquired in December 2012 from Etileno XXI Services B.V.. This concerns an Engineering and Procurement contract for the construction of a low-density polyethylene unit (LDPE), with a capacity of 300 thousand tons per year, at the Etileno XXI petrochemical complex in Coatzacoalcos (MX). The project is 100% complete. The as-builts have been completed and sent to the client, concluding all of Tecnimont's scope of works. On conclusion of the equipment warranties, the Final Acceptance Certificate will be issued.

PP DAHEJ GUJARAT (OPaL) (India) The Lump Sum Turn Key (LSTK) contract was acquired in June 2011 from OPaL (ONGC Petro Additions Ltd.) for the construction of a plant comprising a polypropylene (PP) line of 340 KTPA capacity; the Ineos technology adopted for this specific project is a first for the Group and further extends our broad technological portfolio. The commissioning of the Plant, delayed due to the non-availability of the feed supplied by the Client, successfully took place on February 12, 2017. The plant was turned over to the Client and is in operation.

LLDPE/HDPE DAHEJ GUJARAT (OPaL)(India) The Lump Sum Turn Key (LSTK) contract was acquired in June 2011 from OPaL (ONGC Petro Additions Ltd.) for the construction of a plant comprising two LLDPE/HDPE polypropylene (PP) lines of 360 KTPA capacity; the Ineos technology adopted for this specific project is a first for the Group and further extends our broad technological portfolio. The commissioning of the Plant, delayed due to the non-availability of the feed supplied by the Client, successfully took place on April 14, 2017. The plant was turned over to the Client and is in operation.

LDPE NOVY URENGOY (Russia) - acquired in May 2010 from the Operator C.S. Construction Solution (UK) Limited with End Client Novy Urengoy GCC (Gas and Chemical Complex). The contract concerns the provision of materials and assistance by TCM personnel. 27 orders were issued, with 26 finalized and one to be finalized. In addition, instructions from the client for the issue of the new orders are awaited. Conclusion of service and supply activities (including the site reconditioning of materials) is scheduled for 2019.

LUKOIL – Nizhegorodnefteorgsintez (Russia) in October 2017 KT S.p.A. signed the contracts for the supply of Long Lead Iterms (LLI) and for the detailed engineering of an HDT and HPU/Rog unit and an SRU and GFU unit, for the LUKOIL Nizhegorodnefteorgsintez refinery in Kstovo. The execution programme schedules completion of Engineering by the 19th month and delivery of the final Item by the 24th month.

GRUPA LOTOS - COKING UNIT AND HYDROGEN GENERATION UNIT (Poland), in July 2015 KT was awarded an EPC (Engineering, Procurement and Construction) contract by Lotos Asfalt Sp. z o. o., a subsidiary of Grupa LOTOS SA, for the extension of a refinery unit at their Gdansk, Poland plant as part of the EFRA (Effective Refining) project. Grupa Lotos is one of the largest refinery companies in Poland, engaged in the extraction and processing of oil and the wholesale of refined petroleum products. Mechanical completion is scheduled for 2018. The contract covers the installation of a delayed coking unit, a coker naphtha hydrotreating unit and a hydrogen production unit (developed using KT proprietary technology), in addition to accessory structures at the Gdansk refinery. In addition, it concerns the use of the best technology available for the unloading and dewatering of coke. This technology is the most innovative available as reducing the environmental impact of the delayed coking process. All materials have been ordered and are available on-site. Piping, electro-instrumental and insulation assembly is in progress.

GRUPA LOTOS – HYDROWAX VACUUM DISTILLATION UNIT (Poland), also at the end of October 2015, KT received from Grupa Lotos an order (EPC Lump Sum) for the construction of a "HYDROWAX VACUUM DISTILLATION" plant, to be integrated into the Gdansk refinery in Poland. The project involves the construction of the HVDU - Hydrowax Vacuum Distillation Unit (licensed by ThyssenKrupp Uhde Engineering Services) and is part of the extension of the Gdansk refinery involving the construction of other units and facilities. The award is part of the above-stated EFRA (Effective Refining) investment program to optimize refinery production efficiency. The Provisional Acceptance is scheduled for May 2018. All materials have been acquired and delivered. Mechanical assembly is in progress on site.

PETRO RABIGH (Saudi Arabia), On July 6, 2016, KT and Tecnimont Arabia were awarded the SRU and Clean Fuel project by Rabigh Refining and Petrochemicals Company (a joint venture between Saudi Aramco and Sumitomo Chemical), to be constructed within the Rabigh Petrochemical Complex in Saudi Arabia. It regards the EPC development of a new Naphta Hydrotreater unit, with a capacity of 17,000 barrels per day, a new sulphur recovery unit with a capacity of 290 tons per day, in addition to interconnecting works. Completion is scheduled for the first quarter of 2019. The contract was signed on December 28, 2016. Engineering is 78% complete. Completion of procurement continues on schedule. All local subcontracting construction work has been allocated. The civil works are in progress, while mechanical works have begun.

BELAYIM PETROLEUM COMPANY (PETROBEL) ZOHR DEVELOPMENT PROJECT (Egypt), - On May 12, 2016, KT received from Belayim Petroleum Company (PETROBEL) the Letter of Award for a project involving the construction of a Sulphur Recovery Unit and a Tail Gas Treatment Unit. The project is based on modulated supply. Construction on-site is outside of KT's contract scope. The initial delivery date of 12 months from the Effective Date was brought forward on the client's request, with an acceleration plan on the basis of lots. Basic order engineering has been completed. The client is finalizing the assembly on-site of the plant for the basic order units; the first sulfur unit will be completed by the client by February 2018 and start-up is scheduled by April, while for the second unit (System B) start-up is scheduled by May 2018. The materials for the fourth Claus have been completed on schedule; the SO2 Scrubber materials are under completion (final delivery is contractually scheduled for April 9, 2018).

JAZAN IGCC PAKAGE 2 (SRU) (Saudi Arabia), in May 2014 SAIPEM and KT signed a Sub-Contract Agreement for the provision of 12 skids (end user Saudi Aramco), equally divided between two units (J30, A07) for the Jazan Refinery in Saudi Arabia. The supply is completed off skid by 6 Steam Driers, 6 Convectives and 6 Stacks and electro-instrumental bulk. The Project formally entered into force in February 2015. The engineering has been completed. The equipment procurement phase has concluded. Delivery has been made in accordance with the revised schedule agreed with the client. Head office's support to the Client for the installation on-site of the skids is ongoing.

ROG – REFINERY OFF GAS (Belgium), in April, 2014, two contracts were signed with Total Olefins Antwerpen (Total Group) for execution of the Refinery Off Gas (ROG) project at the Total refinery in Antwerp, Belgium. The scope of the ROG project is to recover significant volumes of hydrocarbons which currently are used as combustible gas and their treatment in the existing naphtha cracker. The first involves EPC operations for the new ROG units for the treatment of the off-gas of the refinery and the recovery of hydrocarbons. The new ROG Unit was installed on an entirely modular basis to minimize construction activity at the refinery. The second is an EPCa (Engineering, Procurement and Construction assistance) contract for alteration of the existing naphtha cracker for the treatment of hydrocarbon streams recovered from the new ROG unit and interconnecting works. The engineering, procurement and construction (incl. pre-commissioning), including KT's scope of works, have been completed. The project has received "mechanical completion" from the client. The commissioning involving KT on the client's request has been completed. Start-up involving KT's supervision of the process is in progress.

SRU, OGA, SWS PROJECT FOR MILAZZO REFINERY (RAM) (Italy), the turnkey project concerns the execution of engineering, procurement, construction and commissioning works at the new complex comprising a sulphur recovery plant, an acidic water removal plant and an amine regeneration unit, called "SRU2, SWS3 and OGA2", awarded to KT by the Milazzo S.p.A. Refinery. In August 2012, the initial contract establishing a duration of 24 months was signed. This was extended as a result of client caused delays, while on-site activities have concluded and the project is under mechanical warranty for the construction phase.

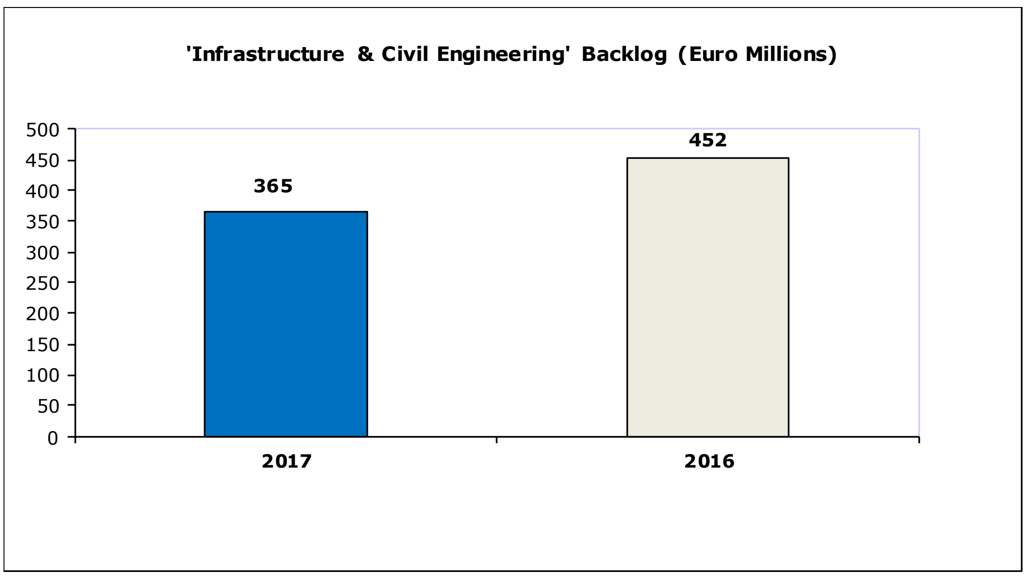
GS – ERC PROJECT (Egypt) KT was awarded the Engineering and Procurement contract for the construction of a 100,000 Nm^3/h new hydrogen unit (HPU) and three sulphur recovery units (SRU), a tail gas treatment (TGT) unit, an ammonia treatment unit and a Coker furnace at the Egyptian Refinery Company's (ERC) new refinery in MOSTOROD – Cairo (Egypt). KT GS signed the contract in the middle of September 2012. The initial program established mechanical completion for the first half of 2017, although the Client officially requested an extension of this date until the end of 2019. Engineering activities have concluded. The itemized material was delivered, as demonstrated by the delivery Completion Certificate of December 28, 2016. GS completed construction of the foundations and installation of the U/G and is proceeding with installation of the equipment, the skids and the pre-fabricated piping at the client's offices.

Other projects: all actions necessary on projects under completion and other minor engineering and services contracts are being taken.

Analysis of the "Infrastructure and Civil Engineering" Business Unit Backlog

The Backlog at December 31, 2017 compared with the previous year is as follows:

(in Euro thousands)	Backlog at 31.12.2017	Backlog at 31.12.2016	Change December 2017 vs December 2016	
Infrastructure & Civil Engineering	365,109	451,694	(86,585)	(19.2%)



The Infrastructure and Civil Engineering Backlog at December 31, 2017 amounts to Euro 365.1 million, decreasing on the previous year Euro 86.6 million.

It also works on large-scale renewables sector plant (mainly solar and wind), as demonstrated also by recent acquisitions.

PROJECTS IN PROGRESS:

RENEWABLE ENERGY PROJECTS:

Amistad, Wind Plant (Mexico), acquired in 2016 and under completion on behalf of a leading international utility company. The project, concerning the construction of a new wind park, which will be one of the largest in the country with an installed capacity of 200 MW, comprises two contracts: one relating to the civil works and one relating to the electro-mechanical works. The scope of the contract for the civil works includes the execution of road works and foundations for the installation of 57 turbines. The electro-mechanical works contract includes the detailed planning, supply, installation, testing and launching of 5 high tension power lines, 2 high power stations and 2 collateral power stations. The overall physical state of advancement is approx. 50%. The final plant access roadway has been completed, while works for construction of the internal roadways and the foundations for the turbines are in progress. The electrical equipment has been delivered on-site and the civil works for construction both of the substations and the connection line are in the completion phase. Conclusion of works is scheduled for the second quarter of 2018.

RAIL PROJECTS:

Etihad Railway Project – (Ruwais, UAE), the contract was acquired in October 2011 in consortium with Saipem SpA and Dodsal Engineering and Construction Pte. The client is Etihad Rail Company, the developer and operator of the United Arab Emirate national rail system. The project for the construction of a rail line connecting Ruwais/Habshan (section 1) and Habshan/Shhah (section 2) for the transport of sulphur has been completed. The trains are operative and the transfer of sulphur has begun. The guarantee period is 24 months. The negotiations with the client for the recognition of the claims presented are being finalized.

Fiumetorto Railway line doubling – (Cefalù, Italy) - acquired in September 2005, the contract concerns the doubling of the rail line between Fiumetorto and Ogliastrillo and is under execution on behalf of Rete Ferroviaria Italiana S.p.A.. In September 2017, the tunnel odd track became operational. In December, the second tunnel track also became operational and therefore the rail works have been substantially completed. On 17/12/2017, the entire line entered into use. In the first half of 2018, the accessory works will be completed. The overall physical advancement is approx. 95% complete. Taking account also of the additional changes requested by the client, RFI has granted a further extension to 15/05/2018 for completion of the channels and the external works. Part of the reserves presented to date and considered of probable recognition and reliably valued also on the basis of the opinion of our legal representatives, in addition to technical opinions where considered appropriate, have already been recognized to the financial statements.

Lamezia – Catanzaro Railway Line (Lamezia Terme, Italy), acquired in February 2005 by the Tecnimont Civil Construction - now Neosia (65%) and S.E.L.I. Spa (35%) consortium (ATI). The Lamezia Terme – Settingiano railway line contract was awarded by Rete Ferroviaria Italiana S.p.A. and has been concluded as per the contractual terms. In February 2016, a final settlement of the case was reached at the Ordinary Court, including all pending matters between the parties. In February 2014, the partner SELI S.p.A. presented a "continuity" administration application in accordance with Article 161, sixth paragraph of the Bankruptcy Law. On conclusion of proceedings, the Rome Court issued the relative decree. With regards to that outlined above, the relative risks were provided for in the financial statements.

METRO PROJECTS:

Rome Metro - B1 Line Extension – (Rome, Italy) - acquired in 2005. The contract is currently under execution on behalf of Roma Metropolitane (Municipality of Rome). The contract is currently under execution on behalf of Roma Metropolitane (Municipality of Rome) by a consortium comprising Salini-Impregilo S.p.A., Neosia S.p.A. and ICOP S.p.A.. In relation to the contract for the Bologna – Conca d`Oro line, the test report was issued in February 2013. With regard however to the additional Conca D'Oro - Jonio extension, with the exception of some minor actions concerning access and external works, works have been completed. Both sections are in commercial operation. The procedure initiated before the Ordinary Court continued for recognition of the reserves requested under Article 240.

Turin Metro – System Works (Turin, Italy). In February 2013, through TRANSFIMA GEIE (Neosia S.p.A. **–** Siemens S.a.s.), the framework contract for systemic technological works for extension of the Lingotto – Benghazi line and the relative Addendums were agreed. The persistent delays in the execution of the civil works, outside of the scope of the contract agreed with Transfima GEIE, are resulting in a slowdown of the executive works awarded to Transfima GEIE. On-site works are now scheduled for August 2018. The maintenance contract was concluded for the Collegno-Lingotto line for the 2013-2017 five-year period. Pending conclusion of negotiations for a five-year renewal, a three-month addendum was signed (January - March 2018). In 2017, contracts were also signed for adjustment of the MAV system and the resolution of obsolescences. As part however of the development of the Fermi-Cascine Vica section extension, an additional contract for the executive design of the civil works for the Fermi-Collegno section was awarded in October 2017.

Istanbul Metro - Design (Istanbul, Turkey). Acquired in May 2016, the activity continued on the definitive engineering and preparation of the tender documentation of the Istinye- Itu-Kağithane Metropolitan Line, which will extend for 12 KM and includes 7 stations. The client is the municipal company İSTANBUL BÜYÜKŞEHİR BELEDİYESİ. Although of a contained amount, the contract is strategically important as marking the entry into a country which will see significant transport sector infrastructure investment. Taking account also of the additional changes requested by the client, negotiations are in progress for a further extension of the contractual deadline.

Gaziantep Metropolitan – Design (Gaziantep, Turkey). Acquired in August 2017, the contract concerns the preliminary and executive engineering of the Gar-Gaun Metropolitan Line over a distance of 15 km and 11 stations. The client is the municipal "company" GAZIANTEP BÜYÜKŞEHİR BELEDİYESİ. The contractual deadline is for the end of November 2018.

CIVIL AND INDUSTRIAL PROJECTS:

Alba-Brà Hospital (Verduno, Italy) - acquired in November 2015 under a "construction and management" contract signed with ASL CN2. The initiative is headed by the project company MGR Verduno S.p.A. (Neosia 96% and Gesto 4%). The works have reached slightly over 70% completion. In February 2017, addendum No. 3 was agreed, setting the amount of the public grant and reviewing the Economic and Financial Plan, while also establishing the deadline for completion of works as September 30, 2018 and the initiation of the management phase as October 1, 2018.

Avio Plant - (Colleferro, Italy) - contract signed in August 2015 with the client Avio S.p.A.. The project involves the design and construction of the Vega and Ariane 6 carbon fiber modules production plant extension. The extension comprises a new industrial building of approx. 10,000 sq.m alongside the existing prototype building. The project covers the design, procurement and construction, testing and launch of all production infrastructure, excluding only the operating and test machinery to be acquired and installed by the Operator. The construction is broken down into 3 functionally autonomous Packages. Works have substantially being completed in accordance with the contractual deadlines. By April 2018, a number of residual activities will be completed and the testing phase will begin. In 2017, additional contracts related to works at the Colleferro site were negotiated with the client.

REAL ESTATE INITIATIVES:

With regards to the "Cinque Cerchi" project, the sale of the holdings was agreed, subject to acceptance by the banks of the debt consolidation plan.

With regards to the "Campus Firenze" project, a project financing scheme by the University of Florence undertaken by the subsidiary Birillo 2007 Scarl, it was necessary, in accordance with the agreement, to initiate in August 2011 an arbitration procedure to rebalance the financial terms of the initiative. In October 2013 the Arbitration Board judged in favor of the Licensee, granting an amount to rebalance the financial terms of the initiative. Against this arbitration award, a challenge was initiated against the University of Florence for non-compliance with the judgment terms. In 2016, the parties initiated discussions, which on the one hand sought to reach an amicable settlement of the disputed matters and on the other set out solutions to complete the initiative. In 2017, the foundation works were completed and the structure elevation works initiated. Works are at approx. 18% advancement.

7. Group balance sheet and financial position

The Maire Tecnimont Group key balance sheet highlights at December 31, 2017 and December 31, 2016 were as follows:

Maire Tecnimont Condensed Consolidated Balance Sheet (in Euro thousands)	December 31, 2017	December 31, 2016	Change
Non-current assets	**500,401**	**532,753**	**(32,352)**
Inventories/Advances to Suppliers	*258,967*	*362,720*	(103,753)
Construction contracts	*1,264,178*	*879,639*	384,539
Trade receivables	*481,342*	*526,402*	(45,060)
Cash and cash equivalents	*630,868*	*497,138*	133,730
Other current assets	*263,820*	*250,747*	13,073
Current assets	**2,899,175**	**2,516,646**	**382,529**
Assets held for sale, net of eliminations	**0**	**0**	**0**
Total assets	**3,399,576**	**3,049,399**	**350,177**
Group shareholders' equity	**261,953**	**169,577**	**92,376**
Minorities Shareholders' Equity	**21,817**	**15,079**	**6,738**
Financial debt - non-current portion	*324,602*	*306,559*	18,043
Other non-current financial liabilities	*39,719*	*75,117*	(35,399)
Other non-current liabilities	*184,332*	*160,173*	24,159
Non-current liabilities	**548,652**	**541,849**	**6,803**
Short-term debt	*103,943*	*143,205*	(39,262)
Other financial liabilities	*79,911*	*330*	79,581
Client advance payments	*573,783*	*299,233*	274,550
Construction contracts	*408,561*	*555,028*	(146,467)
Trade payables	*1,282,306*	*1,150,157*	132,149
Other current liabilities	*118,649*	*174,940*	(56,291)
Current liabilities	**2,567,154**	**2,322,894**	**244,261**
Liabilities held for sale, net of eliminations	**0**	**0**	**0**
Total Shareholders' Equity and Liabilities	**3,399,576**	**3,049,399**	**350,177**

"Non-current assets" reduced on the previous year, principally due to the reduction in deferred tax assets following their usage, amortization and depreciation in the year and the reduction in withholding guarantees to clients for the successful completion of works in progress.

"Current assets" increased on the previous year, by Euro 382,529 thousand and whose main changes were as illustrated below.

Inventories/Advances to Suppliers, amounting to Euro 258,967 thousand, principally refer to the advances paid to foreign and Italian suppliers and sub-contractors against materials shipped for the construction of plant and work in progress. The decrease in the payments on account is a direct consequence of the advancement of the projects acquired in the previous year and for which significant amounts of equipment and materials were shipped on-site with consequent utilization of the advances to finance the supplies.

Contract work-in-progress classified under assets (construction contract assets) reflects the net positive amount, by individual order, between the advancement of works and the relative invoicing on account and the contractual risks provision. The net increase of Euro 384,539 thousand is principally due to the greater volume of works executed during 2017 which was much higher than in previous years and to invoicing in the year.

Trade receivables at December 31, 2017 amount to Euro 481,342 thousand, a decrease of Euro 45,060 thousand compared to December 31, 2016. The decrease in trade receivables is due to the contractual terms of the main orders; increased invoicing is expected in subsequent months.

Cash and cash equivalents at December 31, 2017 amount to Euro 630,868 thousand, an increase of Euro 133,730 thousand compared to December 31, 2016.

The main cash flow movements are reported below:

Cash Flow Statement (in Euro thousands)	**December 31, 2017**	**December 31, 2016**	Change
Cash and cash equivalents at beginning of period (A)	**497,138**	**362,385**	*134,753*
Cash flow from operating activities (B)	**208,535**	**163,187**	*45,346*
Cash flow from investing activities (C)	**(19,865)**	**(20,568)**	*703*
Cash flow from financing activities (D)	**(54,939)**	**(7,867)**	*(47,072)*
Increase/(Decrease) in cash and cash equivalents (B+C+D)	**133,731**	**134,753**	*(1,023)*
Cash and cash equivalents at end of period (A+B+C+D)	**630,869**	**497,138**	*133,731*
of which: Cash and cash equivalents of Discontinued Operations	*0*	*0*	*0*
Cash and cash equivalents at end of period reported in financial statements	**630,869**	**497,138**	*133,731*

Operating cash flow amounts to Euro 208,535 thousand, which in addition to the result for the year, was positively impacted by changes in working capital. Cash flows currently reflect the expected working capital changes relating to the normal execution of projects which, during the full execution phase, absorb cash and the positive cash inflows related to new contractual advances.

Investing activities absorbed cash for Euro 19,865 thousand, mainly due to the costs incurred for the installation of software and other applications, license development and new technology, in addition to capex following the overall growth of the Group, as well as the 20% stake in Pursell Agri-Tech, LLC, a US start-up specialized in the development and sales of controlled release polymer-coated fertilizers. The investment amounted to approx. USD. 5.5 million.

Financing activities also absorbed cash of Euro 54,939 thousand, principally due to interest expenses paid and factoring repayments within the working capital management of some projects, the payment of the dividend approved by the Shareholders' AGM of April 27, 2017 of Euro 28,414 thousand and the acquisition of treasury shares of Euro 47,167 thousand. These payments were offset by the issue of non-convertible bonds, through private placement, for a nominal Euro 40 million and from financial income relating to the settlement of a large part of the cash-settled Total Return Equity Swap (TRES) derivative instruments.

The Net Financial Position is outlined in the following table:

Net Financial Position (in Euro thousands)	**December 31, 2017**	**December 31, 2016**	Change
Short-term debt	103,943	143,205	(39,262)
Other current financial liabilities	79,911	330	79,581
Financial instruments - Current derivatives	9,876	54,540	(44,665)
Financial debt - non-current portion	324,602	306,559	18,043
Financial instruments - Non-current derivatives	249	4,045	(3,796)
Other non-current financial liabilities	39,719	75,117	(35,399)
Total debt	**558,299**	**583,796**	**(25,497)**
Cash and cash equivalents	(630,868)	(497,138)	(133,730)
Other current financial assets	(5,356)	(7,373)	2,018
Financial instruments - Current derivatives	(19,976)	(21,315)	1,339
Financial instruments - Non-current derivatives	(1,222)	(9,059)	7,837
Other non-current financial assets	(8,920)	(6,065)	(2,855)
Total cash and cash equivalents	**(666,341)**	**(540,950)**	**(125,391)**
Other financial liabilities of discontinued operations	0	0	0
Other financial assets of discontinued operations	0	0	0
Net financial position	**(108,042)**	**42,846**	**(150,888)**

As the Net Financial Position is not governed by the Group's accounting standards, the Group calculation criteria may not be uniform with those adopted by other groups and, therefore, may not be comparable.

The net financial position at December 31, 2017 returned to a Net Cash position of Euro 108 million, an improvement of Euro 150.9 million compared to December 31, 2016 (net debt of Euro 42.8 million).

The improvement is mainly due to the increase in liquidity held, thanks to the operating cash flow generated in the year and the significant increase in the mark-to-market of the derivative instruments, in part offset by the issue of the non-convertible bonds subscribed on a private placement basis.

In detail: cash and cash equivalents at December 31, 2017 amount to Euro 630,868 thousand, an overall increase of Euro 133,730 thousand compared to December 31, 2016. The increase in the mark to market of derivative instruments was Euro 39.3 million, comprised as follows: with Euro 35 million concerning derivative instruments hedging order revenue and cost fluctuations, including raw materials, mainly following the weakening of the Dollar against the Euro compared to December 31, 2016 and Euro 4.3 million the net valuation of "cash-settled Total Return Equity Swap" (TRES) derivative instruments hedging fluctuations in the Maire Tecnimont share price.

Financial payables – non-current portion amount to Euro 324,602 thousand, an increase of Euro 18,043 thousand compared to December 31, 2016, principally following the reclassification to long-term of a portion of the Euro 350 million loan of the subsidiary Tecnimont S.p.A.. In April 2017, the Maire Tecnimont Group in fact reached an agreement for the optimization of a number of terms and conditions of the existing bank debt of the subsidiary Tecnimont S.p.A., which was restructured on December 28, 2015.

Short-term financial payables amount to Euro 103,943 thousand, a decrease of Euro 39,262 thousand compared to December 31, 2016, principally following the reclassification from short to medium/long term of a portion of the previous Euro 350 million loan of the subsidiary Tecnimont S.p.A. and decreases in current account overdrafts relating to the use of credit lines to manage current commercial requirements.

The increase in "Other current financial liabilities" is due to the reclassification to current liabilities of the financial component of the equity-linked bond, net of the relative accessory charges, as a consequence of the decision of the Board of Directors of Maire Tecnimont which approved the exercise of the advance repayment option in cash, at nominal value, of the equity-linked bond loan "€80 million 5.75 per cent. Unsecured Equity- Linked Bonds due 2019" (the "Loan") issued by Maire Tecnimont ("Maire Tecnimont") and convertible into Maire Tecnimont ordinary shares.

"Other current financial liabilities" include: for Euro 79,581 thousand the financial component of the Equity Linked bond, net of accessory charges. The equity component of this instrument was reclassified to "other reserves" under equity; for Euro 330 thousand financial liabilities do not relate to bank debt but rather loans received from consortium companies.

"Other non-current financial liabilities" include for Euro 39,719 the financial payable on the non-convertible bonds, net of accessory charges, subscribed in 2017 through private placement by the Pan-European Fund and Export Development Fund (created by SACE), both managed by Amundi group companies.

At December 31, 2017, no overdue debt positions are highlighted.

Group Shareholders' equity at December 31, 2017 amounts to Euro 261,953 thousand, a net increase of Euro 92,376 thousand compared to December 31, 2016 (Euro 169,577). Total consolidated Shareholders' Equity, considering minority interests, at December 31, 2017 amounts to Euro 283,770 thousand, an increase of Euro 99,113 thousand compared to December 31, 2016. This increase is also due to the change in minority interest equity including the result for the year.

The overall change in Group Shareholders' Equity is mainly due to the result for the year together with the positive change in the Cash Flow Hedge reserve of the derivative instruments for Euro 43,347 thousand; this change as previously illustrated mainly relates to the mark-to-market gains of the derivative instruments to hedge the currency risk of the revenues and costs from the projects, net of the relative tax effect.

The IFRS2 Reserve also reported a net increase of Euro 6,695 thousand to Euro 10,761 thousand at December 31, 2017 and includes the valuation of the employee shareholder plans as additional benefits; the changes in the year relates to accruals in 2017 of Euro 8,837 thousand, net of utilizations following completion of the first cycle - 2016 of the general shareholder plan for Euro 2,142 thousand.

The principal decreases in the Group shareholders' equity concerned the payment of the dividend approved by the Shareholders' Meeting of April 27, 2017 amounting to Euro 28,414 thousand and the purchase of treasury shares during the year implementing the Shareholders' Meeting motion which authorized the purchase of up to a maximum 20,000,000 ordinary shares in pursuit of objectives such as, among others, share incentive plans, the conversion of convertible debt instruments into equity instruments, corporate operations, including investment swaps, in the interest of the company and, through an intermediary, in support of the share's liquidity and fluid trading. At December 31, 2017, the company held 9,759,548 treasury shares for a countervalue paid of Euro 42,215 thousand.

They concern contractual advances from clients on the signing of construction contracts. Client advance payments at December 31, 2017 were Euro 573,783 thousand, increasing Euro 274,550 thousand on December 31, 2016 following principally the receipt of the advance on the AMUR (Russia) project signed with JSC NIPIgaspererabotka (NIPIGas), net of the reabsorption, through invoicing on account, of the advances received in prior periods.

Contract work-in-progress classified as liabilities (construction contract liabilities) reflects the net negative amount, by individual order, between the advancement of works and the relative invoicing on account and the contractual risks provision. The decrease in the net value of construction contract liabilities, amounting to Euro 146,467 thousand, relates to the advancement of the projects and their contractual terms, against which the value of works carried out in the period was higher than the invoicing on account following a substantial increase in production volumes in the year.

Trade payables at December 31, 2017 amount to Euro 1,282,306 thousand, an increase of Euro 132,149 thousand compared to December 31, 2016. This increase relates to the development of new projects entering into a phase of intense production and the increase in production volumes. In fact, materials and services acquired rose significantly as for the main orders acquired last year procurement has been completed and the delivery of materials and construction is ongoing.

During 2017 payment requests were received in relation to the normal operating activities and at December 31, 2017 there were no trade payable positions overdue on normal operations.

At December 31, 2017, no overdue debt positions are highlighted.

The Net Financial Position of the Parent Company Maire Tecnimont S.p.A. is presented below:

NET FINANCIAL POSITION (MET S.p.A.) (Euro thousands)	31 December 2017	31 December 2016	*Variation*
Short-term borrowings	1.964	4.702	*(2.738)*
Other non current financial liabilities-Bond Equity Linked	0	75.117	*(75.117)*
Other current financial liabilities-Bond Equity Linked	79.581	0	*79.581*
Other current financial liabilities-Bond	39.719	0	*39.719*
Other non current financial liabilities	332.805	344.646	*(11.841)*
Total debt	**454.069**	**424.465**	***29.604***
Cash and cash equivalents	(2.124)	(298)	*(1.827)*
Financial instruments - Current derivatives	(5.404)	(1.150)	*(4.254)*
Other financial assets - current	(3.200)	0	*(3.200)*
Other financial assets - Non-current	(62.195)	(45.361)	*(16.834)*
Total cash and cash equivalents	**(72.923)**	**(46.808)**	***(26.115)***
Net financial position	**381.146**	**377.657**	***3.489***

As the Net Financial Position is not governed by the Group’s accounting standards, the Group calculation criteria may not be uniform with those adopted by other groups and, therefore, may not be comparable.

The net financial position at December 31, 2017 was a debt position of Euro 381.1 million, increasing Euro 3.5 million on December 31, 2016 (debt of Euro 377.7 million).

Short-term debt amounts to Euro 1,964 thousand, reducing on December 31, 2017, principally due to the settlement of bank loans.

The increase in “Other current financial liabilities” is due to the reclassification to current liabilities of the financial component of the equity-linked bond, net of the relative accessory charges, as a consequence of the decision of the Board of Directors of Maire Tecnimont which approved the exercise of the advance repayment option in cash, at nominal value, of the equity-linked bond loan “€80 million 5.75 per cent. Unsecured Equity- Linked Bonds due 2019” (the “Loan”) issued by Maire Tecnimont (“Maire Tecnimont”) and convertible into Maire Tecnimont ordinary shares.

“Other non-current financial liabilities” include for Euro 39,719 the financial payable on the non-convertible bonds, net of accessory charges, subscribed in 2017 through private placement by the Pan-European Fund and Export Development Fund (created by SACE), both managed by Amundi group companies.

The mark-to-market of the derivative instruments increased Euro 4.3 million and refer to the net valuation of the residual portion of the cash-settled Total Return Equity Swap (TRES) derivative instruments to hedge fluctuations in the Maire Tecnimont share price.

Other non-current financial liabilities total Euro 332,805 thousand and concern payables to subsidiaries for inter-company loans, principally Tecnimont S.p.A; the reduction relates to the dividends distributed by the subsidiaries Tecnimont S.p.A and KT S.p.A., partially offset with these loans net of new disbursements in the year.

Other non-current financial assets amount to Euro 62,195 thousand and concern receivables from subsidiaries for inter-company loans, principally Neosia S.p.A. (formerly Tecnimont Civil Construction S.p.A.).

RELATED PARTY TRANSACTIONS

All related party transactions have been conducted at market conditions. The company's receivables/payables (including financial) and cost/revenue transactions with related parties for the period are presented in the tables below. The tables also show the balances resulting from transactions in the preceding year and those in progress:

31/12/2017 (in Euro thousands)	Trade Receivables	Trade Payables	Costs	Revenues
G.L.V. Capital S.p.A	0	(92)	(518)	0
Maire Investments Group	6	(47)	(284)	6
Total	**6**	**(139)**	**(802)**	**6**

In particular, payable contracts refer to the lease of office buildings from Group companies, the use of the "Maire" trademark and other minor recharges from the parent G.L.V. Capital S.p.A. and from transactions with the Maire Investments Group, a company owned by the majority shareholder of Maire Tecnimont S.p.A., for the lease of office buildings and the lease of premises within the research center concerning the collaboration with La Sapienza University. The residual payable and receivable contracts relate respectively to administrative services and facility management.

Transactions with other non-consolidated and/or associated Group companies are purely commercial and relate to specific activities linked to contracts; in addition, certain consortiums, having substantially concluded operations, are in liquidation:

31/12/2017 (in Euro thousands)	Trade Receivables	Trade Payables	Financial Receivables	Financial Payables	Costs	Revenues
MCM servizi Roma S.c.a.r.l. in liquidation	0	(95)	0	0	0	0
Studio Geotecnico Italiano	0	(273)	0	0	(961)	0
Villaggio Olimpico MOI S.c.a.r.l. in liquidation	0	(4)	69	0	0	0
Program International Consulting Engineers S.r.l in liquidation	48	0	0	0	0	0
Desimont Contracting	1,724	0	0	(371)	0	80
Biolevano S.r.l	2,805	(27)	0	0	0	3,516
Processi Innovativi S.r.l	78	(218)	0	0	(452)	102
BIO P S.r.l	6	(24)	18	0	(99)	11

31/12/2017 (in Euro thousands)	Trade Receivables	Trade Payables	Financial Receivables	Financial Payables	Costs	Revenues
TCM KTR LLP	0	0	203	0	0	5
Exportadora de Ingenieria y Servicios Tcm Spa	0	0	0	(67)	0	0
Volgafert Llc	1,725	0	0	0	0	1,725
Total	**6,386**	**(641)**	**290**	**(438)**	**(1,512)**	**5,439**

The remuneration of Directors and Statutory Auditors and Key Management Personnel, as required by IAS 24, appears in the 2017 Corporate Governance and Ownership Structure Report and the 2017 Remuneration Report, both available on the company website at www.mairetecnimont.it in the "Governance" section.

8. Human Resources

The headcount at December 31, 2017 of the Maire Tecnimont Group was 5,443, compared to 4,956 at December 2016, with a net increase of 487.

This increase principally regards Italy and the rest of Europe (2,646 employees, compared to 2,456 in the previous year), where the English subsidiary MET T&S consolidated its Group "Global employment company" role, supplying international personnel for the execution of projects and ensuring support in view of the respective construction peaks. In 2017, the commitment focused upon, in particular, the SOCAR (Azerbaijan) and KIMA (Egypt) projects. With regards to the Middle East, despite the gradual demobilization of personnel from the AGRP project in Kuwait, numbers rose 157, relating to the ADCO and ADGAS (UAE) projects. The Russia & Caspian Region also in the year reported an increase (+135), relating to the Kingisepp and Coru (Russia) and SOCAR (Azerbaijan) projects, in addition to the gradual rolling out of the "Tecnimont Russia OOO" structure strengthening, ahead of and in support of the significant engagement of personnel in 2018 on the Amursky Gas Processing Plant project (Amur region - Russian Federation).

The positive developments outlined above are confirmed by workforce movements according to the effective areas of personnel engagement, with a significant increase in the Middle East and in the Russia and Caspian Region. The overall average increase in technical personnel of 320, corresponding to an 80% overall average increase on the previous year, is testament to the ongoing investment in personnel with technical-operational expertise in support of such operations.

Finally, the slight reduction in the India and rest of Asia region of less than 2% of the total region's workforce is due to the inter-company transfer of personnel assigned to overseas projects (Azerbaijan, Egypt, Dominican Republic, United States) by the Indian subsidiary, Tecnimont Private Ltd, confirming its role as an incubator of Group engineering expertise.

Graduates at the Maire Tecnimont Group at December 31, 2017 accounted for 66% of the workforce; the average age was approx. 41; in relation to the gender composition of the workforce, women accounted for 18% of the total headcount.

The workforce at 31/12/2017 of the Maire Tecnimont Group, with movements (by qualification and region) on 31/12/2016 (and the average workforce for the year), is outlined in the following tables: The table below outlines the workforce by areas of effective engagement at 31/12/2016 and 31/12/2017, with the relative movements.

Change in workforce by qualification (31/12/2016-31/12/2017):

Office	Workforce 31/12/2016	Hires	Departures	Reclassification employee category (*)	Workforce 31/12/2017	Cge. Workforce 31/12/2017 vs. 31/12/2016
Executives	533	31	(26)	49	587	54
Managers	1,744	156	(104)	83	1,879	135
White-collar	2,580	626	(220)	(129)	2,857	277
Blue-collar	99	56	(33)	(2)	120	21
Total	**4,956**	**869**	**(383)**	**1**	**5,443**	**487**
Average headcount	**4,854**				**5,252**	

(*) includes promotions, changes in category following inter-company transfers / Job Title reclassifications

The category "Executives" and "Managers" does not reflect the Italian contractual term, but refers to national and international Management and Middle Management identification parameters utilized for Italian and overseas managerial staff.

Changes in workforce by region (31/12/2016-31/12/2017):

Region	Workforce 31/12/2016	Hires	Departures	Reclassification employee category (*)	Workforce 31/12/2017	Cge. Workforce 31/12/2017 vs. 31/12/2016
Italy and Rest of Europe	2,456	287	(144)	47	2,646	190
India and Rest of Asia	2,009	133	(116)	(46)	1,980	(29)
Russia and Caspian Regions	126	167	(32)	0	261	135
The Americas	19	0	(1)	0	18	(1)
Middle East	313	240	(83)	0	470	157
North Africa and Sub-Saharan Regions	33	42	(7)	0	68	35
Total	**4,956**	**869**	**(383)**	**1**	**5,443**	**487**

Changes in workforce by operational region (31/12/2016 – 31/12/2017):

Region	Workforce 31/12/2016	Workforce 31/12/2017	Cge. Workforce 31/12/2017 vs. 31/12/2016
Italy and Rest of Europe	2,333	2,381	48
India and Rest of Asia	1,864	1,791	(73)
Russia and Caspian Regions	190	415	225
The Americas	59	49	(10)
Middle East	456	681	225
North Africa and Sub-Saharan Regions	54	126	72
Total	**4,956**	**5,443**	**487**

Average headcount:

Maire Tecnimont Group	Average headcount 2017	Average headcount 2016	Change
Maire Tecnimont S.p.A.	120	108	12
Met Gas Processing Technology S.r.l.	2	0	2
Met Development S.p.A.	1	0	1
Met NewEn S.p.A. (**)	6	15	(9)
MET T&S Limited (*)	117	34	83
Vinxia Engineering a.s.	5	0	5
Stamicarbon (*)	155	155	0
KT (*)	458	427	31
KT Arabia LLC	3	4	(1)
KT Cameroun	1	0	1
Processi Innovativi	12	11	1
Tecnimont S.p.A. (*)	1,918	1,716	202
Tecnimont HQC BHD	48	4	44
OOO Tecnimont Russia	149	58	91
Tecnimont KTR Limited Liability Partnership	3	0	3
MST S.r.l.	87	83	4
Tecnimont Arabia	21	54	(33)
Tecnimont Private Limited (*)	1,935	1,966	(31)
Tecnimont Private Limited SDN BHD	4	0	4
Tecnimont Chile	3	3	0
TPI	42	41	1
Tecnimont Usa Inc.	1	1	0
TWS	3	18	(15)
Tecnimont do Brasil-Contruçao de projetos LTDA	8	11	(3)
Neosia (ex Tecnimont Civil Construction) (**)	117	93	24
Cefalù 20	32	56	(24)
Total	**5,252**	**4,854**	**398**

(*) Figure also includes Branches and representative offices.

(**) The merger by incorporation of Met NewEn into Tecnimont Civil Construction and consequent renaming of the latter as Neosia from 10/04/2017.

Maire Tecnimont Group	Average headcount 2017	Average headcount 2016	Change
Engineering	2,543	2,520	23
Operations	1,207	1,001	206
Remainder Technical Area	600	509	91
Commercial Area	151	143	8
Staff Area	750	681	69
Total by professional category	**5,252**	**4,854**	**398**
Italy and Rest of Europe	2,578	2,414	164
India and Rest of Asia	2,003	1,981	22
Russia and Caspian Region	197	76	121
The Americas	18	19	(1)

Maire Tecnimont Group	Average headcount 2017	Average headcount 2016	Change
Middle East	402	344	58
North Africa and Sub-Saharan Regions	53	21	32
Total by region	**5,252**	**4,854**	**398**
Of which:			
Italian open-ended contracts	2,147	2,090	57
Italian fixed term contracts	116	84	32
Total	**2,264**	**2,174**	**90**

9. Training, Incentives, Organization and Security

PERSONNEL TRAINING AND DEVELOPMENT

In order to maintain and grow Group expertise and in view of business demands, again in 2017 dedicated training and development plans were offered to employees.

Training initiatives focused on technical-specialist updates, on Project, Risk and Contract Management methods and techniques, on economic-financial issues, on awareness development and regard for team inter-cultural matters, in addition to communication and managerial skills and Quality, Health & Safety and Environment matters.

In the specialist areas, 21,593 training hours were provided (total of 2,425 participations) - indicative of the Group's recognized technical expertise. Institutional training - which continues to be a key focus - reported 525 participations, for a total of 7,512 hours, and regarded Project Management skill training initiatives. In this area, we indicate also the review of content and teaching format for the Risk Management and Planning & Cost Control courses from the second half of the year, involving in-house trainers and using a blended format, providing e-learning modules alongside classroom training in order to encourage the creation of a common language and consolidate expertise acquired in the workplace.

In collaboration with the Group Corporate Affairs, Governance & Compliance Function, following the review of the 231/01 Model of the company and the relative Protocols, for the Italian companies training initiatives to consolidate knowledge, build awareness and support the effective implementation of the guideline principles and values in daily operations were provided. The classroom-based course for roles more sensitive to 231 risks involved 441 personnel. Additional e-learning courses had begun at the time of preparation of this document for the remaining addressees of this training.

We also report the training initiatives for new systems and processes, particularly with regards to the new Global HR system and Financial Compliance (Law 262/05), with the provision of 1,235 training hours.

In continuity with previous years, the Quality, Health, Safety and Environment culture dedicated training initiatives were provided throughout 2017.

The young new apprentices at the Italian Group companies regularly participated in the cross-departmental training provided by the institutional bodies, in addition to the internal Induction course to facilitate entry into the workplace environment and understanding of the group business model.

Many initiatives and development and training activities took place related to the experimental "BE ADAPTIVE!" Working Smart in Maire Tecnimont Group" programme for the introduction of Smart Working options and focused on improving results and creating ownership among individual personnel in terms of achieving objectives. This Programme was launched in

December 2016 in collaboration with the “Smart Working Research Center” at the Milan Polytechnic, immediately involving employees through the “BE ADAPTIVE! – Think Tank” and concluding in the first half of 2017 with the awarding of the best five project ideas for implementation of this working option. The Programme will gradually involve all personnel of the Milan-based Group companies qualifying to work remotely, in order to improve company performance, reduce costs and, at the same time, support an improved work-life balance. It consists of a first phase which involved a pilot population sample of approx. 160, followed by a more extensive implementation plan which will progressively involve 1,800 employees.

The First Pilot was supported by a major training investment to adequately support this substantial change (1,021 hours provided, of which 449 dedicated to managers coordinating personnel and 572 to future “remote” workers). A portion of the manager work hours involved also an individual and team coaching course to develop further managerial styles and an approach which increasingly focuses on planning, the working to objectives and the importance of regular feedback in the manager-employee relationship. In addition, specific initiatives dedicated to consolidating skills regarding new IT collaboration instruments in support of smart working, involving 134 persons (total of 532 hours), were also held.

The roll out of this Programme was also an opportunity to update communication and managerial skills, supporting improved results from activities, introducing innovation and developing manager-employee interaction and deepening and strengthening internal team communication, which are continuing to become even more multicultural.

From the second half of 2017, in addition, an extensive review of this Induction process, of the onboarding initiatives and, more in general, the internal training at the individual Departments was initiated; the “MET Academy” project redefines the onboarding and flanking of employees, from their entry into the Group and identifies the Group’s unique know-how, supporting its cross-departmental circulation among the various professional categories.

The Employee Performance Commitment (EPC) process in 2017 saw the introduction of targeted training actions for 230 new evaluators, describing the main changes to the model and exploring issues such as valuation and feedback management methods. This process was introduced in a renewed form and utilized a new application integrated into the wider Group GlobalHR system. The change management and system set-up phase was also completed, ahead of the launch of the campaign across the population of the Indian company Tecnimont Private Limited in the initial months of 2018. This module will be replicated across all Group entities as part of an extensive initiative in support of the manager role “change” process.

In terms of Corporate Social Responsibility, in confirmation of the recognized importance of giving back to the regions in which the Group operates and, more in general, of the local content, the collaborative project launched with the “August 16, 1860” Comprehensive School of Corleto Perticara (PZ) continued. This initiative, part of the “Tempa Rossa” project, imparts expertise at a local level for young entrants, consolidating their capacity as they seek to enter the workplace. After an initial training visit by the entire fifth class of the School to the Milan offices, the Group offered five newly-graduated students, selected according to their scholastic record and areas of interest, an opportunity to attend an additional and more extensive technical-specialist training course and, subsequently, the offer of a professional development contract at the Project site.

For many of the above initiatives, the company presented training plans funded by the main interprofessional sector funds and in agreement with the Trade Unions.

The renewal of the partnership with the “Milan Polytechnic” created new contact and preferential interaction with the universities, while providing an opportunity to promote the brand and the company image.

A number of initiatives to improve further the sense of engagement and commitment with regards to company objectives took place, in collaboration with Top Management, identifying managerial and development priorities and supporting circulation across the Group through the internal cascading process to which Executives are called to contribute.

COMPENSATION AND INCENTIVES

The process of engaging and focusing personnel on results continued, initiated with the roll out of the Engagement and Incentive Policy 2016-2018, of which the Group company employee Share Ownership Plan and the Flexible Benefit Maire4You Plan are central pillars.

As part of the broader 2016-2018 cycle and in continuity with the previous year, the Maire Tecnimont Group compensation and incentive policy targeted also the following objectives, again based on the company's Ethics Code - founded on professionalism, expertise, talent and the achievement of assigned objectives - and the most recent edition of the Self-Governance Code of Listed Companies:

• strengthening of management's commitment to achieving the set objectives; retention of strategic personnel;

- bringing the company's Remuneration Policies in line with best market practice, in particular in terms of balancing the fixed and variable remuneration components;

- full application of the recommendations of Article 6 of the Self-Governance Code for Listed Companies.

This Policy confirmed the Group's commitment to supporting management through targeted incentives, offering at the same time share-based compensation to a broader base of employees, identifying therefore new levers to strengthen and extend a self of belonging and engagement in order to create long-term value.

In the first half of the year, initiatives focused on monitoring the existing incentive and engagement systems, assessing achievement of the set objectives for 2016, in particular in terms of the short-term incentive system (MBO), the 2015-2017 Phantom Stock Plan and the 2016-2018 Performance Share Plan. Monitoring concluded with the issue of the relative bonus and confirmation of the Rights to receive the relative shares.

In May, on the basis of strong company results, the participation bonus concerning financial year 2016 was issued and the funds deriving from the Flexible Benefits MAIRE4YOU Plan were assigned, utilizable for a vast range of services (e.g. the repayment of medical and educational expenses, interest on mortgages, access to goods and services or the funding of a supplementary pension and vouchers). This Plan, in addition to satisfying personnel and family needs, optimizes also beneficiary employee spending capacity, boosting purchasing power thanks to the tax and contribution advantages permitted under the applicable Italian law. In October, the fixed portion was issued, not subject to company performance conditions and agreed for the 2016-2018 three-year period with the Trade Unions.

On June 30, based on the strong performances achieved, the company also assigned shares to the beneficiary employees of the Employee Share Ownership Plan for the First Cycle (2016), confirming the efficacy of the policy in terms of value creation for the company and the employees involved.

Following the approval of the 2016 Consolidated Financial Statements by the Shareholders' AGM of April 26, 2017, the Board of Directors on May 10 closed the 2013-2016 Long-term Incentive (LTI) Plan, indicating the failure to reach the set objectives.

In the first quarter, an analysis to establish a number of new remuneration instruments for the Chief Executive Officer, Senior Managers and certain identified Senior Executives was in addition carried out. In this regard, the Board of Directors on March 15, 2017 and the Shareholders' AGM of April 26, 2017, approving the Remuneration Report prepared in accordance with Article 123-*ter* of Legislative Decree 58/1998 and the Self-Governance Code for Listed Companies, approved the adoption of the 2017-2019 Restricted Stock Plan, as a new tool for retention and participation in the development of the company and the creation of value for stakeholders. Renewal of the Non-Competition Agreements concluding in December 2016 involving roles subject to greater headhunting risk were approved, responding therefore to the need to continue to build loyalty among key personnel who have been instrumental in the achievement of strong economic-industrial results over the past three years.

In July, employees were offered the option to join the Second Cycle (2017) of the Employee Share Ownership Plan. Confirming its major success in the previous Year, this Cycle saw nearly all possible beneficiaries join, with a subscription rate of 97% internationally.

The establishment of the objectives for 2017 was also completed, in line with the MBO incentive plan for Senior Executives and the Group Incentive Standard for other Executives and key management personnel. In addition, in order to increase the centrality of the projects, at the company Tecnimont a new key order personnel incentive instrument was introduced for those not yet eligible for an MBO award, putting in place for Project Managers, in continuity with the role empowerment actions, an additional tool to boost employee performance.

Finally, we indicate during the year the ongoing direction and support provided by the parent company Maire Tecnimont to the Group companies, with the drawing up of the Remuneration Policy guidelines which recognize talent and strong performances, aligning remuneration levels to market competitive criteria and for internal equity among roles.

SYSTEM ORGANIZATION AND QUALITY

2017 saw the organizational structure of some sister companies formalized as per Italian law, such as MET Gas Processing Technologies S.r.l., Neosia S.p.A. – established from the merger by incorporation of Met Newen S.p.A. into Tecnimont Civil Construction S.p.A. - and MET Development S.p.A..

Leveraging its well-established geographical coverage optimization process, the Group added several staff coordination roles at regional level. In particular, new roles included Russia and Caspian Region AFC Coordinator, Middle East Region HR & ICT Coordinator and Latin America Administration and Finance Coordinator. The appointment of several Branch Managers and Area Managers was also formalized in regions of particular strategic importance.

In addition to the strengthening of coordination roles, in order to manage the Supply Chain markets, specific areas of expertise were consolidated through the creation of International Procurement Offices (IPO's). IPO's were set up in Russia, the United Arab Emirates, the United States, China and Egypt, in order to improve oversight of local supply markets through targeted Vendor Management activities, to develop procurement processes for executive projects requiring local or cross-regional input and to facilitate the effective performance of inspection, testing and transportation activities.

Following the successful implementation of this approach, new forms of local supervision and services are being finalized in relation to other competence areas (e.g. engineering), opportunely scaled and designed to meet the needs of the executive projects and local contexts.

In particular, in the Russia and Caspian Region, the expected growth in business was accompanied by organizational strengthening at regional headquarters and the establishment of operational executive project supervision, for example, in the Amur area. The implementation of this organizational model ensures close coordination between local and central organizational functions, to the benefit of the time to deliver.

In order to facilitate the guidance and coordination of the parent company, also in finance and treasury terms, the Administration, Finance & Control functions of the subsidiaries KT and Stamicarbon were reorganized. Additionally, the Project Development Committee was set up to evaluate project development opportunities, allocate necessary resources and consistently manage portfolios.

As regards the operating companies and, specifically, the subsidiary Tecnimont, the Operating Departments of Engineering & Projects and Procurement were reorganized as follows:

- Engineering & Projects: Two new functional roles were established, the first dedicated to Russia and Caspian Region projects, also in consideration of the acquisition of the area's Amursky project, and the second, named Integrated Project Management, to ensure the constant development of skills and tools, in collaboration with the appointed corporate management roles. Within the Engineering, Technology and Research & Development Department, the CAE Systems Function was integrated into the newly established Plant Design & CAE Department and the Integrated Engineering Management Function was established in order to further strengthen the competitiveness of engineering's project support;

- Procurement: a new Post Order Management structure was established in order to better support processes downstream of material supplies ordering by optimizing interfaces and the multidisciplinary approach.

Regarding quality management, of particular importance in the year were specific activities aimed at gradually transitioning the certification of the subsidiaries' quality management systems to the significant 2015 revision of the ISO9001 benchmark standard.

In terms of documentation auditing and updating, to establish and adopt shared and uniform procedural and operative guidelines at Group level, the following documents were issued:

- Group Standards, for the management of project risks and opportunities, together with the revision of the corresponding procedures for the operating companies;

- Group Procedure, defining methods for managing relations with the public sector, with the aim of ensuring approach and conduct consistency in line with the Code of Conduct and the Organization, Management and Control Model, as per Legislative Decree No. 231/2001;

- Group Procedures, concerning the main Administration, Finance and Control processes, to set guidelines for liabilities cycle management, accounting and management closures, consolidated financial statements drafting and financial assets management, in order to guarantee ever greater process management uniformity and consistency within the Group.

The year also saw the implementation of important activities relating to the Global HR project, including complete integration of the IT platform in support of human capital management processes.

SECURITY

In implementation of the general Group Security policies, the following were rolled out:

- support and direction of the various managerial and operating company functions in terms both of the general Corporate Governance system and the management of "critical" and/or potentially "critical" situations;

- monitoring of the socio-political-economic conditions in countries of interest and where the Group is present, reporting periodically to senior management and the heads of the companies involved and ensuring adequate security for management's commercial and/or operative missions in at risk countries.

Communication activities regarded domestic and international operations and projects in progress and/or of recent or possible acquisition.

With particular regard to current projects and offers, the Function introduced the following initiatives:

- Russia: with regards to the Amursky project, an on-site security survey was carried out, taking account of the complexity and significant size of the project, the expected engagement of thousands of personnel in the area and the particular local conditions. The relative support was guaranteed to the Logistic-Organizational Functions in choosing the head office and the relative features, supporting meetings with the local Safety Managers to put in place stable and fruitful collaboration;

- Iran: operating conditions in the country were consistently monitored, also in support of the task force created to develop on-site Group operations;

- Egypt: the monitoring of current projects continued;

- Mexico: the safety conditions of the project locations were regularly monitored and support provided for country missions, also through security services, putting in place operating relationships with similar structures to project Clients/partners to guarantee improved synergies to support personnel safety;

- Malaysia: support activities, integrated with an in site mission, for two Rapid Projects;
- Saudi Arabia: for the Rabigh (KT) Project institutional contacts for the granting of work visas for the Saudi representatives of the client ARAMCO were initiated;
- in Turkey and in Belgium communication initiatives to identify the best organizational solutions and to manage at the same time communication to personnel operating on-site on the security conditions and company activities focused on their protection and safeguarding.

Finally, the usual assistance to projects in the proposal phase was provided and, domestically, to infrastructure projects in the critical areas of Sicily (Cefalù 20 Project) and Basilicata (Tempa Rossa Project), also through regular contacts and/or the organization of meetings with the competent local institutional bodies.

10. Industrial Relations

In the year under review, industrial relations were marked by the regularity of meetings with trade union representatives, underlining the productiveness of relations.

This sharing and positive approach led, during the development and implementation of the Maire Tecnimont BE ADAPTIVE! Programme and the introduction of Smart Working, to the signing, on September 6, 2017, of a highly innovative trade union agreement and of an internal regulation defining the start, from September 2017 for 18 months, of the experimental phase of the 'Working Smart in Maire Tecnimont Group' project, which will gradually involve all Maire Tecnimont Group company employees operating in Milan and possessing the requirements deemed necessary for working remotely. On the basis of this agreement, which provides for maximum flexibility by extensively applying the recent legislation on Smart Working, employees included in the scheme will be required to be present at their workplaces one day a week, depending on the schedule of activities agreed with their managers.

We underline that, for the entire work process, the company has maintained direct and constant relations with the control bodies, in particular by taking advantage of the support from the North-West Area Labor Inspectorate in relation to the opportunities offered by Law 81 of May 2017.

During the drafting of this report, concerning the Tempa Rossa Project, a Memorandum of Understanding was signed between the Basilicata Region, trade unions and Tecnimont, confirming the Group's commitment to local content and to the communities by defining a series of actions to manage the demobilization of Basilicata Region personnel from the end of plant construction activities involving Tecnimont, expected in August 2018. This agreement provides for the establishment of a technical consultation roundtable for the definition of courses aimed at developing professional skills for the local oil and gas sector job market, reserved for workers employed in the company's activities on the project, made redundant due to their completion and possessing well-defined requirements in terms of residence and employment seniority. Finally, the agreement incorporates, as an additional form of support, a commitment to the implementation of an informative campaign and on-site counter service to raise awareness of income support measures (e.g. NaSpi and Formatemp), available to workers who have accrued the necessary requisites.

In the third quarter of 2017, the management of the companies Maire Tecnimont S.p.A. and Tecnimont S.p.A. signed agreements with the respective trade union representatives to increase paid sick leave annual hours and family income contributions for the scholarship of dependent children, as well as providing several addendums, with useful operational guidelines, to the 'Maire4You' Flexible Benefits and 'Participation Prize' programmes introduced in the previous financial year. Two further agreements activated an insurance policy named 'Mission' to guarantee broader health protection for personnel abroad and established the time bank 'Banca

Ore Etica' (BOE). The latter is a solidarity initiative by which employees may donate leave days to fellow employees absent from work in order to support sick family members beyond those days provided for by the law, national collective agreements and corporate contracts.

Furthermore, following communication of the liquidation of the Fiprem supplementary pension fund, Fonchim was identified as the new supplementary pension fund, while an agreement was established to increase the contribution for each fund member and to provide a further contribution for the coverage of membership and administrative costs, both borne by the company.

11. IT Systems and General Services

The year 2017 consolidated the strong results previously achieved in terms of operating and control process and cost containment efficiencies. Alongside the monitoring and management of space requirements, application programmes and infrastructure to increase Group activity volumes, activities related to the Group Smart Working Project were undertaken which, benefitting from the possibilities offered by the latest IT technologies and through a space redefinition process, can transform and innovate work methods. In fact, in addition to the continued initiatives supporting the new organizational paradigm, through the development of technological infrastructure considered as a key and enabling Smart Working factor, major initiatives were taken in terms of the redesign of works spaces.

In addition to the introduction of the technological infrastructure and the renewal of user devices, the company continued previous initiatives focused on virtualizing systems and data, the collaborative management of information and distributed connectivity, guaranteeing maximal and widespread technological support for the mobility of employees involved in the Smart Working system. With regards specifically to Information and Technology investment, the Microsoft Azure platform was extended, with the Office 365 collaboration instruments made available, networking and telecommunication infrastructures consolidated and technology supporting remote work adjusted and made available to employees, while the sharepoint area and the move to the cloud of all project sites was further developed.

We indicate in addition the above-stated review and improvement initiatives concerning spaces and layout, strictly related to the roll-out of the new working model, involving in particular the company canteen and the Garibaldi Complex Hall. Thanks to the refurbishment initiated and concluded in August, the company canteen now has more than 500 spaces and 5 multimedia meeting rooms and is no longer just an area for taking lunch but a true and proper workplace and meeting environment. The second initiative, being finalized on preparation of this Report, transformed the entire Hall of the Complex (1,200 sq. m.) into a co-working space - the "MEETinG" - Maire Tecnimont Hub Garibaldi - with approx. 200 workspaces and meeting areas.

In terms of the residual Information & Technology activities, we indicate the development and integration of the application platform, also through installing the best software available on the market to satisfy operating needs and improve efficiency, the performance quality, the security of managed data and the constant cost focus, through the management of Administration, Finance and Control, Engineering, Procurement, Construction, Project Management and Project Control processes.

In terms of project management, the extension to KT S.p.A. of the new Capital Projects document system can ensure improved efficiency in managing the relative documents and the easier integration of projects involving a number of Group entities.

For the AFC department, we highlight the release of the application to manage the Working Capital Forecast of orders and the research into extending this solution to the subsidiaries KT S.p.A. and Tecnimont S.p.A. in order to optimize and digitalize the relative processes and facilitate gradual harmonization. The release of the Corporate Banking Communication solution is also imminent, which, introducing extensive use of digital signatures, guarantees even greater payment security. For the Finance area, an initiative for the integrated management of Hedges and Derivatives was introduced utilizing the Bloomberg platform. In addition, the go live of the "GRC Process Control" project to optimize the control model in implementation of the provisions of Law 262/05 took place.

With regards to SAP applications, the development and integration of the business processes based on SAP Hana and the FIORI suite continued, providing in addition to Project Managers functionalities to approve the liability cycle documents through the FIORI App and earmarked for extension to other personnel with differing approval roles. The S/4 platform is being installed to better leverage SAP Hana's potential.

In Italy and at a number of Group overseas company, the new SAP Global HR and Success Factor module for managing attendance, transfers and timesheets was also released, while in addition the functionalities for the management of Performance Management and Smart Working in Italy processes were integrated, beginning the design phase for extending the Timesheet module to other Group companies.

12. Health, safety and environment

The Maire Tecnimont Group regards the health and wellbeing of individuals, the safety of the industrial facilities it designs and builds and environmental protection as essential company objectives.

The Group – which strives to prevent accidents and mitigate its impacts on the ecosystem – is committed to providing working environments, services and industrial facilities that satisfy applicable legal requirements and the highest health, safety and environment (HSE) standards, by promoting a "safe workplace" and environmental protection, throughout all areas of its operations and all stages of execution of a project, at both its offices and construction sites.

Designing, planning, implementing, monitoring and constantly improving an efficient and effective HSE Management System is key to setting appropriate HSE priorities, goals and targets. Another fundamental aspect is monitoring and checking compliance with applicable legal and other requirements, including Italian and international laws, local requirements, agreements with authorities or clients, voluntary ethical principles and codes of ethics, in addition to the satisfaction of our clients' contractual requirements. The HSE Management System applies to the main operating companies, which have been certified ISO 14001 compliant with regard to environmental management and OHSAS 18001 compliant in respect of worker health and safety.

In order to ensure excellent company performance, each employee receives a copy of the HSE Policy, which serves as a fundamental guide for company departments, in addition to being of strategic importance to the entire Group.
The HSE Policy lays down the principles, goals, targets, roles, responsibilities and management criteria essential to managing HSE issues. These goals and targets are circulated to Group companies by the top management and pursued with the involvement of all personnel in each activity during the engineering, procurement, construction and commissioning stages of our projects, according to the following principles:

- Compliance with all laws, rules or international standards regarding health, safety and the environment;
- Identification of environmental dangers and problems, with an assessment of the impacts and risks – for offices or for project execution – and determination of the appropriate preventive measures;
- Prevention of accidents, injuries and environmental damages;
- Specific training on safety and environmental protection for all employees;
- Involvement of all workers, including through their safety representatives;
- Measurement and monitoring of results relating to safety and the environment;

- Selection and promotion of suppliers and sub-suppliers on the basis of the principles underlying this policy.

Constant, intensive monitoring and periodic audits within the organization are conducted by internal HSE auditors and certified external entities in order to ensure actual compliance with HSE obligations.

The Group's HSE function plans, coordinates, monitors and gathers relevant data and sets goals and targets with the aim of ensuring legal compliance and an efficient, effective HSE management system.

The company and Group are strongly committed to applying engineering standards that minimize energy consumption and emissions and thus their impact on the environment. Over the course of execution of a project, HSE studies are conducted to ensure the construction of safe, reliable installations, a high standard of workplace safety and minimization of environmental impacts, energy waste and GHG emissions.

Training is essential to creating value for our stakeholders and ensuring that our business continues to enjoy robust good health. It is a strategic process that is central to what our Group does, as it constantly refines the professional skills and abilities of our employees.

All of our employees take part in an intensive training programme that includes specific courses to improve their knowledge of health, safety and environment issues, personalized to suit each employee's role and responsibilities. Training courses focus on fundamental issues such as the structure of the HSE Management System and HSE Policy, the main dangers and risks for offices and construction sites and the preventative and protective measures to be adopted and emergency procedures. The overall programme includes both classroom and e-learning sessions held in partnership with qualified external companies.

Training is also key to preventing accidents at construction sites: entering a work area means exposure to risks associated with site activities and the presence of chemical substances, since work sites are generally located within industrial facilities. At construction sites there are various levels of training for supervisors, HSE professionals and other workers, including introductory HSE courses, fire prevention courses, first aid courses, and courses on exposure to construction risks (such as safe lifting of heavy objects, entry into confined spaces, use of scaffolds and safe handling of chemical substances and hazardous materials). Particular emphasis is placed on training in the use of the individual protective equipment supplied to employees according to their individual risk exposure.

A total of 3,454,095 hours have been dedicated to HSE courses over the past three years, of which 2,323,721 in 2017. The hours of HSE training provided were equivalent to 2.73% of hours worked at construction sites, up from 1.48% in 2015, a reflection of our strong dedication to and investment in prevention and training.

The company and Group are steadfast supporters of a preventive approach to reducing the risk of accidents and their effects, safeguarding the health and safety of their employees and other personnel under their responsibility and minimizing the negative impacts on the head office and construction sites. Monitoring HSE results at the head office and construction sites is helpful to obtaining an overview of the efforts and actions taken by company management.

The OHSAS 18001-certified health and safety management system ensures oversight, monitoring and maintenance of working spaces, services and equipment, in accordance with applicable laws, regulations and standards.

Within the Technology, Engineering and Construction business unit – which includes the companies operating in the oil and gas business – the company and Group adopt the main workplace safety and health indicators of the U.S. authority (Occupational Safety and Health Administration - OSHA) and the International Association of Oil & Gas Producers (IOGP) to monitor and identify areas of improvement and constantly promote a strong approach to HSE in the workplace.

Over the past three years, a total of over 144.224 million man-hours have been worked at the construction sites of the Technology, Engineering and Construction business unit.

The following table presents the Group's main safety indicators, calculated on an OSHA (Occupational Safety and Health Administration) and IOGP (International Association of Oil & Gas Producers) basis - the main international benchmarks - and compared with the international Oil & Gas sector average.

Maire Tecnimont Group* Safety – 2017 (base 144.224 million man-hours)			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 - 2016 Contractor figures (***)
LTIF (Accident indicator reflecting interruption to work performed by the persons involved)	0.009	0.046	0.13
TRIR ("Recordable" accident frequency index)	0.03	0.15	1.05

(*) *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 - international benchmarks, as those provided annually by IOGP for EPC Engineering Procurement & Construction contractors*

13. Innovation and Research & Development

As innovation is also one of the prime areas of competitive advantage for the Group, we continuously strengthen R&D and our portfolio of proprietary innovative technologies in order to boost our position as a technology provider to the refining, power, oil & gas and petrochemical industries.

With highest priority afforded to open innovation, the Maire Tecnimont Innovation Centre (MTIC) was set up to put in place a common platform for assembling a portfolio of patents across Group companies, leveraging and building on the Group's existing experience and expertise.

The Maire Tecnimont Group owns and manages valuable proprietary technologies and intellectual property pertaining to the refining, power, oil & gas, fertilizer, chemical and petrochemical sectors. Technological innovation and engineering improvement investment have increased in the 2015-2017 period and is likely to grow further over the coming years.

Green and sustainable and environmental friendly technologies have top priority. Efforts are particularly focused on: Developing innovative end-products (e.g. controlled release fertilizers or micro nutrient rich fertilizers); Producing existing products from new / different raw materials (e.g. the production of Ethylene and Propylene from Natural Gas and Acid Gas purification technology to obtain pure methane from Natural Gas, rich in acidic components); Cutting plant investment and operational costs (e.g. "Ultra-Low energy urea plant" requiring 40% less steam for the production of urea, or the H2S cracking technology that cuts initial outlay by up to 30%, as well operating costs by up to 30%); Significantly reducing the impact of petroleum refinery, chemical and petrochemical plants on the environment (e.g. SO2 emission 1/10 reduction (compared to Best Available Technique "BAT") with the new generation of Sulphur Recovery Unit, zero ammonia emission technology for urea plants and the 'envirocare' scrubbing technology that significantly cuts (5 times) the impact of urea dust emissions.

These goals are all achieved in partnership with several Group Sister Companies: Stamicarbon, MET Gas, Tecnimont and KT.

Technological advantage is a key strategic asset for the Group. The Maire Tecnimont Innovation Centre manages and develops the Group IP strategy, protecting the portfolio of patents and developed technologies. In addition, the Maire Tecnimont Group leverages on its IP assets and technological expertise to develop new commercial projects, technology alliances and licensing.

The Maire Tecnimont Group maintains an Innovation Pipe Line (IPL) of projects to develop its proprietary knowledge to support future business. Dedicated Innovation Pipe Line sessions collect and assess innovative ideas. R&D and Innovation projects are promoted and further developed where they meet an industrial interest, have realistic development possibilities and are based on a business plan.

The Maire Tecnimont Group delivers a number of innovation projects every year and actively cooperates with leading research centres and industrial partners to continuously improve the overall performance of its technologies.

The Maire Tecnimont Group owns more than 1,000 patents, most of which in the area of urea and fertilizers, in addition to other areas. The table below presents the number of Group patents in 2017.

The Maire Tecnimont Group has a long history of collaboration with major universities, technology suppliers, research centers and commercial partners. Over recent years, the Maire Tecnimont Group has stepped up its collaboration with top Italian and foreign universities, developing research projects and exchanging views and ideas and thus creating a strong bridge between the academic and industrial world. Maire Tecnimont's long-standing collaboration with the Milan Polytechnic has been further strengthened through research project partnerships, in addition to teaching and the organization of seminars.

The collaboration with the Campus Bio-Medico University of Rome, in force since 2011 with the creation of the "University & Private Enterprise Committee", specifically targets the defining/updating of course training programs and technological research/development. As part of the concrete support for the University Master's Degree course in Chemical Engineering for Sustainable Development, the Group also offers the option of completing internships and theses on company premises.

Other historic academic partners are the University of Rome "La Sapienza", the University of Salerno, the University of L'Aquila, the University of Bologna and the Turin Polytechnic. Abroad, Maire Tecnimont companies cooperate with the University of Leuven, the Technical University of Eindhoven and with Ecole des Mines in Paris. Collaborations and agreements have been established with international research institutions, e.g. with Tecnalia, a research Centre in Spain for the development of membrane reactors for hydrogen production, in addition to Intertek Laboratories.

Some of these collaborations have developed into business partnerships, such as those with Protomation, Holland Novochem and Envirocare.

In particular, cost reduction and improved engineering methodologies are being targeted.

This has generated a large number of ideas, many of which have been developed and are being applied to EPC projects (Design To Cost). Several Lesson Learnt have also emerged and new Company Standardsand codes as well as new Work Instructions have been issued. In particular, a project for the customization and use of BIM ("Building Information Modelling", changed recently to "Business Information Management"), an innovative building design system, has been launched to extend BIM application to industrial design and in particular the design of industrial plant.

The application of innovative methodologies for plant design is a win-win for the Contractor and the Customer, as their application shortens the project schedule and tends to minimize errors and consequent reworks - to the advantage of all parties involved.

14. Risks and uncertainties

In this section the main risks and uncertainties concerning the Maire Tecnimont Group and its sectors are outlined. The factors considered by the company risk system regarding the foreseeable future are for this purpose analyzed.

The Maire Tecnimont Group’s core operations concern the design and construction of Engineering & Technology sector plant and the design and construction of major public works. In addition, the Group licenses patented technology and know-how for use by urea producers.

BACKLOG RISKS

The consolidated Backlog at December 31, 2017 was Euro 7,229.4 million. The timing of revenue and expected cash flows is subject to uncertainty as unforeseeable events may occur which impact Backlog Orders (such as for example the slowdown of works, the delayed start-up of works or indeed the interruption of works or other events). The Group mitigates this risk through termination/cancellation clauses which ensure adequate reimbursement on the occurrence of such events.

BACKLOG CONCENTRATION RISKS AND DEPENDENCE ON A CURTAILED NUMBER OF MAJOR CONTRACT OR CLIENTS

At December 31, 2017, approx. 83% of Group consolidated revenues related to 13 major contracts, corresponding at the same date to approx. 76% of the Backlog value. Any interruptions or cancellations to even one of the major contracts, subject to applicable legal and contractual remedies, may impact on the Group’s results and balance sheet. In addition, the Group works with a contained number of clients. At December 31, 2017, consolidated revenues from the 10 leading clients constituted 83% of total consolidated revenues. One of the key operational guidelines concerns the greater distribution of initiatives among more clients and thereafter the opening up to new markets and clients.

RISKS RELATED TO GROUP SECTOR INVESTMENT

Group markets are cyclical, principally dependent on available investment, which in turn is impacted by: (i) economic growth and (ii) a significant number of economic-financial (e.g. interest rates and the price of oil) and political-social (economic, public spending and infrastructure policies) variables. Therefore, general recessions may impact the Group’s results and balance sheet. Regional and business line diversification assists the mitigation of this risk.

RISKS RELATED TO JOINT LIABILITY TO CLIENTS

Group companies execute orders independently or together with other operators through the incorporation (for example) of consortiums in Italy or joint control arrangements overseas. In this latter case, each party under applicable public regulations or general contractual practice are usually jointly liable to the client for the design and construction of the entire works. In the case of damage suffered by a client caused by an associated operator, the Group company involved may be called to replace the damage-causing party and fully compensate the damage caused to the client, subject to the right of regress against the non-compliant associated operator. The right to regress among associated operators is normally governed among the partners through contracts (usually called cross indemnity agreements). Group policy is to conclude agreements/associations with operators of proven sector experience and appropriately verified available capital. This policy has ensured that the assumption of partner obligations by a Group company has not yet been requested as a result of non-fulfilment.

RISKS CONCERNING LIABILITY TO THE CLIENT FOR NON-FULFILMENT OR DAMAGE CAUSED BY SUB-CONTRACTORS OR SUPPLIERS

In executing operations the Group relies on third parties (including sub-contractors) to produce, supply and assemble part of the plant constructed, in addition to suppliers of raw materials, semi-finished products, sub-systems, components and services. The Group's capacity to discharge its obligations to clients is however reliant also on the fulfilment of contractual obligations by sub-contractors and suppliers. In the case of Group sub-contractor or supplier non-fulfilment (even partially), the provision of products and/or services not in line with that agreed or falling short of the required quality or with defects, the Group may incur additional costs due to delays or the need to deliver replacement services or procure equipment or materials at a higher price. In addition, the Group may in turn not fulfil that agreed with the client and be subject to compensation claims, subject to the Group's right to regress from non-compliant sub-contractors and suppliers. However, where the Group is unable to reclaim the entire compensation paid from such parties through its right to regress, the Group results and balance sheet may be impacted. The Group system for the assessment and selection of suppliers, identified on the basis of price, in addition to their technical abilities and capital structure, requires the request and provision of bank performance guarantees from such parties. Group companies are also covered by appropriate insurance policies to meet any particular difficulties.

RISKS RELATED TO INTERNATIONAL OPERATIONS

The Group is engaged in approx. 40 countries and is therefore exposed to a range of risks, including any restrictions on international trade, market instability, foreign investment restrictions, infrastructural deficiencies, currency movements, currency limitations and controls, regulatory changes, natural catastrophes (e.g. earthquakes and extreme weather events) or other extraordinary events (e.g. wars and acts of terrorism, major raw material or semi-finished product or energy supply interruptions, fires, sabotage, attacks or kidnappings). The Group in addition is subject to the risk of greater operational difficulties in regions featuring high levels of corruption, distance from the markets and the traditional workforce and material procurement sources, and which often are politically and socially difficult and unstable (e.g. the Middle East, Iran, Russian Federation, Latin America and Nigeria). In order to mitigate this risk, appropriate insurance and/or coverage for the type of risks at issue to mitigate financial impacts from such instability may be undertaken.

RISKS RELATING TO ERRONEOUS ORDER EXECUTION COST ESTIMATES

Almost all of Group consolidated revenues concern long-term contracts, whose settlement (in favor of the Group) is established at the date of the tender or the awarding of contract, particularly for lump sum - turn key contracts. For such contracts, the margins originally estimated by the Group may reduce due to higher costs incurred by the Group during order execution. Where the Group's policies and procedures to identify, monitor and manage costs for order execution do not reflect the duration and complexity of such orders, or are no longer accurate following the occurrence of unforeseeable events, the Group's results and balance sheet may be impacted. However, during offer preparation the Group closely analyses the risks pertaining to each order, particularly focusing on the provisioning of contingencies in coverage of such risks.

15. Financial risk management

The Group's principal financial risks stemming from core operations are outlined below:

MARKET RISK

The Group operates within an international environment and is subject to interest rate, exchange rate and price risk. A risk of fluctuating cash flows from core operations therefore follows, which may only partly be mitigated through appropriate policies.

PRICE AND CASH FLOW RISK

Group results may be impacted by raw material, finished product and insurance cost price changes. This risk is mitigated through a precise and timely procurement policy. Maire Tecnimont Group also seeks to minimize transaction currency risk through derivative contracts.

CURRENCY RISK

The currency used for the consolidated financial statements is the Euro. As stated, the Group operates in an international environment, with part of its receipts and payments made in currencies other than the Euro. A significant amount of projects are quoted in or linked to the US Dollar or Russian Ruble; this factor, together with timing differences between the accrual of revenues and costs in currencies other than the presentation currency and their financial realization, exposes the Group to currency risk (transaction currency risk).

Maire Tecnimont Group seeks to minimize transaction currency risk through derivative contracts. Group level planning, coordination and management of such operations is carried out by the Finance Department, which monitors the correct correlation between derivative instruments and underlying cash flows and their appropriate representation as per international accounting standards.

The Group furthermore has investments in subsidiaries in countries not belonging to the Eurozone and shareholders' equity changes from local currency movements against the Euro are temporarily recognized to the "translation reserve" shareholders' equity reserve.

INTEREST RATE RISK

Maire Tecnimont Group interest rate risk essentially concerns its variable medium/long-term loans. Variable rate debt interest rate risk not hedged through derivative instruments is however partly mitigated by liquidity remunerated at rates indexed to the same debt parameter (euribor). Any consequent interest rate fluctuations may create similar effects upon cash flows generated from inventories, although in an opposing manner than those produced on cash flows related to debt positions.

CREDIT RISK

The Group credit risk represents the exposure to potential losses following the non-fulfilment of obligations by counterparties. This stems from normal operations and is monitored by the operating and financial departments on the basis of set procedures and periodic reporting. The individual positions are written down, if individually significant, with a provision which reflects the partial or total non-recovery of the receivable. Against the receivables which are not individually written down, a general provision is made, taking into account historical experience and statistical data.

LIQUIDITY RISK

This risk concerns the difficulty in sourcing new funding or access to liquid assets, resulting in the enterprise's failure to satisfy payment commitments, being forced to incur additional funding costs or, in extreme instances, being faced with potential insolvency which may put its going concern at risk.

At the present moment, Maire Tecnimont considers that the good levels of liquidity held and prudent and functional management of the credit lines available are important elements for stability and sufficient to guarantee the resources necessary for operating continuity.

Cash and cash equivalents at December 31, 2017 amount to Euro 630,868 thousand, an increase of Euro 133,730 thousand compared to December 31, 2016.

FINANCIAL COVENANT RISK

This concerns the possibility that loan contracts include clauses permitting the lending Banks and other lenders to request immediate repayment on the occurrence of certain events, resulting therefore in a liquidity risk.

In April 2017, the Maire Tecnimont Group reached agreements for the optimization of a number of terms and conditions of the existing bank debt of the subsidiary Tecnimont S.p.A., which was restructured on December 28, 2015. In particular, the applicable margin was reduced and the repayment period extended by approx. 15 months (bringing maturity to March 2022), while the repayment plan was also remodeled.

The loan of Euro 350 million includes covenants in line with normal business practice for such operations; specifically, the loan's financial covenants concern the ratio between the net financial position and net equity, as well as between the net financial position and EBITDA, with initial measurement on the FY 2017 figures.

Also in April 2017, Maire Tecnimont S.p.A. concluded agreements for the subscription through private placement by the Pan-European Fund and the Export Development Fund (created by SACE), both managed by Amundi Group companies, of non-convertible bonds amounting to Euro 40,000,000.

The bonds, divided into two equal tranches, are of six-year duration with bullet repayment on maturity.

Again in this case, the bonds are supported by covenants in line with market practice; specifically, the bond covenants regard the maintenance of a ratio between the net financial position and net equity, as well as between the net financial position and EBITDA, initially measured on the December 31, 2017 figures.

Maire Tecnimont is currently not aware of any default situations regarding the above-mentioned covenants.

RISKS CONCERNING THE GROUP CAPACITY TO OBTAIN AND RETAIN GUARANTEED CREDIT LINES AND BANK GUARANTEES

In the course of operations and, in particular, for participation in tenders, the signing of contracts with operators or receiving advances and payments from such during order execution, the Group is required to issue bank and/or insurance guarantees in favor of operators.

The Group's capacity to obtain such guarantees from banks and/or insurance companies depends on an assessment of the Group's financial statements and, in particular, of the Group company involved, from analysis of the order risk, experience and the Group companies competitive positioning within its sector.

At the present moment, Maire Tecnimont Group is satisfied with the level of credit lines available, which are considered sufficient to guarantee the resources necessary for operating continuity.

16. Disputes

Maire Tecnimont Group disputes concern outstanding proceedings relating to ordinary operations of Group companies. Proceedings are outlined below on disputes both taken and defended by the company based on information currently available potentially concerning amounts of equal to or greater than Euro 5 million.

Civil, Administrative and Arbitration Proceedings

J&P Avax S.A.: arbitration procedure initiated by Tecnimont in August 2002 against J&P Avax S.A. ("J&P") for compensation for damages suffered following delayed execution of a sub-contract awarded to J&P as part of Tecnimont's construction of a polypropylene production plant in Salonicco, Greece, commissioned by the Greek enterprise Helpe. Tecnimont's arbitration claim amounts to Euro 17.4 million, while J&P advanced a counter claim for Euro 28.5 million. The Arbitration Board in December 2007 issued a partial award, attributing 75% liability for the 4-month work execution delay to J&P and 25% to Tecnimont. J&P challenged on December 28, 2008 the partial award before the Paris Appeal Court, which with judgment of February 12, 2009 cancelled the award due to the alleged lack of independence and impartiality of the Arbitrary Board's Chair. Tecnimont subsequently challenged this decision before the Court of Cassation, which on November 4, 2010 announced in favor of Tecnimont, overturning the Appeal Court judgment. The Arbitration Board therefore decided to re-examine the arbitration, although J&P challenged the partial award before the Reims Court of Appeal, which on November 2, 2011 again cancelled the partial award for alleged improper constitution of the Arbitrary Board. Tecnimont therefore presented a fresh appeal to the French Court of Cassation, which again overturned the appeal court judgment and postponed its decision. The Court of Appeal judged in favor of Tecnimont and J&P has appealed to the Court of Cassation. The Arbitration Tribunal however decided to re-initiate the arbitration process. In the meantime, the Chair of the Arbitration Board resigned due to health issues and a new Chairperson was appointed, who fixed the next hearings for conclusion of the matter for May 2017. Following these hearings, the Court issued a partial award rejecting all of the residual claims of J&P regarding the issue. J&P presented an appeal also in terms of the final partial award, which however will not impact completion of the arbitration process.

The final hearing on the amount was held on February 2018 and the award is not expected to be issued before the first half of 2018.

Mainka: in December 2010 Tecnimont received notification from the International Court of Arbitration of the opening of a procedure against the company by Mainka, a German construction company engaged in the Münchsmünster project. The subcontract signed in August 2007 concerned the execution of civil works at the polyethylene production plant located in Münchsmünster, Germany. The Mainka claim concerns the recognition of alleged higher costs incurred for the execution of works for a total of approx. Euro 16.7 million. Tecnimont presented a formal response to the arbitration appeal, rejecting all Mainka claims and presenting a counterclaim for Euro 7.9 million. According to the Terms of Reference filed in September 2011, the Arbitration Board was called to decide in first instance the preliminary issue concerning the applicability of German law which considers clauses contained in forms and questionnaires as void. On this basis, Mainka argued the nullity of the liquidated damages and performance bond clauses. In parallel, Tecnimont initiated at the German Court an enforcement action upon the performance bond through two proceedings: i) against Mainka at the Ingolstadt court with subsequent appeal to the Munich Court of Appeal and with a successful outcome for Tecnimont (due to lack of jurisdiction) ii) against the insurance company at the Wiesbaden Court. On December 5, 2011, the ICC hearing on the partial award was held and it was decided to postpone any payment of the bond until conclusion of the arbitration process. It was also decided to continue the process on the Termination point. The petitions of the parties were filed between February and April 2012 and at the beginning of May 2012 the ICC hearing on the Termination was held. The Arbitration Board, without formally pronouncing upon the question of the Termination, therefore initiated a review of Mainka's claim and Tecnimont's counterclaim. The parties presented new petitions upon the claim and the counterclaim between August and December 2012. In January 2013, the hearing upon the “final invoice” was held, where it was decided to re-submit to the arbitrators a shared list of outstanding questions with indication of whether strictly legal or technical matters to be submitted by the Arbitration Board to its appointed expert. In May 2014, the Arbitration Board fixed new dates for presentation of additional petitions and for a further hearing which was held in July 2014. At this hearing, the Chairman of the Arbitration Board suggested a potential conflict impacting his independence and impartiality. The parties therefore expressly requested the replacement of the Chairman, with the ICC accepting this request. In autumn 2014, the new Chairman was appointed, who in turn formalized the appointment of the technical consultant. In the first half of 2015, the parties met with the Tribunal and with the expert in the form of the facilitator. Following these meetings, an agreement was not reached and the Tribunal decided that the arbitration should continue, maintaining the expert who would have acted to all intents and purposes as the technical consultant appointed by the Tribunal. In February 2016, the hearing at which the testimonies were cross-examined was held. The Tribunal appointed expert issued a technical opinion at the beginning of September 2016, which was commented upon by the parties at the end of October. In November 2016, the final hearing was held, at which the Tribunal nominated expert was questioned.

The final award was issued in August 2017, substantially limiting Mainka’s claims. The award was immediately challenged at the Swiss Federal Court for significant procedural defects. The Federal Court shall announce its decision before spring 2018.

Juruena: in May 2009, Maire Sapezal Ltda (now Tecnimont Sapezal, a subsidiary of Maire Engineering do Brazil, now Tecnimont do Brazil Ltda) was forced to resolve the contract with Juruena concerning the construction of 5 hydroelectric power plant in the Mato Grosso region. This followed serious financial difficulties emerging during the project caused by events outside of Tecnimont Sapezal’s scope of responsibility which decisively impacted timelines and costs, including: in addition to a year of suspension due to non-renewal of the client’s environmental licenses, a suspension order upon works issued by the local magistrate, basic design errors by the client, destruction and fire on site caused by indigenous peoples, site flooding due to exceptional rainfalls and the failure to pay invoices issued and approved by the client. Following the resolution of contract, Maire Sapezal blocked the legal actions taken by the counterparty at the Cuiabá (Mato Grosso) Court, in clear contradiction of the arbitration clause and the attempt to enforce the performance insurance guarantee and completed the site transfer operations as planned. Maire Sapezal therefore filed an international arbitration claim (ICC) to obtain payment of approx. Reals 115 million for: i) non-adjustment of the contractual price following delays caused by the failure to renew local environmental licenses by Juruena; ii) non-adjustment of the contractual price following additional costs due to basic design errors by Juruena; and iii) non-compliance with the obligations agreed between the parties under an operational agreement for price resetting on an open book basis; iv) Juruena’s liability for the incursion of indigenous peoples which devastated the sites and non-recognition of the damage caused to Tecnimont; v) non-payment of invoices approved for services provided by Tecnimont; vi) improper recourse to the Mato Grosso Court in violation of the contractual arbitration clause; vii) violation of the principle of good faith. The client in turn filed an arbitration claim for approx. Reals 346 million. The Arbitration Court was constituted and during the ICC procedure petitions and technical, economic and market reports were filed and written testimonies gathered. On June 9, 2013, the Group received from its Brazilian legal representatives a copy of the (partial) arbitration award, subsequently amended on October 17, 2013 and not immediately executive, which contained the following: i) both parties were deemed responsible for resolution of contract; ii) the award concludes all Tecnimont do Brazil Ltda claims, with recognition of approx. Reals 21.15 million; iii) the award concludes Juruena’s claims with recognition of approx. Reals 16.4 million. The proceedings expenses will be decided as part of the final award.

The ICC procedure concluded with a final award which recognized certain costs for the re-execution of works requested by Juruena. Tecnimont presented a request for the annulment of the Award on the basis of procedural technicalities. The efficacy of the award was suspended by the Mato Grosso Courts ahead of a review.

Kesh: Maire Engineering S.p.A. (now Tecnimont S.p.A.) in February 2007 signed an EPC contract for the construction of an EPC plant located in Vlore (Valona), Albania with the operator Kesh Dh. Albanian Power Corporation, an Albanian state-owned company. The initial "lump sum" contract value was Euro 92 million, thereafter increased by an additional Euro 4.1 million. Since the beginning of the project, Tecnimont has encountered significant difficulties which have impacted the timely execution of works and led to additional costs and damages. The initial difficulties stemmed from the fact that the contract tender was carried out in a period of greatly different market conditions than those which Tecnimont encountered two years subsequent to the awarding of the contract. Apart from the increase in the contract value of Euro 4.1 million, Kesh without basis has neither recognized an additional adjustment to the contract value or an extension to the completion deadline. Furthermore, in addition to deteriorated market conditions, other events have increased Tecnimont's costs and delayed works completion, including: ongoing storms and requests to carry out temporary rather than permanent repairs. In 2009, Tecnimont presented an Interim Report requesting review of the Operational Acceptance date and, in the case of non-acceptance, the payment of the additional costs incurred in accelerating works to reduce the delay, meaning that Kesh would not have had other grounds to request payment of the delayed penalties. In July 2009, the change proposals were submitted to Kesh. Despite all this, Kesh in September 2011 demanded the payment of penalties of Euro 9.2 million from Tecnimont. In November 2011, Tecnimont sent a Supplementary Report concerning the events between February 2009 and October 2011, which would have entitled Tecnimont to request a longer extension to the completion date than that already requested through the Interim Report and additional damage and cost claims. In particular, recognition of approx. Euro 56 million and approx. USD 22.5 million was requested. The Operational Acceptance Certificate was thereafter issued in November 2011, although with retroactive effect to October 2011. Apart from the unjustified delay in issuing the certificate, Kesh has not released the remaining 5% of the contractual price for an amount of Euro 4.7 million and has not reduced the Performance Bond from 10% to 5% of the contract value. In addition, Kesh has not extended beyond December 31, 2011 the duration of the letter of credit in guarantee of its payment obligations, therefore not complying with its contractual and legal obligations. As a direct consequence, Tecnimont sent to Kesh a first Notice of Termination in April 2012, followed by a second Notice in May and a third in September 2012. Despite this, Kesh subsequently threatened to enforce the entire amount of the Performance Bond of Euro 9.6 million. In January 2012 and therefore subsequently to obtaining Operational Acceptance and following the transfer of the plant from the custodianship of Kesh a storm hit the plant, damaging the sea outlet piping. Tecnimont considers that the damage to the tubing related to events entirely outside of its scope of responsibility and due to the improper management of the plant by Kesh personnel. In order to avoid enforcement of the entire Performance Bond amount of Euro 9.6 million claimed by Kesh in September 2012, Tecnimont claimed and obtained from the Milan Court an injunction recognizing enforcement of half the Performance Bond as illegal; the guarantee issue bank therefore paid Kesh only half of the Performance Bond. In October 2012, Tecnimont therefore filed an arbitration claim at the ICC against Kesh for payment of the remaining 5% of the contract value, the reimbursement of the half of the Performance Bond enforced, in addition to Euro 51 million, plus USD 22 million of additional costs for damages, further to a declaration of non-responsibility for the delayed penalties. In addition, Tecnimont requested resolution of the EPC contract on the basis of Kesh's non-fulfilment, reserving the right to present additional damage claims during the same arbitration procedure. On January 4, 2013, Kesh presented a brief rejoinder, requesting that the matter is preliminarily submitted for an adjudicator's assessment. This assumes that the EPC contract established this preliminary step before the matter is dealt with by the Arbitration Board. The ICC proposed that the parties reach an agreement to suspend arbitration and resubmitted the matter to the adjudicator's assessment. The contract establishes however that the party unsatisfied with the adjudicator's assessment may initiate an arbitration proceeding. In February 2014, Tecnimont therefore filed an initial adjudicator application concerning Kesh's non-compliance with its obligations in relation to the Performance Bond reduction. On April 2, 2014, the adjudicator's decision was in favor of Tecnimont and on April 28, 2014 Kesh announced its intension to challenge this decision through arbitration in accordance with the contract. However, Kesh has thus far not initiated any arbitration in this regard at the ICC. Simultaneously, on February 18, 2014 Tecnimont was summoned to appear in Albania with regards to the case initiated in October 2012 by Kesh against Intesa Sanpaolo Bank Albania for payment of the residual performance bond (Euro 4,830,000), which was blocked by the Milan Court. The first level judgement rejected Kesh's demands, which within the thirty following days challenged this decision.

With judgement of March 27, 2015, the Court of Appeal confirmed the first level decision, rejecting therefore Kesh's claim. Against this provision, on April 17, 2015 Kesh filed an appeal before the Albanian Court of Cassation, which was only notified to Tecnimont on May 25. The Court of Cassation decision is expected to be concluded by 2018.

NGSC/Iranian Bank of Mines and Industry: On January 16, 2014 Sofregaz (now TCM FR) presented a request for arbitration to the International Arbitration Court of the ICC against the client NGSC (Natural Gas Storage Company) to obtain rejection of a number of compensation claims previously advanced by NGSC, the payment of an overdue amount of Euro 1,286,339.06 and relative interest and withdrawal of the payment request of the Performance Bond and the Advance Payment (or, where payment has already taken place, reimbursement of the relative amount). Initially, the arbitration was suspended due to the embargo restrictions as concerning an Iranian company, although thereafter resuming on May 29, 2015. The Tribunal was established on June 7, 2016. On December 1, 2016, TCM FR presented the statement of claim concerning a further request for damages of over Euro 9 million. Arbitration is still in progress, with conclusion expected in the second half of 2018.

Immobiliare Novoli: as part of the construction of the Novoli (Florence) property complex, on July 7, 2007 Tecnimont advanced against the client Immobiliare Novoli a payment request for services, in addition to compensation for damage and higher costs incurred during the works, for a total amount of over Euro 30 million. Immobiliare Novoli submitted in turn a damage claim of approx. Euro 52.7 million. On February 27, 2012, the arbitration award was issued, recognizing Tecnimont the right to payment of approx. Euro 10.4 million, in addition to interest, for a total of approx. Euro 16.1 million. With deed notified on June 18, 2012, Immobiliare Novoli challenged this arbitration award before the Florence Court of Appeal. On July 15, 2014, this latter Court issued a Judgement which substantially declared the partial nullity of the award with regard to the section judging payment of Euro 6,441,248.24 against Immobiliare Novoli. Immobiliare Novoli has overall paid Tecnimont a total of Euro 5,274,064.61. Tecnimont S.p.A. presented an appeal to the Court of Cassation and a revocation application of the Court of Appeal judgment.

The appeal is currently ongoing, with the proceeding allocated General Role No. 11267/2015. In addition, on March 17, 2016, following the dispute arising with regards to the payment of an additional amount of Euro 1,774,365.93 by Immobiliare Novoli Tecnimont in favor of Tecnimont on February 27, 2015 (on the basis of the Award and Judgement No. 1775/2014), the parties reached a settlement agreement under which, subject to the effects deriving from the revocation judgements (before the Florence Court of Appeal, subsequently rejected) and challenging judgements (before the Supreme Court of Cassation) of the first point only of the grounds of the Florence Court of Appeal judgement No. 1775/2014, Immobiliare Novoli paid the further amount of Euro 400,000.00, while in addition committing to indemnify and release Tecnimont from all and every claim previously advanced or which may be advanced relating to contracts signed between the parties.

Municipality of Venice – Manifattura Tabacchi: with subpoena notified on June 5, 2010, the Municipality of Venice summoned the Temporary Consortium comprising Tecnimont (59% mandatee), Progin and other mandatees (the "ATI"), as designer of the new Venice legal headquarters (*ex* Manifattura Tabacchi), requesting from the ATI repayment of damages alleged by the Municipality of Venice for the failings and omissions of the executive projects (concerning in particular, the failure to carry out chemical analysis of the soil, structure and plant errors/omissions and the failure undertake archaeological surveys). The damage claim amounted to Euro 16.9 million. In its opening, the ATI strongly contested that alleged by the Municipality of Venice. The Judge has currently withheld the decision.

Tecnimont/TCM FR – STMFC (Society du Terminal Methane de Foes Cavour): the contract concerns the construction of a regasification terminal and was signed in September 2014 between the client STMFC - Society du Terminal Methane de Foes Cavour (70% Gas De France, 30% Total) - subsequently assigned to Fosamax LNG - and STS (society end participation), comprising: 1% Sofregaz, 49% Tecnimont, 50% Saipem France (hereafter “STS“). The award was issued on February 13, 2015, under which STS is required to pay Fosamax delay penalties, costs related to accidents, disorder and harmful events at the site and for residual works carried out by Fosamax; Fosamax however shall pay STS for the increase in contractual value, the reimbursement of bank guarantees and additional costs, in addition to interest as provided for in the Judgement. The recognition of the respective positions took place in April 2015. Fosamax LNG subsequently challenged the award before the French Council of State, requesting nullification of the allegation put forward that the Arbitration Board erroneously applied private law in the place of public law. STS filed its defense petition before the Council of State. The parties exchanged petitions at the hearing before the French Council of State (Conseil d’Etat). Subsequently, at the hearing of the Rapporteur Public (Reporting Judge), the debate phase was closed. The Rapporteur referred the case to the Tribunal des Conflits, which is required to reach its decision within three months from the day of referral. At the hearing of December 3, 2015 for discussion of the suspension of the counterparty’s procedure taken at the Court of Appeal, the case was adjourned to the hearing of January 7, 2016. At this hearing, the Court of Appeal suspended the proceedings ahead of the Tribunal des Conflits decision. With decision No. 4043 the Tribunal declared the administrative jurisdiction as competent for the arbitration award appeal. On November 9, 2016, the Conseil d’Etat only partially annulled the Award, in terms of the section in which the request of the company Fosamax LNG for payment by the STS Group of costs for the at risk works and expenses of the STS Group (mise end régie (under authority of a third party)) was rejected, confirming however all other decisions of the Arbitration Board. Fosamax in addition initiated further legal proceedings before the Court of Appeal: one concerning the cancellation of the award and the other cancellation of the decree of the TGI Chairman (hereafter the “exequatur”). (1) Award cancellation appeal: With regards to this appeal, STS requested the Court to consider itself as lacking jurisdiction in view of the decision of April 11, 2016 of the Tribunal des conflits which declared the jurisdiction of the Conseil d’Etat for the award cancellation appeal. The Paris Court of Appeal accepted STS’s arguments and therefore declared itself to lack jurisdiction to decide upon this appeal (in favor of administrative jurisdiction) both for the principal appeal and accessory (enforcement appeal). (2) Appel nullité dell’exequatur: With regards to the second appeal, STS requested the Court to consider the action inadmissible due to the non-fulfilment of the initiation requirements. Subordinately, STS requested the Court to consider that as Fosamax made payment willingly it implicitly accepted the award, which was therefore no longer challengeable. The decision of the Court of Appeal rejected STS’s grounds, founding its decision, among other matters, on the control of the award allocated to administrative jurisdiction and the possibility to challenge the decision before the civil jurisdiction. As considering arguments relating to compliance with the award, the Court of Appeal considered that this review required the competent judge to declare upon the cancellation of the award: therefore, judgement was not made on the point, referring the decision to the Conseil d’Etat. In addition, the Court of Appeal considered itself competent to review the appeal, taking account of the fact that the decision was issued by a civil authority and may no longer be challenged before the administrative jurisdiction. Therefore, this procedure will continue on such lines and the Court of Appeal will fix a date in the coming weeks for examination and discussion of the case. The practical impact of a negative decision by the Court of Appeal is quite reduced (except for judgment against legal and case expenses) as the Conseil d’Etat, through its November 9, 2016 decision confirmed the validity of the award, with the exception of the request of Fosamax concerning mise end régie.

On June 21, 2017, Fosmax notified STS of an “ICC Request for arbitration”. On August 22, 2017, STS filed its “Answer to the Request for Arbitration”, appointing an arbitrator. With appointment of the Chairman on January 19, 2018, the Arbitration Court was convened.

KT – HYL TECHNOLOGIES – on July 22, 2015, an arbitration request was notified by the Client HYL TECHNOLOGY for alleged serious non-fulfilment by KT in the execution of the EP contract signed with the Client in May 2011. The claim presented by HYL amount to USD 32 million for damages and USD 45 million for loss of earnings. As per the contractual terms, the arbitration was taken to the International Court of Arbitration of the International Chamber of Commerce and was held in Milan. In the defensive petitions filed on September 18, 2015 and August 4, 2016, KT contested the accusation of poor design and rejected the assumption, drawn up by the plaintiff, of KT's liability for the accident at the plant on November 2, 2014. KT made a counter-claim requesting the sum of approx. Euro 2.7 million together with the restoration of costs incurred to date of Euro 900 thousand in relation to the arbitration. The claim requested by HYL for damages does not appear founded and does not contain specified detailed attachments such as (i) non-compliance by KT; (ii) indication of the link between the event which caused the damage and the activities undertaken by KT in execution of the contract and (iii) the certified damage incurred. The request by the counterparty for the loss of earnings - which is subject to the outcome on the assessment of the direct damage - is also unfounded in consideration of the following: (i) the contract underwritten between the parties expressly provides for the exclusion of indirect and consequential damage (citing, for example purposes, loss of production or profit, loss of revenue, loss of use, loss of capital); ii) the non-awarding of the order to HYL would principally be due to the (reduced/lower) reliability of the technology of this latter, in both absolute terms (compared to historical performances of the plant constructed by HYL), and in relative terms (compared to its competitors). The latest "Procedural Timetable" sent to the Parties by the Arbitration Court establishes a deadline of April 6, 2017 for the filing of our third Rejoinder and fixed the dates of May 22-30 for the hearings to be held in Milan. On the request of the counterparty, after the filing of our Rejoinder, the Arbitration Court granted an extension to October 2017. The hearings were held between October 9-14 2017. The Arbitration Court fixed the date of February 2, 2018 for the simultaneous post-hearing filing, with a deadline for reply to the Parties of February 26, 2018. A first partial "award on liabilities" will be sent by the arbitration court to the International Court of Arbitration on August 31, 2018.

Indian Oil Corporation Limited ("IOCL") (India), the dispute with the client IOCL concerns a lump sum EPC contract signed on November 25, 2006 for the construction of a "Polypropylene Plant with Product Warehouse facilities for Polypropylene2" (Part-A) (EPCC-2A) located in the Panipat Naptha Cracker Complex (Haryana). During execution of the project, a number of events occurred affecting the rights of the Contractor to the deferment of plant delivery terms, as per the contractual terms. In May 2010, the Contractor formally requested an extension, submitting to the Client a document in support of this request. The Client only responded to these extension requests on April 5, 2012, presenting its contractual price reduction request following the project delays: (i) 9.5% contract price reduction for delayed achievement of mechanical completion; (ii) Rs. 27,000,000 for delayed achievement of the Interim Milestone. In October 2012, Tecnimont filed an arbitration request for, among other matters, payment of the amounts related to the achievement of mechanical completion (ii) an extension and payment of additional costs, (iii) payment of interest on delayed payments to date. On November 9, 2012, IOCL filed its response to the arbitration application, rejecting entirely Tecnimont's arguments. The arbitration - which in fact was interrupted due to discussions between the parties for a possible settlement - was reinitiated with the constitution of the Arbitration Tribunal of August 10, 2015. On September 29, 2015, the preliminary hearing was held to set out the arbitration procedure calendar and on January 27, 2016 Tecnimont filed its Statement of Claim requesting again payment for: (i) the portion of the contractual price considered plus interest; (ii) certain extra works; (iii) additional costs incurred due to delays caused by IOCL and disruptions; (iv) the acceleration costs; (v) interest on delayed payments to date. On May 23, 2016, IOCL filed a motion as per Section 16 of the Arbitration and Conciliation Act of 1996, requesting rejection of Tecnimont's arbitration application as relating to matters not covered by the arbitration clause. Following an exchange of briefs between the parties and two hearings in April and July 2016, on September 1, 2016 the Arbitration Tribunal rejected IOCL's motion, confirming the applicability of arbitration to Tecnimont's claims and ordering therefore the continuation of the arbitration proceedings. As fixed by the Arbitration Tribunal on September 8, 2016, on November 20, 2016 IOCL filed its Statement of Defense (without counterclaim). On

January 23, 2017, a further hearing was held which fixed, among other matters, a deadline for the filing of Tecnimont's response (Rejoinder) to the Statement of Defense of IOCL which was filed on March 21, 2017. The final procedural hearing is fixed for July 8, 2017. At the hearing of July 8, 2017, the Court fixed the date of November 30, 2017 for the filing of written testimony and of the technical consultant opinions, and the date of December 16, 2017 for the next hearing. The December 16, 2017 hearing was deferred to January 23, 2018. At that hearing, the IOCL requested an extension of the deadline to February 15, 2018 for the filing of the Witness statement and the Expert reports, which the Court granted to both parties. The next hearing is scheduled for April 30, 2018.

NANGAL (India) - project acquired in May 2010 from National Fertilizer Limited (NFL). The project involved the reconversion of the existing Nangal fertilizer plant, replacing the fuel oil and natural gas system and modernizing the accessory infrastructure. Engineering, material procurement and construction have been completed. The project is 99.9% complete. The mechanical completion of works was delivered on February 15, 2013, while plant start-up took place on April 9, 2013. The performance tests were successfully completed. In 2015, negotiations for the settlement of outstanding matters with the client continued. In February 2016, following the unexpected requests of the client and without notice or notice of contractual non-fulfilment, a procedure for the enforcement of the project Performance Bond was initiated; a legal case was opened in India under Section 9 of the Arbitration and Conciliation Act. 1996. The High Court of Delhi on February 15, 2016 immediately blocked enforcement until March 9, 2016. At the subsequent hearing of March 9, 2016, the Delhi Court maintained the "status quo" of NFL requests until April 29, 2016. At that hearing, NFL requested an extension to the deadline for the filing of its petitions. At the hearings of July 29, 2016 and October 6, 2016, the same Court maintained the "status quo". At the last hearing of December 6, 2016, the Court decided to maintain the supervision order of February 15, 2016 unaltered until the decision of the sole arbitrator, referring therefore to the arbitrator the decision upon enforcement of the Performance Bond. With order of December 6, 2016, the Court therefore declared the proceedings closed as per Section 9 of the Arbitration and Conciliation Act. 1996. The Maire Tecnimont Group, supported by its consultants, does not concur with the actions of the Client and considers that strong arguments in its favor exist. Simultaneously, Tecnimont on February 27, 2016 presented an arbitration for recognition of the previously advanced requests to the client for the issue of improperly withheld payments for the works carried out, in addition to recognition of additional compensation due to the extra costs incurred and chargeable to the client. With order of December 9, 2016 of the Supreme Court of India (pronouncing upon the Section 11 of the Arbitration and Conciliation Act of 1996 proceeding), Justice S.S. Nijjar was appointed as the sole arbitrator. On February 15, 2017, the parties agreed with the arbitrator the arbitration calendar. As established, Tecnimont on May 19, 2017 filed its Statement of Claim, while NFL is required to file its Statement of Defense and counterclaim on August 11, 2017. NFL filed its Statement of Defence and Counterclaim on August 29, 2017, which was replied to by Tecnimont (Rejoinder) on October 19, 2017. The parties are required to file written testimonies, together with the technical consultant reports, by March 10, 2018. The arbitration is expected to conclude by the end of 2018.

NAGRP Kuwait (Kuwait) - acquired in July 2010 from Kuwait National Petroleum Company (KNPC). The EPC contract regards the provision of three portions of plant: a new process plant (New AGRP), a steam generation plant (Utilities) and the development of an existing plant (AGRP Revamping). Without any notice and entirely unexpectedly, on May 16, 2016, the Client terminated the contract and which was immediately contested by Tecnimont S.p.A. before the competent judicial courts. Following the resolution Tecnimont in fact commenced a civil procedure requesting the competent judge to accept the illegitimacy of the contract resolution as well as requesting condemnation of the Client for the payment of the contractual price matured to the date of the resolution, to the restitution of the sums received following the enforcement of the bank guarantees and payment for all damages incurred. Despite these proceedings the Parties began negotiations on the possibility to conclude a settlement agreement which would provide, among the various aspects, that the Client would commit to the payment of the trade payables of the projects which, for such purpose, would be ceded from Tecnimont to the client. Currently, negotiations are still in progress with conclusion expected in the short-term. Based on that discussed and on information available to the Group, the outcome will not result in the recognition of significant liabilities. The company however does not intend to withdraw from the legal action unless a Settlement is agreed with the Client.

TAX DISPUTES

Maire Tecnimont Group Tax disputes concern outstanding tax proceedings relating to ordinary operations of Group companies. A summary of the main positions at December 31, 2017 according to currently available information is presented below.

TECNIMONT SPA: IRPEG - IRAP - VAT and withholding tax assessment for 2003

With IRPEG - IRAP - VAT and withholding tax assessments concerning 2003, notified to Maire Engineering (subsequently incorporated into Tecnimont S.p.A.), the Tax Agency assessed higher IRPEG of Euro 4,656 thousand, higher IRAP of Euro 577 thousand, higher VAT of Euro 3,129 thousand, higher withholding taxes of Euro 10 thousand, higher regional levy of Euro 700 thousand and issued a penalty totaling Euro 6,988 thousand. Tecnimont S.p.A. in a timely manner challenged the claim in question before the competent Turin Provincial Tax Commission, which substantially pronounced in favor of the company. This judgement was reviewed in 2008 by the justices of the Regional Commission, which accepted the Tax Agency's appeal. Among the findings annulled by the first level justices, although thereafter confirmed by the Turin Regional Tax Commission, we highlight finding No. 2 concerning an extraordinary gain of Euro 12,022 thousand following the issue of the UNCITRAL arbitration award. The parties appealed to the Court of Cassation which on April 15, 2016 confirmed the previous decision (concerning the main findings) and referred the case to a differing section of the Turin Regional Tax Commission. Ahead of judgement, the company paid to the Tax Agency Euro 12,130 thousand: following the judgement issued by the Court of Cassation and in light of the changes to the penalty system introduced by Legislative Decree 158/15, this amount exceeded that due. Tecnimont S.p.A. therefore initiated a counter appeal against the Tax Agency for the exact calculation of the repayment due, still in course. In addition, on November 24, 2009 a repayment application for the taxes previously paid in 2005 relating to income from the Quetta Fund (Euro 2,329 thousand, plus interest) was presented to the Turin Tax Agency. The company, following the Court of Cassation judgement and the non-payment of the Agency, has initiated a specific legal action before the competent Tax Commission.

Ingenieria y Construccion Tecnimont Chile y Compania Limitada: Tax assessment year 2011

In May 2013 Ingenieria y Construccion Tecnimont Chile y Compania Limitada ("Tecnimont Chile") was notified of an application by the Chilean tax authorities regarding tax findings and claims. In particular, the calculation of the 2011 tax result was contested, rejecting the tax losses accumulated (approx. CLP 71.9 billion) and claiming taxes for a total of approx. CLP 4.9 billion. Tecnimont Chile promptly requested nullification of the claim as illegitimate and unfounded, providing fresh and extensive documentation not previously considered by the Chilean Tax Agency. On the basis of this documentation provided, on August 8, 2013 the Chilean Tax Agency partially nullified the act, acknowledging the validity of part of the tax loss, while also almost entirely cancelling all payment demands for increased taxes and interest previously notified to the company. Tecnimont Chile continued to appeal in support of the correctness of its conduct and, backed by a leading legal firm, proposed an appeal against the first level unfavorable decision of November 20, 2017. In addition, following a further and subsequent tax audit, the Chilean Tax Agency issued an additional assessment raising issues and challenges with regards to financial years 2012 and 2013, derecognizing part of the prior year tax losses (for a total of approx. Chilean Pesos 10.3 billion). Tecnimont Chile requested on time cancellation of the assessment as considering it unlawful and unfounded: demonstrating the correctness of its conduct and supported by a leading legal firm, on December 20, 2017 the company challenged the assessment through submitting an appeal (awaiting hearing).

TWS SA: Tax assessment - years 2004 to 2009

In December 2014, the Tax Agency notified the Swiss company TWS SA of separate tax assessments, establishing the tax residence of the company in Italy for the 2004 to 2009 tax years. The assessed and demanded taxes totaled Euro 3,198 thousand (in addition to penalties of Euro 3,838 thousand). The company considered these assessments as illegitimate and unfounded and, supported by a leading legal and tax firm, challenged all of these acts before the competent Milan Provincial Tax Commission which, with the judgment filed on June 29, 2015, accepted all appeals, judging expenses against the Tax Agency. Following the appeal presented by the Tax Agency, with judgment filed on November 22, 2017, the Milan Regional Tax Commission confirmed the first level Judgment, entirely in favor of the company, judging the repayment of additional expenses against the agency. The terms for any challenge of the Court of Cassation judgment by the Tax Agency are currently pending.

KT Kinetics Technology SpA: Tax Agency Audit year 2011

On November 3, 2016, in conclusion of the Finance Police`s tax audit relating to the year 2011, the Tax Agency (Lazio Regional Tax Office) issued separate tax assessment for IRES, IRAP and withholding taxes. The company immediately sent an appeal to the Tax Office requesting and obtaining the cancellation of some assessments which were illegitimate (without charge to the company) and in March 2017 agreed a simplified settlement for all items disputed for IRAP purposes only and withholding taxes (charge of Euro 247 thousand). The principal matters disputed in the assessment notices for IRES corporate tax only (notification also sent to Maire Tecnimont as tax consolidating company) concern however the accounting treatment of some financial contracts and dividends from a foreign owned company. The additional IRES claimed amounts to Euro 1,064 thousand, in addition to penalties and interest. With regards to these disputes, Maire Tecnimont SpA presented the “IPEC form” requesting the recalculation of the amounts due following the use of prior tax consolidation losses. Therefore, the Tax Agency accepted the request to cancel the taxes, penalties and interests claimed in the assessment. The company, considering that it has correctly acted and supported by leading tax consultants, challenged the Tax Assessment before the Rome Provincial Tax Commission, which fixed the date for hearing the dispute as March 21, 2018.

17. Corporate Governance and Ownership Structure Report

In accordance with the regulatory obligations of Article 123-bis of the CFA, the “Corporate Governance and Ownership Structure Report” is drawn up annually and contains a general outline of the Corporate Governance System adopted by the company and information upon the ownership structure, including the main governance practices applied and the features of the risk management and internal control system with regards to financial disclosure.

This report is available on the company website www.mairetecnimont.it, in the “Governance” section.

18. Treasury shares and shares of the parent company

Maire Tecnimont S.p.A. during the year acquired treasury shares implementing the Shareholders’ Meeting motion which authorized the purchase of up to a maximum 20,000,000 ordinary shares in pursuit of objectives such as, among others, share incentive plans, the conversion of convertible debt instruments into equity instruments, corporate operations, including investment swaps, in the interest of the company and, through an intermediary, in support of the share’s liquidity and fluid trading. At December 31, 2017, the company held 9,759,548 treasury shares for a countervalue paid of Euro 42,215 thousand.

On February 1, 2018 - as part of the treasury share buy-back programme, Maire Tecnimont S.p.A. announced that, taking account of the transactions carried out in the period between September 25, 2017 and January 30, 2018 inclusive, all 15,000,000 ordinary shares in service of the equity-linked bond loan had been acquired and, therefore, the Programme had concluded. At the reporting date, the company held 14,968,548 treasury shares.

On March 6, 2018, Maire Tecnimont announced that the conversion requests on the "€80 million 5.75 per cent. Unsecured Equity- Linked Bonds due 2019" were satisfied through delivery to entitled parties of a total 38,065,232 ordinary Maire Tecnimont shares, with full rights, of which 14,952,300 treasury shares of the company from the buy-back program to service the conversion of the Loan which commenced on September 25, 2017, and 23,112,932 newly-issued shares from a paid-in share capital increase to service the Loan, approved by the Extraordinary Shareholders' Meeting of the company of April 30, 2014.

At March 6, 2018, the company held 16,248 treasury shares in portfolio.

19. Going Concern

The Group again reported strong results in 2017, with consolidated net income of Euro 126.6 million (Euro 85.3 million in 2016; Euro 43.8 million in 2015 and Euro 50.6 million in 2014), marking the completion of the turnaround initiated in preceding years and the significant growth of the Group in the recent past. The Group at December 31, 2017 presents consolidated shareholders' equity of Euro 283.8 million (Euro 184.7 million at December 31, 2016).

The net financial position at December 31, 2017 returned to a Net Cash position of Euro 108 million, an improvement of Euro 150.9 million compared to December 31, 2016 (net debt of Euro 42.8 million). The improvement is mainly due to the increase in liquidity held, thanks to the operating cash flow generated in the year and the increase in the mark-to-market of the derivative instruments.

In 2017, the Maire Group acquired new projects and contract extensions worth approx. Euro 4,323.7 million; the Backlog at December 31, 2017 was Euro 7,229.4 million, increasing approx. Euro 712.9 million on 2016, particularly as a result of major acquisitions in the year (principally with regards to AMUR project in Russia), net of production executed in 2017.

In April 2017, the Group concluded agreements for the subscription, through private placement, of non-convertible bonds amounting to Euro 40 million, both managed by Amundi Group companies; the Group approaches the "debt capital market" for the first time with this operation, diversifying its sources of funding.

Thanks to the Group's improved credit rating and supported by solid operating performances and intensive commercial operations, alongside the bond issue a number of terms and conditions of the existing bank debt were reviewed and optimized. In particular, the applicable margin was reduced from 2.5% to 1.95% and the repayment period extended by approx. 15 months (bringing maturity to March 2022), while the repayment plan was also remodeled.

In relation to the results and the financial position at December 31, 2017 and the forecasts within the long-term plan approved, there are no significant variances and the results achieved are in line with the strategic projections of the Group confirming the forecasts based on the operational planning of the various projects and order backlog and of those expected to be acquired, confirming the actions undertaken quarter after quarter.

In light of the results and the initiatives which the Group has undertaken and executed, the Board of Directors declare that no doubts surround the Group's going concern.

20. Subsequent events and Outlook

The key events were as follows:

MAIRE TECNIMONT EXERCISES EARLY SETTLEMENT OPTION ON THE "€80 MILLION 5.75 PER CENT. UNSECURED EQUITY-LINKED BONDS DUE 2019" BOND LOAN

On January 25, 2018 - The Board of Directors of Maire Tecnimont approved the exercise of the early repayment in cash option, at nominal value, of the equity-linked "€80 million 5.75 per cent. Unsecured Equity- Linked Bonds due 2019" bond loan (the "Loan") issued by Maire Tecnimont ("Maire Tecnimont") and convertible into ordinary Maire Tecnimont shares.

On March 6, 2018 - Maire Tecnimont announced that - against the nominal value of the Loan at January 25, 2018 of Euro 79,900,000, for 799 bonds (the "Bonds") still in circulation and listed on the Dritter Markt (Third Market) Multilateral Trading Facility organized and managed by the Vienna Stock Exchange - it had received, by the deadline of February 28, 2018, conversion requests from bondholders for a nominal value of Euro 79,800,000, corresponding to a total of 798 Bonds, at the conversion price of Euro 2,0964.

The conversion requests were satisfied through delivery to entitled parties of a total 38,065,232 ordinary Maire Tecnimont shares, with full rights, of which 14,952,300 treasury shares of the company from the buy-back program to service the conversion of the Loan which commenced on September 25, 2017, and 23,112,932 newly-issued shares from a paid-in share capital increase to service the Loan, approved by the Extraordinary Shareholders' Meeting of the company of April 30, 2014.

The 1 Bond of a nominal value of Euro 100,000.00, for which a conversion request was not presented by the final deadline of February 28, 2018, was repaid in cash at the above nominal value, in addition to interest matured, according to that set out in the Bond Regulation, with value date of March 7, 2018.

At March 6, 2018, the company held 16,248 treasury shares in portfolio.

MAIRE TECNIMONT AND SOCAR SIGN REFINERY MODERNISATION CONTRACT

On February 1, 2018 – Maire Tecnimont S.p.A. announced that its subsidiaries Tecnimont S.p.A. and KT–Kinetics Technology S.p.A. had signed with the client SOCAR (State Oil Company of Azerbaijan Republic) Heydar Aliyev Baku Oil Refinery an EPC (Engineering, Procurement, Construction) contract concerning a significant portion of the works for the modernization and reconstruction of the Heydar Aliyev refinery in Baku (Azerbaijan). The contract value is approx. USD 800 million.

The project scope includes the installation of new process units, in addition to the relative accessory and storage units, increasing the refinery's production capacity to 7.5 million tons per year (MMTPA), while also guaranteeing the quantitative and qualitative standards of the products which shall be utilized in part to feed the petrochemical plants of Azerikimya and in part to produce Euro 5 fuels. The new process units include: Naphta Splitter; Diesel Hydrotreater Unit; Isomeration Unit; Hydrogen Production Unit; due PSA Unit; C4 Hydrogenation Unit; MTBE Unit; Sour Water Stripper Unit inclusive of a Sulphur Recovery Unit. The required process technologies will be provided by leading refinery licensing companies, including KT-Kinetics Technology, part of the Maire Tecnimont Group. Project completion is scheduled within 41 months from the contract signing date. The project is a major achievement for the Maire Tecnimont Group's Oil & Gas sector, as representing the largest refinery downstream business contract awarded. It in addition highlights the Group's focus on leveraging upon its unique expertise, on technological know-how and on the synergies among its EPC contractors.

TECHNOLOGY-DRIVEN CORE BUSINESS ORDERS FOR A TOTAL VALUE OF APPROX. USD 315 MILLION

On February 9, 2018 - Maire Tecnimont S.p.A. announced the awarding, through its main subsidiaries, of orders worth a total of approx. USD 315 million for licensing, engineering services and EP operations (Engineering and Procurement) and EPCC (Engineering, Procurement, Construction and Commissioning). The contracts - awarded by some of the leading international clients - were won principally in Europe, Asia, Africa and the United States. This result backs up the decision to target polyolefin technologies and services growth, in addition to the hydrogen production, sulfur recovery, fertilizers and refinery sectors, validating further the Group's technology-driven business model.

MAIRE TECNIMONT AWARDED USD 215 MILLION REFINERY PROJECT BY GAZPROM NEFT – OMSK REFINERY

On February 15, 2018 - Maire Tecnimont S.p.A. announced that its subsidiaries Tecnimont S.p.A. and Tecnimont Russia LLC have been awarded by JSC Gazprom Neft – Omsk Refinery an EPCm (Engineering, Procurement, and Construction management) contract for the execution of the "Delayed Coking Unit" (DCU) project at the Omsk Refinery in the Russian Federation.

The Omsk refinery is one of the most technologically advanced in the country and among the largest in the world, with an overall oil treatment capacity of approx. 21.3 tons per year.

The total contract value is USD 215 million, on a multi-currency basis. The contract covers Engineering and Procurement on a Lump Sum basis and Construction Management services on a reimbursable basis. The scope of the project includes the construction of a new Delayed Coking complex with a capacity of 2 million tons per year (34,500 barrels per day). The project shall be executed at the Omsk refinery and principally concerns the expansion of its capacity for the conversion of heavy residues, in addition to the optimization of distillate production and the production of anodic grade coke. A significant scope of the works shall be executed by Tecnimont Russia LLC from its Moscow operating center, where the Maire Tecnimont Group can rely on more than 150 personnel involved in other ongoing Russian projects. Tecnimont Russia is therefore a Group asset with a growing reputation as a supplier of high added value services for the local Russian market.

Project completion is scheduled within 29 months from the contract signing date. This deadline shall be made possible also thanks to the availability of most of the Long Lead Items (supplies with more extensive delivery timelines), which have already been acquired, made available and installed on site.

MAIRE TECNIMONT STRENGTHENS ITS PETROCHEMICALS BUSINESS IN SOUTH-EAST ASIA WITH AN EPC CONTRACT IN THE PHILIPPINES

On March 12, 2018, Maire Tecnimont S.p.A. announced that its subsidiary Tecnimont S.p.A., through its branch Tecnimont Philippines Inc., was awarded, as part of a joint venture with JGC Philippines (Tecnimont Philippines 65% - JGC Philippines 35%), a Lump Sum EPC contract by JG Summit Petrochemical Corporation (JGSPC) for the construction of a new high-density polyethylene unit (HDPE) and the extension of a polypropylene (PP) unit. The units will be located 120 km from Manila, in Batangas City (Philippines). JGSPC, part of the JS Summit Holdings Group, is the largest polyethylene producer in the Philippines.

The total EPC Lump Sum contract value is in the USD 180 million range. The scope of works concerns Engineering, Procurement and Construction, until Ready for Commissioning. Once the new project is completed, the new HDPE plant will have a 250,000 tons per year capacity (MarTECH technology Chevron Phillips Chemical), while the PP plant will be expanded up to a capacity of 300,000 tons per year (Unipol PP technology of Grace). The total execution time for the project is 26 months.

Tecnimont is the leader of the joint venture thanks to its consolidated expertise in the petrochemical sector and extensive experience in executing polyethylene and polypropylene projects on a global scale, while JGC Philippines (subsidiary of JGC CORPORATION) is one of the main local EPC contractors, with a strong track record in the country.

Outlook

The Group is to maintain in 2018 the good industrial performance achieved in 2017, thanks to the significant backlog at the end of 2017 and the new contracts signed since the beginning of 2018 with international clients.

In spite of the on-going expansion of both the organizational structure and the geographic diversification, efficiency improvement targets will continue to be maintained, even if such improvements have already led to one of the lowest G&A-Revenues ratio in the industry.

Even though the market environment is expected to remain challenging, a high level of backlog is to be maintained, thanks to our well-recognized technological expertise, which is continuously being developed and expanded to include adjacent technologies in synergy with the existing ones, and to a flexible business model that can offer innovative products and services.

This outlook is supported by a significant commercial pipeline that is expected to generate new contracts in the upcoming quarters, which will contribute to an increasing geographical diversification.

21. Consolidated Non-Financial Report

Pursuant to provisions set forth by article 5, paragraph 3, letter b, of Legislative Decree 254/2016, the Group prepared a separate consolidated non-financial report.

Pursuant to articles 3 and 4 of Legislative Decree 254/2016, the 2017 Sustainability Report, published on the company's website www.mairetecnimont.it. in the "Investors" section, constitutes the consolidated non-financial report.

22. Parent company operating performance

Maire Tecnimont S.p.A. is a company incorporated in Italy at the Rome Companies Registration Office, acting as the Maire Tecnimont Group holding company. The company Maire Tecnimont S.p.A. reported net income of Euro 60.1 million for 2017, with an EBITDA of Euro 54.1 million and shareholders' equity of Euro 411.7 million.

The main increase in non-current assets follows the increased value of investments in subsidiaries due to the incorporation of Met Development S.p.A. and the subsequent share capital increase, and the new loans issued to the subsidiary Neosia S.p.A. for short-term working capital management.

Current assets principally comprise tax receivables and in particular the VAT receivable and trade receivables from subsidiaries, also related to the tax consolidation and the Group VAT consolidation.

Shareholders' Equity at December 31, 2017 was Euro 411,674 thousand, a net decrease on the previous year of Euro 4,010 thousand, essentially due to the payment of the dividend and the acquisition of treasury shares net of the net income for the year.

The reduction in "Non-current liabilities" is due to the reclassification to current liabilities of the financial component of the bond equity linked, net of the relative accessory charges, following the decision of the Board of Directors of Maire Tecnimont to exercise the advance repayment option for cash, net of increases for additional inter-company loans from the subsidiary Tecnimont S.p.A. in order to provide funding to other Group companies requiring liquidity for ordinary operations, in addition to the management of Maire Tecnimont S.p.A.'s working capital.

Current liabilities, in addition to the bond equity linked amounting to Euro 79,581 thousand, principally concern payables to subsidiaries and relate to interest expense on loans received from the subsidiaries, in addition to other services received; in particular, Maire Tecnimont structurally benefitted from services provided, including the availability of office spaces, in addition to the provision of other related services (general services, facilities, security, equipment) and other AFC services and personnel management. The remaining amount concerns trade payables to third party suppliers.

Balance Sheet

(in Euro thousands)	2017	2016
Non-current assets	834,013	803,317
Current assets	90,508	85,003
Total Assets	**924,521**	**888,320**
Shareholders' Equity	411,674	415,684
Non-current liabilities	385,407	432,027
Current liabilities	127,440	40,609
Shareholders' Equity & Liabilities	**924,521**	**888,320**

Revenues in the year principally concerned the dividends received in 2017 from the subsidiaries and "Inter-company services" revenues from the direct subsidiaries. In the current year higher dividend were reported due to the strong performance of the subsidiaries Tecnimont S.p.A. and KT S.p.A..

Production costs decreased essentially due to the ongoing streamlining of the structure, which during the year required lesser recourse to outside consultants; personnel expense also reduced as last year impacted by increased estimates for remuneration policies and personnel incentives.

Financial income amounts to Euro 27.3 million and significantly increased on the previous year as income of approx. Euro 25.9 million was recognized on the settlement of cash-settled Total Return Equity Swaps (TRES) to hedge against movements in the Maire Tecnimont share price.

Financial expenses amount to Euro 19.6 million and increased on the previous year following the issue of the non-convertible bonds subscribed in 2017 through private placement, by the Pan-European Fund and the Export Development Fund (created by SACE), both managed by Amundi Group companies; a further increase relates to the equity linked bond of a nominal value of Euro 80 million following the acceleration of the amortization on the residual portion of the accessory charges as a consequence of the decision of the Board of Directors of Maire Tecnimont which approved the exercise of the advance repayment option in cash, at a nominal value, originally scheduled for February 2019. For further details, reference should be made to the paragraph "Other current financial liabilities" of the Explanatory Notes.

Thanks to the strong operational and financial results income before tax amount to Euro 61.7 million, up on Euro 3.7 million in the previous year.

Estimated income taxes amount to Euro 1.6 million, an increase on the previous year mainly due to higher pre-tax income.

Income Statement

(in Euro thousands)	2017	2016
Total Revenues	97,632	66,564
Total Costs	(43,527)	(48,663)
EBITDA	54,105	17,901
Amortization, depreciation, write-downs and provisions	(161)	(20)
Operating income	53,944	17,881
Financial income	27,346	2,740
Financial expenses	(19,570)	(16,928)
Investment income/(expense)	0	0
Income before tax	61,721	3,693
Income taxes, current and deferred	(1,577)	5,838
Net income for the year	**60,144**	**9,531**
Earnings (loss) per share	0.203	0.031
Diluted earnings (loss) per share	0.189	0.028

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

Consolidated Financial Statements and Explanatory Notes

at December 31, 2017

23. Financial Statements

23.1. Consolidated Income Statement

(Euro thousands)	Note	2017	2016
Revenues	27.1	3,502,902	2,408,768
Other operating revenues	27.2	21,387	26,658
Total Revenues		**3,524,289**	**2,435,426**
Raw materials and consumables	27.4	(1,424,524)	(940,127)
Service costs	27.5	(1,457,287)	(876,271)
Personnel expenses	27.6	(370,562)	(333,069)
Other operating costs	27.7	(78,441)	(125,936)
Total Costs		**(3,330,815)**	**(2,275,402)**
EBITDA		**193,475**	**160,025**
Amortization, depreciation and write-downs	27.8	(6,670)	(5,759)
Write-down of current assets	27.9	(3,147)	(738)
Provisions for risks and charges	27.9	(115)	(955)
EBIT		**183,543**	**152,572**
Financial income	27.10	48,538	16,784
Financial expenses	27.11	(46,635)	(35,552)
Investment income/(expense)	27.12	3,447	30
Income before tax		**188,893**	**133,835**
Income taxes, current and deferred	27.13	(62,341)	(48,542)
Net income		**126,553**	**85,293**
Group net income		118,650	74,371
Minorities		7,903	10,922
Basic earnings per share	27.14	**0.401**	**0.243**
Diluted earnings per share		**0.372**	**0.217**

The transactions with related parties, pursuant to Consob Resolution No. 15519 of July 27, 2006, are illustrated in the separate disclosure “Related Party Transactions”.

23.2. Consolidated statement of comprehensive income

(in Euro thousands)	Note	2017	2016
Net income for the year		**126,553**	**85,293**
Other comprehensive income/(expense) which may not be subsequently reclassified to income/(loss) for the period:			
Actuarial gains/(losses)	*28.18*	94	(449)
Relative tax effect		(23)	123
Total other comprehensive income/(expense) which may not be subsequently reclassified to income/(loss) for the period:		**72**	**(325)**
Other comprehensive income/(expense) which may be subsequently reclassified to income/(loss) for the period:			
Translation differences	*28.18*	(3,167)	(1,628)
Net valuation of derivatives instruments:			
• valuation derivative instruments	*28.18*	56,941	(18,582)
• relative tax effect		(13,666)	5,110
Total other comprehensive income/(expense) which may be subsequently reclassified to income/(loss) for the period:		**40,108**	**(15,100)**
Total other comprehensive income/(expense), net of the tax effect		**40,180**	**(15,426)**
Total comprehensive income		**166,732**	**69,867**
Attributable to:			
• Group		158,829	58,946
Minorities		7,903	10,922

Basic comprehensive earnings per share		0.537	0.193
Diluted comprehensive earnings per share		0.498	0.172

The transactions with related parties, pursuant to Consob Resolution No. 15519 of July 27, 2006, are illustrated in the separate disclosure "Related Party Transactions".

23.3. Consolidated Balance Sheet

(in Euro thousands)	Note	December 31, 2017	December 31, 2016
Assets			
Non-current assets			
Property, plant and equipment	28.1	33,927	33,582
Goodwill	28.2	291,754	291,754
Other intangible assets	28.3	40,427	32,108
Investments in associates	28.4	16,436	13,055
Financial instruments - Derivatives	28.5	1,222	9,059
Other non-current financial assets	28.6	22,516	15,037
Other non-current assets	28.7	55,584	69,632
Deferred tax assets	28.8	38,535	68,524
Total non-current assets		**500,401**	**532,753**
Current assets			
Inventories	28.9	3,453	5,587
Advance payments to suppliers	28.9	255,514	357,132
Construction contracts	28.10	1,264,178	879,639
Trade receivables	28.11	481,342	526,402
Current tax assets	28.12	91,641	122,873
Financial instruments - Derivatives	28.13	19,976	21,315
Other current financial assets	28.14	5,356	7,373
Other current assets	28.15	146,847	99,185
Cash and cash equivalents	28.16	630,868	497,138
Total current assets		**2,899,175**	**2,516,646**
Non-current assets classified as held-for-sale		0	0
Elimination of assets to and from assets/liabilities held-for-sale		0	0
Total Assets		**3,399,576**	**3,049,399**

The transactions with related parties, pursuant to Consob Resolution No. 15519 of July 27, 2006, are illustrated in the separate disclosure "Related Party Transactions".

(in Euro thousands)	Note	December 31, 2017	December 31, 2016
Shareholders' Equity			
Share capital	28.17	19,690	19,690
Share premium reserve	28.17	224,698	224,698
Other reserves	28.17	6,683	64,456
Valuation reserve	28.17	22,114	(21,233)
Total shareholders' equity & reserves	28.17	**273,186**	**287,612**
Retained earnings/(accumulated losses)	28.17	(129,882)	(192,405)
Net income for the year	28.17	118,650	74,371
Total Group Net Equity		**261,953**	**169,577**
Minorities		21,817	15,079
Total Net Equity		**283,770**	**184,656**
Non-current liabilities			
Financial debt - non-current portion	28.18	324,602	306,559
Provisions for charges - beyond 12 months	28.19	62,007	70,524
Deferred tax liabilities	28.8	31,159	25,055
Post-employment & other employee benefits	28.20	11,452	11,689
Other non-current liabilities	28.21	79,465	48,861
Financial instruments - Derivatives	28.22	249	4,045
Other non-current financial liabilities	28.23	39,719	75,117
Total non-current liabilities		**548,652**	**541,849**
Current liabilities			
Short-term debt	28.24	103,943	143,205
Provisions for risks and charges - within 12 months	28.25	3,384	3,906
Tax payables	28.26	41,413	50,536
Financial instruments - Derivatives	28.27	9,876	54,540
Other current financial liabilities	28.28	79,911	330
Client advance payments	28.29	573,783	299,233
Construction contracts	28.30	408,561	555,028
Trade payables	28.31	1,282,306	1,150,157
Other Current Liabilities	28.32	63,976	65,956
Total current liabilities		**2,567,154**	**2,322,894**
Liabilities directly associated with non-current assets classified as held-for-sale		0	0
Elimination of liabilities to and from assets/liabilities held-for-sale		0	0
Total Shareholders' Equity and Liabilities		**3,399,576**	**3,049,399**

The transactions with related parties, pursuant to Consob Resolution No. 15519 of July 27, 2006, are illustrated in the separate disclosure "Related Party Transactions".

24. Statement of changes in Consolidated Shareholders' Equity

(in Euro thousands)	Share Capital	Share premium reserve	Other reserves	Traslation reserve	Valuation reserve	Retained Earnings/Accum. losses	Income/(loss) for year	Group Shareholders' Equity	Minority Interests Capital & Reserves	Group & Minority Int. - Consolidated Share Equity
December 31, 2015	**19,690**	**224,698**	**75,297**	**(13,278)**	**(7,436)**	**(218,056)**	**43,956**	**124,871**	**1,328**	**126,199**
Allocation of the results						43,956	(43,956)	-		-
Change to consolidation scope									2,775	2,775
Other changes						(3,946)		(3,946)	54	(3,892)
IFRS 2 (Employee share plan)			4,066					4,066		4,066
Dividends distribution						(14,360)		(14,360)	-	(14,360)
Comprehensive Income/(loss) for year				(1,628)	(13,797)		74,371	58,946	10,922	69,867
December 31, 2016	**19,690**	**224,698**	**79,363**	**(14,907)**	**(21,233)**	**(192,405)**	**74,371**	**169,577**	**15,079**	**184,656**

December 31, 2016	**19,690**	**224,698**	**79,363**	**(14,907)**	**(21,233)**	**(192,405)**	**74,371**	**169,577**	**15,079**	**184,656**
Allocation of the results						74,371	(74,371)	-		-
Change to consolidation scope								-	-	-
Other changes			(203)			(91)		(294)	(1,165)	(1,459)
IFRS 2 (Employee share plan)			6,695			(2,225)		4,470		4,470
Treasury Shares			(42,215)					(42,215)		(42,215)
Dividends distribution			(18,883)			(9,531)		(28,414)		(28,414)
Comprehensive Income/(loss) for year				(3,167)	43,347		118,650	158,829	7,903	166,732
December 31, 2017	**19,690**	**224,698**	**24,756**	**(18,073)**	**22,114**	**(129,882)**	**118,650**	**261,953**	**21,817**	**283,770**

25. Consolidated Cash Flow Statement (indirect method)

(in Euro thousand)		31 December 2017	31 December 2016
Cash and cash equivalents at the beginning of the year (A)		497,138	362,385
Operations			
Net Income of Group and Minorities		126,553	85,293
Adjustments:			
-	Amortisation of intangible assets	3,667	2,705
-	Depreciation of non-current tangible assets	3,004	3,054
-	Provisions	3,262	1,693
-	(Revaluations)/Write-downs on investments	(3,447)	(30)
-	Financial (Income)/Charges	(1,903)	18,768
-	Income and deferred tax	62,341	48,542
-	Capital (Gains)/Losses	27	16
-	(Increase)/Decrease inventories/supplier advances	103,753	(201,064)
-	(Increase)/Decrease in trade receivables	41,798	(133,308)
-	(Increase)/Decrease in construction contract receivables	(384,538)	(359,626)
-	Increase/(Decrease) in other liabilities	(12,722)	90,855
-	(Increase)/Decrease in other assets	23,080	(80,130)
-	Increase/(Decrease) in trade payables/advances from clients	406,698	463,239
-	Increase/(Decrease) in payables for construction contracts	(146,467)	210,059
-	Increase/(Decrease) in provisions (including post-employment benefits)	(72)	16,673
-	Income taxes paid	(16,498)	(3,551)
Cash flow from operations (B)		208,535	163,187
Investments			
(Investment)/Disposal of non-current tangible assets		(3,376)	(3,022)
(Investment)/Disposal of intangible assets		(11,986)	(8,737)
(Investment)/Disposal in associated and other companies		(4,503)	(8,810)
Cash flow from investments (C)		(19,865)	(20,568)
Financing			
Increase/(Decrease) in bank overdrafts		(1,659)	(29,702)
Changes in financial liabilities		(43,359)	39,092
Increase/(Decrease) in securities/bonds		39,719	3,405
Change in other financial assets and liabilities		25,941	(6,301)
Dividends		(28,414)	(14,360)
Treasury Shares-Buyback		(47,167)	-
Cash flow from financing (D)		(54,939)	(7,867)
Increase/(Decrease) in Cash and Cash Equivalents (B+C+D)		133,731	134,753
Cash and cash equivalents at year end (A+B+C+D)		630,869	497,138
of which: Cash and cash equivalents of Discontinued Operations		-	-
CASH AND CASH EQUIVALENTS REPORTED IN THE FINANCIAL STATEMENTS		630,869	497,138

26. Explanatory Notes at December 31, 2017

Basis of preparation

Introduction

Maire Tecnimont S.p.A. is a company incorporated in Italy at the Rome Companies Registration Office. The addresses of the registered office and principal headquarters of Group activities are reported in the introduction to the Annual Report.

The financial statements for the year 2017 were prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and approved by the European Union, as well as the provisions issued under Article 9 of Legislative Decree No. 38/2005. IFRS include all the revised international accounting standards (IAS) and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC"). The financial statements are prepared under the historical cost convention, modified where applicable for the valuation of certain financial instruments. The present consolidated financial statements at December 31, 2017 are expressed in Euro, as the majority of Group operations are carried out in this currency. The foreign subsidiaries are included in the consolidated financial statements in accordance with the policies described in the notes below.

Going concern

The Group and the company consider the going concern principle appropriate for the preparation of the consolidated financial statements at December 31, 2017.

Financial statements

The financial statements prepared by the Group include the integrations introduced following the application of "IAS 1 revised", as follows:

The Balance Sheet accounts are classified between current and non-current, while the Consolidated Income Statement and Comprehensive Income Statement are classified by nature of expenses. The Consolidated Cash Flow Statement is presented in accordance with the indirect method, adjusting the income for the period with non-cash items. The Statement of change in Shareholders' Equity reports comprehensive income (charges) for the period and the changes in Shareholders' Equity.

Accounting standards, amendments and IFRS interpretations applicable from January 2017

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group from January 1, 2017:

- Amendment to IAS 7 (Disclosure Initiative). The document provides clarifications to improve disclosure on financial liabilities. In particular, the amendments require the provision of disclosure which enables readers of the financial statements to understand the changes to liabilities following funding operations;

- Amendment to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses". The document provides clarifications on the recognition of deferred tax assets on unrealized losses in the measurement of "Available for Sale" financial assets on the occurrence of certain circumstances and on estimates of assessable income for future years.

IFRS and IFRIC accounting standards, amendments and interpretations approved by the EU, not yet mandatory and not adopted in advance by the Group at December 31, 2017

- Standard IFRS 15 – Revenue from Contracts with Customers (published on May 28, 2014 and supplemented with further clarifications on April 12, 2016) which replaces IAS 18 - Revenue and IAS 11 - Construction Contracts, in addition to the interpretations 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 revenue recognition model, which will apply to all contracts with clients, with the exception of those falling under the application of other IAS/IFRS such as leasing, insurance contracts and financial instruments. The essential issues for the recognition of revenues according to the new model are: the identification of the contract with the client; the identification of the performance obligations of the contract; the establishment of the price; the allocation of the price to the performance obligations of the contract; the recognition criteria of the revenues when the entity satisfies each of the performance obligations.

  The standard is applicable from January 1, 2018.
  The directors in application of the revenue recognition model established in 5 phases, as per IFRS 15 and as previously mentioned, did not indicate significant impacts. The Group currently recognizes revenues as per IAS 11 through the utilization of the percentage of completion criterion, valued as per the "Cost-to-Cost" method. This method should not change with the introduction of IFRS 15, being one of the input-based methods set out by the new standard. It is currently considered to best reflect the transfer to the client of control of the works under construction.
  However, with regards to costs incurred for expected and specifically identified future acquisition contracts following the application of the more stringent requirements under IFRS 15, some of the costs previously recognized as assets will not meet the conditions identified by the new standard, whose effect on opening shareholder' equity at 01.01.2018 was considered to reduce shareholders' equity by approx. Euro 22 million.

- Final version of IFRS 9 - Financial instruments (published on July 24, 2014). The document incorporates the results of the Classification and measurement, Impairment and Hedge accounting phases of the IASB project to replace IAS 39:
  - the standard introduces new criteria for the classification and measurement of financial assets and liabilities;
  - The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model, utilizing supporting information, available without unreasonable charges or effort, which includes historic, current and projected figures;
  - 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 relationship, change in the effectiveness test).

  The new standard, which replaces the previous version of IFRS 9, must be applied for financial statements beginning on or after January 2018.

  The directors indicate that the application of IFRS 9 with regards to hedge accounting will not impact the financial statements in terms of numbers, but rather in terms of the provision of greater disclosure in the Group consolidated financial statements.

  In relation to the impairment on financial assets on the basis of expected losses and the analysis on outstanding receivables at the reporting date, applying a risk factor on the basis of the specific default probability of the counterparties, the effect was to reduce opening shareholders' equity at 01.01.2018 by approx. Euro 6 million.

With regards to the valuation of financial liabilities, IFRS 9 provides for upon their renegotiation, differing from IAS 39, the use of the Internal Rate of Return of the original liability adjusted only for the new settlement costs. The difference between the previous amortized cost and the Net Present Value of the renegotiated liability should be recognized to the Income Statement. The utilization of the Internal Rate of Return of the original loan has a positive effect on opening shareholders' equity at 01.01.2018 of approx. Euro 0.2 million.

Finally, with regards to the valuation of financial assets concerning minority investments, IAS 39 established the option to maintain the historic cost, while IFRS 9 however requires fair value measurement. The impact of the fair value measurement of minority investments increases opening shareholders' equity by approx. Euro 1 million.

- **IFRS 16 - Leases** (published on January 13, 2016) which replaces 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 leases and introduces a criterion based on control (right of use) of an asset to distinguish leasing contracts from service contracts, identifying essential differences: the identification of the asset, the right of replacement of the asset, the right to obtain substantially all the economic benefits from the use of the asset and the right to use the asset underlying the contract. The standard establishes a single model to recognize and measure leasing contracts for the leasee (lessees) which provides also for the recognition of operating leases under assets with a related financial payable, providing the possibility not to be recognize as leasing contracts "low-value assets" and leasing contracts less than 12 months. This Standard does not contain significant amendments for lessors. The standard is effective from January 1, 2019, although early application is permitted, only for companies which have already applied IFRS 15 - Revenue from Contracts with Customers. It is not possible to provide a reasonable estimate of the effects until the Group has completed a detailed analysis of the relative contracts.

IFRS Standards, Amendments and Interpretations not yet approved by the European Union at December 31, 2017

At the date of the present Annual Report, the relevant bodies of the European Union have not yet concluded the process necessary for the implementation of the amendments and standards described below.

- On May 18, 2017, the IASB published IFRS 17 - Insurance Contracts which replaces IFRS 4 - Insurance Contracts. The new standard ensures that an entity provides pertinent information which accurately presents the rights and obligations under insurance contracts. The IASB developed the standard in order to eliminate inconsistencies and weaknesses in the existing accounting policies, providing a single principle-based framework to take account of all types of insurance contracts, including reinsurance contracts held by an insurer. The standard is effective from January 1, 2021, although early application is permitted, only for entities applying IFRS 9 – Financial Instruments and IFRS 15 - Revenue from Contracts with Customers. The Directors do not expect this standard to have a significant impact on the Group consolidated financial statements.

- Amendment to IFRS 2 "Classification and measurement of share-based payment transactions (published on June 20, 2016) which contains clarifications upon the recognition of the effects of vesting conditions in the presence of cash-settled share-based payments, on the classification of share-based payments with characteristics of net settlement and the recognition of the amendments to the terms and conditions of a share-based payment which changes the classification from cash-settled to equity-settled. These changes will be applied from January

1, 2018. The directors do not expect these amendments to have a significant impact on the Group consolidated financial statements.

- Document "Annual Improvements to IFRSs: "Annual Improvements to IFRSs: 2014-2016 Cycle", published on December 8, 2016 (including IFRS 1 First-Time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters, IAS 28 Investments in Associates and Joint Ventures – Measuring investees at fair value through profit or loss: an investment-by-investment choice or a consistent policy choice, IFRS 12 Disclosure of Interests in Other Entities – Clarification of the scope of the Standard) which partially integrates the pre-existing standards. The majority of changes will be applied from January 1, 2018. The Directors do not expect these amendments to have a significant impact on the Group consolidated financial statements.

- Interpretation IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (published on December 8, 2016). The interpretation provides guidelines for transactions in foreign currencies where advances or non-monetary payments on account are recorded in the financial statements, before the recognition of the relative asset, cost or revenue. This document provides indications on how an entity should determine the date of a transaction, and consequently, the exchange rate to be utilized concerning operations in foreign currencies concerning payments made or received in advance. IFRIC 22 is applicable from January 1, 2018. The directors are currently assessing the possible effects from the introduction of these amendments on the Group consolidated financial statements.

- Amendment to IAS 40 "Transfers of Investment Property" (published on December 8, 2016). These amendments clarify the transfers of a building to, or from, investment property. In particular, an entity shall reclassify a building to, or from, investment property only when there is a clear indication of a change in the use of the building. This change must be attributable to a specific event and shall not therefore be limited to only a change in intention by management of the entity. These amendments are applicable from January 1, 2018. The directors do not expect these amendments to have a significant impact on the Group consolidated financial statements.

- On June 7, 2017, the IASB published the interpretative document IFRIC 23 – Uncertainty over Income Tax Treatments. The document deals with uncertainties on the tax treatment to be adopted for income taxes. It establishes that uncertainties in the calculation of tax liabilities or assets are reflected in the financial statements only where it is probable that the entity will pay or recover the amount in question. In addition, the document does not contain any new disclosure obligations, but underlines that an entity should establish whether it will be necessary to provide information on considerations made by management and the relative uncertainty concerning the accounting of income taxes, in accordance with IAS 1. The new interpretation applies from January 1, 2019, although early application is permitted. The Directors are currently assessing the possible effects from the introduction of this interpretation on the Group consolidated financial statements.

- Amendment to IFRS 9 "Prepayment Features with Negative Compensation (published on October 12, 2017). This document specifies that instruments which provide for an advance repayment could comply with the "SPPI" test also in the case where the "reasonable additional compensation" to be paid in the event of advance repayment is a "negative compensation" for the lender. The amendment applies from January 1, 2019, although early application is permitted. The directors do not expect these amendments to have a significant impact on the Group consolidated financial statements.

- Amendment to IAS 28 "Long-term Interests in Associates and Joint Ventures" (published on October 12, 2017)". This document clarifies the necessity to apply IFRS 9, including the requirements related to impairment, to the other long-term interests in associates and joint ventures which do not apply the equity method. The amendment applies from January 1, 2019, although early application is permitted. The directors are currently assessing the possible effects from the introduction of these amendments on the Group consolidated financial statements.

- Document "Annual Improvements to IFRSs 2015-2017 Cycle", published on December 12, 2017 (among which IFRS 3 Business Combinations and IFRS 11 Joint Arrangements – Remeasurement of previously held interest in a joint operation, IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity, IAS 23 Borrowing costs Disclosure of Interests in Other Entities – Borrowing costs eligible for capitalization) which include the amendments to some standards within the annual improvement process. The amendments are applicable from January 1, 2019, although advance application is permitted. The directors are currently assessing the possible effects from the introduction of these amendments on the Group consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 "Sales or Contribution of Assets between an Investor and its Associate or Joint Venture" (published on September 11, 2014). The document was published in order to resolve the current conflict between IAS 28 and IFRS 10 relating to the measurement of the gain or loss from the sale or conferment of a non-monetary asset to a joint venture or associate in exchange for a share of the capital of this latter. Currently, the IASB has suspended the application of this amendment.

- Standard IFRS 14 - Regulatory Deferral Accounts (published on January 30, 2014) which permits only those adopting IFRS for the first time to continue to recognize amounts concerning Rate Regulation Activities according to the previous accounting standards adopted. As the Company/Group is a first-time adopter, this standard is not applicable.

Consolidation Scope

In addition to the Parent Company Maire Tecnimont S.p.A., the consolidation scope includes the directly and indirectly held subsidiaries. In particular, the companies consolidated are those in which Maire Tecnimont S.p.A. exercises control, either due to a direct shareholding or the indirect holding of the majority of the voting rights, or having the power to determine the financial and operating choices of the company/entity, obtaining the relative benefits, irrespective of the shareholding. The Joint Operations in which two or more parties undertake an economic activity which is subject to joint control are consolidated under the proportional method. All the subsidiaries are included in the consolidated scope at the date in which control is acquired by the Group. Entities are excluded from the consolidation scope from the date the Group cedes control.

The changes in the consolidation scope compared to December 31, 2016 were as follows:

- incorporation and inclusion in the consolidation scope of MET Development S.p.A., involved in new Group initiatives and in particular Project Development;
- incorporation and inclusion in the consolidation scope of MET Dev 1 S.r.l., which together with PJSC KuibyshevAzot, leader in the Russian chemical industry, has the corporate objective to develop the Volgafert LLC project for the construction, funding, maintenance and management of a new urea plant in Togliatti, in the Samara region of the Russian Federation;
- inclusion in the consolidation scope of VGL Management Ltd, following the acquisition by MET T&S Ltd;
- incorporation and inclusion in the consolidation scope of Stamicarbon USA Inc, vehicle company incorporated by the Group for the acquisition of a 20% share of Pursell Agri-Tech, LLC, a US start-up specialized in the development and sale of controlled release polymer-coated fertilizers;
- incorporation and inclusion in the consolidation scope of Tecnimont E&I Sdn Bhd in support of specific Group electro-instrumental operations on Malaysian projects for the client Petronas;

- incorporation and inclusion in the consolidation scope of Vinxia Engineering a.s., involved in the development of new Group initiatives for revamping projects, in particular for fertilizer plant;

- effective as of January 1, 2017 the merger between the subsidiaries Met Newen S.p.A. and Tecnimont Civil Construction S.p.A., respectively engaged in renewable energies and civil infrastructure. Following the merger, the company assumed the name NEOSIA S.p.A..

- deconsolidation following the liquidation of JTS Contracting Company Ltd;

- inclusion in the consolidation scope of Tecnimont Bolivia S..r.l., recently incorporated, following the possible commencement of a specific project.

For the consolidation in accordance with IFRS, all consolidated subsidiaries prepared a specific "reporting package", based on IFRS accounting standards adopted by the Group and illustrated below, reclassifying and/or adjusting the accounts approved by the boards of the respective companies.

The following criteria and methods were utilized in the consolidation:

a) adoption of the line-by-line consolidation method, with the full recognition of assets, liabilities, costs and revenue, irrespective of the shareholding;
b) adoption of the proportion consolidation method, recognizing the percentage held in the assets, liabilities, costs and revenue;
c) elimination of balance sheet and income statement transactions between Group companies, including the reversal of any gains or losses not yet realized, deriving from operations between consolidated companies, recording any consequent deferred tax effects;
d) elimination of inter-company dividends and relative adjustment of opening equity reserves;
e) elimination of the book value of investments, relating to companies included in the consolidation, and the corresponding share in net equity and allocation of the positive and/or negative differences deriving from the relative accounts (assets, liabilities and equity), defined with reference to the date of acquisition of the investment and subsequent changes;
f) recognition, in separate equity and income statement accounts, of the share capital, reserves and income for the period of minorities;
g) adoption of the conversion method of financial statements of foreign companies which prepare their financial statements in currencies other than the Euro, which provides for the conversion of all monetary assets and liabilities at the period-end rate and the average period rate for income statement items. The difference deriving from the conversion is recorded under equity reserves.

The main exchange rates applied for the conversion of the financial statements in foreign currencies, illustrated below, are those published by the UIC:

Exchange rates	January-December 2017	31.12.2017	January-December 2016	31.12.2016
Euro/US Dollar	1.1293	1.1993	1.1069	1.0541
Euro/Brazilian Real	3.6041	3.9729	3.85614	3.4305
Euro/Indian Rupee	73.498	76.6055	74.3717	71.5935
Euro/Nigeria Naira	350.6249	367.0458	285.447	332.305025
Euro/Chilean Peso	732.19	737.29	748.477	704.945187
Euro/Russian Ruble	65.8877	69.392	74.1446	64.3
Euro/Saudi Arabia Riyal	4.2351	4.4974	4.15167	3.954456
Euro/Polish Zloty	4.2563	4.177	4.36321	4.4103
Euro/Yen	126.6545	135.01	120.197	123.4
Euro/Malaysian Ringgit	4.8501	4.8536	4.5835	4.7287
Euro/Mexican Pesos	21.3278	23.6612	20.6673	21.7719
Euro/GBP	0.87615	0.88723	0.819483	0.85618

The consolidation scope at December 31, 2017 is shown below:

Companies consolidated by the line-by-line method:

Consolidated companies	Location /	Currency	Share capital	% Group	Through:	
Maire Tecnimont S.p.A.	Italy (Rome)	EUR	19,689,550	–	Parent Company	
Met Development S.p.A.	Italy	EUR	1,000,000	100%	Maire Tecnimont S.p.A.	100%
Met T&S Ltd	UK	GBP	100,000	100%	Met Development S.p.A.	100%
VGL Management Ltd	UK	GBP	1	100%	Met T&S Ltd	100%
Met Dev 1 S.r.l.	Italy	EUR	500,000	100%	Met Development S.p.A.	100%
MET GAS Processing Technologies S.p.A.	Italy	EUR	4,000,000	100%	Maire Tecnimont S.p.A.	100%
Stamicarbon B.V.	Holland	EUR	9,080,000	100%	Maire Tecnimont S.p.A.	100%
Stamicarbon USA Inc	USA	USD	5,500,000	100%	Stamicarbon B.V.	100%
Vinxia Engineering a.s.	Czech Republic	CZK	13,500,000	80%	Stamicarbon B.V.	40%
					Tecnimont S.p.A.	40%
KT S.p.A.	Italy	EUR	6,000,000	100%	Maire Tecnimont S.p.A.	100%
Processi Innovativi S.r.l	Italy	EUR	45,000	56.67%	KT S.p.A.	56.67%
KTI Arabia LLC	Saudi Arabia	Riyal	500,000	70%	KT S.p.A.	70%
KT Cameroun S.A.	Cameroon	XAF	70,000,000	75%	KT S.p.A.	75%
KT Star CO. S.A.E.	Egypt	USD	1,000	40%	KT S.p.A.	40%
Tecnimont S.p.A.	Italy (Milan)	EUR	1,000,000	100%	Maire Tecnimont S.p.A.	100%
TCM FR S.A.	France	EUR	37,000	100%	Tecnimont S.p.A.	100%

Consolidated companies	Location/	Currency	Share capital	% Group	Through:	
TPI Tecnimont Planung und Industrieanlagenbau Gmbh	Germany	EUR	260,000	100%	Tecnimont S.p.A.	100%
Tws S.A.	Switzerland	EUR	507,900	100%	T.P.I.	100%
Tecnimont Poland Sp.Zo.o	Poland	Plz	50,000	100%	Tecnimont S.p.A.	100%
Tecnimont Arabia Ltd.	Saudi Arabia	Riyal	5,500,000	100%	Tecnimont S.p.A.	100%
Tecnimont Nigeria Ltd.	Nigeria	Naire	10,000,000	100%	Tecnimont S.p.A.	100%
Tecnimont Russia	Russia	RUR	18,000,000	100%	Tecnimont S.p.A.	99%
					T.P.I.	1%
Tecnimont Private Limited	India	Indian Rupee	13,968,090	100%	Tecnimont S.p.A.	100%
Tecnimont E&I (M) Sdn Bhd	Malaysia	MYR	1,000,000	100%	Tecnimont Private Limited	100%
Tecnimont do Brasil Ltda.	Brazil	Real	577,413,192	100%	Tecnimont S.p.A.	99.30%
					Maire Engineering France S.A.	0.70%
Tecnimont Chile Ltda.	Chile	Pesos	57,747,137,403	100.00%	Tecnimont S.p.A.	95.71%
					Tecnimont do Brasil Ltda.	4.28%
					T.P.I.	0.01%
Consorcio ME Ivai	Brazil	Real	12,487,309	65%	Tecnimont do Brasil Ltda.	65%
Tecnimont Mexico SA de CV	Mexico	MXN	50,000.00	100%	Tecnimont S.p.A.	90.00%
					TWS S.A,	10.00%
Maire Engineering France S.A.	France	EUR	680,000	99.98%	Tecnimont S.p.A.	99.98%
Tecnimont USA INC.	Texas (USA)	USD	4,430,437	100.00%	Tecnimont S.p.A.	100.00%
TecnimontHQC S.c.a.r.l.	Italy	EUR	10,000	60.00%	Tecnimont S.p.A.	60.00%
TecnimontHQC SD Bhd.	Malaysia	MYR	750,000	60.00%	Tecnimont S.p.A.	60.00%
Tecnimont Bolivia S.r.l	Bolivia	BS	1,000,000	100%	Tecnimont S.p.A.	99%
					Tecnimont Mexico SA de CV	1%
Neosia S.p.A. (ex Tecnimont Civil Construction S.p.A.)	Italy	EUR	6,000,000	100%	Maire Tecnimont S.p.A.	100%
Met NewEN Mexico SA de CV	Mexico	MXN	4,200,000	100%	Neosia S.p.A. (ex Met NeweEN S.p.A.)	99%
					Tecnimont Messico SA de CV	1%
MST S.r.l.	Italy	EUR	400,000	100%	Neosia S.p.A. (ex Tecnimont Civil Construction S.p.A.)	100%
Transfima S.p.A.	Italy	EUR	1,020,000	51%	Neosia S.p.A. (ex Tecnimont Civil Construction S.p.A.)	51%
Transfima G.E.I.E.	Italy	EUR	250,000	50.65%	Neosia S.p.A. (ex Tecnimont Civil Construction S.p.A.)	43%
					Transfima S.p.A.	15%
Cefalù 20 S.c.a.r.l.	Italy	EUR	20,000,000	99.99%	Neosia S.p.A. (ex Tecnimont Civil Construction S.p.A.)	99.99%
Corace S.c.a.r.l. in liquidation	Italy	EUR	10,000	65%	Neosia S.p.A. (ex Tecnimont Civil Construction S.p.A.)	65%
MGR Verduno 2005 S.p.A.	Italy	EUR	600,000	95.95%	Neosia S.p.A. (ex Tecnimont Civil Construction S.p.A.)	95.95%
Birillo 2007 S.c.a.r.l.	Italy	EUR	1,571,940	100%	Neosia S.p.A. (ex Tecnimont Civil Construction S.p.A.)	98.4%
					MST S.r.l.	1.6%
Coav S.c.a.r.l. in liquidation	Italy	EUR	25,500	51%	Neosia S.p.A. (ex Tecnimont Civil Construction S.p.A.)	51.0%
TCC Denmark Aps	Italy	EUR	10,728	100%	Neosia S.p.A. (ex Tecnimont Civil Construction S.p.A.)	100.0%

Companies consolidated line-by-lined based on shareholding:

Consolidated companies	Location/	Currency	Share capital	% Group	Through:	
Sep FOS(*)	France	EUR	-	50%	Tecnimont S.p.A.	49%
					TCM FR S.A. (ex Sofregaz S.A.)	1%
Consorzio Turbigo 800 (*)	Italy	EUR	100,000	50%	Tecnimont S.p.A.	50%
JV Gasco(*)	United Arab Emirates	USD	-	50%	Tecnimont S.p.A.	50%
JO Saipem-Dodsal-Tecnimont (*)	United Arab Emirates	AED	-	32%	Neosia S.p.A. (ex Tecnimont Civil Construction S.p.A.)	32%
UTE Hidrogeno Cadereyta(*)	Spain	EUR	6,000	43%	KT S.p.A	43%

(*) *Joint control agreement incorporated to manage a specific project and measured as a joint operation in accordance with the introduction of IFRS 11.*

ACCOUNTING POLICIES

The main accounting policies adopted in the preparation of the financial statements are illustrated below:

BUSINESS COMBINATIONS

Business combinations are recorded in accordance with the purchase method. The cost of the business combination is measured as the aggregate of the fair values, at the date of exchange, of assets acquired, liabilities incurred or assumed, and equity instruments issued by the Group, in exchange for control of the company acquired.

The identifiable assets, liabilities and contingent liabilities of the company acquired that comply with the conditions for recognition under IFRS 3 are recognized at their fair value at the acquisition date, with the exception of non-current assets (or disposal groups) which are classified as held-for-sale in accordance with IFRS 5 and are recognized and measured at fair value, net of sales costs.

Goodwill deriving from acquisition is recognized under assets and initially measured at cost, represented by the excess of the acquisition cost compared to the Group share in the present value of the identifiable assets, liabilities and contingent liabilities recognized. Where, after the measurement of these values, the Group share in the present value of the identifiable assets, liabilities and contingent liabilities exceeds the acquisition cost, the excess is immediately recorded in the Income Statement.

The share of minorities in the entity acquired is initially measured in line with their share of the present value of the assets, liabilities and contingent liabilities recognized.

INVESTMENTS IN ASSOCIATES

An associate is a company in which the Group has significant influence, but not full control or joint control. The Group exerts its influence by taking part in the associate's financial and operating policy decisions.

The results and assets and liabilities of associates are recorded in the consolidated financial statements under the Equity method, except where the investments are classified as held-for-sale in which case they are recognized separately in accordance with IFRS 5 - Non-current assets held-for-sale and discontinued operations.

Under this method, investments in associates are recorded in the Balance Sheet at cost, adjusted for changes after the acquisition in the net assets of the associates, less any impairment in the value of the individual investments. Losses of associates in excess of the Group share (including medium/long-term interests which, in substance are part of the Group net investment in the associate) are not recorded unless the Group has an obligation to cover them.

INVESTMENTS IN JOINT VENTURES AND JOINT OPERATIONS

A joint operation is a contractual agreement whereby the Group undertakes a jointly controlled business venture with other parties. Joint control is defined as the contractually shared control over a business activity and only exists when the financial and operating strategic decisions of the activities requires the unanimous consent of the parties sharing control.

When an enterprise of the Group undertakes its activities directly through joint operations, the assets and liabilities jointly controlled with other participants are recognized in the consolidated financial statements of the company based on the Group holding and classified in accordance with their nature. The liabilities and the costs incurred directly in relation to the activity jointly controlled are recognized on the basis of the accruals principle. The share of the gains deriving from the sale or use of the resources produced by the joint operation, net of the relative share of expenses, are recognized when it is probable that the economic benefits deriving from the operations will benefit the Group and their amount may be measured reliably.

Joint venture agreements, which involve the incorporation of a separate entity in which each participant has a shareholding, are considered joint control investments. The Group records the joint control investments utilizing the equity method. Under this method the joint ventures are recorded in the Balance Sheet at cost, adjusted for changes after acquisition in the net assets of the associates, less any impairment in the value of the individual investments. The losses of the associates exceeding the Group interest and including medium/long-term interests (which, in substance are part of the Group net investment in the associates) are not recorded, unless the Group has an obligation to cover such losses.

Unrealized profits and losses on transactions between a Group company and a joint controlled entity are eliminated to the extent of the Group's share in the joint controlled entity, except when the unrealized losses constitute a reduction in the value of the asset transferred.

GOODWILL

Goodwill deriving from the acquisition of a subsidiary or a joint controlled entity represents the excess of the acquisition cost over the Group's share in the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or the joint controlled entity at the acquisition date. Goodwill is recorded as an asset and an impairment test is undertaken annually.

Impairments are recorded immediately in the Income Statement and may not be subsequently restated, in accordance with IAS 36 - Impairment of assets.

For the impairment test, the goodwill acquired in a business combination must be allocated to each cash-generating unit of the acquirer, or groups of cash-generating units, which will gain from the synergies of the business combination. When the recoverable value of the cash-generating unit (or groups of cash- generating units) is lower than the book value, a write-down is recorded.

On the disposal of a subsidiary or joint controlled entity, the part of the goodwill attributable to the disposal is included in the measurement of the gain or loss.

Goodwill deriving from acquisitions prior to the transition date to IFRS are maintained at the values applicable under Italian GAAP at that date and which were subject to an impairment test at that date.

NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE

Non-current assets (and disposal groups) are classified as held-for-sale when their carrying value is expected to be recovered by means of a sales transaction rather than through use in company operations. This condition is met only when the sale is highly likely, the assets (or group of assets) are available for immediate sale in their current condition and, consequently, management is committed to a sale, which should take place within 12 months of the classification as held-for-sale.

Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of their previous carrying value and market value less selling costs.

REVENUE RECOGNITION

Revenues are recorded at the fair value of the amount received less returns, discounts and allowances as follows:

- revenue from sales: on the effective transfer of the risks and rewards typically connected with ownership;
- revenue from services: on the provision of the service.

The Group classifies exchange differences deriving from commercial operations under operating results, and in particular in the accounts other operating revenues and other operating costs depending on whether the net effect is a gain or loss, with detailed information provided in the Explanatory Notes.

The amounts matured, where expressed in foreign currencies, are calculated taking into account the exchange rates at the date of the relative hedging operations.

CONSTRUCTION CONTRACTS

Where the result of a construction contract may be estimated reliably, the revenues relating to the project must be recorded in relation to the advancement of the activities at the reporting date, based on the percentage of costs incurred for the activities up to the reporting date to the total estimated project costs (so-called "cost to cost" method).

Given the technical complexity, the size and the duration of the projects, the additional payments, contract changes, price revisions, other reserves, and incentives must necessarily be taken into account and measured, before formalization of the agreement with the counterparty. The request of additional payments deriving from modifications to the work contractually agreed is considered in the total amount of the payments when it is probable that the buyer will approve the variations and the relative price; the other requests (claims) deriving, for example, from higher charges attributable to the buyer, are considered in the total amount of the payments only when it is probable that they will be accepted from the state of advancement of negotiations or technical/legal valuations, considering also the document produced by other bodies (Arbitration Board, Dispute Adjudication Board, etc.). In the evaluation of these issues the Group records a revenue only when it is considered probable the recognition by the buyer and that there is a possibility of a reliable quantification of the amount.

Where the result of a construction contract may not be estimated reliably, the revenues related to the relative contract are recorded only within the limits of the project costs incurred which will probably be recovered. The project costs are recorded as expenses in the year in which they are incurred.

Where it is probable that the total project costs are higher than the relative contractual revenues, the expected loss is immediately recorded as a cost.

PROPERTY, PLANT AND EQUIPMENT

Plant and machinery utilized for the production or the provision of goods and services are recorded in the financial statements at historic cost, including any accessory and direct costs necessary for the asset to be available for use.

Plant, machinery & equipment are recognized at cost, net of accumulated depreciation and any write-down for loss in value.

Property is recorded at fair value at the revaluation date net of any subsequent accumulated depreciation and any subsequent loss in value accumulated and is depreciated based on their estimated useful lives. Buildings are revalued annually on the basis of an independent expert's valuation. The positive/negative difference is recorded in the revaluation reserve under equity.

Depreciation is calculated on a straight-line basis on the cost of the assets, according to their estimated useful life, which is reviewed annually at following rates:

Asset Category	Rate
Land	0%
Buildings	from 2% to 10%
Plant and machinery	from 7.5% to 15%
Industrial & commercial equipment	15%
Furniture	12%
EDP	20%
Motor vehicles	from 20% to 25%

Gains and losses deriving from the disposal or sale of assets are determined as the difference between the sales revenue and the net book value of the asset and are recorded in the Income Statement in the year.

Ordinary maintenance costs are fully charged to the income statement.

Improvements on the original value of the assets are capitalized and depreciated based on their residual utilization.

Leasehold improvements which may be recorded as an asset are recognized under property, plant and equipment and depreciated at the lower between the residual duration of the contract and the residual useful life of the asset.

Leased assets

Leasing contracts which do not provide for the transfer of all of the risks and benefits of ownership to the Group are considered operating leases.

Operating lease costs are recorded on a straight-line basis over the duration of the lease agreement.

Grants

Capital grants are recognized when there is reasonable certainty that they will be received and that the conditions will be satisfied for their attainment.

Capital grants are recorded as a direct reduction of the asset to which they refer. The value of an asset is adjusted by straight-line depreciation, calculated on the basis of the residual useful life of the asset.

INTANGIBLE ASSETS

Intangible assets acquired separately are recorded at cost less amortization and any net loss in value. Amortization is calculated on a straight-line basis over the useful life of the asset. The amortization method and the residual useful life are reviewed at the end of each accounting period. The effects deriving from the change in the amortization method and the residual useful life are recorded prospectively.

Intangible assets generated internally – research and development costs

Research costs are expensed to the income statement in the period in which they are incurred.

Intangible assets generated internally deriving from the development phase of a Group internal project are only recognized under assets when the following conditions are met:

- There is the technical feasibility to complete the intangible asset for its use or sale;
- There is the intention to complete the intangible asset and utilize or sell the asset;
- There is the capacity to utilize or sell the intangible asset;
- It is probable that the asset will generate future economic benefits;
- There exists the technical, financial and other resources in order to complete the development and utilize or sell the asset during the development phase.

The initial amount recognized of the intangible assets generated internally corresponds to the sum of the expenses incurred at the date in which the asset meets the criteria described above. Where these expenses may not be recorded as intangible assets generated internally, the development expenses are expensed in the Income Statement in the period in which they are incurred.

Subsequent to initial recognition, the intangible assets generated internally are recorded at cost less any accumulated loss in value, as occurs for intangible assets acquired separately.

Intangible assets acquired through a Business Combination

Intangible assets acquired in a business combination are identified and the amortization is recorded where they satisfy the definition of intangible assets and their fair value may be determined reliably. The cost of these intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, the intangible assets acquired in a business combination are recorded at cost less amortization and any accumulated loss in value, as occurs for intangible assets acquired separately.

IMPAIRMENT OF TANGIBLE, INTANGIBLE AND FINANCIAL ASSETS

At each reporting date, the Group reviews the carrying value of its intangible, tangible and financial assets to determine if there are indications that these assets have incurred a loss in value. Where it is not possible to make an estimate of the recoverable amount of an asset individually, the Group makes an estimate of the recoverable amount of the cash-generating unit the asset belongs to. When it is established that a potential loss exists, an estimate of the recoverable amount is made in order to identify the amount of the loss.

The indefinite intangible assets, as for goodwill, are verified annually and whenever there is an indication of a possible loss in value, in order to determine if there has been a loss in value.

The recoverable value is the higher between fair value less costs to sell and value in use. In determining the value in use, the estimated future cash flows are discounted on a pre-tax basis which reflects the market assessment of the time value of money and the risks specific to the asset. In the determination of this value various cash flow scenarios are utilized (sensitivity analysis).

If the recoverable value of an asset (or a CGU) is considered lower than its carrying value, it is reduced to its recoverable value. A loss in value is recognized in the income statement immediately.

Where, subsequently, the loss in value no longer exists or reduces, the book value of the asset is increased up to the new estimate of the recoverable value and may not exceed the value which would be determined where no loss in value had been recorded. The reversal of a loss in value is immediately recorded in the income statement.

INVENTORIES

Inventories are measured at the lower of cost and net realizable value. Cost includes direct materials and, where applicable, direct labor costs, general production costs and other costs which are incurred in bringing the inventories to their present location and condition. The cost is calculated using the weighted average cost method. The net realizable value is represented by the estimated sales price less the estimated cost for completion and estimated costs to sell.

FINANCIAL INSTRUMENTS

Financial assets and liabilities are recorded in the financial statements when the Group has the contractual obligations of the instrument.

FINANCIAL ASSETS

Receivables

Receivables are initially recognized at fair value and subsequently measured at amortized cost, utilizing the effective interest rate method, net of the relative losses in value with reference to amounts considered non-recoverable, recorded in a specific doubtful debt provision. The estimate of the amounts considered non-recoverable are determined based on the expected future cash flows. These cash flows consider the expected recovery time, the forecast realizable value, any guarantees and the costs to be incurred for the recovery of the receivables. The original amount is restated whenever the reasons for the adjustment no longer apply. In this case, any reversal of previous provisions are recorded in the income statement and may not exceed the amortized cost of the receivable in the absence of the previous adjustments.

Trade receivables which mature within the normal commercial terms are not discounted. Receivables in currencies other than the operational currency of the individual companies are recorded at the period-end exchange rates.

Other financial assets

Financial assets, where there exists the intention and capacity of the Group to maintain them until maturity in accordance with IAS 39, are recognized at cost, recorded at the trading date, represented by the fair value of the initial amount given in exchange, increased by any transaction costs (for example: commissions, consultancy etc.) directly attributable to the acquisition of the asset. After initial recognition, these assets are measured at amortized cost using the original effective interest method.

Financial assets held for speculative purposes in the short-term are recognized and measured at fair value, with changes recorded in the income statement; any other financial assets other than those above are classified as financial instruments available for sale, recognized and measured at fair value with changes recorded through equity. These amounts are subsequently recorded in the income statement when the asset is sold or incurs a loss in value. This latter category includes investments other than control, joint control or associates.

Cash and cash equivalents

Cash and cash equivalents include cash balances and bank current accounts and deposits repayable on-demand, plus other highly liquid short term financial investments that can be readily converted into cash and are not subject to a significant risk of a change in value.

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial liabilities and Equity instruments issued by the Group are classified in accordance with the underlying contractual agreements and in accordance with the respective definitions of liabilities and Equity instruments. These latter are defined as those contracts which give the right to benefit from the residual interest of the assets of the Group after the reduction of the liabilities. The accounting policies adopted for specific financial liabilities and Equity instruments are described below.

Payables

Payables are initially recorded at cost, corresponding to the fair value of the liability, net of directly attributable transaction costs.

Subsequent to initial recognition, the payables are measured under the amortized cost method, utilizing the effective interest rate method. This category includes interest bearing bank loans, overdrafts and non convertible bond.

Trade payables which mature within the normal commercial terms are not discounted. Payables in currencies other than the operational currency of the individual companies are recorded at the period-end exchange rates.

FAIR VALUE MEASUREMENT

Fair value is the amount in which an asset (or a liability) may be exchanged in a transaction between independent counterparties with reasonable knowledge of the market conditions and significant events related to the item under negotiation. The presumption that an entity is fully operational and does not need to liquidate or significantly reduce activities, or undertake operations at unfavorable conditions, is fundamental to the definition of fair value. The fair value reflects the credit quality of the instrument as it incorporates the counterparty risk.

Receivables and Payables:

For receivables and payables recorded in the financial statements at cost or amortized cost, the fair value for the purposes of the disclosure to be provided in the Explanatory Notes is determined as follows:

- for short-term receivables and payables, it is considered that the value paid/received reasonably approximates fair value;
- for medium/long-term receivables/payables, the measurement is principally undertaken through the discounting of future cash flows. The discounting of the expected cash flows is normally undertaken through the zero coupon curve increased by the margin represented by the specific credit risk of the counterparty.

Other financial instruments (Debt and equity securities)

The fair value for this category of financial asset is measured taking as reference the listed prices at the reporting date of the financial statements where existing, otherwise with reference to technical valuations utilizing as input exclusively market data.

EQUITY INSTRUMENTS

Equity instruments issued by the Company are recognized based on the amount received, net of direct issue costs.

CONVERTIBLE BONDS

In accordance with IAS 32 "Financial Instruments: Presentation in the financial statements" convertible bonds are recorded as hybrid financial instruments, formed by two components which are treated separately only if significant: a liability and a conversion option. The liability corresponds to the present value of the future cash flows based on the current interest rate at the issue date for an equivalent non-convertible bond. The value of the option is defined as the difference between the net amount received and the amount of the liability and is recorded under equity. The value of the conversion option in shares does not change in subsequent periods. On the contrary, where the characteristics of the bond result in, on the exercise of the conversion right, the right of the company to deliver shares or offer a combination of shares and cash, the option is recognized as a financial liability for the incorporated host, measured at fair value through P&L, while the difference compared to the original nominal value or rather the financial liability (host) is recorded at amortized cost.

In consideration of the convertible bond placement in February 2014 issued by Maire Tecnimont S.p.A. this is a hybrid financial instrument whose accounting method is described above.

DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

The Group utilizes derivative instruments (swap contracts, options, and forwards) to hedge against risks from interest rate changes on bank loans and currency movements on cash flows in foreign currencies.

The structure of the contracts in place is in line with the Group "hedging" policy.

Derivative instruments are measured at fair value with recognition of any changes in fair value to the income statement where they do not satisfy the conditions to be considered as hedges either due to the type of instrument or the choice of the company not to undertake the efficiency test. Derivative instruments are classified as hedging instruments when the relation between the derivative and the hedged item is formally documented and the effectiveness of

the hedge, periodically verified, is high in accordance with IAS 39. The accounting of the hedging instruments differs depending on the objective of the hedge: cash flow hedges or fair value hedges.

Cash flow hedge

The changes in the fair value of the derivative instruments which are designated, and which are efficient, to hedge future cash flows relating to the Group contractual commitments are directly recorded under Equity, while the non-efficient portion are immediately recorded in the Income Statement.

The amounts recorded directly under Equity are included in the Income Statement in the same period that the contractual commitment hedged is included in the Income Statement.

Fair value hedge

For the efficient hedge of a "change in fair value" the item hedged is adjusted by the fair value changes attributable to the risk hedged recognized through the Income Statement. The gains and losses deriving from the fair value of the derivatives are also recorded in the income statement.

The changes in the fair value of the derivative instruments which do not qualify as hedges are recorded in the Income Statement in the period in which they arise.

Embedded derivatives

Embedded derivatives included in contracts are treated as separate derivatives only when:

- their risks and features are not strictly related to those of the host contracts;
- the separate embedded instrument satisfies the definition of a derivative;
- the hybrid instrument is not recognized at fair value with changes recorded through P&L.

Where an embedded derivative is separated, the relative host contract must be recorded in accordance with IAS 39, if the contract is a financial instrument, and in accordance with the other accounting standards if the contract is not a financial instrument.

Fair value calculation

The fair value of financial instruments is represented by the current market price or, in their absence the application of appropriate financial valuation models which take into consideration all the factors adopted by market operators and the prices obtained in a real market transaction. In particular, the fair value of the interest rate swaps is measured discounting the expected cash flows, while the fair value of currency forward contracts is determined on the basis of the forward exchange rate at the reference date and the differential rates between the currencies.

DERECOGNITION OF FINANCIAL INSTRUMENTS

Financial assets are eliminated from the balance sheet when the right to receive the cash flows no longer exists and all the related risks and benefits are substantially transferred (so-called derecognition) or where the item is considered definitively non-recoverable after the completion of all the necessary recovery procedures. Financial liabilities are derecognized from the balance sheet when the specific contractual obligations are extinct. Receivables transferred following factoring operations are eliminated from the balance sheet only when the related risks and benefits of ownership have been substantially transferred. With recourse receivables and non-recourse receivables which do not satisfy these requisites remain on the balance sheet of the company, even if legally transferred; in this case a financial liability of a similar amount is recorded under liabilities against advances received.

SHAREHOLDERS' EQUITY

Share capital

The share capital is the amount of the subscribed and paid-in capital of the Parent Company. The costs strictly related to the issue of new shares are classified as a reduction of the share capital when they refer to costs directly attributable to the equity operation.

Treasury shares

They are recorded as a decrease in Group Shareholders' Equity. The costs incurred for the issue of new shares by the Parent Company are recorded as a reduction in equity, net of any deferred tax effect. The gains or losses for the purchase, sale, issue or cancellation of treasury shares are not recorded in the income statement.

Retained earnings/ (accumulated losses)

This refers to the results of previous years for the part not distributed or recorded under reserves (in the case of profit) or recapitalized (in the case of losses). The account also includes the transfers from other equity reserves when those reserves are no longer required as well as the effects of the recording of changes to accounting policies and material errors.

Other reserves

These include the fair value reserves recorded under equity in accordance with the applicable criterion, the treasury share reserve, the legal reserve and the translation reserve.

Valuation reserve

These include the cash flow hedge reserve relating to the efficient portion of the hedge and the actuarial reserve on defined benefit plans recognized directly to equity.

CONTRACTUAL LIABILITIES DERIVING FROM FINANCIAL GUARANTEES

The contractual liabilities deriving from financial guarantees are initially measured at their fair value and subsequently measured at the higher between:

- the amount of the contractual obligation, determined in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets;
- the initial amount recorded net, where applicable, of the accumulated amount recorded in accordance with the recognition of the revenues as described above.

PROVISIONS FOR RISKS AND CHARGES

Provisions are recorded when the Group has a current obligation (legal or implied) that is the result of a past event and it is probable that the Group will be required to fulfil the obligation. Provisions are made based on the best estimate of the cost of fulfilling the obligation at the reporting date, and are discounted when the effect is significant.

When the Group considers a provision for risks and charges must be in part or in full reimbursed, the indemnity is recorded under assets only when the reimbursement is almost certain and the amount of reimbursement may be determined reliably.

Onerous contracts

Where the Group has an onerous contract, the current obligation contained in the contract must be recognized and measured as a provision.

An onerous contract is a contract in which the non-discretional costs necessary to settle the obligations exceed the economic benefits deriving from such.

Restructuring provision

A provision for restructuring costs is recorded only when the Group has undertaken a formal detailed program for the restructuring and there exists a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A provision for restructuring must only include the direct expenses deriving from the restructuring and not associated with the current activities of the Group.

Guarantees

The provisions for guarantee costs are accrued when it is considered probable that the request to honor the guarantee will be made. The calculation of the provision is made based on the best estimate by Management of the costs required to comply with the obligation.

POST-EMPLOYMENT BENEFITS

The payments for defined contribution plans are recognized in the Income Statement of the period in which they are due.

For the defined benefit plans, the cost relating to the benefits recognized is determined using the projected unit credit method, making actuarial valuations at the end of each period. Actuarial gains and losses are recognized in the period they arise and recorded directly in a specific equity reserve. The cost relating to past employment service is immediately recorded when the benefits have already matured.

The liabilities for post-employment benefits recorded in the balance sheet represent the present value of the liabilities for the defined benefit plans adjusted to take into account any actuarial gains or losses not recorded and costs relating to past employment services not recorded, and reduced by the fair value of the asset plan. Any net assets resulting from this calculation are limited to the value of the actuarial losses not recorded and costs relating to past employment services not recorded, plus the present value of any repayments and reductions in future contributions to the plan.

Other long-term employee benefits

The accounting treatment of the other long-term benefits is similar to those of the plans for post-employment benefits with the exception of the fact that the actuarial gains and losses and costs deriving from past employment services are recognized in the income statement fully in the year in which they arise.

SHARE-BASED PAYMENTS

The Group recognizes additional benefits to employees through equity participation plans. The above-mentioned plans are recognized in accordance with IFRS 2 (Share-based payments). In accordance with IFRS 2, these plans represent a remuneration component of the beneficiaries; therefore, for the equity participation plans, the cost is represented by the fair value of these instruments at the granting date, and recognized in the income statement under "Personnel expense" over the period between the granting date and that of maturity, and in the "IFRS 2 reserve" under equity. Changes subsequent to the granting date in the fair value do not have an effect on the initial value. At the end of each year the estimate is updated on the number of rights which will mature on maturity. The change in the estimate reduces the amount in the "IFRS 2 reserve" and is recorded under "Personnel expense" in the P&L.

FINANCIAL INCOME AND EXPENSES

Interest is recognized in accordance with the effective interest rate method, utilizing therefore the interest rate which is financially equivalent to all the cash inflows and outflows (including premiums, discounts, commissions etc.) which comprise an operation. The Group classifies in this account the exchange differences deriving from financial operations, while the exchange differences from commercial operations are classified under operating results, and in particular in the accounts other operating revenues and other operating costs, depending on whether the net effect is a gain or loss, with detailed information provided in the Explanatory Notes.

Income taxes

Income taxes for the year represent the sum of current and deferred taxation.

Current income taxes

Current income taxes for the year and previous years are recorded for the amount expected to be paid to the fiscal authorities.

The liability for current income taxes is calculated using the current rates at the reporting date in the individual countries where the Group operates.

Deferred taxes

Deferred taxes are the taxes that it is expected to pay or recover on the temporary differences between the carrying value of the assets and of the liabilities in the financial statements and the corresponding fiscal value utilized in the calculation of the assessable income, accounted under the liability method. Deferred tax liabilities are generally recorded on all temporary assessable differences, while deferred tax assets are recorded based on the probability that the future assessable results will permit the use of the temporary deductible differences. These assets and liabilities are not recognized if the temporary differences deriving from the goodwill or the initial recognition (not in business combinations) of other assets or liabilities in operations do not have an impact on the accounting result or on the assessable fiscal result.

The carrying value of deferred tax assets is revised at the end of the year and reduced to the extent that it is no longer likely that there will be sufficient taxable income against which to recover all or part of the assets.

Deferred taxes are calculated based on the fiscal rates that are expected to be in force at the moment of the realization of the asset or the settlement of the liability. Deferred taxes are recognized directly in the income statement with the exception of those relating to accounts directly recognized to equity, in which case the deferred taxes are also recognized to equity.

Deferred tax assets and liabilities are offset when there is a direct right to compensate the tax assets and liabilities and when they refer to income taxes due to the same fiscal authority and the Group intends to pay the amount on a net basis.

Deferred taxes are recognized directly to the income statement with the exception of those relating to accounts directly recognized to equity, in which case the deferred taxes are also recognized to equity.

Use of estimates

The preparation of the financial statements and the relative notes in application of IFRS require that management make estimates and assumptions on the values of the assets and liabilities in the financial statements and on the disclosures relating to the assets and contingent liabilities at the reporting date. The estimates and assumptions used are based on past experience and other factors considered relevant. The actual results may differ from such estimates. The estimates and assumptions are reviewed periodically and the effects of any changes are recorded in the income statement in the period of the revision of the estimate, if the revision has effect only on that period, or also in subsequent periods if the revision has effect on the current year and on future years. In this regard, the situation caused by the economic and financial resulted in the need to make assumptions on an outlook characterized by significant uncertainty and for which it is reasonably possible - on the basis of currently available information - that within the following year, results may differ from estimates, requiring even significant adjustments (including to the book value of the relative items).

The accounts principally affected by such uncertainty are:

- construction contracts: almost all Group consolidated revenues derive from long-term contracts, whose amount is determined at the participation date of the tender and any subsequent award of the contract. In relation to these contracts, the margins originally estimated may reduce as a consequence of an increase in costs incurred during the construction of the projects (for example costs for raw materials, contractual penalties on delays or unexpected circumstances or disputes with the buyers, subcontractors and suppliers).
- goodwill, other intangible assets, financial assets: they are tested annually and whenever there is an indication of a possible loss in value in order to determine the recoverability of these values.
- derivative instruments: initially recognized at cost, they are adjusted to fair value on subsequent reporting dates. The fair value represents the current market price or, in their absence, the value from application of appropriate financial valuation models.
- provisions for risks and charges: provisions are made based on the best estimate of the cost of fulfilling the obligation at the reporting date, and are discounted when the effect is significant.
- employee benefits: the cost relating to employment services is made utilizing the best actuarial valuations at the estimate date.

CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

The Group in the selection and application of the accounting policies, in the accounting of the changes in accounting policies and of the changes in accounting estimates and corrections of previous year errors applies IAS 8.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Subsequent events are events which occur after the reporting date up to the authorized publication date. The date for authorization of publication is considered the approval date by the Board of Directors. Subsequent events may concern events which provide information on the situation existing at the reporting date (adjusting subsequent events) or events arising after the reporting date (non-adjusting subsequent events). For the former, the relative effects are reflected in the financial statements and updated disclosure provided, while for the latter, if significant, adequate disclosure alone is provided in the Explanatory Notes.

27. Notes to the income statement

27.1. Revenues

Revenues in 2017 amounted to Euro 3,502,902 thousand, an increase of Euro 1,094,134 thousand compared to 2016.

(in Euro thousands)	2017	2016
Revenues from sales and services	974,525	621,729
Changes in contract work-in-progress	2,528,377	1,787,040
Total	**3,502,902**	**2,408,768**

The improvement is principally due to the Euro 741,337 thousand increase in the account "change in contract work-in-progress", which mainly owes to the advancement of the orders acquired in the previous year and in 2017 compared to the previous year.

"Revenues from sales and services" reported an increase of Euro 352,796 thousand, mainly due to the higher revenues from orders completed in the year.

The increase in volumes reflects progress on backlog projects and principally the beginning of full operations on the main EPC projects, which in the previous year were still in the initial stage.

Group core business revenues derived for 95.9% from the "Technology, Engineering & Construction" business unit (95.6% in 2016), increasing on the previous year in terms of consolidated volumes following the advancement of new projects acquired in previous years and in line with the Group strategy based on the consolidation of the traditional EPC activities.

The principal projects of the "Technology, Engineering & Construction" BU concerned ADCO, Tempa Rossa, Kingisepp, Coru, Kima and Orpic.

Finally, the "Infrastructure & Civil Engineering" BU accounted for approx. 4.1% of revenues (4.4% in 2016), although increasing approx. Euro 36.9 million following the advancement of orders in portfolio acquired last year also in the large renewables plant sector.

The change in work-in-progress takes into account not only the recognition of contractual amounts agreed upon, but also changes in work orders, incentives and any reserves ("claims") for the probable amount to be recognized by the buyer and reliably measured. In particular, the calculation of the claims was made based on reasonable expectations through the negotiations in progress with the buyers to recognize the higher costs incurred or disputes in course and therefore by their nature may present a risk.

Currently, these claims account for approx. Euro 7.2% of Technology, Engineering & Construction BU of the interested contract values and approx. 16.1% of Infrastructure BU contracts.

27.2. Other operating revenues

"Other Operating Revenues" in 2017 amounted to Euro 21,387 thousand, down Euro 5,271 thousand on the previous year and relate to:

(in Euro thousands)	2017	2016
Operating currency gains	7,944	5,911
Prior year income	1,331	5,696
Use of doubtful debt provision	1,227	4,705
Use of other risk provisions	77	3,564
Revenues from material sales	0	1,077
Contract penalties	4	211
Gains on disposals	319	160
Currency derivative gains	0	86
Other income	10,484	5,247
Total	**21,387**	**26,658**

Other operating revenues refer to revenues not directly connected to the Group core business. Other operating revenues mainly refer to:

- operating exchange differences, amounting to Euro 7,944 thousand, concerning the net gain between currency gains and losses; the increase follows currency market movements and those on foreign currencies regarding ongoing projects;
- prior year income of Euro 1,331 thousand, principally relating to payables no longer due and the reversal of costs accrued in previous years;
- utilization of the doubtful debt provision for Euro 1,227 thousand for trade receivables losses determined certain in 2017 and included in "Other Operating Costs";
- the other accounts refer to contractual penalties, mainly applied to suppliers, disposal gains, reimbursements for subsidized taxes and other income.

27.3. Business segment information

Maire Tecnimont S.p.A. heads an integrated industrial group providing engineering services and works in the following sectors on the domestic and international markets:

- (I) Technology, Engineering & Construction;

- (II) Infrastructure & Civil Engineering.

The BU figures are in line with the internal reporting structure utilized by company Top Management. The features of these sectors are outlined below:

II. **Technology, Engineering & Construction" Business Unit** - designs and constructs plant, principally for the "natural gas chain" (involving separation, treatment, liquefaction, transport, storage, regasification and compression and pumping stations); designs and constructs chemical and petrochemical industry plant for the production, in particular, of polyethylene and polypropylene (polyolefin), ethylene oxide, ethylene glycol, purified terephthalic acid ("PTA"), ammonia, urea and fertilizers; issues, in addition, within the fertilizer sector, licenses on patented technology and proprietary know-how to current and potential urea producers. Other major activities related to the sulphur recovery process, hydrogen production and high temperature furnaces. It is also engaged in the design and construction of hydro-carbon electric power plant and waste-to-energy and district heating plant.

II. **<u>"Infrastructure & Civil Engineering" Business Unit</u>** - engaged in the design and construction of major infrastructural projects (such as roads and motorways, rail lines, underground and surface metro lines, tunnels, bridges and viaducts) and industrial and commercial and tertiary sector facilities and buildings; it provides environmental services for infrastructure, civil and industrial construction and energy sector projects and plant in general. The Group provides maintenance and facility management services, in addition to general services for temporary construction facilities and Operation & Maintenance services. It also works on large-scale renewables sector plant (mainly solar and wind).

The Group assesses the performance of the operating segments based on the segment operating result. Segment revenues are those directly deriving from or attributable to the Segment and from core operations and include revenues from agreements with third parties. Segment costs are charges from segment operations incurred from third parties. For Group operations, amortization, depreciation, provisions for risks, financial income and expense and income taxes are borne by the corporate entity as excluded from operating activities and are presented in the total column.

Segment disclosure is reported in the following tables:

<u>2017 SEGMENT REVENUES AND RESULT:</u>

(in Euro thousands)	Revenues		Segment result (EBITDA)	
	2017	2016	2017	2016
Technology, Engineering & Construction	3,379,881	2,327,889	193,059	161,831
Infrastructure & Civil Engineering	144,408	107,537	416	(1,806)
Total	**3,524,289**	**2,435,426**	**193,475**	**160,025**

<u>2017 INCOME STATEMENT BY SEGMENT:</u>

(Euro thousands)	Technology, Engineering & Construction	Infrastructure & Civil Engineering	Total
Segment revenues	3,379,881	144,408	**3,524,289**
Industrial margin (Business Profit)	**262,174**	**5,083**	**267,256**
Segment result (EBITDA)	**193,059**	**416**	**193,475**
Amortization, depreciation, write-downs and provisions			(9,932)
Operating profit			**183,543**
Financial income/(expenses)			5,350
Income before tax			**188,893**

(Euro thousands)	Technology, Engineering & Construction	Infrastructure & Civil Engineering	Total
Income taxes			(62,341)
Net income			**126,553**
Group			118,650
Minorities			7,903

2016 SEGMENT INCOME STATEMENT:

(in Euro thousands)	Technology, Engineering & Construction	Infrastructure & Civil Engineering	Total
Segment revenues	2,327,889	107,537	**2,435,426**
Industrial margin (Business Profit)	**237,331**	**3,912**	**241,243**
Segment result (EBITDA)	**161,831**	**(1,806)**	**160,025**
Amortization, depreciation, write-downs and provisions			(7,452)
EBIT			**152,572**
Financial income/(charges)			(18,738)
Income before tax			**133,835**
Income taxes for the year			(48,542)
Net income			**85,293**
Group			74,371
Minorities			10,922

BALANCE SHEET AT 31.12.2017 BY SEGMENT:

(in Euro thousands)	Technology, Engineering & Construction	Infrastructure & Civil Engineering	Total
Segment assets	2,250,740	320,753	2,571,493
Assets not allocated (**)			828,083
Total Assets			**3,399,576**
Segment liabilities	(2,334,274)	(133,355)	(2,467,629)
Liabilities not allocated (**)			(931,947)
Total Liabilities			**(3,399,576)**

(**) The asset and liability accounts not allocated principally refer to treasury and tax assets and liabilities of the corporate entity and are not allocated to the segments as excluding operating activities.

BALANCE SHEET AT 31.12.2016 BY SEGMENT:

(in Euro thousands)	Technology, Engineering & Construction	Infrastructure & Civil Engineering	Total
Segment assets	1,961,397	333,145	2,294,542
Assets not allocated (**)			754,857
Total Assets			**3,049,399**
Segment liabilities	(2,050,923)	(135,424)	(2,186,348)
Liabilities not allocated (**)			(863,051)
Total Liabilities			**(3,049,399)**

(**) The asset and liability accounts not allocated principally refer to treasury and tax assets and liabilities of the corporate entity and are not allocated to the segments as excluding operating activities.

REGIONAL SEGMENTS:

The regional breakdown of Revenues in 2017 compared to the previous year is illustrated below:

(in Euro thousands)	2017		2016		Change	
	Total	%	Total	%	Total	%
Italy	364,496	10.3%	46,.845	19.0%	(97,349)	(21.1%)
Overseas						
• Europe (EU)	261,905	7.4%	248,172	10.2%	13,733	5.5%
• Europe (non-EU)	745,765	21.2%	258,599	10.6%	487,166	188.4%
• Middle East	1,143,224	32.4%	800,364	32.9%	342,860	42.8%
• The Americas	122,454	3.5%	219,808	9.0%	(97,354)	(44.3%)
• Africa	335,102	9.5%	152,058	6.2%	183,044	120.4%
• Asia	551,344	15.6%	294,580	12.1%	256,764	87.2%
Total Consolidated Revenues	**3,524,289**		**2,435,426**		**1,088,863**	**44.7%**

The main regional revenue sources were the Middle East (32.4%) and Europe – non-EU (21.2%). As evident from the Revenues by Business Unit table, this figure highlights the significant contribution of the "Technology, Engineering & Construction" Business Unit in the Middle East, in which the Group has a long-standing presence and in relation to the Non-EU Europe area reflects the development of the current activities in Russia.

27.4. Raw materials and consumables

Raw materials and consumables for the year 2017 amount to Euro 1,424,524 thousand, an increase of Euro 484,398 thousand compared to the previous year.

The breakdown of the account is as follows:

(in Euro thousands)	2017	2016
Raw material purchases	(1,405,169)	(926,541)
Consumables	(17,724)	(12,701)
Fuel	(1,125)	(811)
Change in inventories	(506)	(74)
Total	**(1,424,524)**	**(940,127)**

The general increase in raw materials and consumables reflects progress on backlog projects and principally the beginning of full operations on the main EPC projects, which in the previous year were still in the initial stage.

In particular, "Raw material purchases" in 2017 increased Euro 478,628 thousand due to the intensive material buying phase in the previous year (metal structures, cables and primary equipment such as valves, pumps, compressors, boilers and machinery) for the projects acquired in prior years and for which the principal equipment orders were completed and works underway.

"Consumables" were impacted by greater general and office material requirements following the start-up of new projects acquired and the purchase of specific consumable materials for the opening of new sites.

27.5. Service costs

Service costs in 2017 amounted to Euro 1,457,287 thousand, an increase of Euro 581,016 thousand on the previous year.

The breakdown of the account is as follows:

(in Euro thousands)	2017	2016
Sub-contractors	(1,067,492)	(388,566)
Turnkey design	(118,870)	(281,920)
Cost recharges	(6,157)	(15,470)
Utilities	(7,430)	(6,410)
Transport Costs	(89,262)	(32,617)
Maintenance	(4,592)	(6,331)
Consultants and related services	(22,940)	(25,747)
Increase in internal work capitalized	9,493	8,350
Bank expenses and sureties	(34,579)	(37,038)
Selling & advertising costs	(14,411)	(10,641)
Accessory personnel costs	(41,385)	(35,929)
Post & telephone and similar	(448)	(356)

(in Euro thousands)	2017	2016
Insurance	(8,105)	(10,800)
Other	(51,111)	(32,796)
Total	**(1,457,287)**	**(876,271)**

The general increase in the service costs reflects progress on backlog projects and principally the beginning of full operations on the main EPC projects, which in the previous year were still in the initial stage and are now in the full construction phase.

"Sub-contractors" reported the largest increase, principally concerning construction sub-contracting costs.

"Turnkey design" however saw a reduction, after the study and design phase, from the main orders which entered into construction.

"Transport costs" increased on the previous year, also due to a different operational mix, with a considerable increase in 2017 in the acquisition and delivery to sites of raw materials and equipment.

"Consultants and related services" decreased due to a lower recourse to "per hour" freelance technicians; this also includes professional fees (principally legal), Audit fees, commercial consultancy and service fees and consultancy fees on projects carried out during the year.

"Bank expenses and sureties" principally concern costs to guarantee projects acquired. The reduction in the account, despite the increase in the portfolio of projects under construction, follows the improved Group's rating, as highlighted also by the recent financial reorganization.

"Accessory Personnel costs" increased, principally due to a higher average number of personnel compared to 2016.

"Other" costs principally relate to non-capitalized IT costs, application package maintenance expenses, various services incurred by other consolidated companies, various site and general costs and emoluments to corporate boards.

The other costs are substantially in line with the previous year.

27.6. Personnel expense

Personnel expense in 2017 amounts to Euro 370,562 thousand, an increase of Euro 37,494 thousand compared to the previous year.

The breakdown of the account is as follows:

(in Euro thousands)	2017	2016
Wages and salaries	(293,389)	(261,173)
Social security charges	(56,842)	(54,541)
Post-employment benefits	(13,453)	(12,880)
Other costs	(6,878)	(4,475)
Total	**(370,562)**	**(333,069)**

The headcount at December 31, 2017 of the Maire Tecnimont Group was 5,443, compared to 4,956 at December 2016, with a net increase of 487.

This increase principally regards Italy and the rest of Europe (2,646 employees, compared to 2,456 in the previous year), where the English subsidiary MET T&S consolidated its Group "Global employment company" role, supplying international personnel for the execution of projects and ensuring support in view of the respective construction peaks. In 2017, the commitment focused upon, in particular, the SOCAR (Azerbaijan) and KIMA (Egypt) projects. With regards to the Middle East, despite the gradual demobilization of personnel from the AGRP project in Kuwait, numbers rose 157, relating to the ADCO and ADGAS (UAE) projects. The Russia & Caspian Region also in the year reported an increase (+135), relating to the Kingisepp and Coru (Russia) and SOCAR (Azerbaijan) projects, in addition to the gradual rolling out of the "Tecnimont Russia OOO" structure strengthening, ahead of and in support of the significant engagement of personnel in 2018 on the Amursky Gas Processing Plant project (Amur region - Russian Federation).

The positive developments outlined above are confirmed by workforce movements according to the effective areas of personnel engagement, with a significant increase in the Middle East and in the Russia and Caspian Region. The overall average increase in technical personnel of 320, corresponding to an 80% overall average increase on the previous year, is testament to the ongoing investment in personnel with technical-operational expertise in support of such operations.

Finally, the slight reduction in the India and rest of Asia region of less than 2% of the total region's workforce is due to the inter-company transfer of personnel assigned to overseas projects (Azerbaijan, Egypt, Dominican Republic, United States) by the Indian subsidiary, Tecnimont Private Ltd, confirming its role as an incubator of Group engineering expertise.

Graduates at the Maire Tecnimont Group at December 31, 2017 accounted for 66% of the workforce; the average age was approx. 41; in terms of gender breakdown, women accounted for 18.4% of the total headcount.

The increase in personnel expense is therefore attributable to the factors illustrated above; social security charges on total remuneration were lower than the theoretical Italian charge as many of the staff are employed abroad.

The workforce at 31/12/2017 of the Maire Tecnimont Group, with movements on 31/12/2016 (and the average workforce for the year), is outlined in the following tables:

Change in workforce by qualification (31/12/2016-31/12/2017):

Office	Workforce 31/12/2016	Hires	Departures	Reclassification employee category (*)	Workforce 31/12/2017	Cge. Workforce 31/12/2017 vs. 31/12/2016
Executives	533	31	(26)	49	587	54
Managers	1,744	156	(104)	83	1,879	135
White-collar	2,580	626	(220)	(129)	2,857	277
Blue-collar	99	56	(33)	(2)	120	21
Total	**4,956**	**869**	**(383)**	**1**	**5,443**	**487**
Average headcount	**4,854**				**5,252**	

(*) includes promotions, changes in category following inter-company transfers / Job Title reclassifications

The category "Executives" and "Managers" does not reflect the Italian contractual term, but refers to national and international Management and Middle Management identification parameters utilized for Italian and overseas managerial staff.

Changes in workforce by region (31/12/2016-31/12/2017):

Region	Workforce 31/12/2016	Hires	Departures	Reclassification employee category (*)	Workforce 31/12/2017	Cge. Workforce 31/12/2017 vs. 31/12/2016
Italy and Rest of Europe	2,456	287	(144)	47	2,646	190
India and Rest of Asia	2,009	133	(116)	(46)	1,980	(29)
Russia and Caspian Regions	126	167	(32)	0	261	135
The Americas	19	0	(1)	0	18	(1)
Middle East	313	240	(83)	0	470	157
North Africa and Sub-Saharan Regions	33	42	(7)	0	68	35
Total	**4,956**	**869**	**(383)**	**1**	**5,443**	**487**

Changes in workforce by operational region (31/12/2016 – 31/12/2017):

Region	Workforce 31/12/2016	Workforce 31/12/2017	Cge. Workforce 31/12/2017 vs. 31/12/2016
Italy and Rest of Europe	2,333	2,381	48
India and Rest of Asia	1,864	1,791	(73)
Russia and Caspian Regions	190	415	225
The Americas	59	49	(10)
Middle East	456	681	225
North Africa and Sub-Saharan Regions	54	126	72
Total	**4,956**	**5,443**	**487**

It should be noted that employee numbers may vary based on the stage of the project and on scheduling, which may provide for recourse to direct employees with consequent utilization of Group materials and staff, or alternatively recourse to third party services. In particular, the Group policy is to hire the workforce necessary for the execution of the individual projects in line with the time period necessary for completion.

In application of IFRS 2 Share-based payments, the 2016-2018 Share Ownership Plan, the 2016-2018 Performance Share Plan and the 2017-2019 Restricted Stock plan are recorded in the Group financial statements as "Equity Settled" plans as the Group has granted equity participation instruments as additional remuneration against services received (employment service). The Group did not however assume any liability to be settled with cash and cash equivalents or with other assets for employees. Given the impossibility to reliably estimate the fair value of the services received from the employees, the benefit cost to the employees is represented by the fair value of the shares granted, calculated at the grant date, to be recognized in the income statement under personnel expense and in a specific reserve under equity. The total cost of these plans for the year amount to Euro 8,837 thousand, also based on an average fair value of the equity instruments equal respectively to Euro 4.682 per share for the second cycle of the Shareholder Plan and Restricted Stock Plan and Euro 2.38 per share for the Performance Share Plan.

The above-mentioned Shareholder Plan includes a Rights Granting Cycle for each year (2016-2017-2018) and the possibility, for all employees, to receive Maire Tecnimont shares without consideration on the basis of the overall profitability of the Group. The 2016-2018 Performance Share Plan concerns approx. 30 Senior Managers, with the granting of rights to Maire Tecnimont shares without consideration in the three-year period 2016-2018 and their effective granting based on pre-set industrial performance objectives, to be assessed annually and at the end of the period. In addition the 2017-2019 Restricted Stock Plan for the Chief Executive Officer, Senior Managers and Senior Group Management concerns the granting of rights to Maire Tecnimont shares without consideration in the three-year period 2017-2019, and their effective granting at the end of the retention period or rather the approval of the 2019 Annual Accounts, and in any case not beyond June 30, 2020.

The effects in the financial statements of the Plans, estimated through adequately weighing the defined maturity conditions (including the probability of employees remaining in the Group for the duration of the Performance Plan), will be recognized over the maturity period of the benefit, or rather over the duration of the Plans, under "Personnel expense".

"Personnel expense" also includes the fair value component recognized in the period relating to the Phantom Stock incentive plan for the Chief Executive Officer of the company and some Senior Managers of the Group; these costs also include the employee flexible benefit plan ("Maire4You") and the profit participation bonus.

27.7. Other operating costs

Other operating costs in 2017 amount to Euro 78,441 thousand, a decrease of Euro 47,495 thousand compared to the previous year.

The breakdown of the account is as follows:

(in Euro thousands)	2017	2016
Contractual charges	(0)	(58,506)
Rental	(33,727)	(27,284)
Hire	(22,410)	(20,799)
Currency derivative losses	(3,297)	(154)
Losses on receivables	(1,454)	(2,909)
Other costs	(17,553)	(16,284)
Total	**(78,441)**	**(125,936)**

The reduction in the account "Other operating costs" mainly relates to "Contractual charges", which in the previous year included those arising from the NAGRP Kuwait project in accordance with the wishes of the parties and initial step in reaching a final settlement. For further information concerning the situation with the client KNPC, reference should be made to the "Disputes" section of the Directors' Report.

"Rental" concerns the Group office buildings and also various sites, with a substantial increase following the hire of staff for the commencement of more recently acquired orders requiring additional space.

"Hire", which increased compared to the previous year, mainly relates to Group plant hire charges, motor vehicle leasing and application software licenses.

"Derivative losses on currencies" concern cash flow hedges on Group contractual commitments, principally hedging payments in foreign currencies impacting the income statement in the year. The increase relates to currency market movements and the expiry of currency hedging instruments on contracts completed in the year.

"Losses on receivables", net of the use of the provision for an equal amount, relate principally to an assessment on the collectability of receivables.

"Other costs" principally comprise indirect taxes and various local taxes, mainly concerning a number of overseas companies, membership fees, prior year charges, other general costs and license and patent usage fees; the account is substantially in line with the previous year.

27.8. Amortization, depreciation & write-downs

Amortization, depreciation and write-down of fixed assets in 2017 amount to Euro 6,670 thousand, an increase of Euro 911 thousand compared to the previous year.

The breakdown of the account is as follows:

(in Euro thousands)	2017	2016
Amortization	(3,667)	(2,705)
Depreciation	(3,002)	(3,046)
Other fixed asset write-downs	(1)	(9)
Total	**(6,670)**	**(5,759)**

Amortization and depreciation slightly increased on the previous year following the initiation of amortization and depreciation on new Group operating assets.

Amortization of intangible assets principally refers to:

- amortization of patent rights, amounting to Euro 1,508 thousand, principally relating to urea licenses patented by Stamicarbon and the other licenses developed by the Maire Tecnimont Innovation Center (MTIC);
- amortization of concessions and licenses, amounting to Euro 1,107 thousand and principally relating to Group software license applications;
- amortization of other intangible assets of Euro 1,052 thousand. This account principally refers to accessory and consultant costs incurred for the installation of the principal software applications of the Group.

Depreciation of property, plant and equipment principally refers to:

- depreciation of own buildings for Euro 490 thousand, principally in relation to the Indian subsidiary Tecnimont Private Limited and residually on other owned assets;
- depreciation of plant and equipment for Euro 57 thousand and industrial equipment for Euro 261 thousand (on-site plant);
- for Euro 2,194 thousand depreciation of other assets, office furniture, leasehold improvements, EDP, motor vehicles and industrial transport vehicles.

27.9. Doubtful debt provision and risk provisions

The doubtful debt provision and risk provisions for 2017 amount to Euro 3,262 thousand, an increase of Euro 1,569 thousand compared to the previous year.

The breakdown of the account is as follows:

(in Euro thousands)	2017	2016
Doubtful debt provision	(3,147)	(738)
Risk provision	(115)	(955)
Total	**(3,262)**	**(1,693)**

The doubtful debt provision in the year amounted to Euro 3,147 thousand. Receivables are written down, if individually significant, through a provision which reflects the partial or total non-recovery of the receivable. The amount of the write-down takes into account the estimate of the recoverable cash flows and the relative date of collection, charges and future recovery costs. The account increased on the previous year due to provisions on receivables for risks related to real estate initiatives mainly from Penta Domus S.p.A

The charges provision decreased Euro 840 thousand compared to the previous year. It relates to various legal cases and other disputes.

27.10. Financial income

(in Euro thousands)	2017	2016
Income from subsidiaries	(0)	20
Income from associates	5	0
Income from group companies	70	0
Other income	8,112	8,655
Income on derivatives	40,351	8,109
Total	**48,538**	**16,784**

Financial income amounted to Euro 48,538 thousand and increased Euro 31,754 thousand compared to the previous year.

"Income from subsidiaries" in the previous year related to interest from the non-consolidated subsidiary Program International in liquidation; the respective credit/debit positions were closed.

"Income from associates" concerns the interest from the associate JV Kazakhstan Tecnimont-KTR LLP, incorporated to develop initiatives in the country with a new strategic partner.

"Income from group companies" relates to interest from the company Siluria Technologies Inc which in 2017 issued a Convertible Bond; the Group, through the subsidiary Met Gas Processing Technologies S.p.A., subscribed USD 5 million, equal to Euro 4,170 thousand. The Bond from the subscription date matures interest at an annual rate of 6%.

"Other income" mainly relate to interest matured on temporary liquidity invested, bank current accounts, financial instruments classified as loans and on receivables measured at amortized cost. Interest income is substantially in line with the previous year.

Income on derivatives for Euro 40,351 thousand refer specifically to:

- for Euro 9,692 thousand to the "time-value" portion of currency hedging derivatives. As not considered a hedging component, the change to the fair value is recognized to the income statement. This component increased on the previous year due to swap point movements (differences between Eurozone and US interest rates), in addition to new contracts signed by the Group to cover cash flows for new and major orders exposed to the Russian Ruble;

- for Euro 2,323 thousand the positive mark-to-market change in the hedging instruments to hedge the exposure to changes in the price of raw materials (principally copper); these instruments, although hedging raw material risk, for accounting purposes are classified as held-for-trading instruments and consequently measured at fair value with changes recognized to profit and loss;

- for Euro 4,254 thousand the positive fair value change of the residual portion of two cash-settled Total Return Equity Swap derivative instruments (TRES); to hedge against movements in the Maire Tecnimont share price. The residual portion of the instruments at December 31, 2017 hedges the risk for a total of approx. 6.6 million shares, further reduced to 2.6 million shares at the beginning of 2018;

- for Euro 22,750 thousand the positive differential closed and settled during the year following the partial closure of the cash-settled Total Return Equity Swap (TRES) derivative instruments;

- for Euro 1,332 thousand income arising on the TRES contracts, related to the distribution of dividends by Maire Tecnimont S.p.A., which the intermediary receded to the issuer.

In this regard, we report the following:
In February 2016, Maire Tecnimont S.p.A. subscribed to an initial derivative contract (TRES) in view of the implementation of a buy-back program for a maximum 10,000,000 shares, approved by the Ordinary Shareholders' Meeting of December 15, 2015. In October 2016, Maire Tecnimont S.p.A. subscribed to a further derivative contract (TRES), in view of an increase in the number of shares to be purchased on the market for a total amount of 4,500,000 treasury shares. In May 2017, Maire Tecnimont S.p.A. subscribed a third derivative (TRES) for an additional 4,000,000 treasury shares in view of the wider acquisition program for a maximum 20,000,000 treasury shares, approved by the Shareholders' AGM of April 26, 2017. On that date, the Shareholders' AGM of Maire Tecnimont S.p.A. - following the withdrawal of authorization by the Shareholders' Meeting of December 15, 2015 - authorized the Board of Directors to purchase and dispose of treasury shares as per Articles 2357 and 2357-ter of the Civil Code, Article 132 of Legislative Decree No. 58 of February 24, 1998 ("CFA") and Article 144-bis of Consob Issuers' Regulation 11971/1999, as subsequently amended, according to the means proposed by the Board of Directors on March 15, 2017. Authorization was approved in pursuit of objectives such as, among others, share incentive plans, the conversion of convertible debt instruments into equity instruments, corporate operations, including investment swaps, in the interest of the company and, through an intermediary, in support of the share's liquidity and fluid trading. Authorization was granted to acquire treasury shares up to a maximum 20,000,000 ordinary shares (6.54% of the shares currently in circulation), for a period of 18 months from the authorizing Shareholders' Meeting motion.

On July 10, 2017, Maire Tecnimont S.p.A. communicated the acquisition on the Mercato Telematico Azionario (MTA) organized and managed by Borsa Italiana S.p.A., in the period between June 22, 2017 and July 5, 2017, all 1,125,000 shares relating to the First Cycle (year 2016) of the Employee Share Ownership Plan and subsequent delivery to the Plan Beneficiaries by July 25, 2017.

On September 22, 2017 - Maire Tecnimont S.p.A. communicated initiation of a buy-back program of 15,000,000 treasury shares, to service the "€80 million 5.75 per cent. Unsecured Equity-Linked Bonds due 2019" issued by the company following Board motion of February 11, 2014, pursuant to Article 2410, first paragraph of the Civil Code (the "Bond Loan"). On February 1, 2018, all 15,000,000 ordinary shares to service the equity-linked bonds were acquired and, therefore, the Program was completed.

The derivative contracts (TRES) were underwritten with a financial intermediary, with no obligation for Maire Tecnimont to acquire the treasury shares, but only the obligation for the settlement between the parties of the differential between the exercise price and the Maire Tecnimont share price on the maturity of the instruments. Maturity of the contracts is in 2019, although annual intermediary windows allow Maire Tecnimont to exercise a partial "Early Termination" option. During the year, Maire Tecnimont exercised this option proceeding with the settlement of a large part of the instruments; the residual portion of the instruments at December 31, 2017 hedges the risk for approximately 6.6 million shares, further reduced by 2.6 million at the beginning of 2018.

For accounting purposes the TRES is measured in accordance with IAS 39 as a fair value derivative through P&L.

27.11. Financial expenses

(in Euro thousands)	2017	2016
Charges from group companies	(2)	(2)
Other charges	(22,044)	(18,521)
Equity Linked Bond interest & other charges	(10,111)	(6,604)
Charges on derivatives	(14,478)	(10,424)
Total	**(46,635)**	**(35,552)**

Financial expenses amounted to Euro 46,635 thousand and increased Euro 11,083 thousand compared to the previous year.

Charges from group companies, amounting to Euro 2 thousand, refer to interest on loans received from the consortium company Cavtoni.

"Other charges", which principally include loan interest, current account interest charges, factoring charges and banking and accessory charges and charges on financial liabilities measured at amortized cost utilizing the effective interest rate method and interest paid to the tax authorities and charges for discounting for a total of Euro 22,044 thousand, increased by Euro 3,523 thousand.
In April 2017, the Maire Tecnimont Group reached an agreement for the optimization of a number of terms and conditions of the existing bank debt of the subsidiary Tecnimont S.p.A., which was restructured on December 28, 2015. The transaction, in particular, reduces the applicable margin from 2.5% to 1.9% and extends the repayment period by approx. 15 months (bringing maturity to March 2022), while also remodelling the repayment plan. Following this event we report however a negative effect on the financial expenses in consideration of the settlement costs of the previous restructuring and part of the new restructuring which were expensed for a total amount of approx. Euro 4,877 thousand.

The "Interest Bond & Equity Linked" charges, amounting to Euro 10,111 thousand, specifically refer to:

- for Euro 9,178 thousand to the cash and non-cash components of the interest on the equity-linked bond of a nominal Euro 80 million issued in February 2014; the account increased in the year by Euro 2,574 thousand following the acceleration of the amortization on the residual portion of the accessory charges as a consequence of the decision of the Board of Directors of Maire Tecnimont which approved the exercise of the advance repayment option in cash, at a nominal value, originally scheduled for February

2019. For more details, reference should be made to the paragraph "Other current financial liabilities" of the Explanatory Notes;

- for Euro 933 thousand interest on the non-convertible bonds subscribed in the first half of 2017 through private placement, by the Pan-European Fund and the Export Development Fund (created by SACE), both managed by Amundi Group companies.

Charges on derivatives of Euro 14,478 thousand rose Euro 4,054 thousand on the previous year and relate to the "time-value" portion of currency hedging derivatives. As not considered a hedging component, the change to the fair value is recognized to the income statement. This component increased on the previous year due to swap point movements (differences between Eurozone and US interest rates), in addition to new contracts signed by the Group to cover cash flows for new and major projects.

27.12. Investment income/(expenses)

(in Euro thousands)	2017	2016
Investment income - other companies	288	313
Revaluations/(Write-downs) associates	3,249	(282)
Revaluations/(Write-downs) other companies	(90)	(1)
Total	**3,447**	**30**

Net investment expenses amount to Euro 3,447 thousand, an increase of Euro 3,417 thousand compared to the previous year.

Investment income includes dividends received from Kafco LTD, in which Stamicarbon B.V. holds an investment.

Net income on the valuation of associates refers to their valuation at equity; in particular income for Euro 3,490 thousand refers to the investment in the company Biolevano S.r.l. following the profit for the year and for Euro 23 thousand to the investment in Studio Geotecnico S.r.l.; the charges refer for Euro 264 thousand to the investment in the JV Kazakhstan Tecnimont-KTR LLP incorporated in order to develop initiatives in the country with a new strategic partner.
The write-down of other companies refers for Euro 87 thousand to the investment in Penta Domus S.p.A. following the reduction in the share capital of the company due to the losses incurred by the "Ex Area Vitali" real estate project through the vehicle company Cinque Cerchi S.p.A. and the subsequent liquidation of Penta Domus S.p.A.; and for Euro 3 thousand in relation to the consortiums Cavet and Cavtomi.

27.13. Income taxes

(Euro thousands)	2017	2016
Current income taxes	(47,823)	(37,890)
Prior year taxes	(7,334)	(3,020)
Deferred tax income	(8,117)	(9,999)
Deferred tax charges	933	2,368
Total	**(62,341)**	**(48,542)**

Estimated income taxes amount to Euro 62,341 thousand, an increase of Euro 13,799 thousand, mainly due to higher pre-tax income compared to the previous year.

The effective tax rate in 2017 was approx. 33%, a small improvement on the average tax rate reported for the preceding quarters and based on the various countries in which operations are carried out, reducing on the previous year.

Current income taxes mainly includes "IRES" Italian corporation tax and foreign overseas corporation tax as well as an estimate of the "IRAP" Italian regional income tax and other taxes.

Prior year income taxes mainly includes the differences arising between the amounts accrued for taxes and the actual tax declarations for the year.

Net deferred tax income and charges includes the effect of the utilization of deferred tax income on fiscal losses realized in previous years and temporary differences arising in previous years and deductible in the current year.

27.14. Earnings per share

The share capital of Maire Tecnimont S.p.A. comprises ordinary shares, whose earnings per share is calculated dividing the Group net income in 2017 by the weighted average number of Maire Tecnimont S.p.A. shares in circulation in the period considered.

Therefore, at the reporting date, following the acquisition of 9,759,548 treasury shares, the number of shares in circulation was 295,767,952. This figure was used as the denominator for the calculation of the earnings per share at December 31, 2017. The basic earnings per share, net of the treasury shares, amounts to Euro 0.401;

(in Euro)	2017	2016
Number of shares in circulation	305,527,500	305,527,500
(Treasury shares)	(9,759,548)	0
Number of shares to calculate earnings per share	295,767,952	305,527,500
Group net income	118,649,857	74,371,253
Number of shares reserved capital increase Equity Linked Bond	23,112,932	36,533,017
Earnings per share (Euro)		
Group basic earnings per share	**0.401**	**0.243**
Group diluted earnings per share	**0.372**	**0.217**

We also report that in February 2014 the Parent Company completed an equity-linked bond operation amounting to Euro 80 million, placed with qualified Italian and foreign investors.

On January 25, 2018 - The Board of Directors of Maire Tecnimont approved the exercise of the early repayment in cash option, at nominal value, of the equity-linked "€80 million 5.75 per cent. Unsecured Equity- Linked Bonds due 2019" bond loan (the "Loan") issued by Maire Tecnimont ("Maire Tecnimont") and convertible into ordinary Maire Tecnimont shares.

On March 6, 2018 - Maire Tecnimont announced that - against the nominal value of the Loan at January 25, 2018 of Euro 79,900,000, for 799 bonds (the "Bonds") still in circulation and listed on the Dritter Markt (Third Market) Multilateral Trading Facility organized and managed by the Vienna Stock Exchange - it had received, by the deadline of February 28, 2018, conversion requests from bondholders for a nominal value of Euro 79,800,000, corresponding to a total of 798 Bonds, at the conversion price of Euro 2,0964.

The conversion requests were satisfied through delivery to entitled parties of a total 38,065,232 ordinary Maire Tecnimont shares, with full rights, of which 14,952,300 treasury shares of the company from the buy-back program to service the conversion of the Loan which commenced on September 25, 2017, and 23,112,932 newly-issued shares from a paid-in share capital increase to service the Loan, approved by the Extraordinary Shareholders' Meeting of the company of April 30, 2014.

The 1 Bond of a nominal value of Euro 100,000.00, for which a conversion request was not presented by the final deadline of February 28, 2018, was repaid in cash at the above nominal value, in addition to interest matured, according to that set out in the Bond Regulation, with value date of March 7, 2018.

At the date of the present report account was taken in the calculation of the diluted earnings of this component, as at December 31, 2017 the conversion was "in the money".

The diluted earnings per share was Euro 0.372.

28. Notes to the Balance Sheet

28.1. Property, plant and equipment

(Euro thousands)	2016	Changes in the year	2017
Land	4,137	(77)	4,060
Buildings	21,337	(568)	20,769
Plant and machinery	359	(49)	310
Industrial and commercial equipment	477	508	985
Other assets	7,271	532	7,803
Total	**33,582**	**345**	**33,927**

The following table illustrates the changes in the historical cost, accumulated depreciation and net book values:

(in Euro thousands)	Land	Buildings	Plant and Machinery	Industrial and commercial equipment	Other assets	Total
Net book value at December 31, 2016	**4,137**	**21,337**	**359**	**477**	**7,271**	**33,582**
Increases	0	0	88	172	2,891	3,151
Disposals	0	0	(47)	(38)	(122)	(207)
Depreciation	0	(490)	(57)	(261)	(2,195)	(3,002)
Cost reclassification/adjustments	0	0	0	588	(588)	0
Change in consolidation scope	0	0	0	0	0	0
Revaluations/(Write-downs)	0	0	0	0	(1)	(1)
Other changes	(77)	(78)	(32)	46	547	406
Net book value at December 31, 2017	**4,060**	**20,769**	**310**	**985**	**7,804**	**33,927**
Historic cost	4,060	26,915	3,699	3,567	41,941	80,182
Accumulated depreciation	0	(6,146)	(3,389)	(2,582)	(34,138)	(46,254)

The changes mainly refer to depreciation in the year, net of acquisitions. The principal changes in the year related to:

- Land, with a net decrease of Euro 77 thousand, due to the conversion of amounts in foreign currencies;
- Buildings, with a net decrease of Euro 568 thousand, principally due to depreciation in the year. The other decreases mainly refer to the translation effect of amounts in foreign currencies;

- Plant and machinery, with a net decrease of Euro 49 thousand, principally due to the depreciation in the year and some disposals. The increases mainly refer to the acquisition of small site equipment;

- Industrial and commercial equipment, with a net increase of Euro 508 thousand, principally due to a reclassification from the account other assets and purchase of specific site material. The decreases relate to depreciation for the year and some disposals;

- Other assets, with a net increase of Euro 532 thousand, mainly due to leasehold improvements, office furniture, EDP, net of depreciation in the year and a reclassification to the account industrial and commercial equipment. The increases relate to the growth in the Group portfolio, as well as new offices dedicated to the integrated project teams including in overseas offices.

For comparative purposes the changes relating to the previous year are shown below:

(in Euro thousands)	Land	Buildings	Plant and Machinery	Industrial and commercial equipment	Other assets	Total
Net book value at December 31, 2015	**4,130**	**21,836**	**518**	**682**	**6,465**	**33,631**
Increases	0	0	202	0	1,614	1,816
Disposals	0	0	0	0	0	0
Depreciation	0	(462)	(372)	(269)	(1,943)	(3,046)
Cost reclassification/adjustments	0	(36)	0	0	956	920
Change in consolidation scope	0	0	0	0	0	0
Revaluations/(Write-downs)	0	0	0	0	(9)	(9)
Other movements	7	(2)	11	65	186	267
Net book value at December 31, 2016	**4,137**	**21,337**	**359**	**477**	**7,271**	**33,582**
Historic cost	4,137	27,061	5,353	3,782	44,939	85,272
Accumulated depreciation	0	(5,724)	(4,993)	(3,305)	(37,668)	(51,690)

28.2. Goodwill

(in Euro thousands)	2016	Changes in the year	2017
Goodwill	291,754	0	291,754
Total	**291,754**	**0**	**291,754**

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

- for Euro 135,249 thousand the acquisition of the Tecnimont Group;

- for Euro 53,852 thousand the acquisition and subsequent merger of Maire Engineering S.p.A. into Maire Investimenti S.p.A. (following the merger Maire Investimenti S.p.A. changed its name to Maire Engineering S.p.A), net of the write-down of Euro 10,000 thousand in 2013;
- for Euro 18,697 thousand the acquisition and subsequent merger into Maire Engineering of Tecno Impianti di Amato & Orlandi S.p.A., SIL Società Italiana Lavori S.p.A. and Calosi e Del Mastio S.p.A.;
- for Euro 55,284 thousand the acquisition of the subsidiary Tecnimont Private Limited;
- for Euro 137 thousand the purchase of the share capital of Noy Engineering S.r.l.;
- for Euro 2,184 thousand the acquisition of the subsidiary Stamicarbon B.V.;
- for Euro 26,351 thousand the acquisition of the KT Group.

In application of the IAS 36 impairment method, the Maire Tecnimont Group identified the Cash Generating Units (CGU) which represent the smallest identifiable group of activities capable of generating cash flows largely independently within the consolidated financial statements. The maximum level of the aggregation of the CGU's is represented by the segments of activities as per IFRS 8.

The goodwill was allocated to the cash generating units from which the related benefits from the business combination are expected to arise.

The CGU's were identified with similar criteria to the previous year also in line with the representation of the operating segments.

The table below summarizes the value of goodwill allocated by sector:

(in Euro thousands)	2016	Changes in the year	2017
Technology, Engineering & Construction	238.6	0	238.6
Infrastructure & Civil Engineering	51	0	51
Licensing	2.2	0	2.2
Total	**291.8**	**0.0**	**291.8**

The recoverability of the goodwill and of the other intangible and tangible fixed assets is verified at least once a year also in the absence of indicators of loss in value. The recoverable value of the cash-generating units, whose individual goodwill were allocated, was determined through the determination of the value in use, considered as the present value of the expected cash flows, utilizing a discounting interest rate which reflects the specific risks of the individual cash-generating units at the valuation date. The book value of the CGU's (carrying amount) includes the book value of the net assets invested which may be attributed directly, or separated based on a reasonable and uniform criterion, to the CGU's. The net working capital items are included in the calculation of the book value and of the recoverable value. The working capital items are in addition separately tested for loss in value, in accordance with the applicable accounting standards.

This analysis was undertaken in conjunction with an independent expert, utilizing the cash flows based on the 2018 Budget and on the industrial and financial plan 2018-2022, approved by the Board of Directors on March 15, 2018.

These cash flows confirm the assumptions and the strategic projections of the Group plan and reflect the best estimates made by Top Management in relation to the principal assumptions concerning business operations (macro-economic trends and prices and business development). The underlying assumptions and the corresponding financials are considered appropriate for the impairment test. The plan, in addition to the project margins, includes commercial, general and administrative costs.

The main assumptions reflected in the 2018 Budget and the Industrial Plan take account of the significant backlog at the end of 2017 and the contracts signed with international clients since the beginning of the current year, which indicate the maintenance of the strong industrial performances delivered in 2017.

The market is expected to remain challenging, although the recognized technological know-how of the Group continues to develop and extend to adjacent technologies, in synergy with existing technologies and a flexible business model offering innovative services and products that can anticipate market demand. We can therefore forecast the maintenance of a significant backlog. This forecast is backed up by a strong commercial pipeline and the expectation of additional new contracts over the coming quarters, which will also extend our geographic reach.

The value in use was determined based on the estimated future cash flows discounted which the CGU will be capable of producing in the future. The estimated cash flows include the recharge of general and administration costs (G&A) of the Group for all the CGU's. The value of the cash flows was expressed net of the notional imposition, considering the tax benefit relating to any deductibility of amortization and depreciation. Consideration was also taken of changes in net working capital and in relation to fixed capital investment.

For the determination of the recoverable value, the cash flows refer to the business plan, as well as a final value (Terminal Value) beyond the plan horizon, in line with the nature of the investments and with sector operations. Relating to the estimate of the Terminal Value, the last year of the cash flows was not taken as an expression of the "normalized" cash flow, but rather the average margin of the Plan future cash flows was considered.

The "normalized" cash flow was capitalized considering a growth rate between an interval of 0% and 2.4% for the "Technology, Engineering & Construction" CGU, between 0% and 2.7% for the "Licensing" CGU and between 0% and 1.4% for the "Infrastructure and Civil Engineering" CGU.

For the purposes of the discounting of the operating cash flows, the interest rate identified was the weighted average cost of capital (WACC) post tax. The parameters utilized in the estimate of the discounting rate (Beta and Net Financial Position) were determined on the basis of a basket of comparable operators respectively in the "Infrastructure" sector for the I&IC CGU and in the "Plant" sector for all the other CGU's, calculating for each the key financial indicators, in addition to the most significant market values.

The risk-free rate utilized considered the Eurirs average 6 months (S&P Capital IQ) rate, the expected medium/long-term inflation rate for the reference countries and the relative Country Risk Premium (determined on the basis of the differential between the country CDS spread and the country benchmark CDS spread). The market risk premium was estimated at 5.5%. It was considered appropriate to consider a specific risk for each CGU above the relative discounting rate; this premium was determined based on the comparison between the size of the CGU and the companies utilized for the estimate of the Beta Unlevered. This risk was increased by a Company Specific Risk Premium in relation to the conditions of the individual CGU`s.

For the cost of equity component, the rate was prudently increased by 1.7 percentage points for the "Technology, Engineering & Construction", by 3.7 percentage points for the "Licensing" units and by 5.6 percentage points for the "Infrastructure and Civil Engineering" CGU, also considering the prospects of the CGU following the redefinition of the operating structure, the commercial repositioning as well as the strengthening of synergies and know-how.

The analysis undertaken based on the parameters outlined above did not result in any loss in value.

A sensitivity analysis was also undertaken on the basis of the changes in the following parameters: i) discount rate and ii) growth rate for the estimate of the Terminal Value; based on this analysis, the range of the recoverable value of the CGU's was determined.

Discount rate (WACC post tax)	Lower extreme	Higher extreme
Technology, Engineering & Construction CGU	10.1%	12.1%
Infrastructure & Civil Engineering CGU	9.2%	11.2%
Licensing CGU	12%	14%

Growth rate beyond plan period	Lower extreme	Higher extreme
Technology, Engineering & Construction CGU	0%	2.4%
Infrastructure & Civil Engineering CGU	0%	1.4%
Licensing CGU	0%	2.7%

The results of these sensitivity analyses did not highlight any impacts on the values recorded by the three CGU's.

In the application of this method, management utilized assumptions, including the estimate of the future increases in the backlog, revenues, gross margin, operating costs, growth rate of the terminal value, investments and average weighed cost of capital (discount rate). The cash flow forecasts refer to current business conditions, therefore they do not include cash flows related to events of an extraordinary nature.

The estimates and the budget data were determined by Group management based on past experience and forecasts relating to the development of the Group's markets. However, the estimate of the recoverable value of the cash generating units requires discretionary interpretation and the use of estimates by management. The Group cannot guarantee that there will not be a loss in value of the goodwill in future years. In fact, various market environment factors may require a review of the value of goodwill. The circumstances and events which could give rise to a further loss in value will be monitored constantly by the Group.

28.3. Other intangible assets

(in Euro thousands)	2016	Changes in the year	2017
Patent rights	19,966	322	20,288
Concessions, licenses, trademarks & similar rights	2,183	1,330	3,513
Other	844	792	1,636
Assets in progress and advances	9,115	5,875	14,990
Total	**32,108**	**8,319**	**40,427**

The following table illustrates the changes in the historical cost, accumulated depreciation and net book values:

(in Euro thousands)	Patents	Concessions, licenses, trademarks & others	Others	Assets in progress and advances	Total
Net book value at December 31, 2016	**19,966**	**2,183**	**844**	**9,115**	**32,108**
Increases	1,599	2,430	1,844	6,041	11,914
Disposals	0	0	0	0	0
Amortization	(1,508)	(1,107)	(1,051)	0	(3,667)
Cost reclassification/adjustments	166	0	0	(166)	0
Change in consolidation scope	0	0	0	0	0
Revaluations/(Write-downs)	0	0	0	0	0
Other changes	64	6	0	0	70
Net book value at December 31, 2016	**20,288**	**3,513**	**1,636**	**14,990**	**40,427**
Historic cost	31,917	13,405	24,564	14,990	84,877
Accumulated amortization	(11,629)	(9,892)	(22,928)	0	(44,450)

The value of the other intangible assets at December 31, 2017 amounted to Euro 40,427 thousand, with an increase of Euro 8,319 thousand compared to December 31, 2016; this increase mainly derives from acquisitions and technological investments, net of amortization for the year.

The principal changes in the year related to:

- Patent rights, with a net increase of Euro 322 thousand, mainly refer to the new technologies and intellectual property rights (patents and licenses) developed and filed by Stamicarbon B.V and by Maire Tecnimont Innovation Center (MTIC); the change in the year refers to amortization in the year, net of new registrations of intellectual property;
- Concessions, licenses and trademarks, with a net increase of Euro 1,330 thousand mainly refers to the costs incurred for the purchase of software licenses for operational activities, also due to the growth of the Group, engineering applications and the management of business processes, as well as the installation of management and document digitalization systems, net of the amortization in the year;
- Other Intangible assets, with a net increase of Euro 792 thousand;
- Intangible assets in progress and advances report a net increase of Euro 5,875 thousand, which mainly includes new software and relative installations still in progress. We highlight the migration of the ERP SAP to the new SAP S4/HANA version, the updating of the principal engineering applications, the documentation system and the activities in the completion stage of the Prometeo project in support of the Project Control. The account includes also development costs in relation to a technology developed together with the Milan Polytechnic for the removal of CO_2 and other acid gas components from deposits, separating them from the natural gas, in addition to development costs in relation to the collaboration with Siluria Technologies to convert natural gas into higher added value products through efficient processes which may be integrated into existing industrial infrastructure.

For comparative purposes the changes relating to the previous year are shown below:

(in Euro thousands)	Patents	Concessions, licenses, trademarks & others	Others	Assets in progress and advances	Total
Net book value at December 31, 2015	**19,023**	**1,564**	**2,172**	**3,317**	**26,076**
Increases	2,216	1,416	236	5,802	9,670
Disposals	0	0	(24)	0	(24)
Amortization	(1,274)	(707)	(725)	0	(2,705)
Cost reclassification/adjustments	0	0	(977)	0	(977)
Change in consolidation scope	0	0	0	0	0
Revaluations/(Write-downs)	0	0	0	0	0
Other movements	0	(90)	161	(4)	67
Net book value at December 31, 2016	**19,966**	**2,183**	**844**	**9,115**	**32,108**
Historic cost	30,086	11,000	23,338	9,115	73,540
Accumulated amortization	(10,121)	(8,817)	(22,494)	0	(41,432)

28.4. Investments in associates and Joint Ventures

(Euro thousands)	2016	Changes in the year	2017
Investments in associates:			
• Studio Geotecnico Italiano	1,102	23	1,125
• MCM servizi Roma S.c.a.r.l. in liquidation	4	0	4
• Desimont Contracting Nigeria (*)	0	0	0
• JV TSJ Limited (*)	0	0	0
• Villaggio Olimpico Moi S.c.a.r.l. in liquidation	3	0	3
• FEIC Consortium in liquidation	5	0	5
• Tecnimont Construction Co WLL-Qatar	20	0	20
• HIDROGENO CADEREYTA – S.A.P.I. de C.V. (*)	0	0	0
• Bio - P S.r.l.	29	5	34
• Biolevano S.r.l.	11,740	3,490	15,230
• Kazakhstan JV Tecnimont-KTR LLP	151	(141)	10
• JV Volgafert LLC	0	5	5
Total	**13,055**	**3,381**	**16,436**

(*) The investment was completely written down and a provision for accumulated losses is recorded under provisions for risks and charges.

During 2017 the following changes took place in the investments held in associates:

- investment in the company Bio-P S.r.l. increased by Euro 5 thousand following a further share capital increase ahead of the start-up of operations;

- investment in JV Kazakhstan Tecnimont-KTR LLP, incorporated to develop initiatives in the country with a new strategic partner; during the year a share capital increase was subscribed for Euro 122 thousand, with a simultaneous decrease following its valuation at equity.

- the investment in the company Biolevano S.r.l. increased Euro 3,490 thousand following the measurement at equity and the profits reported;

- the investment in Studio Geotecnico S.r.l. increased Euro 23 thousand following the measurement at equity;

In July 2017, the Maire Tecnimont Group, through the subsidiary Met Dev 1 S.r.l, incorporated together with PJSC KuibyshevAzot, (a Russian chemical sector leader), the joint venture Volgafert LLC. The initial investment was Euro 5 thousand and Met Dev 1 holds 32% of Volgafert LLC.

Volgafert LLC's corporate scope concerns the development, construction, funding, maintenance and management of a new urea plant in Togliatti, in the Samara region of the Russian Federation. The urea plant will utilize Stamicarbon Urea technology, a Maire Tecnimont Group company, and the plant will be constructed and integrated into the KuibyshevAzot industrial site. Both parties have begun already Basic Engineering and Project Documentation, with the co-ordination of Tecnimont (the main Maire Tecnimont EPC contractor) in collaboration with Stamicarbon and the Russian design institute JSC NIIK.

The breakdown of associates and joint ventures is as follows:

Company	Location/	Currency	Share capital	% Group	Through:	%
Studio Geotecnico Italiano	ITA	EUR	1,550,000	44.00%	Tecnimont S.p.A.	44%
MCM servizi Roma S.c.a.r.l. in liquidation	ITA	EUR	12,000	33.33%	MST S.r.l.	33.33%
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%	Neosia S.p.A.	33.33%
FEIC Consortium in liquidation	ITA	EUR	15,494	33.85%	Neosia S.p.A.	33.85%
Tecnimont Construction Co WLL-Qatar	Qatar	QAR	42,000	49%	Neosia S.p.A.	49%
HIDROGENO CADEREYTA – S.A.P.I. de C.V.	Mexico	MXN	10,000	40.70%	KT S.p.A.	40.70%
Biolevano S.r.l.	ITA	EUR	18,274,000	30.00%	Neosia S.p.A.	30.00%
BIO - P S.r.l.	ITA	EUR	50,000	30.00%	Processi Innovativi S.r.l.	30.00%
Kazakhstan JV Tecnimont-KTR LLP	KZT	KZT	210,000,000	50.00%	Tecnimont S.p.A.	50.00%

The key financial highlights of the principal associates and joint ventures and the reconciliation with the book value of the investments is shown below:

KEY FINANCIAL HIGHLIGHTS

(in Euro thousands)	Studio Geotecnico	TSJ Limited	Biolevano S.r.l.
NON-CURRENT ASSETS	140	0	58,896
CURRENT ASSETS	5,945	3,054	25,526
FINANCIAL ASSETS	445	14,126	7,019
TOTAL ASSETS	**6,530**	**17,180**	**91,441**
NET EQUITY	2,519	(33,977)	41,567
NON-CURRENT LIABILITIES	855	0	2,088
CURRENT LIABILITIES	2,991	51,157	7,162

(in Euro thousands)	Studio Geotecnico	TSJ Limited	Biolevano S.r.l.
FINANCIAL LIABILITIES (current and non-current)	165	0	40,624
TOTAL NET EQUITY AND LIABILITIES	**6,530**	**17,180**	**91,441**
REVENUES	2,988	13,955	25,653
EBITDA	107	-1,856	13,489
TOTAL COMPREHENSIVE INCOME	51	-3,225	4,321

RECONCILIATION WITH THE BOOK VALUE OF THE INVESTMENT

(in Euro thousands)	Studio Geotecnico	TSJ Limited	Biolevano S.r.l.
GROUP SHARE	44%	55%	30%
EQUITY SHARE	1,108	(18,688)	12,470
OTHER ADJUSTMENTS (*)	17	18,688	2,759
BOOK VALUE OF THE INVESTMENTS	**1,125**	**0**	**15,230**

(*) The "other adjustments" relating to the JV TSJ Limited concern the risk provision for accumulated losses in relation to Biolevano S.r.l., mainly for the revaluation of fair value of the residual holding after the sale of the company.

With reference to the other investments held by the Group in associates and joint ventures, there are no individually significant investments compared to total consolidated assets, operating activities or regional operations and, therefore, the disclosure required in such cases by IFRS 12 is not provided.

28.5. Financial instruments - Non-current Derivatives

(in Euro thousands)	2016	Changes in the year	2017
Financial instruments - Currency hedging derivatives	8,864	(7,642)	1,222
Financial instruments - Raw material hedging derivatives	195	(195)	0
Total	**9,059**	**(7,837)**	**1,222**

The account Non-current derivative financial instruments at December 31, 2017 amounts to Euro 1,222 thousand, a decrease of Euro 7,837 thousand compared to December 31, 2016.

The account relates to the measurement at fair value of the derivative contracts in place; specifically, they refer to the measurement of the derivative instruments to hedge against currency risks on the cash flows related to project revenues and costs; the positive mark-to-market will be set off against future operating cash flows of a similar amount.

The account in the previous year also included the measurement of some positions on derivative instruments to hedge against changes in the prices of raw materials (principally copper) closed in the year.

For further information and analysis of the Fair Value Hierarchy, reference should be made to the “FINANCIAL RISKS” section.

28.6. Other non-current financial assets

(in Euro thousands)	2016	Changes in the year	2017
Equity investments:			
Non-consolidated subsidiaries	249	(129)	120
Other companies	12,820	4,688	17,508
Total investments	**13,068**	**4,559**	**17,628**
Financial receivables from associates	2	16	18
Financial receivables from group companies	1,610	2,897	4,507
Other receivables	356	7	363
Total Financial Receivables	**1,969**	**2,919**	**4,888**
Total	**15,037**	**7,478**	**22,516**

INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES

(Euro thousands)	2016	Changes in the year	2017
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	(5)	0
• Parco Grande S.c.a.r.l. in liquidation	5	(5)	0
• Program International C.E. S.r.l. in liquidation (*)	0	0	0
• Exportadora de Ingegniería y Servicios TCM SpA	68	0	68
• Tecnimont Illinois Llc.	9	0	9
• Tecnimont Bolivia S.r.l.	129	(129)	0
• Tecnimont Iberia S.l.u.	25	0	25
• Metrofiera S.c.a.r.l. in liquidazione	0	10	10
Total	**249**	**(129)**	**120**

(*) The investment was completely written down

In 2017, the reductions related to the inclusion of Tecnimont Bolivia S.r.l. in the consolidation following the possible start-up of operations, the exclusion after cancellation of the companies Ravizza S.c.a.r.l. and Parco Grande S.c.a.r.l. and the reclassification of Metrofiera S.c.a.r.l. from the other companies.

Tecnimont Exportadora de Ingegniería y Servicios TCM SpA in Chile and Tecnimont Illinois LLC in the United States are still not operational and were therefore not included in the consolidation.

The breakdown of the non-consolidated subsidiaries is as follows:

Company	Location/	Currency	% Group	Through:	%
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%
Tecnimont Iberia S.l.u.	Spain	EUR	100%	Tecnimont S.p.A.	100%
Metrofiera S.c.a.r.l. in liquidazione	ITA	EUR	99,99%	Neosia S.p.A.	99,99%

The investments in non-consolidated subsidiaries mainly refer to consortiums incorporated for specific projects whose corporate duration is related to the duration of the project which is currently either terminated or not yet commenced. They are classified as financial instruments available for sale; these investments must be measured at fair value, but as the investment relates to securities which are not listed on an active market, the fair value may not be reliably determined; however the fair value is not expected to vary from the cost. These investments are therefore maintained at cost, adjusted for any loss in value.

With reference to the investments held by the Group in non-consolidated subsidiaries there are no individually significant investments compared to the total of the consolidated assets, operating activities or regional operations and, therefore, the disclosures required in such cases by IFRS 12 are not provided.

INVESTMENTS IN OTHER COMPANIES

(in Euro thousands)	2016	Changes in the year	2017
• Metrofiera S.c.a.r.l. in liquidation	10	(10)	0
• R.C.C.F. S.p.A. – Nodo di Torino in liquidation	4	(4)	0
• 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 in liquidation (*)	87	(87)	0
• Cavtomi consortium	150	0	150
• Cavet consortium	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
• Sirio consortium	0.3	0	0.3
• Lybian Joint Company	9	0	9
• Kafco L.T.D.	0	0	0
• Cisfi S.p.a.	1,008	0	1,008
• Fondazione ITS	10	0	10
• Contratto di programma Aquila consortium (*)	0	0	0
• Consorzio parco scientifico e tecnologico Abruzzo (*)	0	0	0
• Tecnosanità S.c.a.r.l.	17	0	17
• Tecnoenergia Nord S.c.a.r.l. consortium	35	0	35
• Tecnoenergia Sud S.c.a.r.l. consortium	7	0	7
• Siluria Technologies Inc.	8,974	203	9,176

(in Euro thousands)	2016	Changes in the year	2017
• Pursell Agri-Tech LLC	0	4,589	4,589
Total	**12,820**	**4,688**	**17,508**

(*) The holdings were entirely written down

In 2017 the main decrease related to the write-down of the investment in Penta Domus S.p.A. following the further reduction in the share capital of the company due to the losses incurred by the "Ex Area Vitali" real estate project through the vehicle company Cinque Cerchi S.p.A. and the subsequent liquidation of Penta Domus S.p.A. The decrease of R.C.C.F. SC.p.A. - Nodo di Torino is due to the liquidation of the company.

In 2016, the Maire Tecnimont Group through the subsidiary Met Gas Processing Technologies S.p.A. subscribed to a holding in Siluria Technologies Inc through the Round E investment; the increase of Euro 203 thousand in 2017 is due to the additional acquisition of 110,647 shares; specifically Met Gas S.p.A. received payment in kind for engineering services provided in the form of 110,647 "Series E" shares.

Siluria has committed itself to limiting carbon resource usage through innovative solutions, while also focusing on the most interesting opportunities available on the energy and petrochemical market. Siluria's main technology directly converts natural gas into ethylene through the oxidative coupling of methane. Siluria's second technological process converts ethylene into combustible liquids, such as petrol. Both processes facilitate the replacement of oil by natural gas as the leading global raw material for transport combustibles, in addition to chemical products.

The further increase in the year of Euro 4,589 thousand relates to the acquisition by the Dutch subsidiary Stamicarbon of 20% in Pursell Agri-Tech, LLC, a US start-up specialized in the development and sale of controlled release polymer-coated fertilizers.

Pursell Agri-Tech, based in Sylacauga, Alabama, has developed a new technology to coat fertilizers at a highly competitive cost, producing controlled release fertilizers for the optimal fertilization of extensive areas. This innovative technology combines a proprietary polymer composition with a highly efficient coating process for the production of a range of controlled release fertilizers, in particular urea. The nutrient solution produced is highly sustainable, increases yields and reduces environmental impact.

The investments in other companies mainly refers to consortiums incorporated for specific projects whose duration is related to the project span. These investments should be measured at fair value, but as the investment relates to securities which are not listed on an active market, the fair value may not be reliably determined. They are therefore maintained at cost, adjusted for any loss in value. The investments in other companies are classified as financial instruments available-for-sale.

The key financial highlights relating to other companies is reported below:

Company	Location/	Currency	% Group	Through:	%
Contratto di programma Aquila consortium	ITA	EUR	5.50%	KT S.p.A.	5.50%
Fondazione ITS	ITA	EUR	10%	KT S.p.A.	10%
Parco scientifico e tecnologico Abruzzo consortium	ITA	EUR	11.10%	KT S.p.A.	11.10%
Tecnoenergia Nord S.c.a.r.l. consortium	ITA	EUR	12.50%	MST S.r.l	12.50%
Tecnoenergia Sud S.c.a.r.l. consortium	ITA	EUR	12.50%	MST S.r.l	12.50%
Tecnosanità S.c.a.r.l.	ITA	EUR	17%	MST S.r.l	17%
Cavtomi consortium	ITA	EUR	3%	Neosia S.p.A.	3%
Società Interporto Campano S.p.A.	ITA	EUR	3.08%	Neosia S.p.A.	3.08%

Company	Location/	Currency	% Group	Through:	%
RI.MA.TI. S.c.a.r.l.	ITA	EUR	6.15%	Neosia S.p.A.	6.15%
Cavet consortium	ITA	EUR	8%	Neosia S.p.A.	8%
Lotto 5°A S.c.a.r.l.	ITA	EUR	15%	Neosia S.p.A.	15%
Metro B1 S.c.a.r.l.	ITA	EUR	19.30%	Neosia S.p.A.	19.30%
Penta Domus S.p.A	ITA	EUR	13.52%	Neosia S.p.A.	13.52%
Cisfi S.p.a	ITA	EUR	0.69%	Neosia S.p.A.	0.69%
Lybian Joint Company	Libya	Libyan Dinar	0.33%	Tecnimont S.p.A.	0.33%
Kafco L.T.D.	Bangladesh	BDT	1.57%	Stamicarbon B.V.	1.57%
Finenergia S.p.A. in liquidation	ITA	EUR	1.25%	Tecnimont S.p.A.	1.25%
Siluria Technologies Inc.	USA	USD	3.148%	MET GAS S.p.A.	3.148%
Pursell Agri-Tech LLC	USA	USD	20.00%	Stamicarbon B.V.	20.00%

NON-CURRENT FINANCIAL RECEIVABLES FROM ASSOCIATES

Receivables from associates amount to Euro 18 thousand and relate to the financial receivable from the associate Bio-P S.r.l. for the operating activities of the newly incorporated company; the loan is non-interest bearing.

NON-CURRENT FINANCIAL RECEIVABLES FROM GROUP COMPANIES

Receivables from group companies amount to Euro 337 thousand and relate to the financial receivable of Neosia S.p.A. from the group company Penta Domus S.p.A for the funding of the "Ex Area Vitali" project of this latter. The loan is non interest-bearing. The decrease of Euro 1,273 thousand relates to the write-down during the year due to further losses incurred in the real estate project and the subsequent liquidation of Penta Domus S.p.A.

In 2017, Siluria Technologies Inc issued a Convertible Bond; the Group, through the subsidiary Met Gas Processing Technologies S.p.A., subscribed USD 5 million, equal to Euro 4,170 thousand. The Bond from the subscription date matures interest at an annual rate of 6%.

NON-CURRENT FINANCIAL RECEIVABLES FROM OTHER COMPANIES

Other financial receivables amounting to Euro 363 thousand relate to financial prepayments and accrued income.

28.7. Other non-current assets

(Euro thousands)	2016	Changes in the year	2017
Trade receivables beyond 12 months	50,238	(14,991)	35,247
Other trade receivables beyond 12 months	13,369	(642)	12,727
Tax Receivables beyond 12 months	0	5,495	5,495
Prepayments beyond 12 months	6,026	(3,910)	2,115
Total	**69,632**	**(14,048)**	**55,584**

Other non-current assets amount to Euro 55,584 thousand, decreasing Euro 14,048 thousand compared to December 31, 2016.

Trade receivables due beyond 12 months mainly relate to receivables of Tecnimont S.p.A. and KT – Kinetics Technology S.p.A. for withholding guarantees by the buyer for the correct completion of works in progress. The decrease of Euro 14,921 thousand is the net effect of greater releases of withholding guarantees in 2017 than those matured.

Other trade receivables beyond 12 months amount to Euro 12,727 thousand and decreased Euro 642 thousand; this amount mainly refers to receivables from J&P Avax and other receivables beyond 12 months, including guarantee deposits.

For further information on the situation with the supplier J&P Avax, reference should be made to the "Disputes" section of the Directors' Report.

Tax receivables beyond 12 months of Euro 5,495 thousand concern those of the overseas companies, principally the Indian subsidiary Tecnimont Private Limited, with repayment expected beyond 12 months.

Prepayments beyond twelve months amount to Euro 2,115 thousand and mainly comprise advance payments on bank guarantee commissions relating to new large projects acquired.

28.8. Deferred tax assets and liabilities

(Euro thousands)	2016	Changes in the year	2017
Deferred tax assets	68,524	(29,989)	38,535
Deferred tax liabilities	(25,055)	(6,104)	(31,159)
Total	**43,469**	**(36,093)**	**7,376**

Deferred tax assets and liabilities present a positive net balance of Euro 7,376 thousand, decreasing Euro 36,093 thousand compared to December 31, 2016, as a combined effect of the reduction in deferred tax assets and increase in deferred tax liabilities.

The decrease in deferred tax assets is substantially due to the combined effect of the release of deferred tax assets on fiscal losses in previous years of some Group companies utilized in the period to reduce the estimated Group tax charge and the release of deferred tax assets on excess interest expenses non-deductible in previous years and on risks provisions following utilization in the period, only partially offset by the deferred tax assets arising on temporary charges deductible in future years.

Deferred tax liabilities increased Euro 6,104 thousand and relate to provisions on temporary differences which will be assessable in future years, principally related to the increases in the mark to market of derivative instruments hedging the exposure of order revenues and costs to currency risks.

Deferred tax assets were measured through critically assessing the future recoverability of these assets on the basis of the capacity of the company and of the Maire Tecnimont Group, also through use of the "tax consolidation" option, to generate assessable income in future years. The National Tax Consolidation was renewed for the years 2016-2018.

The Group reports theoretical tax benefits for tax losses which may be carried forward of approx. Euro 56.3 million not recognized to the balance sheet.

28.9. Inventories and Advances to Suppliers

(Euro thousands)	2016	Changes in the year	2017
Work-in-progress and semi-finished goods	4,759	(2,597)	2,162
Finished products and goods	828	462	1,291
Advance payments to suppliers	357,132	(101,618)	255,514
Total	**362,720**	**(103,753)**	**258,967**

The account "Products in work-in-progress and semi-finished goods", amounting to Euro 2,162 thousand, relates to the "Campus Firenze" initiative, a project financing concession of the Florence University which in 2016 was restarted following agreement between the parties. The decrease relates to the advancement of activities in 2017 net of the higher contribution received from the buyer.

"Finished products and goods", amounting to Euro 1,291 thousand, relate to consumable materials and finished products utilized by the Cefalù 20 Consortium for its site activities and of the warehouse of the subsidiary MET T&S which supplies chemical products, spare parts and polymers.

Advance payments to suppliers, amounting to Euro 255,514 thousand, refer to the advances paid to foreign and Italian suppliers and sub-contractors against materials shipped for the construction of plant and work in progress. The decrease in the payments on account is a direct consequence of the advancement of the projects acquired in the previous year and for which significant amounts of equipment and materials were shipped on-site with consequent utilization of the advances to finance the supplies.

28.10. Construction contracts

(in Euro thousands)	2016	Changes in the year	2017
Works-in-progress	11,045,470	2,050,356	13,095,826
(Advances received on work-in-progress)	(10,165,831)	(1,665,817)	(11,831,648)
Total	**879,639**	**384,538**	**1,264,178**

Contract work-in-progress classified under assets (construction contract assets) reflects the net positive amount, by individual order, between the advancement of works and the relative invoicing on account and the contractual risks provision.

The net increase of Euro 384,538 thousand is principally due to the greater volume of works executed during 2017 which was much higher than in previous years and to invoicing in the year.

The gross change on works carried out and advances received on work-in-progress is also impacted by the values of the projects closed during the year and transferred to revenues from sales.

The value of construction contracts includes additional requests on orders in an advanced state of negotiation, for the portion expected to be accepted by the client.

28.11. Trade receivables

(in Euro thousands)	2016	Changes in the year	2017
Trade receivables due within 12 months	484,213	(30,893)	453,320
Subsidiaries - within 12 months	507	(459)	49
Associates - within 12 months	30,157	(9,159)	20,999
Group companies - within 12 months	11,524	(4,549)	6,975
Total	**526,402**	**(45,060)**	**481,342**

Trade receivables at December 31, 2017 amount to Euro 481,342 thousand, a decrease of Euro 45,060 thousand compared to December 31, 2016. The decrease in trade receivables is due to the contractual terms of the main orders; increased invoicing is expected in subsequent months.

Trade receivables from subsidiaries refer to amounts due from subsidiaries not consolidated, in particular the receivable from Program International Consulting Engineers Srl in liquidation.

Receivables from associates amount to Euro 20,999 thousand and decreased mainly due to collections in the year; these mainly refer for Euro 14,725 thousand to receivables for services provided by the Group to TSJ Limited, for the "Borouge 3" project; for Euro 3,000 thousand from Biolevano S.r.l. for the residual trade receivables related to construction of the Biomassa plant, the reduction in this case is also related to collections; for Euro 1,544 thousand to recharges and services undertaken on behalf of Desimont Contracting Ltd and for Euro 1,725 thousand receivables from the newly incorporated JV Volgafert LLC for preliminary activities on the new project.

Trade receivables from group companies primarily relate to engineering services provided and/or recharged and concern Metro B1 for Euro 1,776 thousand, the Cavtomi Consortium for Euro 2,574 thousand, Interporto Campano for Euro 1,751 thousand, the Cavet Consortium for Euro 13 thousand and residually for Euro 860 thousand the Tecnoenergia Nord and Sud S.c.a.r.l. consortiums and Tecnosanita' S.c.a.r.l..

Trade receivables are recorded net of the doubtful debt provision of Euro 5,824 thousand at December 31, 2017 (Euro 6,129 thousand at December 31, 2016).

(Euro thousands)	2016	Provisions	Utilizations	Change in consolidation scope	Other changes	2017
Doubtful debt provision	6,129	1,874	(2,038)	0	(140)	5,824
Total	**6,129**	**1,874**	**(2,038)**	**0**	**(140)**	**5,824**

The provisions relate principally to Infrastructure and Civil Engineering BU orders. The decrease in the period relates to utilizations following the realization of losses on receivables previously provisioned.

Overdue trade receivables principally refer to the Infrastructure and Civil Engineering Business Unit and concern Italian public sector entities; in relation to the Technology, Engineering & Construction BU, they refer to a few positions and are constantly monitored. Neither client categories provide concern from a solvency viewpoint (Italian and foreign state bodies), or for the recoverability of the amounts.

All trade receivables in the accounts substantially approximate fair value which was calculated as indicated in the accounting policies section.

28.12. Current tax assets

(Euro thousands)	2016	Changes in the year	2017
Tax receivables	122,873	(31,232)	91,641
Total	**122,873**	**(31,232)**	**91,641**

Tax receivables amount to Euro 91,641 thousand, decreasing Euro 31,232 thousand compared to December 31, 2016. The account principally includes VAT receivables for Euro 59,922 thousand and other tax receivables for Euro 31,719 thousand; the reduction on December 31, 2016 is principally due to the reduced tax receivables of the overseas subsidiaries which were offset in the year against tax payables of a similar amount.

The VAT receivables relate to the balance of the tax consolidation executed by the Parent Company Maire Tecnimont S.p.A. of Euro 15,477 thousand, Italian companies` receivables not yet within the Group consolidation or prior to their inclusion and therefore not transferred to the parent company for Euro 16,605 thousand, foreign companies amounting to Euro 6,796 thousand and for Euro 21,044 the foreign subsidiary Tecnimont Chile. The VAT receivables of the South American entities are considered recoverable not only through the acquisition of new projects by the South American Group, but also in view of their recognition on any sale of the company.

Other tax receivables for Euro 31,719 thousand principally refer to:

- tax receivables of foreign companies for Euro 3,596 thousand, mainly relate to the tax receivables of the subsidiaries Tecnimont Private Limited and Stamicarbon BV;
- residual tax receivables of Euro 28,123 thousand mainly related to: excess corporation tax payment on account compared to current income taxes of the other companies of the Group, IRAP payments on account, tax receivable for bank interest withholding tax and other tax receivables for various reimbursements, as well as tax credits for income taxes paid abroad.

Maire Tecnimont S.p.A. and the subsidiaries Tecnimont S.p.A., MST S.r.l., Met Gas Processing Technologies, Neosia S.p.A. (formerly Tecnimont Civil Construction S.p.A), KT S.p.A. and Met Development S,p,A. opted to apply the Tax Consolidation regime which permits the calculation of the IRES corporation tax on a tax basis representing the aggregate of the taxable income and losses of the individual companies.

The companies Tecnimont S.p.A., Neosia S.p.A. (formerly Tecnimont Civil Construction S.p.A), Met Gas Processing Technologies, Consorzio Cefalù 20, Consorzio Corace in liquidation and M.S.T. S.r.l. have also applied the Group VAT consolidation regime.

28.13. Financial instruments - Derivatives

(Euro thousands)	2016	Changes in the year	2017
Financial instruments - Currency hedging derivatives	18,301	(5,086)	13,214
Financial instruments - Raw material hedging derivatives	1,865	(507)	1,358
Financial instruments - Total Return Equity SWAP (TRES) derivatives	1,150	4,254	5,404
Total	**21,315**	**(1,339)**	**19,976**

Derivative financial instruments at December 31, 2017 amount to Euro 19,976 thousand, decreasing Euro 1,339 thousand compared to December 31, 2016 and concern the fair value measurement of the derivative contracts in force.

The account for Euro 13,214 thousand relates to the measurement of the derivative instruments to hedge against currency risks on the cash flows related to project revenues and costs. The mark-to-market is positive as the movement in the exchange rate since the subscription date of the derivative instruments to the reporting date saw a weakening principally of the Dollar against the Euro; the positive mark-to-market will be offset by the future operating cash flows for a similar amount.

The account derivative financial instruments for Euro 1,358 thousand refers to the measurement of the derivative instruments to hedge against changes in the prices of raw materials (copper) whose value is significant on the overall margin of the projects. The change derives from the market movements of exchange rates and commodities.

The account for Euro 5,404 thousand relates to the positive fair value change of the residual portion of two cash-settled Total Return Equity Swap derivative instruments (TRES); to hedge against movements in the Maire Tecnimont share price. The residual portion of the instruments at December 31, 2017 hedges the risk for a total of approx. 6.6 million shares, further reduced to 2.6 million shares at the beginning of 2018. In this regard, we report the following:

In February 2016, Maire Tecnimont S.p.A. subscribed to an initial derivative contract (TRES) in view of the implementation of a buy-back program for a maximum 10,000,000 shares, approved by the Ordinary Shareholders' Meeting of December 15, 2015. In October 2016, Maire Tecnimont S.p.A. subscribed to a further derivative contract (TRES), in view of an increase in the number of shares to be purchased on the market for a total amount of 4,500,000 treasury shares. In May 2017, Maire Tecnimont S.p.A. subscribed a third derivative (TRES) for an additional 4,000,000 treasury shares in view of the wider acquisition program for a maximum 20,000,000 treasury shares, approved by the Shareholders' AGM of April 26, 2017. On that date, the Shareholders' AGM of Maire Tecnimont S.p.A. - following the withdrawal of authorization by the Shareholders' Meeting of December 15, 2015 - authorized the Board of Directors to purchase and dispose of treasury shares as per Articles 2357 and 2357-ter of the Civil Code, Article 132 of Legislative Decree No. 58 of February 24, 1998 ("CFA") and Article 144-bis of Consob Issuers' Regulation 11971/1999, as subsequently amended, according to the means proposed by the Board of Directors on March 15, 2017. Authorization was approved in pursuit of objectives such as, among others, share incentive plans, the conversion of convertible debt instruments into equity instruments, corporate operations, including investment swaps, in the interest of the company and, through an intermediary, in support of the share's liquidity and fluid trading. Authorization was granted to acquire treasury shares up to a maximum 20,000,000 ordinary shares (6.54% of the shares currently in circulation), for a period of 18 months from the authorizing Shareholders' Meeting motion.

On July 10, 2017, Maire Tecnimont S.p.A. communicated the acquisition on the Mercato Telematico Azionario (MTA) organized and managed by Borsa Italiana S.p.A., in the period between June 22, 2017 and July 5, 2017, all 1,125,000 shares relating to the First Cycle (year 2016) of the Employee Share Ownership Plan and subsequent delivery to the Plan Beneficiaries by July 25, 2017.

On September 22, 2017 - Maire Tecnimont S.p.A. communicated initiation of a buy-back program of 15,000,000 treasury shares, to service the "€80 million 5.75 per cent. Unsecured Equity-Linked Bonds due 2019" issued by the company following Board motion of February 11, 2014, pursuant to Article 2410, first paragraph of the Civil Code (the "Bond Loan"). On February 1, 2018, all 15,000,000 ordinary shares to service the equity-linked bonds were acquired and, therefore, the Program was completed.

The derivative contracts (TRES) were underwritten with a financial intermediary, with no obligation for Maire Tecnimont to acquire the treasury shares, but only the obligation for the settlement between the parties of the differential between the exercise price and the Maire Tecnimont share price on the maturity of the instruments. Maturity of the contracts is in 2019, although annual intermediary windows allow Maire Tecnimont to exercise a partial "Early Termination" option. During the year, Maire Tecnimont exercised this option proceeding with the settlement of a large part of the instruments; the residual portion of the instruments at December 31, 2017 hedges the risk for approximately 6.6 million shares, further reduced by 2.6 million at the beginning of 2018.

For accounting purposes, the TRES is measured in accordance with IAS 39 as a fair value derivative through P&L.

For further information and analysis of the Fair Value Hierarchy, reference should be made to the "FINANCIAL RISKS" section.

28.14. Other current financial assets

(Euro thousands)	2016	Changes in the year	2017
Financial receivables within 12 months:			
Associates	139	134	273
Group companies	255	(67)	188
Others	6,979	(2,084)	4,895
Total	**7,373**	**(2,017)**	**5,356**

Other current financial assets at December 31, 2017 amount to Euro 5,356 thousand, a decrease of Euro 2,017 thousand compared to December 31, 2016.

Financial receivables from associates concern Villaggio Olimpico Moi for Euro 69 thousand and for Euro 204 thousand the JV Kazakhstan Tecnimont-KTR LLP incorporated in order to develop initiatives in the country with a new strategic partner.

Financial receivables from group companies concern the CAVET Consortium and the reduction in the year is the direct consequence of off-setting between creditor and debtor positions of the Group with the Consortium.

Other receivables amount to Euro 4,895 thousand, decreasing Euro 2,084 thousand; this account includes financial receivables from factoring companies and banks for the residual portion of advances received, receivables from some minor consortiums for special purpose projects of the Neosia Group, various deposits and financial prepayments and accrued income.

For all financial assets, the book value approximates the fair value which is calculated as described in the accounting policies section.

28.15. Other current assets

(Euro thousands)	2016	Changes in the year	2017
Others receivables within 12 months	91,045	41,778	132,823
Commercial prepayments	8,140	5,883	14,023
Total	**99,185**	**47,661**	**146,847**

Other current assets at December 31, 2017 amount to Euro 146,847 thousand, an increase of Euro 47,661 thousand compared to December 31, 2016. The account mainly comprises receivables from other shareholders of the consolidated consortiums, commercial discounts, employee receivables, social security and tax receivables, VAT and taxes of foreign companies and other various receivables, as well as the Alba-Brà Hospital construction and management project represented in accordance with the IFRIC 12 model.

The increase principally relates to the third party portion of the receivable from the consolidated consortiums following the increased operating activities of TecnimontHQC S.c.a.r.l., involved in the Rapid Malaysia initiatives; commercial prepayments and accrued income in addition increased.

The breakdown of other receivables due within 12 months is shown in the table below:

(Euro thousands)	2016	Changes in the year	2017
Alba-Bra' Hospital Concession	27,796	(23)	27,773
Receivables from consortiums and JV's	19,793	42,905	62,698
Other debtors	27,952	(5,969)	21,983
Taxes, VAT and levies (foreign companies)	10,101	3,163	13,264
Insurance premiums	273	282	555
Guarantee deposits	2,037	486	2,523
Other prepayments (rental, commissions, assistance)	8,140	5,882	14,023
Employee receivables	1,268	404	1,671
Advance payments to suppliers	505	(505)	0
Social security institutions	1,311	307	1,619
Receivables for unpaid contributions from other shareholders	9	728	738
Total	**99,185**	**47,659**	**146,847**

The Alba-Brà Hospital concession is a "construction and management" contract signed with ASL CN2. The initiative is headed by the project company MGR Verduno S.p.A. and the work is just over 70% completed. In February 2017, addendum No. 3 was agreed, setting the amount of the public grant and reviewing the Economic and Financial Plan, while also establishing the deadline for completion of works as September 30, 2018 and the initiation of the management phase from October 1, 2018 for twenty years.

All current assets in the accounts substantially approximate fair value.

28.16. Cash and cash equivalents

(Euro thousands)	2016	Changes in the year	2017
Bank deposits	496,905	133,762	630,667
Cash in hand and similar	233	(33)	200
Total	**497,138**	**133,730**	**630,868**

Cash and cash equivalents at December 31, 2017 amount to Euro 630,868 thousand, an increase of Euro 133,730 thousand compared to December 31, 2016.

Operating cash flow amounts to Euro 208,535 thousand, which in addition to the result for the year, was positively impacted by changes in working capital. Cash flows currently reflect the expected working capital changes relating to the normal execution of projects which, during the full execution phase, absorb cash and the positive cash inflows related to new contractual advances.

Investing activities absorbed cash for Euro 19,865 thousand, mainly due to the costs incurred for the installation of software and other applications, license development and new technology, in addition to capex following the overall growth of the Group, as well as the 20% stake in Pursell Agri-Tech, LLC, a US start-up specialized in the development and sales of controlled release polymer-coated fertilizers. The investment amounted to approx. USD. 5.5 million.

Financing activities also absorbed cash of Euro 54,939 thousand, principally due to interest expenses paid and factoring repayments within the working capital management of some projects, the payment of the dividend approved by the Shareholders' AGM of April 27, 2017 of Euro 28,414 thousand and the acquisition of treasury shares of Euro 47,167 thousand. These payments were offset by the issue of non-convertible bonds, through private placement, for a nominal Euro 40 million and from financial income relating to the settlement of a large part of the cash-settled Total Return Equity Swap (TRES) derivative instruments.

The estimate of the "fair value" of bank and postal deposits at December 31, 2017 approximates their book value.

28.17. Shareholders' Equity

Group Shareholders' equity at December 31, 2017 amounts to Euro 261,953 thousand, a net increase of Euro 92,376 thousand compared to December 31, 2016 (Euro 169,577).

Total consolidated Shareholders' Equity, considering minority interests, at December 31, 2017 amounts to Euro 283,770 thousand, an increase of Euro 99,113 thousand compared to December 31, 2016. This increase is also due to the change in minority interest equity including the result for the year.

The overall change in Group Shareholders' Equity is mainly due to the result for the year together with the positive change in the Cash Flow Hedge reserve of the derivative instruments for Euro 43,347 thousand; this change as previously illustrated mainly relates to the mark-to-market gains of the derivative instruments to hedge the currency risk of the revenues and costs from the projects, net of the relative tax effect.

The IFRS2 Reserve also reported a net increase of Euro 6,695 thousand to Euro 10,761 thousand at December 31, 2017 and includes the valuation of the employee shareholder plans as additional benefits; the changes in the year relates to accruals in 2017 of Euro 8,837 thousand, net of utilizations following completion of the first cycle - 2016 of the general shareholder plan for Euro 2,142 thousand.

The principal decreases in the Group shareholders' equity concerned the payment of the dividend approved by the Shareholders' Meeting of April 27, 2017 amounting to Euro 28,414 thousand and the purchase of treasury shares during the year implementing the Shareholders' Meeting motion which authorized the purchase of up to a maximum 20,000,000 ordinary shares in pursuit of objectives such as, among others, share incentive plans, the conversion of convertible debt instruments into equity instruments, corporate operations, including investment swaps, in the interest of the company and, through an intermediary, in support of the share's liquidity and fluid trading.

At December 31, 2017, the company held 9,759,548 treasury shares for a countervalue paid of Euro 42,215 thousand.

SHARE CAPITAL

The Share capital at December 31, 2017 was Euro 19,689,550 and was comprised of 305,527,500 shares without par value and with normal rights.

SHARE PREMIUM RESERVE

The reserve comprises for Euro 25,000 thousand the share premium prior to November 26, 2007 and for Euro 58,045 thousand the share premium on the capital increase of 2007 net of the listing costs of Euro 3,971 thousand, net of the tax effect.

The change in 2013 was Euro 141,653 thousand, comprising share premium paid following the reserved share capital increase and from other shareholders amounting to Euro 146,417 thousand, offset for Euro 4,167 thousand for share capital increase charges net of the tax effect.

This reserve may be utilized for share capital increases without consideration and/or for the coverage of losses. In accordance with Article 2431 of the Civil Code, this reserve may be distributed to the shareholders following a Shareholders' Meeting motion.

OTHER RESERVES

The other reserves at December 31, 2017 amount to Euro 6,683 thousand and comprise:

- Legal Reserve of the Parent Company Maire Tecnimont S.p.A. at December 31, 2017 of Euro 5,328 thousand;
- Asset revaluation reserve of Euro 9,772 thousand recorded following the accounting of the purchase of the residual 50% of Tecnimont Private Limited, and the revaluation of other buildings;
- Translation reserve at December 31, 2017 of a negative Euro 18,073 thousand and comprising the temporary translation differences of the financial statements in foreign currencies; the change in the year was a decrease of Euro 3,167 thousand, impacted by currency movements;
- Statutory reserves, which at December 31, 2017 amount to Euro 27,672 thousand - reducing Euro 18,883 thousand following the payment of the dividend approved by the Shareholders' AGM of April 27, 2017;
- Other reserves, which at December 31, 2017 amounted to Euro 6,646 thousand.

- Bond Loan Reserve of Euro 6,843 thousand, includes the "Equity" component of the Euro 80 million equity linked convertible bond issued in February 2014 amounting to Euro 6,960 thousand. This concerns the conversion option into shares of the convertible bond, and for the accounting of which reference should be made to the "Other non-current financial liabilities" paragraph in these Explanatory Notes; the reserve also includes for -Euro 117 thousand the effects of the first conversion requested in 2017 of 47,700 shares equal to the nominal value of Euro 100,000 of the convertible bond loan.
- IFRS 2 Reserve for Euro 10,761 thousand, which includes the valuation of the equity participation plans offered to employees as additional benefits. The above-mentioned plans are recognized in accordance with the provisions for share-based payments. In accordance with IFRS 2, these plans represent a remuneration component of the beneficiaries; therefore, for the equity participation plans, the cost is represented by the fair value of these instruments at the granting date, and recognized in the income statement under "Personnel expense" over the period between the granting date and that of maturity, and in the "IFRS 2 reserve" under equity. The Reserve reported a net increase of Euro 6,695 thousand; the movements in the year refer to accruals in 2017 of Euro 8,837 thousand, net of utilizations following completion of the first cycle - 2016 of the general shareholder plan for Euro 2,142 thousand.
- Treasury shares in portfolio equal to Euro -42,215 thousand; Maire Tecnimont S.p.A. during the year acquired treasury shares implementing the Shareholders' Meeting motion which authorized the purchase of up to a maximum 20,000,000 ordinary shares in pursuit of objectives such as, among others, share incentive plans, the conversion of convertible debt instruments into equity instruments, corporate operations, including investment swaps, in the interest of the company and, through an intermediary, in support of the share's liquidity and fluid trading. At December 31, 2017, the company held 9,759,548 treasury shares for a countervalue paid of Euro 42,215 thousand.

VALUATION RESERVE

The valuation reserve, which at December 31, 2017 was a positive reserve of Euro 22,114 thousand, refers to the Cash Flow Hedge reserve, and the actuarial gains and losses reserve. The changes in the revaluation reserve are shown below:

(Euro thousands)	Cash Flow Hedge Reserve	Actuarial gains/(losses)	Total
Net book value at December 31, 2016	**(20,078)**	**(1,155)**	**(21,233)**
Actuarial gain/(losses)	0	94	94
Relative tax effect	0	(23)	(23)
Net valuation of derivatives instruments:			
Valuation derivative instruments	56,941	0	56,941
Relative tax effect	(13,666)	0	(13,666)
Net book value at December 31, 2017	**23,197**	**(1,083)**	**22,114**

The increase in the Cash Flow Hedge reserve of the derivative instruments, as previously illustrated, mainly relates to the mark-to-market gains of the derivative instruments to hedge the currency risk on project revenues and costs, net of the relative tax effect.

The reconciliation between the "net income of Maire Tecnimont S.p.A. and Group net income" and the "Net equity of Maire Tecnimont S.p.A. and Group net equity" is shown below.

Reconciliation between net income of Maire Tecnimont S.p.A. and Group net income

(Euro thousands)	2016	2017
Maire Tecnimont S.p.A. net income	9,531	60,144
Inter-company dividends eliminated in consolidated financial statements	(33,602)	(63,418)
Result reported by subsidiaries	100,711	118,837
Elimination of inter-company profits and write-downs	(991)	1,297
Other consolidation adjustments	0	0
Current and deferred taxes	(1,279)	1,790
Group net income	**74,371**	**118,650**

Reconciliation between net equity of Maire Tecnimont S.p.A. and Group net equity

(Euro thousands)	2016	2017
Maire Tecnimont S.p.A. shareholders' equity	415,684	411,674
Elimination of the book value of consolidated investments	(750,280)	(763,413)
Recognition of net equity of the consolidated investments	345,802	452,641
Other consolidation adjustments	158,370	161,051
Group Shareholders' equity	**169,577**	**261,953**
Minority interest	15,079	21,817
Total consolidated Shareholders' equity	**184,656**	**283,770**

28.18. Financial payables - non-current portion

(Euro thousands)	2016	Changes in the year	2017
Bank payables beyond 12 months	306,559	18,043	324,602
Total	**306,559**	**18,043**	**324,602**

Financial payables – non-current portion amount to Euro 324,602 thousand, an increase of Euro 18,043 thousand compared to December 31, 2016, principally following the reclassification to long-term of a portion of the Euro 350 million loan of the subsidiary Tecnimont S.p.A..

In April 2017, the Maire Tecnimont Group in fact reached an agreement for the optimization of a number of terms and conditions of the existing bank debt of the subsidiary Tecnimont S.p.A., which was restructured on December 28, 2015.

The refinancing involved Banca IMI as Global Coordinator, together with Unicredit and Banco BPM as Mandated Lead Arranger and Bookrunner. The transaction, in particular, reduces the applicable margin from 2.5% to 1.9% and extends the repayment period by approx. 15 months (bringing maturity to March 2022), while also remodelling the repayment plan.

The loan of Euro 350 million includes covenants in line with normal business practice for such operations; specifically, the loan's financial covenants concern the ratio between the net financial position and net equity, as well as between the net financial position and EBITDA, with initial measurement on the FY 2017 figures.

Maire Tecnimont is currently not aware of any default situations regarding the above-mentioned covenants.

The residual debt - non-current portion of Euro 3,375 thousand concerns the long-term portion of a loan, also received by Tecnimont and issued by Credito Valtellinese and for Euro 4,174 thousand relates to the loan received by Neosia S.p.A. (formerly Tecnimont Civil Construction) issued by Banca Popolare di Milano in the first half of 2017 in support of a specific project, whose final instalment is due in June 2019.

At December 31, 2017, no overdue debt positions are highlighted.

28.19. Provisions for charges - beyond 12 months

(Euro thousands)	2016	Changes in the year	2017
Provisions for charges - beyond 12 months	70,524	(8,517)	62,007
Total	**70,524**	**(8,517)**	**62,007**

The provision for charges amounts to Euro 62,007 thousand, a decrease of Euro 8,517 thousand compared to December 31, 2016.

The account mainly includes provisions for charges relating to remuneration and incentive policies, other charges related to legal cases and disputes in course, in addition to personnel disputes and contractual risks on projects closed.

This account also includes the measurement at equity of companies with a negative net equity for which the company has the intention - although not immediate given the absence of regulatory obligations - to contribute to the coverage of the negative net equity of the investee.

The main increases relate to provisions for remuneration policies. The decreases in provisions relate to the utilizations in the year, mainly concerning remuneration policies concluded, and the utilization of charges related to tax risks and legal disputes on completed contracts.

The composition and changes in the year are shown below:

(Euro thousands)	2016	Provisions	Util.	Reclass./Chane in consolidation scope	2017
Provision for personnel charges	**29,317**	**20,927**	**(19,292)**	**0**	**30,953**
Other provisions	28,617	20,927	(18,775)	0	30,769
Disputes provision	700	0	(517)	0	184
Provision for fiscal risks	**4,594**	**488**	**(1,801)**	**0**	**3,281**

(Euro thousands)	2016	Provisions	Util.	Reclass./Chane in consolidation scope	2017
Provision for other charges:	**36,613**	**115**	**(8,954)**	**0**	**27,774**
Legal, contract and other risks	15,860	115	(8,280)	0	7,695
Coverage for losses in associates	20,753	0	(674)	0	20,079
Total	**70,524**	**21,530**	**(30,047)**	**0**	**62,007**

28.20. Post-employment & other employee benefits

(Euro thousands)	2016	Changes in the year	2017
Post-employment & other employee benefits	11,689	(236)	11,452
Total	**11,689**	**(236)**	**11,452**

The Group has a liability to all employees of the Italian companies regarding the statutory TFR (Post-employment benefit) provision, while the employees of some foreign companies of the Tecnimont Group are recognized defined contribution plans.

In accordance with IAS 19 (Employee benefits), the Group estimated the liability for defined benefit plans at December 31, 2017; the changes in the year are shown below:

(Euro thousands)	POST-EMPLOYMENT BENEFIT PROVISION	OTHER PLANS	Total
Balance at December 31, 2016	**11,261**	**428**	**11,689**
Changes in the year	(76)	(160)	(236)
Balance at December 31, 2017	**11,185**	**268**	**11,452**

The main decreases in the Post-employment benefit provision and the other plans relate to the departure of employees.

The Cost relating to current employment services is recognized in the Income Statement under "Personnel expense". Financial expenses on obligations assumed are recognized in the Income Statement under financial expenses - other charges. Actuarial gains and losses and recognized in a specific valuation reserve under Equity.

In particular, the assumptions adopted in the valuation of the Post-employment benefit provision relate to:

• Inflation: With reference to the first assumption, it was decided to adopt a rate of 1.5% as the average inflation taken from the "2017 Economic and Finance Document" and the subsequent Update.

• Salary increases: with reference to the salary increases, in line with that for the demographic technical bases, new salary line accounts were created for the companies which do not deposit the Employee Leaving Indemnity Provision with the INPS Treasury Fund; a salary growth rate of 3% annually was assumed for all employees, including inflation, compared to 4% gross of the inflation component adopted previously.

• Discount rate: determined with reference to bond market rates of primary companies at the valuation date, and therefore utilizing the "Composite" interest rate of the curve of corporate issuers with "Investment Grade" AA ratings in the Eurozone (source: Bloomberg) at December 29, 2017.

• Workforce reference: for the internal workforce subject to analysis of the Maire Tecnimont Group, the average age and length of service were considered (Post-employment benefit base) and an estimate of staff turnover.

Sensitivity analysis was also undertaken based on the changes in the following parameters: a) discount rate, b) inflation rate, c) salary increase, d) probability of departure and advances on Post-employment benefit provision; on the basis of these analyses, the range of values of the liabilities for defined benefit plans was established which did not highlight any significant impacts.

In relation to the liabilities at December 31, 2017, a change of +0.5% in the discount rate applied to the calculation would produce a positive effect equal to Euro 0.4 million and in the same manner a change of -0.5% would produce a negative effect of Euro 0.4 million. A change of +0.5% in the inflation rate applied to the calculation would produce a negative effect of Euro 0.3 million and in the same manner a change of -0.5% would produce a positive effect of Euro 0.3 million. A change of +0.5% - 0.5% on salary increases applied to the calculation would have an immaterial effect. A change of +0.5% in the probability of the termination of employment applied to the calculation would produce a positive effect of Euro 0.1 million and in the same manner a change of -0.5% would produce a negative effect of Euro 0.1 million.

28.21. Other non-current liabilities

(Euro thousands)	2016	Changes in the year	2017
Trade payables beyond 12 months	47,618	31,751	79,369
Tax payables beyond 12 months	87	(21)	66
Accrued liabilities	1,156	(1,127)	29
Total	**48,861**	**30,603**	**79,465**

Other non-current other liabilities at December 31, 2017 amount to Euro 79,465 thousand and mainly refer to the withholdings made by the Group to suppliers/sub-contractors in accordance with contractual guarantees for the correct completion of works.

The increase concerns the advancement of orders and the contractual terms with suppliers, against which withholding taxes were greater than December 31, 2016, also due to the significant increase in production volumes in 2017.

28.22. Financial instruments - Derivatives - Non-current

(in Euro thousands)	2016	Changes in the year	2017
Financial instruments - Currency hedging derivatives	4,045	(3,796)	249
Total	**4,045**	**(3,796)**	**249**

Derivative financial instruments at December 31, 2017 amount to Euro 249 thousand, with a decrease of Euro 3,796 thousand compared to December 31, 2016 and concern the fair value measurement of the derivative contracts in force.

The account relates to the measurement of the derivative instruments to hedge against currency risks on the cash flows related to project revenues and costs. The mark-to-market is negative as exchange rates between the subscription date of the derivative instruments and the reporting date saw a revaluation principally of the Dollar against the Euro; the negative mark-to-market will be offset by future operating cash flows of a similar amount.

This component decreased on the previous year due to swap point movements (differences between Eurozone and US interest rates) as well as from the reduced notional hedges expiring beyond 12 months.

For further information and analysis of the Fair Value Hierarchy, reference should be made to the "FINANCIAL RISKS" section.

28.23. Other non-current financial liabilities

(Euro thousands)	2016	Changes in the year	2017
Payables to other lenders - Bonds	75,117	(35,398)	39,719
Total	**75,117**	**(35,398)**	**39,719**

Non-current "Other financial liabilities" include for Euro 39,719 the financial payable on the non-convertible bonds, net of accessory charges, subscribed in 2017 through private placement by the Pan-European Fund and the Export Development Fund (created by SACE), both managed by Amundi group companies.

The bonds, divided into two equal tranches, are priced all-in at 340 basis points, plus the Euribor at 6 months, with a six-year maturity and bullet repayment on maturity and are supported by guarantees issued by Tecnimont S.p.A. and, for one of the two tranches, also by a guarantee in favor of bondholders by SACE S.p.A. (CDP Group). The company is supported by Société Générale as advisor. Both bond tranches were for exclusive subscription by qualifying investors; the securities - with unitary values of Euro 100,000 each - are not be listed or admitted to trading on any market (regulated or non-regulated) or multi-lateral trading systems, nor assigned a rating.

The bonds are supported by covenants in line with market practice; specifically, the bond covenants regard the maintenance of a ratio between the net financial position and net equity, as well as between the net financial position and EBITDA, initially measured on the December 31, 2017 figures.

Maire Tecnimont is currently not aware of any default situations regarding the above-mentioned covenants.

The reduction in non-current "Other financial liabilities" is due to the reclassification to current liabilities of the financial component of the equity-linked bond, net of the relative accessory charges, as a consequence of the decision of the Board of Directors of Maire Tecnimont which approved the exercise of the advance repayment option in cash, at nominal value, of the equity-linked bond loan "€80 million 5.75 per cent. Unsecured Equity- Linked Bonds due 2019" (the "Loan") issued by Maire Tecnimont ("Maire Tecnimont") and convertible into Maire Tecnimont ordinary shares.

For further information, reference should be made to the section "Other current financial liabilities".

28.24. Short-term financial payables

(Euro thousands)	2016	Changes in the year	2017
Bank payables	100,940	(10,620)	90,320
Other lenders	38,711	(29,145)	9,566
Accrued liabilities	3,554	503	4,057
Total	**143,205**	**(39,262)**	**103,943**

Short-term financial payables amount to Euro 103,943 thousand, a decrease of Euro 39,262 thousand compared to December 31, 2016, principally following the reclassification from short to medium/long term of a portion of the previous Euro 350 million loan of the subsidiary Tecnimont S.p.A. and decreases in current account overdrafts relating to the use of credit lines to manage current commercial requirements.

In April 2017, the Maire Tecnimont Group in fact reached agreements for the optimization of a number of terms and conditions of the existing bank debt of the subsidiary Tecnimont S.p.A., which was restructured on December 28, 2015. The refinancing involved Banca IMI as Global Coordinator, together with Unicredit and Banco BPM as Mandated Lead Arranger and Bookrunner. The transaction, in particular, reduces the applicable margin from 2.5% to 1.9% and extends the repayment period by approx. 15 months (bringing maturity to March 2022), while also remodelling the repayment plan.

At December 31, 2017, short-term bank payables mainly refer to:

- for Euro 28,627 thousand the current capital portion of the Euro 350 million loan granted to the subsidiary Tecnimont S.p.A.;

- for Euro 50,000 thousand the revolving line granted to the subsidiary Tecnimont S.p.A. by Banca IMI, also related to the financial reorganization concluded on December 28, 2015 and in this case also reviewed and optimized in April 2017;

- for Euro 6,597 thousand the current capital portion of the loan granted to the subsidiary Tecnimont S.p.A. issued by Credito Valtellinese in 2016;

- for Euro 5,095 thousand current account overdrafts for the utilization of credit lines granted and commercial advances relating to projects in progress.

Other current lenders amount to Euro 9,566 thousand, reducing Euro 29,145 thousand and mainly relate to the factoring operations within the management of the working capital of some projects.

Interest due on loans and bonds and bank overdrafts matured and not yet paid amount to Euro 4,057 thousand.

The net financial position at December 31, 2017 returned to a Net Cash position of Euro 108 million, an improvement of Euro 150.9 million compared to December 31, 2016 (net debt of Euro 42.8 million).

The improvement is mainly due to the increase in liquidity held, thanks to the operating cash flow generated in the year and the significant increase in the mark-to-market of the derivative instruments, in part offset by the issue of the non-convertible bonds subscribed on a private placement basis.

In detail: cash and cash equivalents at December 31, 2017 amount to Euro 630,868 thousand, an overall increase of Euro 133,730 thousand compared to December 31, 2016.

The increase in the mark to market of derivative instruments was Euro 39.3 million, comprised as follows: with Euro 35 million concerning derivative instruments hedging order revenue and cost fluctuations, including raw materials, mainly following the weakening of the Dollar against the Euro compared to December 31, 2016 and Euro 4.3 million the net valuation of "cash-settled Total Return Equity Swap" (TRES) derivative instruments hedging fluctuations in the Maire Tecnimont share price.

The composition of the net financial position is reported in the paragraph "Group balance sheet and financial position" in the Directors' Report, to which reference should be made for further information on the changes compared to the previous period.

The following table reports the Group's net financial debt at December 31, 2017 and December 31, 2016, in line with Consob communication No. DEM/6064293/2006 of July 28, 2006:

NET FINANCIAL DEBT MAIRE TECNIMONT GROUP

	In Euro thousands	31/12/2017	31/12/2016
A.	Cash	(200)	(233)
B.	Bank and postal deposits	(630,667)	(496,905)
C.	Securities	-	-
D.	**Liquidity (A+B+C)**	**(630,868)**	**(497,138)**
E.	**Current financial receivables**	**(25,332)**	**(28,689)**
F.	Current bank payables	68,718	94,943
G.	Current portion of non-current debt	35,225	48,262
H.	Other current financial payables	89,787	54,870
I.	**Current financial debt (F+G+H)**	**193,730**	**198,075**
J.	**Net current financial debt (I-E-D)**	**(462,469)**	**(327,751)**
K.	Non-current bank payables	324,602	306,559
L.	Bonds issued	39,719	75,117
M.	Other non-current payables	249	4,045
N.	**Non-current financial debt (K+L+M)**	**364,569**	**385,722**
O.	**Net financial debt (J+N)**	**(97,900)**	**57,969**

The following table presents the reconciliation between the net financial debt and the net financial position of the Group at December 31, 2017 and December 31, 2016:

RECONCILIATION NFD & NFP			
	In Euro thousands	31/12/2017	31/12/2016
O.	**Net financial debt**	**(97,900)**	**57,969**
	Net financial debt of discontinued operations	-	-
	Other non-current financial assets	(8,920)	(6,065)
	Financial instruments - Non-current derivatives	(1,222)	(9,059)
Net Financial Position		**(108,042)**	**42,846**

The estimate of the "fair value" of these financial instruments, calculated as indicated in the accounting policies section, at December 31, 2017 substantially approximated their book value. The breakdown by maturity of the gross financial debt is reported in the financial risks section.

At December 31, 2017, no overdue debt positions are highlighted.

28.25. Provisions for charges - within 12 months

(Euro thousands)	2016	Changes in the year	2017
Provisions for charges - within 12 months	3,906	(522)	3,384
Total	**3,906**	**(522)**	**3,384**

The provision for charges within 12 months amounts to Euro 3,384 thousand and concerns the estimated costs for remuneration and incentive policies due within 12 months.

28.26. Tax payables

(Euro thousands)	2016	Changes in the year	2017
Tax payables	50,536	(9,123)	41,413
Total	**50,536**	**(9,123)**	**41,413**

Tax payables amounted to Euro 41,413 thousand, reducing on December 31, 2016 by Euro 9,123 thousand, essentially due to the higher estimated income taxes in the year for the Italian companies, net of a reduction in overseas income taxes which were offset in the year against tax receivables of a similar amount.

The account principally includes payables for IRES corporate taxes under the Group tax consolidation and IRES and IRAP of the companies not participating in the tax consolidation for Euro 19,577 thousand, increasing Euro 12,649 thousand on December 31, 2016.

Other tax payables concern foreign corporate taxes, principally relating to the companies Tecnimont Private Limited, Tecnimont Russia and Tecnimont HQC SDN; VAT payables relate principally to the subsidiary Tecnimont Russia and residually to deferred VAT to be paid on settlement by the public sector client.

The residual amount includes IRPEF personnel withholding tax payables and withholding taxes on account for third party compensation and other tax payables.

At December 31, 2017, no overdue debt positions are highlighted. Tax payables are shown in the table below:

(Euro thousands)	2016	Changes in the year	2017
Current income tax payables - Ires/Irap	6,928	12,649	19,577
Current income taxes payable - Imp. Overseas	24,211	(22,395)	1,816
VAT payables	10,692	1,132	11,824
Substitute taxes payable	6,157	(527)	5,630
Other payables	2,548	18	2,566
Total	**50,536**	**(9,123)**	**41,413**

28.27. Financial instruments - Derivatives

(in Euro thousands)	2016	Changes in the year	2017
Financial instruments - Currency hedging derivatives	54,540	(44,664)	9,876
Total	**54,540**	**(44,664)**	**9,876**

Derivative financial instruments at December 31, 2017 amount to Euro 9,876 thousand, with a decrease of Euro 44,664 thousand compared to December 31, 2016 and concern the fair value measurement of the derivative contracts in force.

The account relates to the measurement of the derivative instruments to hedge against currency risks on the cash flows related to project revenues and costs. The mark-to-market is negative as exchange rates between the subscription date of the derivative instruments and the reporting date saw a revaluation principally of the Dollar against the Euro; the negative mark-to-market will be offset by future operating cash flows of a similar amount.

This component decreased on the previous year due to swap point movements (differences between Eurozone and US interest rates).

For further information and analysis of the Fair Value Hierarchy, reference should be made to the “FINANCIAL RISKS” section.

28.28. Other current financial liabilities

(in Euro thousands)	2016	Changes in the year	2017
Other current financial liabilities	330	0	330
Other current financial liabilities - Bond Equity Linked	0	79,581	79,581
Total	**330**	**79,581**	**79,911**

The increase in "Other current financial liabilities" is due to the reclassification to current liabilities of the financial component of the equity-linked bond, net of the relative accessory charges, as a consequence of the decision of the Board of Directors of Maire Tecnimont which approved the exercise of the advance repayment option in cash, at nominal value, of the equity-linked bond loan "€80 million 5.75 per cent. Unsecured Equity- Linked Bonds due 2019" (the "Loan") issued by Maire Tecnimont ("Maire Tecnimont") and convertible into Maire Tecnimont ordinary shares.

"Other current financial liabilities" include:

- For Euro 79,581 thousand the financial component of the Equity Linked bond, net of accessory charges. The equity component of the instrument was classified to "other reserves" of shareholders' equity.

In this regard, we report the following:

On February 20, 2014, the Parent Company Maire Tecnimont S.p.A. completed an equity-linked bond operation amounting to Euro 80 million, placed with qualified Italian and foreign investors.

The initial conversion price of the Bond was fixed at 2.1898; the Bonds were issued at a unitary nominal value of Euro 100,000, with 5 year duration and a fixed annual coupon of 5.75%, payable half-yearly in arrears. Where the Bonds were not previously converted, surrendered, acquired or cancelled, they would be reimbursed at the par value on February 20, 2019.

Subsequently, on May 3, 2016 following the Ordinary Shareholders' Meeting of April 27, 2016 concerning the distribution of a dividend per share of Euro 0.047, Maire Tecnimont communicated to have sent to the Bondholders a Notice on the same date through Euroclear and Clearstream Luxembourg. The Notice stated that the Calculation Agent determined, following the payment of the dividend, the change in the conversion price of the Bonds from Euro 2.1898 to Euro 2.1509, in accordance with conditions 6 (b) (iii) and 6 (f), at the effective date of May 2, 2016 (first trading date of the ordinary shares ex dividend on the Milan Stock Exchange). On May 2, 2017, following the Shareholders' AGM of April 26, 2017 concerning the distribution of a dividend per share of Euro 0.093, Maire Tecnimont S.p.a. communicated the sending to the Bondholders of a Notice through Euroclear and Clearstream Luxembourg. The Notice stated that the Calculation Agent determined as a result of that outlined above, the change in the conversion price of the Bonds from Euro 2.1509 to Euro 2.0964, in accordance with the Bond Regulation, at the effective date of May 2, 2017 (first trading date of the ordinary shares ex dividend on the Milan Stock Exchange).

From March 7, 2018, Maire Tecnimont would have the right to settle each conversion through payment in cash for an amount up to the nominal value of the Bonds and deliver a number of shares calculated in accordance with the method outlined in the Regulation (the "Net Share Settlement Election"). In addition, at the maturity date of the Bonds, the Company would have had the right to deliver a combination of shares and cash, instead of converting the Bonds exclusively for cash, in accordance with the procedures outlined in the Regulation.

On July 9, 2014, the Board of Directors of the Company approved the Revised Budget for the year 2014 and updated the 2013-2019 Group Industrial Plan, as well as all the forecasts contained therein with particular reference to the exercise relating to the settlement of the convertible bond.

Also based on these forecasts and after a detailed review by the Board of Directors of the figures approved, the Board (exercising their prerogative and the rights assigned to them under the recently issued bond regulation and after their initial evaluations at the board meeting of May 14, 2014 reviewing the quarterly results) confirmed their decision not to proceed, taking into account these assumptions and renouncing, where possible, exercise of the residual net share settlement election in accordance with the terms of the loan and instead opted, for the time being and in accordance with that outlined above, for the settlement only in shares in relation to the bond loan.

In accordance with IAS 32 "Financial Instruments: Presentation in the financial statements" convertible bonds are recorded as hybrid financial instruments, formed by two components which are treated separately only if significant: a liability and a conversion option. The liability corresponds to the present value of the future cash flows based on the current interest rate at the issue date for an equivalent non-convertible bond. The value of the option is defined as the difference between the net amount received and the amount of the liability and is recorded under equity. The value of the conversion option in shares does not change in subsequent periods. On the contrary, where the characteristics of the bond result in, on the exercise of the conversion right, the right of the company to deliver shares, pay the amount in cash or offer a combination of shares and cash, the option is recognized as a financial liability for the incorporated host, measured at fair value through P&L, while the difference compared to the original nominal value or rather the financial liability (host) is recorded at amortized cost.

As illustrated above, in consideration of irrevocable waiver of the Net Share Settlement Election by the Company, the option is (de facto) "cancelled" in substance. Therefore, in theory, where there is a proposal to pay cash in accordance with the option, the bondholders may expect satisfaction through the delivery of shares. This waiver, resulting in the maintenance of a fixed ratio of conversion in shares over the duration of the bond, identifies a hybrid financial instrument whose accounting method is illustrated above.

On January 25, 2018 - the Board of Directors of Maire Tecnimont approved the exercise of the advance repayment option in cash, at nominal value, of the equity-linked bond called "€80 million 5.75 per cent. Unsecured Equity- Linked Bonds due 2019" (the "Loan") issued by Maire Tecnimont ("Maire Tecnimont") and convertible into Maire Tecnimont ordinary shares.

On March 6, 2018 - Maire Tecnimont announced that - against the nominal value of the Loan at January 25, 2018 of Euro 79,900,000, for 799 bonds (the "Bonds") still in circulation and listed on the Dritter Markt (Third Market) Multilateral Trading Facility organized and managed by the Vienna Stock Exchange - it had received, by the deadline of February 28, 2018, conversion requests from bondholders for a nominal value of Euro 79,800,000, corresponding to a total of 798 Bonds, at the conversion price of Euro 2,0964.

The conversion requests were satisfied through delivery to entitled parties of a total 38,065,232 ordinary Maire Tecnimont shares, with full rights, of which 14,952,300 treasury shares of the company from the buy-back program to service the conversion of the Loan which commenced on September 25, 2017, and 23,112,932 newly-issued shares from a paid-in share capital increase to service the Loan, approved by the Extraordinary Shareholders' Meeting of the company of April 30, 2014.

The 1 Bond of a nominal value of Euro 100,000.00, for which a conversion request was not presented by the final deadline of February 28, 2018, was repaid in cash at the above nominal value, in addition to interest matured, according to that set out in the Bond Regulation, with value date of March 7, 2018.

"Other current financial liabilities" also include:

- For Euro 330 thousand financial liabilities other than bank funding but rather loans received from consortium companies. Current financial liabilities specifically relates to the consortium company Cavtomi.

28.29. Client advance payments

(Euro thousands)	2016	Changes in the year	2017
Client advance payments	299,233	274,550	573,783
Total	**299,233**	**274,550**	**573,783**

They concern contractual advances from clients on the signing of construction contracts. Client advance payments at December 31, 2017 were Euro 573,783 thousand, increasing Euro 274,550 thousand on December 31, 2016 following principally the receipt of the advance on the AMUR (Russia) project signed with JSC NIPIgaspererabotka (NIPIGas), net of the reabsorption, through invoicing on account, of the advances received in prior periods.

28.30. Construction contracts liabilities

(Euro thousands)	2016	Changes in the year	2017
(Works-in-progress)	(10,421,283)	(1,421,011)	(11,842,294)
Advances received on work-in-progress	10,976,311	1,274,544	12,250,855
Total	**555,028**	**(146,467)**	**408,561**

Contract work-in-progress classified as liabilities (construction contract liabilities) reflects the net negative amount, by individual order, between the advancement of works and the relative invoicing on account and the contractual risks provision.

The decrease in the net value of construction contract liabilities, amounting to Euro 146,467 thousand, relates to the advancement of the projects and their contractual terms, against which the value of works carried out in the period was higher than the invoicing on account following a substantial increase in production volumes in the year.

The gross change on works carried out and advances received on work-in-progress is also impacted by the values of the projects closed during the year and transferred to revenues from sales.

The value of construction contracts includes additional requests on orders in an advanced state of negotiation, for the portion expected to be accepted by the client.

28.31. Trade payables

(Euro thousands)	2016	Changes in the year	2017
Suppliers - within 12 months	1,131,274	141,302	1,272,576
Associates - within 12 months	528	(135)	393
Parent companies - within 12 months	190	(98)	92
Group companies - within 12 months	18,165	(8,920)	9,245
Total	**1,150,157**	**132,149**	**1,282,306**

Trade payables at December 31, 2017 amount to Euro 1282306 thousand, an increase of Euro 132,149 thousand compared to December 31, 2016.

This increase relates to the development of new projects entering into a phase of intense production and the increase in production volumes. In fact, materials and services acquired rose significantly as for the main orders acquired last year procurement has been completed and the delivery of materials and construction is ongoing.

During 2017 payment requests were received in relation to the normal operating activities and at December 31, 2017 there were no trade payable positions overdue on normal operations.

Trade payables to associates amount to Euro 393 thousand and principally concern Studio Geotecnico Italiano for Euro 257 thousand, MCM Servizi Roma for Euro 95 thousand, TSJ Limited for Euro 14 thousand, BIO-P for Euro 4 thousand and Villaggio Olimpico Moi for Euro 4 thousand.

Payables to parent companies amount to Euro 92 thousand and concern GLV S.p.A for the leasing of office spaces and the use of brands.

Payables to group companies of Euro 9,245 thousand principally concern payables to consortiums and infrastructure initiatives relating to Lotto 5A S.c.a.r.l. in liquidation for Euro 5,537 thousand, Metro B1 Consortium for Euro 2,684 thousand, Metrofiera Scarl in liquidation for Euro 676 thousand and Cavtmi consortium for Euro 201 thousand. The decrease is related to the substantial completion of the activities and settlement of the reciprocal positions.

28.32. Other current liabilities

(Euro thousands)	2016	Changes in the year	2017
Matured by personnel, not yet settled	26,075	74	26,149
Payables due to social security institutions	13,923	(2,628)	11,295
Expropriation payables	5,436	(705)	4,731
Tax payables (overseas states)	9,760	1,031	10,791
Accrued expenses and deferred income	2,998	(1,087)	1,912
Other payables (other creditors)	7,765	1,334	9,100
Total	**65,956**	**(1,981)**	**63,976**

Other current liabilities at December 31, 2017 amount to Euro 63,976 thousand, decreasing Euro 1,981 thousand on December 31, 2016.

The principal current other liability accounts refer to staff remuneration matured and not yet settled, principally payments for vacation and 14th month, and payables to Italian and foreign social security institutions including on contributions not yet matured.

The remaining other current liabilities concern expropriation payables and other various payables.

"Expropriation payables" concern the payable for expropriations accumulated to date related to the "Fiumetorto-Cefalù" project managed by the company Cefalù 20 S.c.a r.l.; this payable is subject to reimbursement from the client.

"Other payables" principally concern the VAT payables of overseas branches.

At December 31, 2017, no overdue debt positions are highlighted.

29. Commitments and contingent liabilities

The Maire Tecnimont Group's financial guarantees at December 31, 2017 and December 31, 2016 were as follows:

MAIRE TECNIMONT GROUP - FINANCIAL GUARANTEES (in Euro thousands)	31/12/2017	31/12/2016
GUARANTEES ISSUED IN THE INTEREST OF THE GROUP		
Sureties issued by third parties in favor of third parties, of which:		
Issued in favor of clients for orders under execution		
Performance bonds (banks and insurance)	1,193,271	1,120,473
Advance Bonds (banks and insurance)	549,540	508,846
Others	123,988	247,754
TOTAL GAURANTEES	**1,866,799**	**1,877,073**

"Guarantees issued in the interest of the Group" of Euro 1,866,799 thousand concern guarantees issued by Banks or Insurance companies in the interest of Group operating companies in relation to commitments undertaken upon core operations. In particular:

- "Performance Bonds": contract "successful execution" guarantee. With this guarantee, the bank undertakes the obligation to repay the client, up to a set amount, in the case of non-compliant execution of the contract by the contractor. In the case of large orders, SACE insurance cover may be requested for these risks in favor of the Bank.

- "Advance Bonds": repayment guarantee, requested for payment of contractual advances. With this guarantee the bank undertakes the obligation to repay the client a set amount, as reimbursement for amounts advanced, in the case of contractual non-compliance by the party requesting the guarantee (the contractor). In the case of large orders, SACE insurance cover may be requested for these risks in favor of the Bank.

Commitments

The Parent Company assumed commitments to clients and/or other beneficiaries to fulfil obligations, contractually undertaken by the company and/or subsidiaries awarded tenders as part of their core operations and therefore in the execution of orders, in the case of non-fulfilment of such and for the reimbursement for any damage from such non-fulfilment.

These commitments, which involve the undertaking of an obligation to complete, guarantee contracts whose total value amounts to Euro 12,702 million (Euro 13,370 million at December 31, 2016), including works already executed and the residual backlog at December 31, 2017.

The Parent Company also undertook other residual commitments (letters of Patronage) in favor of banks in the interest of some subsidiaries, principally Tecnimont S.p.A..

30. Related party transactions

All related party transactions have been conducted at market conditions. The company's receivables/payables (including financial) and cost/revenue transactions with related parties for the period are presented in the tables below. The tables also show the balances resulting from transactions in the preceding year and those in progress:

31/12/2017 (in Euro thousands)	Trade Receivables	Trade Payables	Costs	Revenues
G.L.V. Capital S.p.A	0	(92)	(518)	0
Maire Investments Group	6	(47)	(284)	6
Total	**6**	**(139)**	**(802)**	**6**

In particular, payable contracts refer to the lease of office buildings from Group companies, the use of the "Maire" trademark and other minor recharges from the parent G.L.V. Capital S.p.A. and from transactions with the Maire Investments Group, a company owned by the majority shareholder of Maire Tecnimont S.p.A., for the lease of office buildings and the lease of premises within the research center concerning the collaboration with La Sapienza University. The residual payable and receivable contracts relate respectively to administrative services and facility management.

Transactions with other non-consolidated and/or associated Group companies are purely commercial and relate to specific activities linked to contracts; in addition, certain consortiums, having substantially concluded operations, are in liquidation:

31/12/2017 (in Euro thousands)	Trade Receivables	Trade Payables	Financial Receivables	Financial Payables	Costs	Revenues
MCM servizi Roma S.c.a.r.l. in liquidation	0	(95)	0	0	0	0
Studio Geotecnico Italiano	0	(273)	0	0	(961)	0
Villaggio Olimpico MOI S.c.a.r.l. in liquidation	0	(4)	69	0	0	0
Program International Consulting Engineers S.r.l in liquidation	48	0	0	0	0	0
Desimont Contracting	1,724	0	0	(371)	0	80
Biolevano S.r.l	2,805	(27)	0	0	0	3,516
Processi Innovativi S.r.l	78	(218)	0	0	(452)	102
BIO P S.r.l	6	(24)	18	0	(99)	11
TCM KTR LLP	0	0	203	0	0	5
Exportadora de Ingenieria y Servicios Tcm Spa	0	0	0	(67)	0	0
Volgafert Llc	1,725	0	0	0	0	1,725
Total	**6,386**	**(641)**	**290**	**(438)**	**(1,512)**	**5,439**

The remuneration of Directors and Statutory Auditors and Key Management Personnel, as required by IAS 24, appears in the 2017 Corporate Governance and Ownership Structure Report and the 2017 Remuneration Report, both available on the company website at www.mairetecnimont.it in the "Governance" section.

31. Independent Audit Firm fees

The following table, prepared pursuant to Article 149 of the Consob Issuer's Regulation, reports the payments made in 2017 for audit services and other services carried out by the Audit Firm.

Type of service (Euro thousands)	Provider	Recipient	2017 Fees
Audit	Pricewaterhousecoopers S.p.A.	Parent Company - Maire Tecnimont	227
	Pricewaterhousecoopers S.p.A.	Maire Tecnimont Group	1.083
	Rete Pricewaterhousecoopers	Maire Tecnimont Group	234
Certification services (*)	Pricewaterhousecoopers S.p.A.	Parent Company - Maire Tecnimont	4
	Pricewaterhousecoopers S.p.A.	Maire Tecnimont Group	29
Other services **	Rete Pricewaterhousecoopers	Parent Company - Maire Tecnimont	180
	Rete Pricewaterhousecoopers	Maire Tecnimont Group	33

The fees do not include VAT, expenses and any Consob oversight contribution repayments

(*) Certification services include the signing of tax declarations.

(**) The other services of the parent company include the methodological support for the 2016 Group sustainability initiatives.
The other services for the Group include minor initiatives, principally concerning the income tax declaration review for some of the overseas entities. The other services do not include the remuneration of Euro 60 thousand for the 2017 audit activity on the Sustainability Report - containing the Non-financial Declaration pursuant to D.L.gs 254/2016 negotiated in 2018.

32. Financial risk management

The Group's ordinary operations are exposed to financial risks. Specifically:

- credit risk, both in relation to normal commercial transactions with clients and financial activities;
- liquidity risk, concerning difficulties in liquidating positions held within necessary timeframes or in sourcing operating funding;
- market risk, relating to fluctuations in interest rates, exchange rates and the prices of goods, as the Group operates at an international level in various currencies and utilizes financial instruments which generate interest;
- default and debt covenant risk regarding the possibility that loan contracts include clauses permitting the lending Banks to request immediate repayment on the occurrence of certain events, resulting therefore in a liquidity risk.

The Maire Tecnimont Group constantly controls Group financial risks, anticipating potential negative impacts and undertaking appropriate corrective actions.

The following section provides qualitative and quantitative information on the impact of these risks on the Maire Tecnimont Group. The following quantitative data may not be used for forecasting purposes, in particular the sensitivity analysis on market risks may not reflect the complexity and the related market reactions from any change in assumptions.

32.1. Credit risk

The Maire Tecnimont Group credit risk represents the exposure to potential losses deriving from the non-compliance with obligations by counterparties. Credit risk stems from normal operations and is monitored by the operating and financial departments on the basis of set procedures, which establish the methods for quantifying and controlling client risk.

They are managed according to procedures, including credit recovery and dispute management.

Presently, there is no significant concentration of credit risk by region or by Client, as the Group operates on geographically diversified markets and through a range of business lines.

The maximum theoretical exposure to the credit risk for the Group at December 31, 2017 is the carrying value of the financial assets recorded in the accounts, and the nominal value of the guarantees given on debts and commitments to third parties.

Receivables at December 31, 2017 were recognized net of write-downs calculated according to counterparty non-compliance risk, based on client reliability (third parties, related parties and public sector clients).

At December 31, 2017, Trade receivables from third parties due within and beyond 12 months, respectively totaled Euro 453,320 thousand (Euro 484,213 thousand at December 31, 2016) and Euro 35,247 thousand (Euro 50,238 thousand at December 31, 2016), net of the doubtful debt provision of Euro 5,824 thousand (Euro 6,129 thousand at December 31, 2016). The estimate of the amounts considered non-recoverable are determined based on the expected future cash flows. These cash flows consider the expected recovery time, the forecast realizable value, any guarantees and the costs to be incurred for the recovery of the receivables.

Trade receivables from third parties by maturity and business unit are summarized below:

(Euro thousands)	Overdue at 31/12/2017					
	Not overdue	From 0 to 90 days	From 91 to 365 days	From 365 to 731 days	Over 731 days	Total
Technology, Engineering & Construction	181,106	59,090	43,712	53,838	108,810	446,556
Infrastructure & Civil Engineering	16,406	11,016	5,507	826	3,459	37,214
Other	3,571	514	205	104	404	4,798
Total trade receivables – third parties	**201,083**	**70,620**	**49,423**	**54,768**	**112,673**	**488,567**
Of which:						
Due within 12 months: Report note 28.11						***453,320***
Due beyond 12 months: Report note 28.7						***35,247***

(Euro thousands)	Overdue at 31/12/2016					
	Not overdue	From 0 to 90 days	From 91 to 365 days	From 365 to 731 days	Over 731 days	Total
Technology, Engineering & Construction	244,531	39,625	43,975	45,591	106,771	480,493
Infrastructure & Civil Engineering	26,051	8,106	2,023	7,570	4,628	48,378
Other	1,219	762	2,432	48	1,118	5,580
Total trade receivables – third parties	**271,802**	**48,493**	**48,431**	**53,209**	**112,517**	**534,452**
Of which:						
Due within 12 months: Report note 28.11						***484,213***
Due beyond 12 months: Report note 28.7						***50,238***

Trade receivables are recorded net of the doubtful debt provision of Euro 5,824 thousand at December 31, 2017 (Euro 6,129 thousand at December 31, 2016).

(Euro thousands)	2016	Provisions	Utilizations	Change in consolidation scope	Other changes	2017
Doubtful debt provision	6,129	1,874	(2,038)	0	(140)	5,824
Total	**6,129**	**1,874**	**(2,038)**	**0**	**(140)**	**5,824**

The provisions relate principally to Infrastructure and Civil Engineering BU orders. The decrease in the period relates to utilizations following the realization of losses on receivables previously provisioned.

Overdue trade receivables principally refer to the Infrastructure and Civil Engineering Business Unit and relate to Italian Public Sector entities at which solvency and collectability are not of concern.

Trade receivables overdue by 366 days and over 731 days for the Technology, Engineering & Construction BU concern a reduced number of positions and are constantly monitored; in both cases, client solvency and collection is not at issue (Italian and overseas state entities).

The principal positions are with the Indian clients Indian Oil Corporation Limited (IOCL) and National Fertilizer Limited (NFL), with disputes arising in both cases for recognition of the previously advanced requests to the client for the issue of improperly withheld payments for the works carried out, in addition to recognition of additional compensation due to the extra costs incurred and chargeable to the client.

32.2. Liquidity risk

This risk concerns the difficulty in sourcing new funding or access to liquid assets, resulting in the enterprise's failure to satisfy payment commitments, being forced to incur additional funding costs or, in extreme instances, being faced with potential insolvency which may put its going concern at risk.

At the present moment, Maire Tecnimont considers that the good levels of liquidity held and prudent and functional management of the credit lines available are important elements for stability and sufficient to guarantee the resources necessary for operating continuity.
Cash and cash equivalents at December 31, 2017 amount to Euro 630,868 thousand, an increase of Euro 133,730 thousand compared to December 31, 2016.

Operating cash flow amounts to Euro 208,535 thousand, which in addition to the result for the year, was positively impacted by changes in working capital. Cash flows currently reflect the expected working capital changes relating to the normal execution of projects which, during the full execution phase, absorb cash and the positive cash inflows related to new contractual advances.

The breakdown of the financial debt is as follows:

31/12/2017 **(Euro thousands)**	**Due within 1 year**	**Due between 2 & 5 years**	**Due beyond 5 years**	**Total**
Bank payables	94,377	324,602	0	418,979
Other lenders	9,566	0	0	9,566
Other current financial liabilities	79,911	0	0	79,911
Other non-current financial liabilities	0	39,719	0	39,719
Derivative instruments	9,876	249	0	10,124
Total financial liabilities (current and non-current)	**193,730**	**364,569**	**0**	**558,299**

31/12/2016 (Euro thousands)	Due within 1 year	Due between 2 & 5 years	Due beyond 5 years	Total
Bank payables	104,494	306,559	0	411,053
Payables to other lenders	38,711	0	0	38,711
Other current financial liabilities	330	0	0	330
Other non-current financial liabilities	0	75,117	0	75,117
Derivative instruments	54,540	4,045	0	58,585
Total financial liabilities (current and non-current)	**198,075**	**385,721**	**0**	**583,796**

32.3. Market risks

Currency risk

The Group is exposed to risks deriving from exchange rate fluctuations, which may impact on the result and on the net equity value. In particular, where the companies of the Group incur costs in currencies other than those of the respective revenues, the variance in the exchange rate may impact on the operating result of these companies.

The principal exchange rates the Group is exposed to are:

- EUR/USD, in relation to US Dollar sales on contracts whose revenues are entirely or principally denominated in USD, as acquired in markets where the Dollar is the benchmark for commercial trading;
- RUB/EUR, in relation to Euro sales on contracts acquired in Russia to hedge costs incurred in local currency.

Other lesser exposures concern the EUR/GBP, EUR/JPY, EUR/MYR, EUR/EGP and EUR/PLN exchange rates.

In order to reduce currency risk, the Maire Tecnimont Group companies have adopted the following strategies:

- on signing the individual contracts, the part of receipts to cover payments in differing currencies, calculated during the entire duration of the order, are hedged through currency derivatives (cash flow hedging).
- contracts, where possible, are agreed in the payment currency in order to reduce hedging costs.

In the case of loans drawn down by companies of the Group in currencies other than the currency of the individual entities, they assess the need to hedge the currency risk through swap contracts.

The assets and liabilities of companies consolidated in currencies other than the Euro may be translated into Euro at varying exchange rates. In accordance with the accounting principles adopted, the effects of these changes are recorded directly in equity, in the account Translation reserve.

Raw material price change risk

The Group is exposed to risks deriving from raw material price fluctuations, which may impact on the result and on the net equity value. In particular, where Group companies incur semi-finished or finished product procurement costs (e.g. machinery, piping, cables), for which the raw material content is a significant portion of the overall project margin, price changes in this commodity may impact the operating results of these companies.

Maire Tecnimont share price change risk

The company utilizes derivative instruments to hedge against movements in the Maire Tecnimont share price, in view of the implementation of a buy-back program. Maire Tecnimont S.p.A therefore subscribed to two cash-settled Total Return Equity Swap (TRES) derivative instruments, undertaken to hedge against movements in the Maire Tecnimont share price. The TRES derivative instruments for accounting purposes are measured in accordance with IAS 39 at fair value through P&L.

Sensitivity analysis

The potential fair value loss (see table below) on shareholders' equity, currency risk derivatives (current swap/forwards) and raw material price derivatives (commodity swaps) held by the Group at December 31, 2017 following a hypothetical unfavorable and immediate change of 10% in the exchange rates of the main foreign currencies against the Euro would overall be approx. Euro (26,611) thousand, net of the tax effect.

Financial instrument (in Euro thousands)	Book value at 31/12/2017	Income Statement impact	Shareholders' equity impact	Income Statement impact	Shareholders' equity impact
Net Financial Assets/Liabilities		+10%		-10%	
Currency Option (*)	1,787	-	528	-	(10,400)
Currency Forward (*)	1,840	(259)	21,068	426	(28,465)
Cross Currency Swap (*)	685		(4,633)		4,639
Commodity (*)	1,358	1,213	-	(1,213)	-
Impact on Financial Assets/Liabilities before tax		955	16,963	(788)	(34,227)
Tax rate		24.00%	24.00%	24.00%	24.00%
Impact on Financial Assets/Liabilities net tax effect		726	12,892	(599)	(26,012)
Total Increase (decrease)		726	12,892	(599)	(26,012)
(*) "Level 2" of Fair-Value					

Receivables, payables and future cash flows are not considered where hedging operations have been undertaken. It is considered reasonable that currency movements may produce an opposing impact, of an equal amount, on the hedged underlying transactions.

32.4. Interest rate risk

The Maire Tecnimont Group is exposed to interest rate risk in relation to debt service costs.

Net Debt (Euro thousands)	Total	Hedged portion	Non-hedged portion
Short-term debt	183,855	0	183,855
Medium/long-term debt	324,602	0	324,602
Total debt	**508,456**	**0**	**508,456**
Total Cash and Cash Equivalents	*(630,868)*	*0*	*(630,868)*

The risk on the variable rate debt is presently essentially mitigated by the fact that Group cash deposits are remunerated at interest rates indexed to the same debt parameter (Euribor).

32.5. Default and debt covenant risk

This concerns the possibility that loan contracts include clauses permitting the lending Banks and other lenders to request immediate repayment on the occurrence of certain events, resulting therefore in a liquidity risk.
In April 2017, the Maire Tecnimont Group reached agreements for the optimization of a number of terms and conditions of the existing bank debt of the subsidiary Tecnimont S.p.A., which was restructured on December 28, 2015. In particular, the applicable margin was reduced and the repayment period extended by approx. 15 months (bringing maturity to March 2022), while the repayment plan was also remodeled.

The loan of Euro 350 million includes covenants in line with normal business practice for such operations; specifically, the loan's financial covenants concern the ratio between the net financial position and net equity, as well as between the net financial position and EBITDA, with initial measurement on the FY 2017 figures.

Also in April 2017, Maire Tecnimont S.p.A. concluded agreements for the subscription through private placement by the Pan-European Fund and the Export Development Fund (created by SACE), both managed by Amundi Group companies, of non-convertible bonds amounting to Euro 40,000,000.

The bonds, divided into two equal tranches, are of six-year duration with bullet repayment on maturity.

Again in this case, the bonds are supported by covenants in line with market practice; specifically, the bond covenants regard the maintenance of a ratio between the net financial position and net equity, as well as between the net financial position and EBITDA, initially measured on the December 31, 2017 figures.

Maire Tecnimont is currently not aware of any default situations regarding the above-mentioned covenants.

FORWARD OPERATION AND DERIVATIVES INSTRUMENTS

In presenting hedges, the IAS 39 requirements are verified for application of hedge accounting. In particular:

- hedges under IAS 39: these are broken down between cash flow hedges and fair value hedges. For cash flow hedges, which are currently the only category present, the matured result, where realized, is included in EBITDA with regards to currency hedges, while the fair value change is recognized to shareholders' equity for the effective portion and to the income statement for the ineffective portion.

- not considered hedges under IAS 39: the result and the fair value change are recognized to the financial statements under EBITDA in financial income and expenses.

Derivative instruments at December 31, 2017

The tables below outline the following:

- the outstanding amounts of derivatives in place at the reporting date, analyzed by maturity;
- the fair value portion at the previous point recognized to the income statement.

Finally, any difference between the balance sheet value and the fair value recognized to the income statement represents the fair value of cash flow hedges, which in accordance with the applicable standard are directly recognized to the shareholders' equity reserve.

(in Euro thousands)	Book value at 31/12/2017	31/12/2017			
	Book value	Projected cash flow	Less than 1 Year	From 2 to 5 years	Over 5 year
Currency Option (*)	1,787	70,041	20,012	50,029	
Currency Forward (*)	1,840	770,762	731,728	39,033	
Cross Currency Swap (*)	685	49,260	49,260		
Commodity (*)	1,358	11,977	11,977		

(*) "Level 2" of Fair-Value

Currency derivatives

The Group utilizes currency derivatives to offset any future order receipt and/or payment cash flow fluctuations from unfavorable currency movements.

At December 31, 2017, derivative financial instruments concerned forward operations and, particularly, currency hedges related to Maire Tecnimont Group foreign currency orders.

Currency derivatives are undertaken with leading Italian and overseas banks in order to hedge operations and also for accounting purposes. These instruments qualify as hedging instruments. The changes in the fair value of the derivative instruments designated, and which are efficient, to hedge future cash flows relating to the Group contractual commitments are directly recorded under Shareholders' Equity, while the non-efficient portion are immediately recorded in the Income Statement.

The amounts recorded directly under Shareholders' Equity are included in the Income Statement in the same period that the cash flow hedged is included.

IFRS 7 requires that the classification of financial instruments valued at fair value is determined based on the quality of the input sources used in the valuation of the fair value. The IFRS 7 classification implies the following hierarchy:

- Level 1: fair value calculation according to active market prices. Group instruments do not fall within this category;
- Level 2: fair value measurement according to market prices or similar assets or through measurement techniques for which all significant factors are directly or indirectly based on observable market data. Group instruments fall within this category.
- Level 3: fair value measurement according to valuation models whose input is not based on observable market data ("unobservable inputs"). Currently, no instruments whose

value is based on models with inputs not directly based on observable market data are in place.

For all derivative instruments used by the Group, the fair value is calculated according to measurement techniques based on observable market parameters ("Level 2"); during 2017, no transfers were made between Level 1 and Level 2 and vice versa.

32.6. Classification of the financial instruments

As required by IFRS 7, we report the type of financial instruments present in the financial statements, with indication of the accounting policies applied. The book value of financial assets and liabilities substantially coincide with their fair value.

31/12/2017 (in Euro thousands)	Loans and Receivables	Assets at Fair Value through P&L held-for-trading (*)	Hedging derivatives (*)	Assets held-to-maturity	Financial assets available-for-sale	Total
Other non-current financial assets	4,878	-		-	17,638	22,516
Other non-current assets	55,584	-	-	-	-	55,584
Trade receivables	481,342	-	-	-	-	481,342
Financial instruments - Current and non-current derivatives	-	6,762	14,436	-	-	21,198
Other current financial assets	5,356	-	-	-	-	5,356
Other current assets	146,847	-	-	-	-	146,847
Cash and cash equivalents	630,868	-	-	-	-	630,868
Total Financial Assets	**1,324,875**	**6,762**	**14,436**	**0**	**17,638**	**1,363,710**

(*) *"Level 2" of the Fair-Value*

31/12/2016 (in Euro thousands)	Loans and Receivables	Assets at Fair Value through P&L held-for-trading (*)	Hedging derivatives (*)	Assets held-to-maturity	Financial assets available-for-sale	Total
Other non-current financial assets	1,969	-		-	13,068	15,037
Other non-current assets	69,632	-	-	-	-	69,632
Trade receivables	526,402	-	-	-	-	526,402
Financial instruments - Current and non-current derivatives	-	3,210	27,164	-	-	30,374
Other current financial assets	7,373	-	-	-	-	7,373
Other current assets	99,185	-	-	-	-	99,185
Cash and cash equivalents	497,138	-	-	-	-	497,138
Total Financial Assets	**1,201,701**	**3,210**	**27,164**	**0**	**13,068**	**1,245,143**

(*) *"Level 2" of the Fair-Value*

31/12/2017 (in Euro thousands)	Liabilities at amortized cost	Liabilities at fair value through P&L held-for-trading	Hedging derivatives (*)	Total
Financial debt - non-current portion	324,602			324,602
Other non-current financial liabilities	39,719			39,719
Short-term debt	103,943			103,943
Other current financial liabilities	79,911			79,911
Financial instruments - Current and non-current derivatives			10,124	10,124
Trade payables	1,282,306			1,282,306
Other Current Liabilities	63,977			63,977
Total Financial Liabilities	**1,894,458**	**0**	**10,124**	**1,904,582**

(*) *"Level 2" of the Fair-Value*

31/12/2016 (in Euro thousands)	Liabilities at amortized cost	Liabilities at fair value through P&L held-for-trading	Hedging derivatives (*)	Total
Financial debt - non-current portion	306,559			306,559
Other non-current financial liabilities	75,117			75,117
Short-term debt	143,205			143,205
Other current financial liabilities	330			330
Financial instruments - Current and non-current derivatives			58,585	58,585
Trade payables	1,150,157			1,150,157
Other current liabilities	65,957			65,957
Total Financial Liabilities	**1,741,326**	**0**	**58,585**	**1,799,911**

(*) *"Level 2" of the Fair-Value*

33. Positions or transactions arising from atypical and/or unusual operations

In accordance with Consob Communication of July 28, 2006 No. DEM/6064293, the Group did not undertake any atypical and/or unusual operations, as defined in the communication.

34. Significant non-recurring events and operations

In 2017, the Group did not execute any significant non-recurring operations in accordance with Consob Communication No. DEM/6064293 of July 28, 2006, other than those outlined in the "Key Events" section of the Directors' Report.

35. Subsequent events after December 31, 2017

For significant events following year-end, reference should be made to the accompanying Directors' Report.

36. Statement on the consolidated financial statements as per Article 154-bis, paragraph 5 of Legislative Decree No. 58/98 and subsequent amendments and supplements

1. The undersigned Pierroberto Folgiero, as "Chief Executive Officer" and Dario Michelangeli as "Executive for Financial Reporting" of MAIRE TECNIMONT S.p.A. declare, and also in consideration of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:
   - the conformity in relation to the characteristics of the company and
   - the effective application of the administrative and accounting procedures for the compilation of the consolidated financial statements for 2017.
2. In addition, we declare that the consolidated financial statements:
   - are drawn up in conformity with the applicable international accounting standards recognized by the European Union in accordance with Regulation (CE) No. 1606/2002 of the European Parliament and the Commission of July 19, 2002;
   - correspond to the underlying accounting documents and records;
   - are drawn up as per Article 154-*ter* of the above-stated Legislative Decree No. 58/98 and subsequent amendments and supplements and provide a true and fair view of the balance sheet, income statement and financial position of the issuer and the companies included in the consolidation.
3. The Directors' Report includes a reliable analysis on the performance and operating result as well as the situation of the issuer and of the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

This statement is provided also in accordance with Article 154-*bis*, paragraph 2 of Legislative Decree No. 58 of February 24, 1998.

Milan, March 15, 2018

The Chief Executive Officer	The Executive Officer for Financial Reporting
Pierroberto Folgiero	**Dario Michelangeli**

Financial Statements and Explanatory Notes

at December 31, 2017

37. Financial Statements

37.1. Income Statement

(in Euro)	Note	2017	2016
Revenues	*41.1*	94,600,601	63,469,875
Other operating revenues	*41.2*	3,030,945	3,093,872
Total Revenues		**97,631,546**	**66,563,747**
Raw materials and consumables	*41.3*	(36,112)	(31,034)
Service costs	*41.4*	(16,587,674)	(19,116,872)
Personnel expense	*41.5*	(24,751,644)	(27,470,363)
Other operating costs	*41.6*	(2,151,247)	(2,045,323)
Total Costs		**(43,526,678)**	**(48,663,592)**
EBITDA		**54,104,868**	**17,900,155**
Amortization, depreciation and write-downs	*41.7*	(160,544)	(19,556)
EBIT		**53,944,325**	**17,880,599**
Financial income	*41.8*	27,346,455	2,740,844
Financial expenses	*41.9*	(19,569,768)	(16,927,458)
Investment income/(expense)	*41.10*	0	0
Income before tax		**61,721,011**	**3,693,984**
Income taxes	*41.11*	(1,577,329)	5,837,506
Net income for the year		**60,143,682**	**9,531,490**
Basic earnings per share	*41.12*	**0.203**	**0.031**
Diluted earnings per share	*41.12*	**0.189**	**0.028**

The transactions with related parties, pursuant to Consob Resolution No. 15519 of July 27, 2006, are illustrated in the separate disclosure “Related Party Transactions”.

37.2. Comprehensive Income Statement

(in Euro)	Note	2017	2016
Net income for the year		**60,143,682**	**9,531,490**
Other comprehensive income/(expense) which may not be subsequently reclassified to income/(loss) for the period:			
Actuarial gains/(losses)	*42.12*	(21,212)	(35,679)
Relative tax effect	*42.12*	5,833	9,812
Total other comprehensive income/(expense) which may not be subsequently reclassified to income/(loss) for the period:		**(15,379)**	**(25,867)**
Total comprehensive income		**60,128,303**	**9,505,623**
Basic comprehensive earnings per share		**0.203**	**0.031**
Diluted comprehensive earnings per share		**0.189**	**0.028**

The transactions with related parties, pursuant to Consob Resolution No. 15519 of July 27, 2006, are illustrated in the separate disclosure "Related Party Transactions".

37.3. Balance Sheet

(in Euro)	Note	2017	2016
Assets			
Non-current assets			
Property, plant and equipment	*42.1*	567,636	94,494
Other intangible assets	*42.2*	3,713,054	3,269,690
Investments in subsidiaries	*42.3*	763,412,835	750,279,683
Other non-current assets	*42.4*	1,214,161	1,100,000
Other non-current financial assets	*42.5*	62,195,377	45,361,074
Deferred tax assets	*42.6*	2,910,176	3,211,953
Total non-current assets		**834,013,239**	**803,316,894**
Current assets			
Trade receivables	*42.7*	57,362,732	58,301,932
Current tax assets	*42.8*	18,595,281	21,788,574
Financial instruments - Derivatives	*42.9*	5,403,647	1,149,636
Other current financial assets	*42.10*	3,200,000	0
Other current assets	*42.11*	3,822,065	3,465,176
Cash and cash equivalents	*42.12*	2,124,112	297,534
Total current assets		**90,507,837**	**85,002,852**
Total Assets		**924,521,075**	**888,319,746**

The transactions with related parties, pursuant to Consob Resolution No. 15519 of July 27, 2006, are illustrated in the separate disclosure "Related Party Transactions".

(in Euro)	Note	2017	2016
Shareholders' Equity & Liabilities			
Shareholders' Equity			
Share capital	*42.13*	19,689,550	19,689,550
Share premium reserve	*42.13*	224,698,265	224,698,265
Other reserves	*42.13*	108,911,977	163,518,622
Valuation reserve	*42.13*	(60,361)	(44,982)
Total shareholders' equity and reserves	*42.13*	353,239,431	407,861,455
Retained earnings (accumulated losses)	*42.13*	(1,708,879)	(1,708,879)
Net income for the year	*42.13*	60,143,682	9,531,489
Total Shareholders' Equity		**411,674,234**	**415,684,065**
Non-current liabilities			
Provisions for risks and charges - beyond 12 months	*42.14*	11,899,678	11,411,169
Deferred tax liabilities	*42.6*	471,653	420,959
Post-employment & other employee benefits	*42.15*	511,846	431,996
Other non-current financial liabilities	*42.16*	372,523,926	419,763,129
Total non-current liabilities		**385,407,103**	**432,027,253**
Current liabilities			
Short-term debt	*42.17*	1,963,585	4,701,800
Tax payables	*42.18*	19,162,556	3,953,838
Other current financial liabilities	*42.19*	79,581,434	0
Trade payables	*42.20*	20,497,937	27,399,686
Other Current Liabilities	*42.21*	6,234,227	4,553,104
Total current liabilities		**127,439,739**	**40,608,428**
Total Shareholders' Equity and Liabilities		**924,521,075**	**888,319,746**

The transactions with related parties, pursuant to Consob Resolution No. 15519 of July 27, 2006, are illustrated in the separate disclosure "Related Party Transactions".

38. Statement of changes in Shareholders' Equity

(in Euro)	Share Capital	Share Premium Reserve	Legal Reserve	Other Reserves	Treasury Shares	Valutation Reserve	Retained earnings accu. Losses	Income (loss) for year	Shareholders' Equity
December 31,2015	19,689,550	224,698,265	5,328,333	154,123,971	0	(19,115)	(5,871,454)	18,522,367	416,471,917
IFRS 2(Employee share plan)				4,066,319					4,066,319
Distribution of dividends								(14,359,793)	(14,359,793)
Allocation of the results							4,162,574	(4,162,574)	0
Comprensive income (loss) for the year						(25,867)		9,531,489	9,505,622
December 31,2016	19,689,550	224,698,265	5,328,333	158,190,290	0	(44,982)	(1,708,879)	9,531,489	415,684,065
December 31,2016	19,689,550	224,698,265	5,328,333	158,190,290	0	(44,982)	(1,708,879)	9,531,489	415,684,065
IFRS 2(Employee share plan)				6,694,209					6,694,209
Distribution of dividends				(18,882,568)			(9,531,489)		(28,414,057)
Allocation of the results							9,531,489	(9,531,489)	(0)
Treasury Shares					(42,214,651)				(42,214,651)
Other movements				(203,636)					(203,636)
Comprensive income (loss) for the year						(15,379)		60,143,682	60,128,303
December 31,2017	19,689,550	224,698,265	5,328,333	145,798,295	(42,214,651)	(60,361)	(1,708,879)	60,143,682	411,674,234

39. Cash Flow Statement (indirect method)

(Euro)	2017	2016
Cash and cash equivalents at beginning of year (A)	**297,535**	**302,746**
Operating Activities		
Net Result	60,143,682	9,531,489
Adjustments for:		
Amortization of intangible assets	103,029	13,774
Depreciation of non-current tangible assets	57,515	5,782
Financial (Income)/Expenses	(7,776,686)	14,186,615
Income taxes	1,577,329	(5,837,506)
Write-downs on investments	0	0
(Increase) / Decrease in trade receivables	23,516,450	(24,564,178)
Increase /(Decrease) in other liabilities	1,681,123	(3,560,479)
(Increase)/Decrease in other assets	(471,050)	14,212,735
Increase/(Decrease) in trade payables	(6,901,749)	7,622,808
Increase / (Decrease) in provisions (incl. post-employ. benefits)	568,359	6,294,625
Income taxes paid	(5,400,000)	14,962,783
Cash flow from operating activities (B)	**67,098,002**	**32,868,448**
Investing Activities		
(Investment)/Disposal of non-current tangible assets	(530,656)	(9,226)
(Investment)/Disposal of intangible assets	(546,392)	(140,898)
(Increase)/Decrease in other investments	(8,730,000)	(10,680,480)
Cash flow from investing activities (C)	**(9,807,048)**	**(10,830,604)**
Financing Activities		
Change in financial payables	(2,960,995)	(17,894,344)
Change in other financial assets/liabilities	(16,641,980)	10,211,082
Net payments on Bond Loan	39,719,171	0
Dividends	(28,414,058)	(14,359,793)
Treasury Shares	(47,166,515)	0
Cash flow from financing activities (D)	**(55,464,377)**	**(22,043,055)**
Increase/(Decrease) in cash and cash equivalents (B+C+D)	**1,826,577**	**(5,211)**
Cash and cash equivalents at end of year (A+B+C+D)	**2,124,112**	**297,535**

The transactions with related parties, pursuant to Consob Resolution No. 15519 of July 27, 2006, are illustrated in the separate disclosure "Related Party Transactions".

40. Explanatory Notes at December 31,2017

BASIS OF PREPARATION

INTRODUCTION

Maire Tecnimont S.p.A. is a company incorporated in Italy at the Rome Companies Registration Office. According to the provisions of the first paragraph of Article 4 of Legislative Decree 38/2005, the statutory financial statements of Maire Tecnimont S.p.A. (separate financial statements), as listed on an Italian regulated market, have been prepared according to International Financial Reporting Standards (hereafter "IFRS" or international accounting standards) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure at Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and Council of July 19, 2002. The financial statements are prepared under the historical cost convention (modified where applicable for the valuation of certain financial instruments), as well as on the going concern assumption.

The financial statements are presented in Euro which is the Company's functional currency.

FINANCIAL STATEMENTS

The financial statements and disclosure reported in these statutory financial statements were prepared as per IAS 1 REVISED, CONSOB communication No. 1559 and CONSOB communication No. 6064293, issued on July 28, 2006.

The Balance Sheet accounts are classified between current and non-current, while the Income Statement and Comprehensive Income Statement are classified by nature of expenses.

The Cash Flow Statement is presented in accordance with the indirect method, adjusting the income for the period with non-cash items.

The Statement of change in Shareholders' Equity reports comprehensive income (charges) for the period and the changes in Shareholders' Equity.

GOING CONCERN

The Group and the company consider the going concern principle appropriate for the preparation of the consolidated and separate financial statements at December 31, 2017.

ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS APPLICABLE FROM JANUARY 2017

The following IFRS standards, amendments and interpretations were applied for the first time by the company from January 1, 2017:

- Amendment to IAS 7 (Disclosure Initiative). The document provides clarifications to improve disclosure on financial liabilities. In particular, the amendments require the provision of disclosure which enables readers of the financial statements to understand the changes to liabilities following funding operations;

- Amendment to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses". The document provides clarifications on the recognition of deferred tax assets on unrealized losses in the measurement of "Available for Sale" financial assets on the occurrence of certain circumstances and on estimates of assessable income for future years.

IFRS AND IFRIC STANDARDS, AMENDMENTS AND INTERPRETATIONS APPROVED BY THE EUROPEAN UNION, NOT YET MANDATORY AND NOT ADOPTED IN ADVANCE BY THE COMPANY AT DECEMBER 31, 2017

- Standard IFRS 15 – Revenue from Contracts with Customers (published on May 28, 2014 and supplemented with further clarifications on April 12, 2016) which replaces IAS 18 - Revenue and IAS 11 - Construction Contracts, in addition to the interpretations 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 revenue recognition model, which will apply to all contracts with clients, with the exception of those falling under the application of other IAS/IFRS such as leasing, insurance contracts and financial instruments. The essential issues for the recognition of revenues according to the new model are: the identification of the contract with the client; the identification of the performance obligations of the contract; the establishment of the price; the allocation of the price to the performance obligations of the contract; the recognition criteria of the revenues when the entity satisfies each of the performance obligations.

The standard is applicable from January 1, 2018.
The directors in application of the revenue recognition model established in 5 phases, as per IFRS 15 and as previously mentioned, did not indicate significant impacts. Currently, the company recognizes revenues for services as per IAS 18; this method should not change with the introduction of IFRS 15, being one of the input based methods set out by the new standard.

- Final version of IFRS 9 - Financial instruments (published on July 24, 2014). The document incorporates the results of the Classification and measurement, Impairment and Hedge accounting phases of the IASB project to replace IAS 39:

o the standard introduces new criteria for the classification and measurement of financial assets and liabilities;

o the impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model, utilizing supporting information, available without unreasonable charges or effort, which includes historic, current and projected figures;

o 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 relationship, change in the effectiveness test).

The new standard, which replaces the previous version of IFRS 9, must be applied for financial statements beginning on or after January 2018.

The directors indicate that the application of IFRS 9 will not impact the separate financial statements in terms of numbers, but rather in terms of the provision of greater disclosure in the company's financial statements.

- IFRS 16 - Leases (published on January 13, 2016) which replaces 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 leases and introduces a criterion based on control (right of use) of an asset to distinguish leasing contracts from service contracts, identifying essential differences: the identification of the asset, the right of replacement of the asset, the right to obtain substantially all the economic benefits from the use of the asset and the right to use the asset underlying the contract. The standard establishes a single model to recognize and measure leasing contracts for the leasee (lessees) which provides also for the recognition of operating leases under assets with a related financial payable, providing the possibility not to be recognize as leasing contracts "low-value assets" and leasing contracts less than 12 months. This Standard does not contain significant amendments for lessors. The standard is effective from January 1, 2019, although early application is permitted, only for companies which have already applied IFRS 15 - Revenue from Contracts with Customers. It is not possible to provide a reasonable estimate of the effects until the company has completed a detailed analysis of the relative contracts.

IFRS STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPROVED BY THE EUROPEAN UNION AT DECEMBER 31, 2017

At the date of the present Annual Report, the relevant bodies of the European Union have not yet concluded the process necessary for the implementation of the amendments and standards described below.

• On May 18, 2017, the IASB published IFRS 17 - Insurance Contracts which replaces IFRS 4 - Insurance Contracts. The new standard ensures that an entity provides pertinent information which accurately presents the rights and obligations under insurance contracts. The IASB developed the standard in order to eliminate inconsistencies and weaknesses in the existing accounting policies, providing a single principle-based framework to take account of all types of insurance contracts, including reinsurance contracts held by an insurer. The standard is effective from January 1, 2021, although early application is permitted, only for entities applying IFRS 9 – Financial Instruments and IFRS 15 - Revenue from Contracts with Customers. The Directors do not expect that the adoption of this standard will have a significant impact on the company's financial statements.

• Amendment to IFRS 2 "Classification and measurement of share-based payment transactions (published on June 20, 2016) which contains clarifications upon the recognition of the effects of vesting conditions in the presence of cash-settled share-based payments, on the classification of share-based payments with characteristics of net settlement and the recognition of the amendments to the terms and conditions of a share-based payment which changes the classification from cash-settled to equity-settled. These changes will be applied from January 1, 2018. The Directors do not expect these amendments to have a significant impact on the company's financial statements.

• Document "Annual Improvements to IFRSs: "Annual Improvements to IFRSs: 2014-2016 Cycle", published on December 8, 2016 (including IFRS 1 First-Time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters, IAS 28 Investments in Associates and Joint Ventures – Measuring investees at fair value through profit or loss: an investment-by-investment choice or a consistent policy choice, IFRS 12 Disclosure of Interests in Other Entities – Clarification of the scope of the Standard) which partially integrates the pre-existing standards. The majority of changes will be applied from January 1, 2018. The Directors do not expect these amendments to have a significant impact on the company's financial statements.

• Interpretation IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (published on December 8, 2016). The interpretation provides guidelines for transactions in foreign currencies where advances or non-monetary payments on account are recorded in the financial statements, before the recognition of the relative asset, cost or revenue. This document provides indications on how an entity should determine the date of a transaction, and consequently, the exchange rate to be utilized concerning operations in foreign currencies concerning payments made or received in advance. IFRIC 22 is applicable from January 1, 2018. The Directors are currently assessing the possible effects from the introduction of these amendments on the separate financial statements of the company.

• Amendment to IAS 40 "Transfers of Investment Property" (published on December 8, 2016). These amendments clarify the transfers of a building to, or from, investment property. In particular, an entity shall reclassify a building to, or from, investment property only when there is a clear indication of a change in the use of the building. This change must be attributable to a specific event and shall not therefore be limited to only a change in intention by management of the entity. These amendments are applicable from January 1, 2018. The Directors do not expect these amendments to have a significant impact on the company's financial statements.

- On June 7, 2017, the IASB published the interpretative document IFRIC 23 – Uncertainty over Income Tax Treatments. The document deals with uncertainties on the tax treatment to be adopted for income taxes. It establishes that uncertainties in the calculation of tax liabilities or assets are reflected in the financial statements only where it is probable that the entity will pay or recover the amount in question. In addition, the document does not contain any new disclosure obligations, but underlines that an entity should establish whether it will be necessary to provide information on considerations made by management and the relative uncertainty concerning the accounting of income taxes, in accordance with IAS 1. The new interpretation applies from January 1, 2019, although early application is permitted. The Directors are currently assessing the possible effects from the introduction of this interpretation on the separate financial statements of the company.

- Amendment to IFRS 9 "Prepayment Features with Negative Compensation (published on October 12, 2017). This document specifies that instruments which provide for an advance repayment could comply with the "SPPI" test also in the case where the "reasonable additional compensation" to be paid in the event of advance repayment is a "negative compensation" for the lender. The amendment applies from January 1, 2019, although early application is permitted. The Directors do not expect these amendments to have a significant impact on the company's financial statements.

- Amendment to IAS 28 "Long-term Interests in Associates and Joint Ventures" (published on October 12, 2017)". This document clarifies the necessity to apply IFRS 9, including the requirements related to impairment, to the other long-term interests in associates and joint ventures which do not apply the equity method. The amendment applies from January 1, 2019, although early application is permitted. The Directors are currently assessing the possible effects from the introduction of these amendments on the separate financial statements of the company.

- Document "Annual Improvements to IFRSs 2015-2017 Cycle", published on December 12, 2017 (among which IFRS 3 Business Combinations and IFRS 11 Joint Arrangements – Remeasurement of previously held interest in a joint operation, IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity, IAS 23 Borrowing costs Disclosure of Interests in Other Entities – Borrowing costs eligible for capitalization) which include the amendments to some standards within the annual improvement process. The amendments are applicable from January 1, 2019, although advance application is permitted. The Directors are currently assessing the possible effects from the introduction of these amendments on the separate financial statements of the company.

- Amendments to IFRS 10 and IAS 28 "Sales or Contribution of Assets between an Investor and its Associate or Joint Venture" (published on September 11, 2014). The document was published in order to resolve the current conflict between IAS 28 and IFRS 10 relating to the measurement of the gain or loss from the sale or conferment of a non-monetary asset to a joint venture or associate in exchange for a share of the capital of this latter. Currently, the IASB has suspended the application of this amendment.

- Standard IFRS 14 - Regulatory Deferral Accounts (published on January 30, 2014) which permits only those adopting IFRS for the first time to continue to recognize amounts concerning Rate Regulation Activities according to the previous accounting standards adopted. As the Company/Group is a first-time adopter, this standard is not applicable.

40.1. Accounting policies

The main accounting policies adopted in the preparation of the financial statements are illustrated below:

BUSINESS COMBINATIONS

Business combinations are recorded in accordance with the purchase method. The cost of the business combination is measured as the aggregate of the fair values, at the date of exchange, of assets acquired, liabilities incurred or assumed, and equity instruments issued by the Company, in exchange for control of the company acquired, plus any costs directly attributable to the business combination.

The identifiable assets, liabilities and contingent liabilities of the company acquired that comply with the conditions for recognition under IFRS 3 are recognized at their fair value at the acquisition date, with the exception of non-current assets (or disposal groups) which are classified as held-for-sale in accordance with IFRS 5 and are recognized and measured at fair value, net of sales costs.

Goodwill deriving from acquisition is recognized under assets and initially measured at cost, represented by the excess of the acquisition cost compared to the Group share in the present value of the identifiable assets, liabilities and contingent liabilities recognized. Where, after the measurement of these values, the Group share in the present value of the identifiable assets, liabilities and contingent liabilities exceeds the acquisition cost, the excess is immediately recorded in the Income Statement.

INVESTMENTS

Investments in subsidiaries, in jointly held subsidiaries and in associates, differing from those held-for-sale, are measured at purchase cost including direct accessory costs. Where there is an indication of a reduction in the value of an asset, its recovery is verified comparing the carrying value with the relative recoverable value, represented by the higher between the fair value, net of selling costs, and the value in use. In the absence of a binding sales agreement, the fair value is estimated on the basis of the values in an active market, from recent transactions or on the basis of the best information available to reflect the amount which the entity could obtain from the sale of the asset. The value in use is generally established, within the limits of the corresponding portion of net equity of the investee from the consolidated financial statements, by discounting the projected cash flows of the asset and, if significant and reasonably calculable, from its disposal, less disposal costs. The cash flow is determined on the basis of reasonable and documented assumptions represented by the best estimates of the expected economic conditions, giving greater significance to the indications obtained from outside sources. Discounting is carried out at a rate which takes account of the implied risk within the company's operating sector. The risk deriving from any losses exceeding the net equity is recorded in a specific account up to the amount the parent company is committed to comply with legal or implicit obligations in relation to the investee or in any case to cover the losses.

If the reasons for the recognition of the impairment loss no longer exist, the previously recognized impairment loss shall be reversed. The amount of the reversal shall be recognized in the income statement under investment income/expense. Other investments are measured at fair value with recognition of the effects to the income statement if held-for-trading, or to the "Other reserves" net equity account; in this latter case, the reserve is recognized to the income statement on write-down or realization. Where the fair value may not be reliably calculated, the investments are valued at cost, adjusted for impairments; impairments may be not written back.

Investments held-for-sale are measured at the lower of their book value and fair value, less selling costs.

Non-current assets classified as held-for-sale

Non-current assets (and disposal groups) are classified as held-for-sale when their carrying value is expected to be recovered by means of a sales transaction rather than through use in company operations. This condition is met only when the sale is highly likely, the assets (or group of assets) are available for immediate sale in their current condition and, consequently, management is committed to a sale, which should take place within 12 months of the classification as held-for-sale.

Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of their previous carrying value and market value less selling costs.

Revenue recognition

Revenues are recorded at the fair value of the amount received less returns, discounts and allowances as follows:

- revenue from sales: on the effective transfer of the risks and rewards typically connected with ownership;
- revenue from services: on the provision of the service.

The Company classifies exchange differences deriving from commercial operations under operating results, and in particular in the accounts other operating revenues and other operating costs depending on whether the net effect is a gain or loss, with detailed information provided in the Explanatory Notes.

Dividends received

Dividends are recognized where the shareholder right to receipt arises, normally the year in which the Shareholders' Meeting of the investee is held approving the distribution of profits or reserves.

Property, plant and equipment

Plant and machinery utilized for the production or the provision of goods and services are recorded in the financial statements at historic cost, including any accessory and direct costs necessary for the asset to be available for use.

Plant, machinery & equipment are recognized at cost, net of accumulated depreciation and any write-down for loss in value.

Depreciation is calculated on a straight-line basis on the cost of the assets, according to their estimated useful life, which is reviewed annually at following rates:

Asset Category	Rate
Land	0%
Buildings	from 3% to 10%
Plant and Machinery	from 7.5% to 15%
Industrial & commercial equipment	15%
Furniture	12%
EDP	20%
Motor vehicles	25%

Gains and losses deriving from the disposal or sale of assets are determined as the difference between the sales revenue and the net book value of the asset and are recorded in the Income Statement in the year.

Ordinary maintenance costs are fully charged to the income statement.

Improvements on the original value of the assets are capitalized and depreciated based on their residual utilization.

Leasehold improvements which may be recorded as an asset are recognized under property, plant and equipment and depreciated at the lower between the residual duration of the contract and the residual useful life of the asset.

Leased assets

Leasing contracts which do not provide for the transfer of all of the risks and benefits of ownership to the Company are considered operating leases.

Operating lease costs are recorded on a straight-line basis over the duration of the lease agreement.

Grants

Capital grants are recognized when there is reasonable certainty that they will be received and that the conditions will be satisfied for their attainment.

Capital grants are recorded as a direct reduction of the asset to which they refer. The value of an asset is adjusted by straight-line depreciation, calculated on the basis of the residual useful life of the asset.

INTANGIBLE ASSETS

Intangible assets acquired separately are recorded at cost less amortization and any net loss in value. Amortization is calculated on a straight-line basis over the useful life of the asset. The amortization method and the residual useful life are reviewed at the end of each accounting period. The effects deriving from the change in the amortization method and the residual useful life are recorded prospectively.

Intangible assets generated internally – research and development costs

Research costs are expensed to the income statement in the period in which they are incurred.

Intangible assets generated internally deriving from the development phase of a Company internal project are only recognized under assets when the following conditions are met:

- There is the technical feasibility to complete the intangible asset for its use or sale;
- There is the intention to complete the intangible asset and utilize or sell the asset;
- There is the capacity to utilize or sell the intangible asset;
- It is probable that the asset will generate future economic benefits;
- There exists the technical, financial and other resources in order to complete the development and utilize or sell the asset during the development phase.

The initial amount recognized of the intangible assets generated internally corresponds to the sum of the expenses incurred at the date in which the asset meets the criteria described above. Where these expenses may not be recorded as intangible assets generated internally, the development expenses are expensed in the Income Statement in the period in which they are incurred.

Subsequent to initial recognition, the intangible assets generated internally are recorded at cost less any accumulated loss in value, as occurs for intangible assets acquired separately.

Intangible assets acquired through a Business Combination

Intangible assets acquired in a business combination are identified and the amortization is recorded where they satisfy the definition of intangible assets and their fair value may be determined reliably. The cost of these intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, the intangible assets acquired in a business combination are recorded at cost less amortization and any accumulated loss in value, as occurs for intangible assets acquired separately.

IMPAIRMENT OF TANGIBLE, INTANGIBLE AND FINANCIAL ASSETS

At each reporting date, the Company reviews the carrying value of its intangible, tangible and financial assets to determine if there are indications that these assets have incurred a loss in value. Where it is not possible to make an estimate of the recoverable amount of an asset individually, the Company makes an estimate of the recoverable amount of the cash-generating unit the asset belongs to. When it is established that a potential loss exists, an estimate of the recoverable amount is made in order to identify the amount of the loss.

The indefinite intangible assets, such as goodwill and brands, are verified annually and whenever there is an indication of a possible loss in value, in order to determine if there has been a loss in value.

The recoverable value is the higher between fair value less costs to sell and value in use. In determining the value in use, the estimated future cash flows are discounted on a pre-tax basis which reflects the market assessment of the time value of money and the risks specific to the asset. In the determination of this value various cash flow scenarios are utilized (sensitivity analysis).

If the recoverable value of an asset (or a CGU) is considered lower than its carrying value, it is reduced to its recoverable value. A loss in value is recognized in the income statement immediately.

Where, subsequently, the loss in value no longer exists or reduces, the book value of the asset is increased up to the new estimate of the recoverable value and may not exceed the value which would be determined where no loss in value had been recorded. The reversal of a loss in value is immediately recorded in the income statement.

FINANCIAL INSTRUMENTS

Financial assets and liabilities are recorded in the financial statements when the Company has the contractual obligations of the instrument.

FINANCIAL ASSETS

Receivables

Receivables are initially recognized at fair value and subsequently measured at amortized cost, utilizing the effective interest rate method, net of the relative losses in value with reference to amounts considered non-recoverable, recorded in a specific doubtful debt provision. The estimate of the amounts considered non-recoverable are determined based on the expected future cash flows. These cash flows consider the expected recovery time, the forecast realizable value, any guarantees and the costs to be incurred for the recovery of the receivables. The original amount is restated whenever the reasons for the adjustment no longer apply. In this case, any reversal of previous provisions are recorded in the income statement and may not exceed the amortized cost of the receivable in the absence of the previous adjustments.

Trade receivables which mature within the normal commercial terms are not discounted. Receivables in currencies other than the operational currency of the individual companies are recorded at the period-end exchange rates.

Other financial assets

Financial assets, where there exists the intention and capacity of the Company to maintain them until maturity in accordance with IAS 39, are recognized at cost, recorded at the trading date, represented by the fair value of the initial amount given in exchange, increased by any transaction costs (for example: commissions, consultancy etc.) directly attributable to the acquisition of the asset. After initial recognition, these assets are measured at amortized cost using the original effective interest method.

Financial assets held for speculative purposes in the short-term are recognized and measured at fair value, with changes recorded in the income statement; any other financial assets other than those above are classified as financial instruments available for sale, recognized and measured at fair value with changes recorded through equity. These amounts are subsequently recorded in the income statement when the asset is sold or incurs a loss in value. This latter category includes investments other than control, joint control or associates.

Cash and cash equivalents

Cash and cash equivalents include cash balances and bank current accounts and deposits repayable on-demand, plus other highly liquid short term financial investments that can be readily converted into cash and are not subject to a significant risk of a change in value.

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial liabilities and equity instruments issued by the Company are classified based on the substance of the contractual agreements that generated them and in accordance with the respective definitions of financial liabilities and equity instruments. These latter are defined as those contracts which give the right to benefit from the residual interest of the assets of the company after the reduction of the liabilities. The accounting policies adopted for specific financial liabilities and Equity instruments are described below.

Payables

Payables are initially recorded at cost, corresponding to the fair value of the liability, net of directly attributable transaction costs.

Subsequent to initial recognition, the payables are measured under the amortized cost method, utilizing the effective interest rate method. This category includes interest bearing bank loans, overdrafts and non convertible bond.

Trade payables which mature within the normal commercial terms are not discounted. Payables in currencies other than the operational currency of the individual companies are recorded at the period-end exchange rates.

FAIR VALUE MEASUREMENT

Fair value is the amount in which an asset (or a liability) may be exchanged in a transaction between independent counterparties with reasonable knowledge of the market conditions and significant events related to the item under negotiation. The presumption that an entity is fully operational and does not need to liquidate or significantly reduce activities, or undertake operations at unfavorable conditions, is fundamental to the definition of fair value. The fair value reflects the credit quality of the instrument as it incorporates the counterparty risk.

Receivables and Payables:

For receivables and payables recorded in the financial statements at cost or amortized cost, the fair value for the purposes of the disclosure to be provided in the Explanatory Notes is determined as follows:

- for short-term receivables and payables, it is considered that the value paid/received reasonably approximates fair value;
- for medium/long-term receivables/payables, the measurement is principally undertaken through the discounting of future cash flows. The discounting of the expected cash flows is normally undertaken through the zero coupon curve increased by the margin represented by the specific credit risk of the counterparty.

Other financial instruments (Debt and equity securities)

The fair value for this category of financial asset is measured taking as reference the listed prices at the reporting date of the financial statements where existing, otherwise with reference to technical valuations utilizing as input exclusively market data.

EQUITY INSTRUMENTS

Equity instruments issued by the Company are recognized based on the amount received, net of direct issue costs.

CONVERTIBLE BONDS

In accordance with IAS 32 "Financial Instruments: Presentation in the financial statements" convertible bonds are recorded as hybrid financial instruments, formed by two components which are treated separately only if significant: a liability and a conversion option. The liability corresponds to the present value of the future cash flows based on the current interest rate at the issue date for an equivalent non-convertible bond. The value of the option is defined as the difference between the net amount received and the amount of the liability and is recorded under equity. The value of the conversion option in shares does not change in subsequent periods. On the contrary, where the characteristics of the bond result in, on the exercise of the conversion right, the right of the company to deliver shares or offer a combination of shares and cash, the option is recognized as a financial liability for the incorporated host, measured at fair value through P&L, while the difference compared to the original nominal value or rather the financial liability (host) is recorded at amortized cost.

In consideration of the convertible bond placement in February 2014 issued by Maire Tecnimont S.p.A. this is a hybrid financial instrument whose accounting method is described above.

DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

The company utilizes derivative instruments to hedge against movements in the Maire Tecnimont share price, in view of the implementation of a buy-back program. The structure of the contracts in place is in line with the Group "hedging" policy.

The TRES derivative instruments for accounting purposes are measured in accordance with IAS 39 at fair value through P&L.

Fair value calculation

The fair value of financial instruments is represented by the current market price or, in their absence the application of appropriate financial valuation models which take into consideration all the factors adopted by market operators and the prices obtained in a real market transaction.

In particular, the fair value of the TRES is measured discounting the expected cash flows, calculated on the basis of market interest rate at the reference date and the price of the underlying listed shares.

DERECOGNITION OF FINANCIAL INSTRUMENTS

Financial assets are eliminated from the balance sheet when the right to receive the cash flows no longer exists and all the related risks and benefits are substantially transferred (so-called derecognition) or where the item is considered definitively non-recoverable after the completion of all the necessary recovery procedures. Financial liabilities are derecognized from the balance sheet when the specific contractual obligations are extinct. Receivables transferred following factoring operations are eliminated from the balance sheet only when the related risks and benefits of ownership have been substantially transferred. With recourse receivables and non-recourse receivables which do not satisfy these requisites remain on the balance sheet of the company, even if legally transferred; in this case a financial liability of a similar amount is recorded under liabilities against advances received.

SHAREHOLDERS' EQUITY

Share capital

The share capital is the amount of the subscribed and paid-in capital of the Company. The costs strictly related to the issue of new shares are classified as a reduction of the share capital when they refer to costs directly attributable to the equity operation.

Treasury shares

They are recorded as a decrease of the shareholders' equity. The costs incurred for the issue of new shares by the Company are recorded as a reduction in equity, net of any deferred tax effect. The gains or losses for the purchase, sale, issue or cancellation of treasury shares are not recorded in the income statement.

Retained earnings/ (accumulated losses)

This refers to the results of previous years for the part not distributed or recorded under reserves (in the case of profit) or recapitalized (in the case of losses). The account also includes the transfers from other equity reserves when those reserves are no longer required as well as the effects of the recording of changes to accounting policies and material errors.

Other reserves

These include, among others, the legal reserve and the extraordinary reserve.

Valuation reserve

These include, among others, the actuarial reserve on defined benefit plans recognized directly to equity.

CONTRACTUAL LIABILITIES DERIVING FROM FINANCIAL GUARANTEES

The contractual liabilities deriving from financial guarantees are initially measured at their fair value and subsequently measured at the higher between:

- the amount of the contractual obligation, determined in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets;

- the initial amount recorded net, where applicable, of the accumulated amount recorded in accordance with the recognition of the revenues as described above.

PROVISIONS FOR RISKS AND CHARGES

Provisions are recorded in the financial statements when the Company has a present obligation (legal or implied) that is the result of a past event and it is probable that the obligation must be met. Provisions are made based on the best estimate of the cost of fulfilling the obligation at the reporting date, and are discounted when the effect is significant.

When the Company considers a provision for risks and charges must be in part or in full reimbursed, the indemnity is recorded under assets only when the reimbursement is almost certain and the amount of reimbursement may be determined reliably.

Onerous contracts

Where the Company has an onerous contract, the current obligation contained in the contract must be recognized and measured as a provision.

An onerous contract is a contract in which the non-discretional costs necessary to settle the obligations exceed the economic benefits deriving from such.

Guarantees

The provisions for guarantee costs are accrued when it is considered probable that the request to honor the guarantee will be made. The calculation of the provision is made based on the best estimate by Management of the costs required to comply with the obligation.

POST-EMPLOYMENT BENEFITS

The payments for defined contribution plans are recognized in the Income Statement of the period in which they are due.

For the defined benefit plans, the cost relating to the benefits recognized is determined using the projected unit credit method, making actuarial valuations at the end of each period. Actuarial gains and losses are recognized in the period they arise and recorded directly in a specific equity reserve. The cost relating to past employment service is immediately recorded when the benefits have already matured.
The liabilities for post-employment benefits recorded in the balance sheet represent the present value of the liabilities for the defined benefit plans adjusted to take into account any actuarial gains or losses not recorded and costs relating to past employment services not recorded, and reduced by the fair value of the asset plan. Any net assets resulting from this calculation are limited to the value of the actuarial losses not recorded and costs relating to past employment services not recorded, plus the present value of any repayments and reductions in future contributions to the plan.

Other long-term employee benefits

The accounting treatment of the other long-term benefits is similar to those of the plans for post-employment benefits with the exception of the fact that the actuarial gains and losses and costs deriving from past employment services are recognized in the income statement fully in the year in which they arise.

SHARE-BASED PAYMENTS

The company recognizes additional benefits to employees through equity participation plans. The above-mentioned plans are recognized in accordance with IFRS 2 (Share-based payments).

In accordance with IFRS 2, these plans represent a remuneration component of the beneficiaries; therefore, for the equity participation plans, the cost is represented by the fair value of these instruments at the granting date, and recognized in the income statement under "Personnel expense" over the period between the granting date and that of maturity, and in the "IFRS 2 reserve" under equity. Changes subsequent to the granting date in the fair value do not have an effect on the initial value. At the end of each year the estimate is updated on the number of rights which will mature on maturity. The change in the estimate reduces the amount in the "IFRS 2 reserve" and is recorded under "Personnel expense" in the P&L.

FINANCIAL INCOME AND EXPENSES

Interest is recognized in accordance with the effective interest rate method, utilizing therefore the interest rate which is financially equivalent to all the cash inflows and outflows (including premiums, discounts, commissions etc.) which comprise an operation. The Company classifies in this account the exchange differences deriving from financial operations, while the exchange differences from commercial operations are classified under operating results, and in particular in the accounts other operating revenues and other operating costs, depending on whether the net effect is a gain or loss, with detailed information provided in the Explanatory Notes.

INCOME TAXES

Income taxes for the year represent the sum of current and deferred taxation.

Current income taxes

Current income taxes for the year and previous years are recorded for the amount expected to be paid to the fiscal authorities.

Current income tax liabilities are calculated using applicable rates and tax regulations or those substantially approved at the reporting date. Maire Tecnimont SpA and the main subsidiaries resident in Italy have opted for a consolidated tax regime. This means that the IRES (Corporation Tax) charge is calculated on a tax base representing the aggregate of the taxable income and tax losses of the individual companies.

Deferred taxes

Deferred taxes are the taxes that it is expected to pay or recover on the temporary differences between the carrying value of the assets and of the liabilities in the financial statements and the corresponding fiscal value used in the calculation of the assessable income.

Deferred tax liabilities are generally recorded on all temporary assessable differences, while deferred tax assets are recorded based on the probability that the future assessable results will permit the use of the temporary deductible differences.

The carrying value of deferred tax assets is revised at the end of the year and reduced to the extent that it is no longer likely that there will be sufficient taxable income against which to recover all or part of the assets.

Deferred taxes are calculated based on the fiscal rates that are expected to be in force at the moment of the realization of the asset or the settlement of the liability. Deferred taxes are recognized directly in the income statement with the exception of those relating to accounts directly recognized to equity, in which case the deferred taxes are also recognized to equity.

USE OF ESTIMATES

The preparation of the financial statements and the relative notes in application of IFRS require that management make estimates and assumptions on the values of the assets and liabilities in the financial statements and on the disclosures relating to the assets and contingent liabilities at the reporting date. The estimates and assumptions used are based on past experience and other factors considered relevant. The actual results may differ from such estimates. The estimates and assumptions are reviewed periodically and the effects of any changes are recorded in the income statement in the period of the revision of the estimate, if the revision has effect only on that period, or also in subsequent periods if the revision has effect on the current year and on future years. In this context it is reported that the situation caused by the current economic and financial resulted in the need to make assumptions on a future outlook characterized by significant uncertainty, for which it cannot be excluded that results in the next year will be different from such estimates and which therefore could require adjustment, currently not possible to estimate or forecast, which may even be significant, to the book value of the relative items.

The accounts principally concerned by such uncertainty are:

- bad debt provision;
- Impairments of financial assets;
- depreciation and amortization;
- asset write-downs;
- employee benefits;
- income taxes;
- provisions;
- measurement of derivatives and relative underlying assets.

41. Notes to the income statement

41.1. Revenues

Revenues in 2017 amounted to Euro 94,601 thousand, an increase of Euro 31,131 thousand compared to the previous year and broken down as follows:

(in Euro thousands)	2017	2016
Revenues from sales and services	29,868	29,868
Dividends from subsidiares	33,602	33,602
Total	**63,470**	**63,470**

Revenues from subsidiary dividends amounted to Euro 63,418 thousand and concern those received during the year from the subsidiaries Tecnimont S.p.A. for Euro 40,000 thousand, KT-Kinetics Technology S.p.A. for Euro 20,918 thousand and Stamicarbon B.V. for Euro 2,500 thousand.

Revenues from sales and services were Euro 31,183 thousand and principally concern "Inter-company services" provided to the direct subsidiaries.

Service revenues specifically concern those provided by the Parent Company as part of the management, co-ordination and control from a legal, administrative, tax, financial and strategic viewpoint in the interest of Group companies.

41.2. Other operating revenues

(in Euro thousands)	2017	2016
Cost recoveries	3	2
Exchange rate differences	13	0
Other	3,015	3,092
Total	**3,031**	**3,094**

Other operating revenues in the year amounted to Euro 3,031 thousand and concerned principally income from specific administrative, tax, legal and procurement service contracts undertaken between Maire Tecnimont S.p.A. and a number of Group subsidiaries (Tecnimont S.p.A, Neosia S.p.A., MET Gas Processing Technologies S.p.A.).

41.3. Raw materials and consumables

Raw materials and consumables costs for the year were Euro 36 thousand.

The breakdown of the account is as follows:

(in Euro thousands)	2017	2016
Consumables	(23)	(18)
Fuels	(13)	(13)
Total	**(36)**	**(31)**

The account principally concerns the purchase of stationary for Euro 23 thousand and fuel consumption for Euro 13 thousand for company vehicles.

41.4. Service costs

Service costs in 2017 amounted to Euro 16,588 thousand, a decrease of Euro 2,529 thousand on the previous year.

The breakdown of the account is as follows:

(in Euro thousands)	2017	2016
Utilities	(302)	(248)
Maintenances	(77)	(77)
Consultants and Statutory Auditor Remunerations	(3,549)	(5,849)
Consultants and related services	(2,436)	(2,321)
Bank expenses and sureties	(46)	(674)
Selling & advertising costs	(295)	(292)
Accessory personnel costs	(4,203)	(4,355)
Post & telephone and similar	(14)	(11)
Insurance	(234)	(192)
Other	(5,432)	(5,098)
Total	**(16,588)**	**(19,117)**

Consultants and related services include professional fees, principally legal services and consultancy and administrative services for projects under execution during the year and audit and tax and commercial consultancy fees; the reduction is due to the ongoing streamlining of the structure, which during the year required lesser recourse to outside consultants.

Director and Statutory Auditor Remuneration concerns that matured by the members of the Board of Directors, the Board of Statutory Auditors' emoluments, those of the Supervisory Committee, the Remuneration Committee, the Internal Control Committee and the Related Parties Committee.

Accessory personnel expenses mainly relate to travel costs and other related costs undertaken by personnel.

The Other account mainly concerns inter-company services for the Via Gaetano de Castillia (Milan) offices, including office canteen expenses, maintenance and other accessory activities. The account in addition includes non-capitalized IT costs, application package maintenance expenses and printing and reproduction service costs.

41.5. Personnel expense

Personnel expense in 2017 amounts to Euro 24,752 thousand, a decrease of Euro 2,719 thousand compared to the previous year.

The breakdown of the account is as follows:

(in Euro thousands)	2017	2016
Wages and salaries	(19,594)	(21,563)
Social security charges	(3,890)	(4,820)
Post -employment benefits	(1,250)	(1,065)
Other costs	(18)	(22)
Total	**(24,752)**	**(27,470)**

The workforce at December 31, 2017 numbered 127, increasing 15 on the previous year; the average headcount increased from 108 to 120.

The movement in the company's workforce by category is as follows:

Category	Workforce at December 31,2016	Hires	Departures	Intra - group transfers	Promotions	Workforce at December 31,2017
Executives	37	2	0	2	2	43
Managers	37	3	(1)	2	1	42
White -collar	38	5	(2)	4	(3)	42
Blue-collar	0	0	0		0	0
Total	**112**	**10**	**(3)**	**8**	**0**	**127**
Average headcount	108					120

In 2017 personnel expense decreased, principally due to reduced charges for remuneration and personnel incentive policies, which in the previous year significantly impacted due also to the reduction of social security charges on the previous year, while their percentage of total remuneration is in line with the statutory requirements.

In 2017, the incentive plans established in 2016 continued and a new Compensation Policy cycle for the 2016-2018 three-year period was drawn up with a focus on growth, development and creation of value over the long-term, while establishing even greater consistency between the work of the human resources department and the interests of shareholders and stakeholders.

In application of IFRS 2 Share-based payments, the 2016-2018 Share Ownership Plan, the 2016-2018 Performance Share Plan and the 2017-2019 Restricted Stock plan are recorded in the company financial statements as "Equity Settled" plans as the company has granted equity participation instruments as additional remuneration against services received (employment service). The company did not however assume any liability to be settled with cash and cash equivalents or with other assets for employees. Given the impossibility to reliably estimate the fair value of the services received from the employees, the benefit cost to the employees is represented by the fair value of the shares granted, calculated at the grant date, to be recognized in the income statement under personnel expense and in a specific reserve under equity. The total cost of these plans for the year amount to Euro 2,370 thousand, also based on an average fair value of the equity instruments equal respectively to Euro 4.682 per share for the second cycle of the Shareholder Plan and Restricted Stock Plan and Euro 2.38 per share for the Performance Share Plan.

The above-mentioned Shareholder Plan includes a Rights Granting Cycle for each year (2016-2017-2018) and the possibility, for all employees, to receive Maire Tecnimont shares without consideration on the basis of the overall profitability of the Group. The 2016-2018 Performance Share Plan concerns approx. 30 Senior Managers, with the granting of rights to Maire Tecnimont shares without consideration in the three-year period 2016-2018 and their effective granting based on pre-set industrial performance objectives, to be assessed annually and at the end of the period. In addition, the 2017-2019 Restricted Stock Plan for the Chief Executive Officer, Senior Managers and Senior Group Management concerns the granting of rights to Maire Tecnimont shares without consideration in the three-year period 2017-2019, and their effective granting at the end of the retention period or rather the approval of the 2019 Annual Accounts, and in any case not beyond June 30, 2020.

The effects in the financial statements of the Plans, estimated through adequately weighing the defined maturity conditions (including the probability of employees remaining in the Company for the duration of the Performance Plan), will be recognized over the maturity period of the benefit, or rather over the duration of the Plans, under "Personnel expense".

"Personnel expense" also includes the fair value component recognized in the period relating to the Phantom Stock incentive plan for the Chief Executive Officer of the company and some Senior Managers of the Group; these costs also include the employee flexible benefit plan ("Maire4You") and the profit participation bonus.

41.6. Other operating costs

Other operating costs in 2017 amounted to Euro 2,151 thousand, an increase of Euro 106 thousand compared to the previous year.

The breakdown of the account is as follows:

(in Euro thousands)	2017	2016
Hire	(550)	(534)
Rental	(513)	(411)
Exchange rate differences	(5)	0
Other costs	(1,083)	(1,100)
Total	**(2,151)**	**(2,045)**

Hire principally concerns the application packages and motor vehicles.

Rental charges concern the leasing of office buildings, in particular those at Piazza Flamingo (Rome) and Via Castello Della Malian (Rome); the account also includes rental for premises at via di Vanning (Rome) within the partnership agreement with the La Sapienza University.

Other costs of Euro 1,083 thousand principally concern membership fees, sales representative costs, gratuities and other general costs.

41.7. Amortization, depreciation & write-downs

Amortization, depreciation and write-down of fixed assets in 2017 amount to Euro 161 thousand, an increase of Euro 141 thousand compared to the previous year.

The breakdown of the account is as follows:

(in Euro thousands)	2017	2016
Amortization	(103)	(14)
Depretation	(58)	(6)
Total	**(161)**	**(20)**

Amortization of intangible assets of Euro 103 thousand relates to concessions and licenses (SAP, Tagetik and other company software applications) and other intangible assets, principally concerning consultancy costs for the installation and launch of these applications. The account increased on the previous year as a result of the acquisition of new assets, in particular the software and licenses for the SAP GRC-262.

Depreciation also increased to Euro 58 thousand and concerns EDP, miscellaneous equipment and improvements at the Rome offices in Piazzale Flaminio.

41.8. Financial income

(in Euro thousands)	2017	2016
Income from subsidiaries	1,418	1,087
Other income	7	0
Currengy gains	0	40
Income on derivatives	25,921	1,613
Total	**27,346**	**2,740**

Income from subsidiaries of Euro 1,418 thousand concerns interest matured on loans, financial instruments classified as loans and receivables valued at amortized cost, granted to Neosia S.p.A. and to MET Gas Processing Technologies S.p.A..

Income on derivatives for Euro 25,921 thousand refer specifically to:

- for Euro 4,254 thousand the positive fair value change of the residual portion of two cash-settled Total Return Equity Swap derivative instruments (TRES) to hedge against movements in the Maire Tecnimont share price. The residual portion of the instruments at December 31, 2017 hedges the risk for a total of approx. 6.6 million shares, further reduced to 2.6 million shares at the beginning of 2018;

- for Euro 20,335 thousand the positive differential closed and settled during the year following the partial closure of the cash-settled Total Return Equity Swap (TRES) derivative instruments, net of Euro 2,415 thousand reimbursed pro-quota to the subsidiaries involved in the General Share Ownership Plan.

- for Euro 1,332 thousand income arising on the TRES contracts, related to the distribution of dividends by Maire Tecnimont S.p.A., which the intermediary receded to the issuer.

In this regard, we report the following:

In February 2016, Maire Tecnimont S.p.A. subscribed to an initial derivative contract (TRES) in view of the implementation of a buy-back program for a maximum 10,000,000 shares, approved by the Ordinary Shareholders' Meeting of December 15, 2015. In October 2016, Maire Tecnimont S.p.A. subscribed to a further derivative contract (TRES), in view of an increase in the number of shares to be purchased on the market for a total amount of 4,500,000 treasury shares. In May 2017, Maire Tecnimont S.p.A. subscribed a third derivative (TRES) for an additional 4,000,000 treasury shares in view of the wider acquisition program for a maximum 20,000,000 treasury shares, approved by the Shareholders' AGM of April 26, 2017. On that date, the Shareholders' AGM of Maire Tecnimont S.p.A. - following the withdrawal of authorization by the Shareholders' Meeting of December 15, 2015 - authorized the Board of Directors to purchase and dispose of treasury shares as per Articles 2357 and 2357-ter of the Civil Code, Article 132 of Legislative Decree No. 58 of February 24, 1998 ("CFA") and Article 144-bis of Consob Issuers' Regulation 11971/1999, as subsequently amended, according to the means proposed by the Board of Directors on March 15, 2017. Authorization was approved in pursuit of objectives such as, among others, share incentive plans, the conversion of convertible debt instruments into equity instruments, corporate operations, including investment swaps, in the interest of the company and, through an intermediary, in support of the share's liquidity and fluid trading. Authorization was granted to acquire treasury shares up to a maximum 20,000,000 ordinary shares (6.54% of the shares currently in circulation), for a period of 18 months from the authorizing Shareholders' Meeting motion.

On July 10, 2017, Maire Tecnimont S.p.A. communicated the acquisition on the Mercato Telematico Azionario (MTA) organized and managed by Borsa Italiana S.p.A., in the period between June 22, 2017 and July 5, 2017, all 1,125,000 shares relating to the First Cycle (year 2016) of the Employee Share Ownership Plan and subsequent delivery to the Plan Beneficiaries by July 25, 2017.

On September 22, 2017 - Maire Tecnimont S.p.A. communicated initiation of a buy-back program of 15,000,000 treasury shares, to service the "€80 million 5.75 per cent. Unsecured Equity-Linked Bonds due 2019" issued by the company following Board motion of February 11, 2014, pursuant to Article 2410, first paragraph of the Civil Code (the "Bond Loan"). On February 1, 2018, all 15,000,000 ordinary shares to service the equity-linked bonds were acquired and, therefore, the Program was completed.

The derivative contracts (TRES) were underwritten with a financial intermediary, with no obligation for Maire Tecnimont to acquire the treasury shares, but only the obligation for the settlement between the parties of the differential between the exercise price and the Maire Tecnimont share price on the maturity of the instruments. Maturity of the contracts is in 2019, although annual intermediary windows allow Maire Tecnimont to exercise a partial "Early Termination" option. During the year, Maire Tecnimont exercised this option proceeding with the settlement of a large part of the instruments; the residual portion of the instruments at December 31, 2017 hedges the risk for approximately 6.6 million shares, further reduced by 2.6 million at the beginning of 2018.

For accounting purposes, the TRES is measured in accordance with IAS 39 as a fair value derivative through P&L.

41.9. Financial expenses

(in Euro thousands)	2017	2016
Charges from group companies	(7,993)	(9,490)
Other Charges	(1,466)	(834)
Equity Linked Bond interest & other charges	(10,111)	(6,604)
Total	**(19,570)**	**(16,927)**

Financial expenses were Euro 19,570 thousand and concern for Euro 7,993 thousand interest charges on loans received from Stamicarbon B.V., KT-Kinetics Technology S.p.A., Tecnimont S.p.A., Tecnimont Russia, Tecnimont Planung und Industrieanlagenbau GmbH and Maire Engineering France S.A.. These charges are measured under the amortized cost criteria, using the effective interest rate method. The reduction at December 31, 2017 is due to the lower average debt in the year.

Other charges principally concern interest expense on bank loans fully repaid in the year and other banking charges.

The "Interest Bond & Equity Linked" charges, amounting to Euro 10,111 thousand, specifically refer to:

- for Euro 9,178 thousand to the cash and non-cash components of the interest on the equity-linked bond of a nominal Euro 80 million issued in February 2014; the account increased in the year by Euro 2,574 thousand following the acceleration of the amortization on the residual portion of the accessory charges as a consequence of the decision of the Board of Directors of Maire Tecnimont which approved the exercise of the advance repayment option in cash, at a nominal value, originally scheduled for February 2019. For more details, reference should be made to the paragraph "Other current financial liabilities" of the Explanatory Notes;

- for Euro 933 thousand interest on the non-convertible bonds subscribed in the first half of 2017 through private placement, by the Pan-European Fund and the Export Development Fund (created by SACE), both managed by Amundi Group companies.

41.10. Investment income/(expenses)

At December 31, 2017, no write-downs were made on investments based on the impairment test carried out on the Maire Tecnimont S.p.A. investments, as described in the "Investments in subsidiaries" paragraph.

41.11. Income taxes

(in Euro thousands)	2017	2016
Current income taxes	(4,964)	(1,032)
Taxes relating to previous periods	32	(202)
Deferred tax income	3,406	7,128
Deferred tax charge	(51)	(56)
Total	**(1,577)**	**5,838**

The account reports a negative value of Euro 1,577 thousand and a decrease of Euro 7,415 thousand on the previous year.

Current income taxes amount to Euro 4,964 and relate for Euro 4,222 thousand to IRES for the year and for Euro 742 thousand to the earnings in excess of the ROL transferred by the companies within the tax consolidation in 2017 and utilized by the company for the deduction of the excess interest expense transferred.

Prior year taxes amount to Euro 32 thousand and relate to the income tax allocation difference calculated at 31.12.2016 against that arising from the income transferred to CNM for FY 2016.

Maire Tecnimont S.p.A. and the subsidiaries Tecnimont S.p.A., Met Gas Processing Technologies S.p.A., Neosia S.p.A. (formerly Tecnimont Civil Construction S.p.A.), Met Newen S.p.A, KT-Kinetics Technology S.p.A. and M.S.T S.r.l opted to apply the Tax Consolidation regime which permits the calculation of the IRES corporation tax on a tax basis representing the aggregate of the taxable income and losses of the individual companies.

Deferred tax income for Euro 3,406 thousand principally relate to the recognition of deferred tax assets on the non-deductible interest transferred to the tax consolidation and utilized in the calculation of the Tax consolidation's assessable income, net of releases in the period and allocation differences on the previous year.

Deferred tax charges of Euro 51 thousand concern fiscally recognized amortization of the Tecnimont and KT-Kinetics Technology trademarks which, as considered of indefinite useful life, were not subject to statutory amortization and recognized the benefit only for tax purposes.

An analysis of the difference between the theoretical and effective tax charge for the year follows:

Ires	
Description	**31/12/2017**
Income before tax	**61.742**
Theoretical Rate (*)	**24,0%**
Theoretical tax charge	**14.818**
Temporary differerences deductible in future years:	
Taxable temporary differerences	17.475
Total	17.475
Reversal temporary differerences from previous years:	
Deductible temporary differerences	3.191
Total	3.191
Non-reversing differences in future years (**):	
Increases	1.884
Decreases (**)	-60.319
Total	-58.435
Total changes	-44.151
Tax income	**17.591**
Current taxes	**4.222**
Effective IRES rate	**N/A**

(*) For the purposes of a better understanding on the reconciliation between the tax charge recorded in the accounts and the theoretical tax charge, no account is taken of the IRAP regional tax charge, as consisting of a tax with a different assessable base would generate distortions between each year. Therefore, theoretical taxes were calculated applying only the applicable rate in Italy (24% for IRES in 2017) to the pre-tax result.

(**) The account principally concerns dividends received from subsidiaries and the write-down of investments.

41.12. Earnings per share

The share capital of Maire Tecnimont S.p.A. comprises ordinary shares, whose earnings (loss) per share is calculated dividing the net income in 2017 by the weighted average number of Maire Tecnimont S.p.A. shares in circulation in the period considered.

Therefore, at the reporting date, following the acquisition of 9,759,548 treasury shares, the number of shares in circulation was 295,767,952. This figure was used as the denominator for the calculation of the earnings (loss) per share at December 31, 2017. The basic earnings per share was Euro 0.203.

(in Euro)	2017	2016
Number of shares in circulation	305,527,500	305,527,500
(Treasury shares)	(9,759,548)	0
Number of shares to calculate earnings	295,767,952	305,527,500
Net income	60,143,682	9,531,489
Number of shares reserved capital increase Equity Linked Bond	23,112,932	36,533,017
Earnings per shere (Euro)		
Basic earning per share	**0.203**	**0.031**
Diluted earnings per share	**0.189**	**0.028**

We also report that in February 2014 the Parent Company completed an equity-linked bond operation amounting to Euro 80 million, placed with qualified Italian and foreign investors.

On January 25, 2018 - the Board of Directors of Maire Tecnimont approved the exercise of the advance repayment option in cash, at nominal value, of the equity-linked bond called "€80 million 5.75 per cent. Unsecured Equity- Linked Bonds due 2019" (the "Loan") issued by Maire Tecnimont ("Maire Tecnimont") and convertible into Maire Tecnimont ordinary shares.

On March 6, 2018 - Maire Tecnimont announced that - against the nominal value of the Loan at January 25, 2018 of Euro 79,900,000, for 799 bonds (the "Bonds") still in circulation and listed on the Dritter Markt (Third Market) Multilateral Trading Facility organized and managed by the Vienna Stock Exchange - it had received, by the deadline of February 28, 2018, conversion requests from bondholders for a nominal value of Euro 79,800,000, corresponding to a total of 798 Bonds, at the conversion price of Euro 2,0964.

The conversion requests were satisfied through delivery to entitled parties of a total 38,065,232 ordinary Maire Tecnimont shares, with full rights, of which 14,952,300 treasury shares of the company from the buy-back program to service the conversion of the Loan which commenced on September 25, 2017, and 23,112,932 newly-issued shares from a paid-in share capital increase to service the Loan, approved by the Extraordinary Shareholders' Meeting of the company of April 30, 2014.

The 1 Bond of a nominal value of Euro 100,000.00, for which a conversion request was not presented by the final deadline of February 28, 2018, was repaid in cash at the above nominal value, in addition to interest matured, according to that set out in the Bond Regulation, with value date of March 7, 2018.

At the date of the present report account was taken in the calculation of the diluted earnings of this component, as at December 31, 2017 the conversion was "in the money".

The diluted earnings per share was Euro 0.189.

42. Notes to the Balance Sheet

42.1. Property, plant and equipment

(in Euro thousands)	31/12/16	Changes in the year	31/12/17
Other assets	94	474	568
Total	**94**	**474**	**568**

The following table illustrates the changes in the historical cost, accumulated depreciation and net book values:

(in Euro thousands)	Plant and Machinery	Industrial and commercial equipment	Other assets	Total
Net book value at 31.12.2016	**0**	**0**	**94**	**94**
Increases	0	0	532	532
Depreciation & w hite-dow ns	0	0	(58)	(58)
Net book value at 31.12.2017	**0**	**0**	**568**	**568**
Historic cost	2	20	1,012	1,034
Accumulated depreciation	(2)	(20)	(444)	(466)

The main decreases relate to depreciation in the year; the increases in Other assets are due to the purchase of office furniture and EDP and improvements at the Rome offices at Piazzale Flaminio.

For comparative purposes the changes relating to the previous year are shown below:

(in Euro thousands)	Plant and Machinery	Industrial and commercial equipment	Other assets	Total
Net book value at 31.12.2015	**0**	**0**	**91**	**91**
Increases	0	0	9	9
Depreciation & w hite-dow ns	0	0	(5)	(5)
Net book value at 31.12.2016	**0**	**0**	**94**	**94**
Historic cost	2	20	481	504
Accumulated depreciation	(2)	(20)	(387)	(409)

42.2. Other intangible assets

(in Euro thousands)	31/12/16	Changes in the year	31/12/17
Concessions, licenses, trademarks & similar rights	3,131	100	3,231
Other	(0)	245	245
Assets in progress and advances	139	98	237
Total	**3,270**	**443**	**3,713**

The following table illustrates the changes in the historical cost, accumulated amortization and net book values:

(in Euro thousands)	Concessions, licenses, trademarks & similar rights	Other	Assets in progress and advances	Total
Net book value at 31.12.2016	**3,131**	**(0)**	**139**	**3,270**
Increases	142	307	0	449
Depreciation & white-downs	(42)	(61)	0	(103)
Other movements	0	0	97	97
Net book value at 31.12.2017	**3,231**	**246**	**237**	**3,713**
Historic cost	4,486	4,815	237	9,538
Accumulated depreciation	(1,256)	(4,569)	0	(5,825)

The increases concern the acquisition of new software and licenses, including the SAP GRC-262, in addition to consultancy costs for the installation and launch of this application.

The breakdown of the trademarks with indefinite useful lives is shown in the table below.

(Euro thousands)	2017
Tecnimont brand	3,016
KT- Kinetics Technology brand	70
Total	**3,086**

The Company verifies the recovery of the indefinite useful lives of the trademarks at least on an annual basis or more frequently when there is an indication of a loss in value. The recoverable value of trademarks with indefinite life was compared to the value in use.

For comparative purposes the changes relating to the previous year are shown below:

(in Euro thousands)	Concessions, licenses, trademarks & similar rights	Other	Assets in progress and advances	Total
Net book value at 31.12.2015	**3,143**	**(0)**	**0**	**3,143**
Increases	2	0	0	2
Alienazioni	(14)	0	0	(14)
Other movements	0	0	139	139
Net book value at 31.12.2016	**3,131**	**0**	**139**	**3,270**
Historic cost	4,344	4,508	139	8,992
Accumulated depreciation	(1,214)	(4,508)	0	(5,722)

42.3. Investments in subsidiaries

(Euro thousands)	2016	Changes in the year	2017
Subsidiary companies:			
Investment in Tecnimont S.p.A.	590,897	3,221	594,118
Investment in Neosia S.p.A. (formerly Tecnimont Civil Construction S.p.A.)	71,940	9,266	81,206
Investment in Met Development S.p.A.	0	8,753	8,753
Investment in Met NewEn S.p.A.	8,970	(8,970)	0
K.T. S.p.A.	27,439	626	28,065
MET GAS Processing Technologies S.p.A.	10,680	3	10,683
Stamicarbon B.V.	40,353	234	40,587
Total	**750,280**	**13,133**	**763,412**

The value of the investments in subsidiaries amounts to Euro 763,412 thousand, with the increase in the year mainly due to the incorporation of Met Development S.p.A..

On April 19, 2017, Met Development S.p.A. was incorporated and will be involved in the promotion and development of initiatives in the petrochemical, chemical, fertilizers and gas sectors; consultancy and integrated engineering services for the development of new technologies and intellectual property; consultancy services, geopolitical and market studies and pre-feasibility and feasibility studies and research; Business Development services, in addition to engineering services, including for the design, construction, modification and management of gas, oil, petrochemical, chemical, civil and industrial plant, in general, both on land and at sea. The construction of industrial complexes and plant in general, related infrastructure and units, their parts, civil engineering works, and all necessary engineering and the relative commercial activities, in addition to the development and utilization of techniques and processes related to industrial operations in general.

The value of investments also increased due to the free assignment of shares in favor of employees of the companies of the Group in accordance with IFRS 2. In fact, the compensation component from shares granted by Maire Tecnimont S.p.A. to employees of other Group companies is recognized as a capital contribution to the subsidiaries which employ beneficiaries of the stock option plans, and, as a result, is recorded as an increase in the carrying amount of the investment, with a balancing entry recognized directly in equity. The effects in the financial statements of the Plans, estimated through adequately weighting the defined maturity conditions (including the probability of employees remaining in the Group for the duration of the Plan), will be recognized over the maturity period of the benefit, or rather over the duration of the Plan.

In addition, in January 2017, the Extraordinary Shareholders' Meetings of the subsidiary Met Newen S.p.A. and of the subsidiary Tecnimont Civil Construction S.p.A. approved the merger proposal of Met Newen S.p.A. into Tecnimont Civil Construction S.p.A.. On April 10, the merger between the subsidiaries Met Newen S.p.A. and Tecnimont Civil Construction S.p.A., respectively engaged in renewable energies and civil infrastructure, became effective. Following the merger, the company assumed the name NEOSIA S.p.A..

Investments in subsidiaries are measured at cost.

The last column of the following table shows the differences between the book value at cost and the relative share of Net Equity:

Company (in Euro thousands)	Registered Office	Share capital	Currency	Book Net Equity (Group share)	% held	Book net equity share (A)	Book value (B)	Change (A-B)
Tecnimont S.p.A.	Via G. De Castillia 6/A (MI)	1,000	Euro	296,404 (*)	100%	296,404	594,118	(297,714)
Neosia S.p.A (formerly Tecnimont CiVil Construction S.p.A.)	Via G. De Castillia 6/A (MI)	6,000	Euro	66,159 (*)	100%	66,159	81,206	(15,047)
KT S.p.A.	Viale Castello Della Malian (RM)	6,000	Euro	34,063 (*)	100%	34,063	28,065	5,998
MET Gas Processing Technologies S.p.A.	Via G. De Castillia 6/A (MI	4,000	Euro	10,253 (**)	100%	10,253	10,683	(430)
MET Development S.p.A.	Via G. De Castillia 6/A (MI	1,000	Euro	8,483 (**)	100%	8,483	8,753	(270)
Stamicarbon B.V.	Sittard-The Netherlands	9,080	Euro	40,803 (*)	100%	40,803	40,587	216

(*) As per the latest consolidated financial statements approved by the respective Boards of Directors, or where not available, the consolidated reporting packages.

(**) As per the latest separate financial statements approved by the respective Boards of Directors.

An impairment test was carried out on the investment in Tecnimont S.p.A. as the book value of the investment was significantly higher than the pro-quota net equity at December 31, 2017, as was the case also in the previous year.

Events occurred during the year indicating an impairment and therefore the possible non-recoverability of the book value of the investment in Neosia S.p.A – related to the Infrastructure & Civil Engineering BU. In 2017, the acquisition of new orders was delayed compared the assumptions reflected in the plan.

An impairment test was carried out on the investment in Neosia S.p.A. as also the book value of the investment was higher than the pro-quota net equity at December 31, 2017; however the EBITDA in 2017 reflects the positive results from the commercial and organizational initiatives rolled out under the business refocus strategy also in the large renewables plant sector.

No impairment tests were carried out on other investments as no events occurred indicating a reduction in value.

This analysis was undertaken in conjunction with an independent expert, utilizing the cash flows based on the 2018 Budget and on the industrial and financial plan 2018-2022, approved by the Board of Directors on March 15, 2018.

These cash flows confirm the assumptions and the strategic projections of the Group plan and reflect the best estimates made by Top Management in relation to the principal assumptions concerning business operations (macro-economic trends and prices and business development). The underlying assumptions and the corresponding financial numbers are considered appropriate for the impairment test. The plan, in addition to the project margins, includes commercial, general and administrative costs.

The principal assumptions reflected in the 2018 Budget and Industrial Plan take into account the high level of the backlog at the end of 2017, which would indicate for the subsequent year a prevalence of EPC project execution operations, with production volumes slightly ahead of those expressed during the year and at margins in line with those usually achieved on these types of contracts. With regards to Neosia S.p.A, as a result of the commercial and organizational initiatives undertaken, the business will refocus on the large renewables plant sector.

The value of Maire Tecnimont's investment was calculated estimating the operating value (OV), the net financial position (NFP) and the value of accessory assets (ACC).

The operating value of each unit was determined based on the estimated future cash flows discounted which the CGU will be capable of producing in the future. The estimated cash flows include the recharge of general and administration costs (G&A) of the Group for all the CGU's. The value of the cash flows was expressed net of the notional imposition, considering the tax benefit relating to any deductibility of amortization and depreciation.

For the determination of the recoverable value, the cash flows refer to the business plan, as well as a final value (Terminal Value) beyond the plan horizon, in line with the nature of the investments and with sector operations. Relating to the estimate of the Terminal Value, the last year of the cash flows was not taken as an expression of the "normalized" cash flow, but rather the average margin of the Plan future cash flows was considered.

The "normalized" cash flow was capitalized at a g growth rate as detailed in the subsequent tables.

For the purposes of the discounting of the operating cash flows, the interest rate identified was the weighted average cost of capital (WACC) post tax. The parameters utilized in the estimate of the discounting rate (Beta and Net Financial Position) were determined on the basis of a basket of comparable operators respectively in the "Infrastructure" sector for the I&IC CGU and in the "Plant" sector for all the other CGU's, calculating for each the key financial indicators, in addition to the most significant market values.

The risk free rate utilized considered the Eurirs average 6 months (S&P Capital IQ) rate, the expected medium/long-term inflation rate for the reference countries and the relative Country Risk Premium (determined on the basis of the differential between the country CDS spread and the country benchmark CDS spread). The market risk premium was estimated at 5.5%. It was considered appropriate to consider a specific risk for each CGU above the relative discounting rate; this premium was determined based on the comparison between the size of the CGU and the companies utilized for the estimate of the Beta Unlevered. This risk was increased by a Company Specific Risk Premium in relation to the conditions of the individual CGU`s.

For the cost of equity component, therefore the rate was prudently increased by 1.8 percentage points for the investment in Tecnimont and by 5.6 percentage points for the investment in Neosia S.p.A., also considering the prospects following the redefinition of the operating structure, the commercial repositioning as well as the strengthening of synergies and know-how.

The principal accessory asset/liability (ACC) included in the valuation were the tax benefits from prior year tax losses over the Plan duration and other minor assets.

The analysis undertaken based on the parameters outlined above did not result in any loss in value.

A sensitivity analysis was also undertaken on the basis of the changes in the following parameters: i) discount rate and ii) growth rate for the estimate of the Terminal Value; based on this analysis, the range of the recoverable value of the CGU's was determined.

Discount rate (WACC post tax)	Lower extreme	Higher extreme
Investment in Tecnimont S.p.A.	10%	12%
Investment in Neosia S.p.A.	9.2%	11.2%

Growth rate beyond plan period	Lower extreme	Higher extreme
Investment in Tecnimont S.p.A.	0%	2.4%
Investment in Neosia S.p.A.	0%	1.4%

The results of the sensitivity analysis did not highlight any impacts on the investments.

In the application of this method, management utilized assumptions, including the estimate of the future increases in the backlog, revenues, gross margin, operating costs, growth rate of the terminal value, investments and average weighed cost of capital (discount rate). The cash flow forecasts refer to current business conditions, therefore they do not include cash flows related to events of an extraordinary nature.

The estimates and the budget data were determined by company management based on past experience and forecasts relating to the development of the Group and company markets. However, the estimate of the recoverable value of the investments requires discretionary interpretation and the use of estimates by management. The company cannot guarantee that there will not be a loss in value of the investments in future years. In fact, various market environment factors may require a review of the value of the investments. The circumstances and events which could give rise to a further loss in value will be monitored constantly by the company and the Group.

42.4. Other non-current assets

(in Euro thousands)	31/12/16	Changes in the year	31/12/17
Trade receivables beyond 12 months	1,100	0	1,100
Prepaid expenses beyond 12 months	0	114	114
Total	**1,100**	**114**	**1,214**

Other non-current assets concern disputed receivables from clients due beyond 12 months and specifically from the Calabria Region for Euro 1,100 thousand.

With regards to this receivable, the arbitral award accepted most of the company's demands. The counterparty has proposed an appeal against the arbitral award and in 2013 the Catanzaro Court of Appeal nullified the award on the basis only of formal errors; the company therefore decided to challenge the judgement filed on May 6, 2013 and to appeal to the Cassation Court. The appeal was accepted with notification of 20/6/14; the Calabria Region did not make a counter appeal and the hearing date for discussion and subsequent decision is awaited. The above amount is currently considered recoverable on the basis of the strong grounds previously expressed in the arbitral award.

These receivables were due to the company Protecma S.r.l (now MET Gas Processioning Tecchnologies S.p.A.) from the client for works executed in the past. For more effective management of the dispute, the company transferred these receivables to Maire Tecnimont S.p.A on the basis of an expert's valuation. This receivable is recognized at estimated realizable value.

Euro 114 thousand concerns long-term prepayments, specifically commissions-expenses on insurance sureties.

42.5. Other non-current financial assets

(in Euro thousands)	31/12/16	Changes in the year	31/12/17
Non-current financial assets:	45,119	17,076	62,195
Financial prepayments	242	(242)	0
Total	**45,361**	**16,834**	**62,195**

Non-current financial assets amount to Euro 62,195 thousand and concern receivables from Neosia S.p.A related to the short-term management of its working capital and for Euro 490 thousand from Tecnimont do Brasil LTDA..
The amount of the loans issued to Tecnimont do Brasil LTDA were fully written down as not considered recoverable.

All loans are interest-bearing at market rates and maturity is scheduled beyond the subsequent year.

Other non-current financial assets are classified as financial instruments and subsequent to initial recognition are measured at amortized cost, utilizing the effective interest rate method. The estimate of the "fair value" of these receivables granted approximate substantially the carrying value which was calculated as indicated in the section on accounting policies.

42.6. Deferred tax assets and liabilities

(in Euro thousands)	31/12/16	Changes in the year	31/12/17
Deferred tax assets	3,212	(302)	2,910
Deferred tax liabilities	(421)	(51)	(472)
Total	**2,791**	**(353)**	**2,438**

Deferred tax assets and liabilities report a positive balance of Euro 2,438 thousand, reducing Euro 353 thousand on the previous year and comprising deferred tax assets for Euro 2,910 thousand and deferred tax liabilities for Euro 472 thousand.

Maire Tecnimont S.p.A. and the subsidiaries Tecnimont S.p.A., MET Gas Processing Technologies S.p.A., Neosia S.p.A., Met Development S.p.A., KT-Kinetics Technology S.p.A. and Mst S.r.l. opted to apply the Tax Consolidation regime which permits the calculation of the IRES corporation tax on a tax basis representing the aggregate of the taxable income and losses of the individual companies. Deferred tax assets on fiscal losses and carried forward are recognized only for those amounts for which it is probable there will be future assessable income to recover the amounts.

The decrease in deferred tax assets is due principally to the combined effect of the allocation of deferred taxes on tax losses, on excess interest charges transferred to the tax consolidation, utilized in the consolidation to reduce the assessable amount for the year, in addition to deferred tax assets on temporary differences deductible in future years for the allocation of charges for remuneration policies and personnel bonuses and the reversal of temporary differences from previous years in the year.

Deferred tax liabilities of Euro 472 thousand mainly concern fiscally recognized amortization of the Tecnimont and KT-Kinetics Technology trademarks which, as considered of indefinite useful life, were not subject to statutory amortization and recognized the benefit only for tax purposes.

The breakdown and changes in the deferred tax assets and liabilities is shown below:

(in Euro thousands)	2016	Provisions	Utilisations	Reclassifications /transfers	2017
Deferred tax assets					
Other	2,743	2,893	(2,790)	48	2,894
Share capital increase charges- IAS 32	426	0	(426)	0	0
Post-employment benefits	43	16	0	(43)	16
Tax Losses	0	3,712	0	(3,712)	0
Total deferred tax assets	**3,212**	**6,621**	**(3,216)**	**(3,707)**	**2,910**
Deferred tax liabilities					
Difference in intangible assets values (Trademarks)	(421)	(51)	0	0	(472)
Total deferred tax liabilities	**(421)**	**(51)**			**(472)**
Total	**2,791**	**6,570**	**(3,216)**	**(3,707)**	**2,438**

42.7. Trade receivables

(in Euro thousands)	31/12/16	Changes in the year	31/12/17
Subsidiaries-within 12 months	58,294	(936)	57,358
Associates- within 12 months	8	(3)	5
Total	**58,302**	**(939)**	**57,363**

Receivables from subsidiaries were Euro 57,363 thousand, of which Euro 8,023 thousand from Tecnimont S.p.A. for coordination and control and for the tax, financial and legal service and other recharges, Euro 10,660 thousand from KT-Kinetics Technology S.p.A. for coordination and control, Euro 399 thousand from Neosia S.p.A. for coordination and control, Euro 1,528 thousand from Stamicarbon B.V., of which Euro 358 thousand for the tax service and recharges for seconded personnel and Euro 1,170 thousand for dividends relating to the year 2016, approved but not yet paid at the year-end.

Finally, Euro 36,237 thousand relates to receivables for the tax consolidation; the amount concerns the net balance of advances and tax credit and debit positions transferred to the consolidating company by the subsidiaries involved in the tax consolidation.

42.8. Current tax assets

(in Euro thousands)	31/12/16	Changes in the year	31/12/17
Tax receivables	21,789	(3,194)	18,595
Total	**21,789**	**(3,194)**	**18,595**

Current tax assets at December 31, 2017 amount to Euro 18,595 thousand, reducing on the previous year. This movement relates principally to the reduction in the Group VAT.

Tax receivables principally concern:
- Receivables for VAT paid by Maire Tecnimont S.p.A. as tax consolidating company for Euro 15,477 thousand;
- Receivables for excess IREAP payment on account for Euro 227 thousand;
- Tax receivables for withholdings on account Euro 3 thousand;
- The residual Euro 2,888 thousand refers to receivables from the tax authorities for various reimbursements.

In 2017, the Group VAT consolidation was renewed and Maire Tecnimont S.p.A. as parent company consolidated the debit and/or credit balances of the subsidiaries involved in the consolidation.

42.9. Financial instruments - Derivatives

(in Euro thousands)	31/12/16	Changes in the year	31/12/17
Financial instruments- Derivatives	1,150	4,254	5,404
Total	**1,150**	**4,254**	**5,404**

The account for Euro 5,404 thousand relates to the positive fair value change of the residual portion of two cash-settled Total Return Equity Swap derivative instruments (TRES); to hedge against movements in the Maire Tecnimont share price. The residual portion of the instruments at December 31, 2017 hedges the risk for a total of approx. 6.6 million shares, further reduced to 2.6 million shares at the beginning of 2018. In this regard, we report the following:

In February 2016, Maire Tecnimont S.p.A. subscribed to an initial derivative contract (TRES) in view of the implementation of a buy-back program for a maximum 10,000,000 shares, approved by the Ordinary Shareholders' Meeting of December 15, 2015. In October 2016, Maire Tecnimont S.p.A. subscribed to a further derivative contract (TRES), in view of an increase in the number of shares to be purchased on the market for a total amount of 4,500,000 treasury shares. In May 2017, Maire Tecnimont S.p.A. subscribed a third derivative (TRES) for an additional 4,000,000 treasury shares in view of the wider acquisition program for a maximum 20,000,000 treasury shares, approved by the Shareholders' AGM of April 26, 2017. On that date, the Shareholders' AGM of Maire Tecnimont S.p.A. - following the withdrawal of authorization by the Shareholders' Meeting of December 15, 2015 - authorized the Board of Directors to purchase and dispose of treasury shares as per Articles 2357 and 2357-ter of the Civil Code, Article 132 of Legislative Decree No. 58 of February 24, 1998 ("CFA") and Article 144-bis of Consob Issuers' Regulation 11971/1999, as subsequently amended, according to the means proposed by the Board of Directors on March 15, 2017. Authorization was approved in pursuit of objectives such as, among others, share incentive plans, the conversion of convertible debt instruments into equity instruments, corporate operations, including investment swaps, in the interest of the company and, through an intermediary, in support of the share's liquidity and fluid trading. Authorization was granted to acquire treasury shares up to a maximum 20,000,000 ordinary shares (6.54% of the shares currently in circulation), for a period of 18 months from the authorizing Shareholders' Meeting motion.

On July 10, 2017, Maire Tecnimont S.p.A. communicated the acquisition on the Mercato Telematico Azionario (MTA) organized and managed by Borsa Italiana S.p.A., in the period between June 22, 2017 and July 5, 2017, all 1,125,000 shares relating to the First Cycle (year 2016) of the Employee Share Ownership Plan and subsequent delivery to the Plan Beneficiaries by July 25, 2017.

On September 22, 2017 - Maire Tecnimont S.p.A. communicated initiation of a buy-back program of 15,000,000 treasury shares, to service the "€80 million 5.75 per cent. Unsecured Equity-Linked Bonds due 2019" issued by the company following Board motion of February 11, 2014, pursuant to Article 2410, first paragraph of the Civil Code (the "Bond Loan"). On February 1, 2018, all 15,000,000 ordinary shares to service the equity-linked bonds were acquired and, therefore, the Program was completed.

The derivative contracts (TRES) were underwritten with a financial intermediary, with no obligation for Maire Tecnimont to acquire the treasury shares, but only the obligation for the settlement between the parties of the differential between the exercise price and the Maire Tecnimont share price on the maturity of the instruments. Maturity of the contracts is in 2019, although annual intermediary windows allow Maire Tecnimont to exercise a partial "Early Termination" option. During the year, Maire Tecnimont exercised this option proceeding with the settlement of a large part of the instruments; the residual portion of the instruments at December 31, 2017 hedges the risk for approximately 6.6 million shares, further reduced by 2.6 million at the beginning of 2018.

For accounting purposes, the TRES is measured in accordance with IAS 39 as a fair value derivative through P&L.

For further information and analysis of the Fair Value Hierarchy, reference should be made to the "FINANCIAL RISKS" section.

42.10. Other current financial assets

(in Euro thousands)	31/12/16	Changes in the year	31/12/17
Other current financial assets	0	3,200	3,200
Total	**0**	**3,200**	**3,200**

Other current financial assets at December 31, 2017 amount to Euro 3,200 thousand and concern financial receivables granted to Met Gas Processing Technologies S.p.A. They are interest bearing at market rates.

For all financial assets, the book value approximates the fair value which is calculated as described in the accounting policies section.

42.11. Other current assets

(in Euro thousands)	31/12/16	Changes in the year	31/12/17
Other receivables -within 12 months	3,300	(499)	2,801
Commercial prepayments	165	856	1,021
Total	**3,465**	**357**	**3,822**

Other current assets at December 31, 2017 amounted to Euro 3,822 thousand and principally concern receivables from subsidiaries for Group VAT, prepayments for costs incurred in advance, and deposits; the increase of Euro 357 thousand compared to the previous year is due to prepayments made in the year.

Again in 2017 a number of Group companies renewed the tax consolidation, transferring their VAT settlement debit/credit balances to the consolidating Maire Tecnimont S.p.A..

42.12. Cash and cash equivalents

(in Euro thousands)	31/12/16	Changes in the year	31/12/17
Bank and postal deposits	291	1,819	2,110
Cash in hand and similar	6	8	14
Total	**298**	**1,826**	**2,124**

Cash and cash equivalents at December 31, 2017 amounted to Euro 2,124 thousand.

Operating cash flow generated Euro 67,098 thousand, improving on 2016 which reported the generation of Euro 32,868 thousand. Operating cash flow benefitted from the net income for the year, principally as a result of the receipt of dividends from subsidiaries.

Investing activity on the other hand absorbed cash for Euro 9,807 thousand, mainly due to the investment in Met Development S.p.A. and the subsequent loan for the future share capital increase, preliminary to the acquisition of the investment in Met T&S Limited; the remaining absorption of cash relates to costs for the implementation of software and other applications.

Financing activities absorbed cash of Euro 55,464 thousand, due to the payment of the dividend approved by the Shareholders' AGM of April 26, 2017 of Euro 28,414 thousand, the acquisition of treasury shares for Euro 47,167 thousand and interest paid on the Convertible Bond and on the Amundi Bond.

The cash generation from financing activities concerns the net receipts on the new bond loan for Euro 39,719 thousand and the income collected from the differentials on TRES derivative instruments partially settled in the year.

The estimate of the "fair value" of bank and postal deposits at December 31, 2017 approximates their book value.

42.13. Shareholders' Equity

SHAREHOLDERS' EQUITY

Shareholders' Equity at December 31, 2017 was Euro 411,674 thousand, a decrease on the previous year of Euro 4,010 thousand.

SHARE CAPITAL

The Share Capital of Euro 19,690 thousand comprises 305,527,500 shares.

SHARE PREMIUM RESERVE

The reserve comprises for Euro 25,000 thousand the share premium prior to November 26, 2007 and for Euro 58,045 thousand the share premium on the capital increase of 2007 net of the listing costs amounting to Euro 3,971 thousand, net of the tax effect.

The change in 2013 was Euro 141,653 thousand, comprising the share premium paid by the shareholder Ardeco and the other shareholders amounting to Euro 146,417 thousand, offset for Euro 4,764 thousand for share capital increase charges net of the tax effect.

The share premium reserve may be utilized for share capital increases without consideration and/or for the coverage of losses. In accordance with Article 2431 of the Civil Code, this reserve may be distributed to the shareholders following a Shareholders' Meeting motion.

OTHER RESERVES

The other reserves at December 31, 2017 amount to Euro 108,912 thousand and comprise:

- Treasury shares in portfolio equal to Euro 42,215 thousand; during the year the company acquired treasury shares implementing the Shareholders' Meeting motion which authorized the purchase of up to a maximum 20,000,000 ordinary shares in pursuit of objectives such as, among others, share incentive plans, the conversion of convertible debt instruments into equity instruments, corporate operations, including investment swaps, in the interest of the company and, through an intermediary, in support of the share's liquidity and fluid trading. At December 31, 2017, the company held 9,759,548 treasury shares for a countervalue paid of Euro 42,215 thousand.

- Legal Reserve which at December 31, 2017 amounts to Euro 5,328 thousand;
- Extraordinary reserve, which at December 31, 2017 amounted to Euro 121,550 thousand - reducing Euro 18,882 thousand following the payment of the dividend approved by the Shareholders' AGM of April 27, 2017;

- Other reserves acquisition shares - IFRS 2 at December 31, 2017 amounted to Euro 10,761 thousand; the IFRS2 Reserve reported a net increase of Euro 6,695 thousand and includes the valuation of the employee shareholder plans as additional benefits; the changes in the year relate to accruals in 2017 concerning the company of Euro 2,370 thousand and for Euro 6,467 thousand employees at the subsidiaries, net of utilizations following completion of the first cycle - 2016 of the general shareholder plan for Euro 2,142 thousand.

- Other reserves of Euro 6,646 thousand, comprising Euro 6,376 thousand of income from the sale of treasury shares in May 2010, Euro 355 thousand from the sale of option rights following the share capital increase of July 2013 and Euro 86 thousand from the acquisition of shares for distribution to employees (First cycle share incentive plan).

- Bond Loan Reserve of Euro 6,843 thousand, includes the “Equity” component of the Euro 80 million equity linked convertible bond issued in February 2014 amounting to Euro 6,960 thousand. This concerns the conversion option into shares of the convertible bond, and for the accounting of which reference should be made to the “Other non-current financial liabilities” paragraph in these Explanatory Notes; the reserve also includes for -Euro 117 thousand the effects of the first conversion requested in 2017 of 47,700 shares equal to the nominal value of Euro 100,000 of the convertible bond loan.

VALUATION RESERVE

The valuation reserve at December 31, 2017 was negative for Euro 60 thousand and comprised the actuarial gains and losses reserve for IAS 19 valuations. The changes compared to the previous year are shown below:

(in Euro thousands)	Actuarial gains/(loss)	Total
Net book value at December 31, 2016	**(45)**	**(45)**
Actuarial gain/(losses)	(20)	(20)
Relative tax effect	5	5
Net book value at December 31, 2016	**(60)**	**(60)**

RETAINED EARNINGS/(ACCUMULATED LOSSES)

This amounts to Euro 1,709 thousand following the Shareholders’ Meeting decision to carry forward the 2015 profit.

In relation to the equity reserves the following is noted:

AVAILABILITY OF RESERVES FOR DISTRIBUTION

(Euro thousands)	2017	Possibility of use	Quota available
Share capital	19,690		-
Share premium reserve	224,698	A,B,C	224,698
Treasury shares	(42,215)		-
Legal reserve	5,328	B	-
Extraordinary reserve	121,549	A,B,C	121,549
Other reserves - Ifrs 2 (*)	10,760	B	-
Other reserves	13,428	A,B,C	6,645
Retained earnings/(accumulated losses)	(1,709)		-

Key:

A: for share capital increase

B: to cover losses

C: for distribution to shareholders

Note: (*) In accordance with Article 6, paragraph 5 of Legislative Decree No. 38 of 2005 these reserves are only available to cover losses with prior utilization of the profit reserves available and the legal reserve. In this case the above-mention reserves must be reintegrated covering the retained earnings.

SUMMARY OF UTILIZATIONS IN LAST 3 YEARS

(in Euro thousands)	Cover losses	Distribution	Transfer to other reserves	Other
Share capital				
Share premium reserve				
Legal reserve				
Extraordinary reserve		(18,882)		
Other reserves				

42.14. Provisions for risks and charges - beyond 12 months

(in Euro thousands)	31/12/16	Changes in the year	31/12/17
Provisions for risks and charges-beyond 12 months	11,411	489	11,900
Total	**11,411**	**489**	**11,900**

The provisions for risks and charges beyond 12 months increased Euro 489 thousand on the previous year. These principally comprise provisions for estimated costs related to personnel remuneration and incentive policies.

The following table indicates the movements in provisions in 2017:

(in Euro thousands)	2016	Provisions	Usages	Reclassifications	2017
Fund for personnel charges	11,411	6,355	(4,480)	(1,386)	11,900
Total	**11,411**	**6,355**	**(4,480)**	**(1,386)**	**11,900**

42.15. Post-employment & other employee benefits

The company has a liability to all employees of the Italian companies of the statutory TFR (Post-employment benefit) provision, similar to defined benefit plans.

In accordance with IAS 19 (Employee benefits), the company estimated, with the support of an actuary, the liability for defined benefit plans at December 31, 2017. The changes in this liability in 2017 are shown below:

(in Euro thousands)	Post-employment benefit provision	Total
Balance at December 31,2016	**432**	**432**
+ cost relating to current employee services	0	0
+ net actuarial losses/(profits)	20	20
+ financial charges on obligations undertaken	(1)	(1)
+ other changes	60	60
- utilizations	0	0
Balance at December 31,2017	**511**	**511**

Financial charges on obligations assumed are recognized in the Income Statement under financial expenses - other charges. Actuarial gains and losses and recognized in a specific valuation reserve under Equity. The changes principally relate to the Post-employment benefits transferred to the company for employees transferred from other Group companies.

In particular, the assumptions adopted in the valuation of the Post-employment benefit provision relate to:

• First assumption: it was decided to adopt a rate of 1.5% as the average inflation taken from the "2017 Economic and Finance Document" and the subsequent Update.

• Salary increases: in line with that carried out for the demographic technical parameters, new salary lines were constructed for the companies which do not deposit Post-Employment Benefits to the INPS Treasury Fund. In agreement with Group management, a salary growth rate of 3% annually was assumed for all employees, including inflation, compared to 4% gross for the previously adopted inflation component.

• Discount rate: determined with reference to bond market rates of primary companies at the valuation date.

Specifically, the “Composite” interest rate curve of corporate issuers with “Investment Grade” AA ratings in the Eurozone was utilized (source: Bloomberg) at 29.12.2017.

• Workforce reference: for the internal workforce subject to analysis of Maire Tecnimont S.p.A., the average age and length of service were respectively 44.5 and 9.1 years.

42.16. Other non-current financial liabilities

(in Euro thousands)	31/12/16	Changes in the year	31/12/17
Payable to subsidiaries	75,117	(35,398)	39,719
Payables to other lenders	344,646	(11,841)	332,805
Total	**419,763**	**(47,239)**	**372,524**

Other non-current financial assets were Euro 372,524 thousand and concern for Euro 332,805 thousand payables to subsidiaries for inter-company loans, in particular payables to KT-Kinetics Technology S.p.A for Euro 3,195 thousand, to Tecnimont S.p.A. for Euro 329,445 thousand and to Maire Engineering France S.A. for Euro 165 thousand.

These loans were principally received in order to grant loans to other Group companies requiring liquidity for ordinary operating activities, as well as for the working capital management of Maire Tecnimont S.p.A..

All loans are interest-bearing at market rates and maturity is scheduled beyond the subsequent year. Subsequent to initial recognition, the payables are measured under the amortized cost method, utilizing the effective interest rate method.

For Euro 39,719 the financial payable on the non-convertible bonds, net of accessory charges, subscribed in 2017 through private placement by the Pan-European Fund and the Export Development Fund (created by SACE), both managed by Amundi group companies.

The bonds, divided into two equal tranches, are priced all-in at 340 basis points, plus the Euribor at 6 months, with a six-year maturity and bullet repayment on maturity and are supported by guarantees issued by Tecnimont S.p.A. and, for one of the two tranches, also by a guarantee in favor of bondholders by SACE S.p.A.. (CDP Group). The company is supported by Société Générale as advisor. Both bond tranches were for exclusive subscription by qualifying investors; the securities - with unitary values of Euro 100,000 each - are not be listed or admitted to trading on any market (regulated or non-regulated) or multi-lateral trading systems, nor assigned a rating.

The bonds are supported by covenants in line with market practice; specifically, the bond covenants regard the maintenance of a ratio between the net financial position and net equity, as well as between the net financial position and EBITDA, initially measured on the December 31, 2017 figures.

Maire Tecnimont is currently not aware of any default situations regarding the above-mentioned covenants.

The reduction in non-current “Other financial liabilities” is due to the reclassification to current liabilities of the financial component of the equity-linked bond, net of the relative accessory charges, as a consequence of the decision of the Board of Directors of Maire Tecnimont which approved the exercise of the advance repayment option in cash, at nominal value, of the equity-linked bond loan “€80 million 5.75 per cent. Unsecured Equity- Linked Bonds due 2019” (the

"Loan") issued by Maire Tecnimont ("Maire Tecnimont") and convertible into Maire Tecnimont ordinary shares.

For further information, reference should be made to the section "Other current financial liabilities".

42.17. Short-term financial payables

(in Euro thousands)	31/12/16	Changes in the year	31/12/17
Bank payables	2,924	(2,924)	0
Accrued financial liabilities	1,778	186	1,964
Total	**4,702**	**(2,738)**	**1,964**

Short-term financial payables have been settled following the repayment of all instalments in 2017. Accrued liabilities concern the amounts matured and not settled of the Bonds and of the Tres I and Tres III derivatives.

The estimate of the "fair value" of these financial instruments substantially approximated their book value.

At December 31, 2017, no overdue debt positions are highlighted.

42.18. Tax payables

(in Euro thousands)	31/12/16	Changes in the year	31/12/17
Tax Payables	3,954	15,209	19,163
Total	**3,954**	**15,209**	**19,163**

Tax payables amount to Euro 19,163 thousand and refer for Euro 558 thousand to employee withholding taxes and for Euro 18,605 thousand to IRES corporation tax from the National tax consolidation, net of the advances paid in 2017 of Euro 4,616 thousand.

At December 31, 2017, no overdue debt positions are highlighted.

Tax payables are shown in the table below:

(Euro thousands)	31/12/16	31/12/17
Current income tax payables - Ires/Irap	3,354	18,605
Substitute taxes payable	600	558
Total	**3,954**	**19,163**

42.19. Other financial liabilities

(in Euro thousands)	31/12/16	Changes in the year	31/12/17
Other current financial liabilities	0	79,581	79,581
Total	**0**	**79,581**	**79,581**

The increase in "Other current financial liabilities" is due to the reclassification to current liabilities of the financial component of the equity-linked bond, net of the relative accessory charges, as a consequence of the decision of the Board of Directors of Maire Tecnimont which approved the exercise of the advance repayment option in cash, at nominal value, of the equity-linked bond loan "€80 million 5.75 per cent. Unsecured Equity- Linked Bonds due 2019" (the "Loan") issued by Maire Tecnimont ("Maire Tecnimont") and convertible into Maire Tecnimont ordinary shares.

"Other current financial liabilities" include:

- For Euro 79,581 thousand the financial component of the Equity Linked bond, net of accessory charges. The equity component of the instrument was classified to "other reserves" of shareholders' equity.

In this regard, we report the following:

On February 20, 2014, the Parent Company Maire Tecnimont S.p.A. completed an equity-linked bond operation amounting to Euro 80 million, placed with qualified Italian and foreign investors.

The initial conversion price of the Bond was fixed at 2.1898; the Bonds were issued at a unitary nominal value of Euro 100,000, with 5 year duration and a fixed annual coupon of 5.75%, payable half-yearly in arrears. Where the Bonds were not previously converted, surrendered, acquired or cancelled, they would be reimbursed at the par value on February 20, 2019.

Subsequently, on May 3, 2016 following the Ordinary Shareholders' Meeting of April 27, 2016 concerning the distribution of a dividend per share of Euro 0.047, Maire Tecnimont communicated to have sent to the Bondholders a Notice on the same date through Euroclear and Clearstream Luxembourg. The Notice stated that the Calculation Agent determined, following the payment of the dividend, the change in the conversion price of the Bonds from Euro 2.1898 to Euro 2.1509, in accordance with conditions 6 (b) (iii) and 6 (f), at the effective date of May 2, 2016 (first trading date of the ordinary shares ex dividend on the Milan Stock Exchange). On May 2, 2017, following the Shareholders' AGM of April 26, 2017 concerning the distribution of a dividend per share of Euro 0.093, Maire Tecnimont S.p.a. communicated the sending to the Bondholders of a Notice through Euroclear and Clearstream Luxembourg. The Notice stated that the Calculation Agent determined as a result of that outlined above, the change in the conversion price of the Bonds from Euro 2.1509 to Euro 2.0964, in accordance with the Bond Regulation, at the effective date of May 2, 2017 (first trading date of the ordinary shares ex dividend on the Milan Stock Exchange).

From March 7, 2018, Maire Tecnimont would have the right to settle each conversion through payment in cash for an amount up to the nominal value of the Bonds and deliver a number of shares calculated in accordance with the method outlined in the Regulation (the "Net Share Settlement Election"). In addition, at the maturity date of the Bonds, the Company would have had the right to deliver a combination of shares and cash, instead of converting the Bonds exclusively for cash, in accordance with the procedures outlined in the Regulation.

On July 9, 2014, the Board of Directors of the Company approved the Revised Budget for the year 2014 and updated the 2013-2019 Group Industrial Plan, as well as all the forecasts contained therein with particular reference to the exercise relating to the settlement of the convertible bond.

Also based on these forecasts and after a detailed review by the Board of Directors of the figures approved, the Board (exercising their prerogative and the rights assigned to them under the recently issued bond regulation and after their initial evaluations at the board meeting of May 14, 2014 reviewing the quarterly results) confirmed their decision not to proceed, taking into account these assumptions and renouncing, where possible, exercise of the residual net share settlement election in accordance with the terms of the loan and instead opted, for the time being and in accordance with that outlined above, for the settlement only in shares in relation to the bond loan.

In accordance with IAS 32 "Financial Instruments: Presentation in the financial statements" convertible bonds are recorded as hybrid financial instruments, formed by two components which are treated separately only if significant: a liability and a conversion option. The liability corresponds to the present value of the future cash flows based on the current interest rate at the issue date for an equivalent non-convertible bond. The value of the option is defined as the difference between the net amount received and the amount of the liability and is recorded under equity. The value of the conversion option in shares does not change in subsequent periods. On the contrary, where the characteristics of the bond result in, on the exercise of the conversion right, the right of the company to deliver shares, pay the amount in cash or offer a combination of shares and cash, the option is recognized as a financial liability for the incorporated host, measured at fair value through P&L, while the difference compared to the original nominal value or rather the financial liability (host) is recorded at amortized cost.

As illustrated above, in consideration of irrevocable waiver of the Net Share Settlement Election by the Company, the option is (de facto) "cancelled" in substance. Therefore, in theory, where there is a proposal to pay cash in accordance with the option, the bondholders may expect satisfaction through the delivery of shares. This waiver, resulting in the maintenance of a fixed ratio of conversion in shares over the duration of the bond, identifies a hybrid financial instrument whose accounting method is illustrated above.

On January 25, 2018 - the Board of Directors of Maire Tecnimont approved the exercise of the advance repayment option in cash, at nominal value, of the equity-linked bond called "€80 million 5.75 per cent. Unsecured Equity- Linked Bonds due 2019" (the "Loan") issued by Maire Tecnimont ("Maire Tecnimont") and convertible into Maire Tecnimont ordinary shares.

On March 6, 2018 - Maire Tecnimont announced that - against the nominal value of the Loan at January 25, 2018 of Euro 79,900,000, for 799 bonds (the "Bonds") still in circulation and listed on the Dritter Markt (Third Market) Multilateral Trading Facility organized and managed by the Vienna Stock Exchange - it had received, by the deadline of February 28, 2018, conversion requests from bondholders for a nominal value of Euro 79,800,000, corresponding to a total of 798 Bonds, at the conversion price of Euro 2,0964.

The conversion requests were satisfied through delivery to entitled parties of a total 38,065,232 ordinary Maire Tecnimont shares, with full rights, of which 14,952,300 treasury shares of the company from the buy-back program to service the conversion of the Loan which commenced on September 25, 2017, and 23,112,932 newly-issued shares from a paid-in share capital increase to service the Loan, approved by the Extraordinary Shareholders' Meeting of the company of April 30, 2014.

The 1 Bond of a nominal value of Euro 100,000.00, for which a conversion request was not presented by the final deadline of February 28, 2018, was repaid in cash at the above nominal value, in addition to interest matured, according to that set out in the Bond Regulation, with value date of March 7, 2018.

42.20. Trade payables

This account amounts to Euro 20,498 thousand and decreased on the previous year Euro 6,902 thousand.

(in Euro thousands)	31/12/16	Changes in the year	31/12/17
Suppliers - beyond 12 months	3,914	(337)	3,577
Subsidiaries - within 12 months	23,296	(6,467)	16,829
Parents companies - within 12 months	190	(98)	92
Total	**27,400**	**(6,902)**	**20,498**

Payables to suppliers of Euro 3,577 thousand concern trade payables for ordinary operations.

Payables to subsidiaries amount to Euro 16,829 thousand, decreasing on the previous year and relate to interest expense on loans received from subsidiaries, in particular, Tecnimont S.p.A and other services received; in particular Maire Tecnimont structurally benefitted from services provided, including the availability of office spaces, in addition to the provision of other related services (general services, facilities, security, equipment) and other AFC services and personnel management.

Payables to parent companies for Euro 92 thousand relate to the payable to G.L.V. S.p.A. for rent and use of brands.

42.21. Other current liabilities

(in Euro thousands)	31/12/16	Changes in the year	31/12/17
Payables to social security institutions	795	16	811
Matured by personnel, not yet settled	740	(394)	346
Other payables	3,018	2,048	5,066
Accrued expenses and deferred income	0	11	11
Total	**4,553**	**1,681**	**6,234**

Other current liabilities at December 31, 2017 amount to Euro 6,234 thousand, increasing Euro 1,681 thousand on December 31, 2016.

The account concerns Social Security Institution payables, those matured by personnel and other various payables. Other payables for Euro 5,066 thousand concern payables to subsidiaries for Group VAT. Again in 2017 a number of Group companies renewed the tax consolidation, transferring their VAT settlement credit balances to the consolidating Maire Tecnimont S.p.A..

At December 31, 2017, no overdue debt positions are highlighted.

43. Commitments and contingent liabilities

Maire Tecnimont S.p.A financial guarantees at December 31, 2017 and December 2016 were as follows:

(Euro thousands)	2017	2016
Guarantees granted in the interest of the company		
Sureties issued by third parties in favor of third parties	**158,954**	**113,726**
Total guarantees	**158,954**	**113,726**

Sureties issued in favor of third parties concern those in favor of the Lazio Regional Tax Agency and Provincial Section II of the Rome Large Contributions Office for Repayments and Offsets for Group VAT, in addition to the Advance and Performance Bond issued in the interest of KT S.p.A., METNEWEN MEXICO S.A. and Tecnimont S.p.A., respectively for the TOTAL ROG Refinery of Antwerp, Energia Limpia de Amistad and Centro Trattamento Olii Tempa Rossa orders.

(Euro thousands)	2017	2016
"Parent company guarantees" "in the interest of subsidiaries	**12,517,631**	**13,317,669**
Of which:		
Performance Bond	*9,297,455*	*10,026,547*
Others	*3,220,176*	*3,291,122*

Other commitments of Euro 12,517,631 thousand concern "Parent Company Guarantees" issued in favor of clients of Subsidiaries, in relation to commitments undertaken in the execution of core operations and therefore orders undertaken.

These commitments, which involve the undertaking of an obligation to complete, guarantee contracts whose total value amounts includes works already executed and the residual backlog at December 31, 2017.

"Other Unsecured Guarantees" residually concern other guarantees (letters of Patronage) in favor of banks in the interest of some subsidiaries, principally Tecnimont S.p.A.. and KT Kinetics Technology SpA..

44. Related party transactions

In view of the transactions carried out by Maire Tecnimont in 2017, related parties principally concern:

- group and related parties (Tecnimont S.p.A., KT-Kinetics Technology S.p.A., Neosia S.p.A., M.S.T S.r.l., Stamicarbon B.V., MET Gas Processing Technologies S.p.A., Corace S.c.a r.l., Cefalù S.c.a.r.l.; TCM do Brasil, TCM Russia, TPI, M.E France,);
- the holding companies G.L.V. Capital S.p.A. and MDG Real Estate S.r.l.

Specifically, payable contracts refer to the lease of office buildings used by the company, in particular the offices in Piazza Flamingo (Rome), the use of the "Maire" trademark and other minor recharges (transactions with GLV Capital S.p.A.); the transactions with MDG Real Estate S.r.l. relate to costs for rental of the premises at via di Vanning (Rome) in relation to the partnership agreement with the Sapienza University.

Maire Tecnimont structurally benefitted from services provided by Tecnimont S.p.A, specifically the availability of office spaces, in addition to the provision of other related services (general services, facilities, security, equipment) and other AFC services from the subsidiary KT.

The balance takes account also of the effect of Tecnimont S.p.A. inter-company payables assumed as part of the wider recapitalization of the company through the subsequent waiver by Maire Tecnimont S.p.A. of the relative receivables in 2013 (TCM France Sa, TPI).

The loan contract payables refer to loans received (Tecnimont S.p.A., KT S.P.A.), in addition to the financial payables balance, again in this case taking account also of the effect of the assumption of Tecnimont S.p.A. inter-company financial payables in 2013 (M.E France). All loans are interest-bearing at market rates.

Commercial contract receivables principally concern services provided by Maire Tecnimont S.p.A. in favor of the subsidiaries (Tecnimont S.p.A., KT-Kinetics Technology S.p.A. Neosia S.p.A., METGas Processing Technologies S.p.A.), the administrative/tax/legal service (Tecnimont S.p.A., MET Gas Processing Technologies S.p.A.) and the recharge of a number of costs incurred on behalf of the subsidiaries (Stamicarbon B.V., Met Newen Mexico S.A. de C.V).

Financial contract receivables concern the loans granted to the subsidiaries (Neosia S.p.A., TCM do Brasil, METGas Processing Technologies S.p.A.) for the management of their operating activities. All loans are interest-bearing at market rates.

The residual balances are payables arising under the tax consolidation agreement (Tecnimont S.p.A., KT-Kinetics Technology S.p.A., Neosia S.p.A., MET Gas Processing Technologies S.p.A., M.S.T S.r.l., Met Development S.p.A.), and payables and receivables arising following the VAT consolidation (M.S.T S.r.l., Neosia S.p.A., Tecnimont S.p.A., MET Gas Processing Technologies S.p.A., Corace S.c.a r.l, Cefalù S.c.a r.l).

All related party transactions have been conducted at market conditions.

The Company’s receivables/payables and cost/revenue transactions with related parties for the year are presented in the tables below.

(in Euro thousands) 31/12/2017	Trade Receivables	Trade Payable	Trade Payable to assume	Financial Receivables	Financial Payable	Financial Payable to assume	Receivables /Payable for Vat Consol.	Receivables/ Payable for tax Consol.	Commercial Revenues	Commercial Costs	Financial Income	Financial Charges
Tecnimont S.p.A.	8,023	(13,375)	0	0	(329,445)	0	(3,843)	22,961	28,163	(3,859)	(911)	(7,647)
KT S.p.A.	10,660	(196)	0	0	(3,195)	0	0	21,070	4,651	(356)	(246)	(268)
Neosia S.p.A.	399	0	0	62,195	0	0	1,565	(8,162)	954	9	1,350	0
Stamicarbon B.V.	1,528	(50)	0	0	0	0	0		236	0	(68)	(2)
Met Gas Processing Technologies S.p.A.	(9)	0	0	3,200	0	0	(179)	(223)	15	0	21	0
G.L.V Capital S.p.A.(*)	0	(92)	0	0	0	0	0	0	0	(518)	0	0
Mdg Real Estate S.r.l.	0	0	0	0	0	0	0	0	0	(16)	0	0
MST S.r.l.	21	(261)	0	0	0	0	843	667	0	(317)	(20)	0
Met Development S.p.A.	0	0	0	0	0	0	0	(75)	0	0	0	0
TCM Russia	1	0	0	0	0	0	0	0	5	0	(15)	(48)
TPI	1	(1,613)	(634)	0	0	0	0	0	5	0	(20)	(23)
TCM France	0	0	(678)	0	0	0	0	0	0	0	0	0
ME France	0	(26)	0	0	0	(165)	0	0	0	0	0	(4)
MET T&S LIMITED	267	0	0	0	0	0	0	0	7	0	(7)	0
Corace S.c.a.r.l.	0	0	0	0	0	0	(33)	0	0	0	0	0
Cefalù S.c.a.r.l.	0	0	0	0	0	0	(954)	0	0	0	0	0
Tecnimont Private Limited	59	0	0	0	0	0	0	0	5	0	(809)	0
TCM Do Brasil	8	0	0	490	0	0	0	0	5	0	0	0
Tecnimont Cile	8	0	0	0	0	0	0	0	5	0	0	0
Tecnimont México	0	0	0	0	0	0	0	0	5	0	0	0
Tecnimont USA Inc.	1	0	0	0	0	0	0	0	5	0	0	0
Tecnimont Arabia Ltd	8	0	0	0	0	0	0	0	5	0	0	0
TecnimontHQC Sdn. Bhd.	8	0	0	0	0	0	0	0	5	0	0	0
Met Newen Mexico S.A. de C.V.	138	0	0	0	0	0	0	0	0	0	0	0
Biolevano S.r.l.	5	0	0	0	0	0	0	0	9	0	0	0
Cosorzio Turbigo 800	1	0	0	0	0	0	0	0	1	0	0	0
Processi Innovativi S.r.l.	1	0	0	0	0	0	0	0	0	0	(6)	0
Total	**21,126**	**(15,612)**	**(1,312)**	**65,885**	**(332,640)**	**(165)**	**(2,601)**	**36,237**	**34,081**	**(5,057)**	**(731)**	**(7,993)**

45. Financial risk management

For more complete disclosure on financial risks, reference should be made to the "FINANCIAL RISKS" section of the Explanatory Notes of the Consolidated Financial Statements of the Maire Tecnimont Group.

Maire Tecnimont S.p.A`s ordinary operations are exposed to financial risks. Specifically:

- Credit risk, both in relation to normal commercial transactions with clients and financial activities;
- Liquidity risk, concerning difficulties in liquidating positions held within necessary timeframes or in sourcing operating funding;
- Market risk, relating to fluctuations in interest rates for financial instruments which generate interest;
- Default and debt covenant risk regarding the possibility that loan contracts include clauses permitting the lending Banks to request immediate repayment on the occurrence of certain events, resulting therefore in a liquidity risk.

Maire Tecnimont S.p.A constantly controls financial risks, anticipating potential negative impacts and undertaking appropriate corrective actions.

The following section provides qualitative and quantitative information on the impact of these risks on Maire Tecnimont S.p.A. The following quantitative data may not be used for forecasting purposes, as market risks may not reflect the complexity and the related market reactions from any change in assumptions.

IFRS 7 requires that the classification of financial instruments measured at fair value is determined based on the quality of the input sources used in the measurement of the fair value (level 1, 2 and 3); the financial statements of Maire Tecnimont S.p.A. includes financial instruments measured at fair value.

CREDIT RISK

Maire Tecnimont credit risk represents the exposure to potential losses following the non-fulfilment of obligations by counterparties. Credit risk stems from normal operations and is monitored by the operating and financial departments on the basis of set procedures, which establish the methods for quantifying and controlling client risk.

They are managed according to procedures, including credit recovery and dispute management.

The maximum theoretical exposure to the credit risk for the Company at December 31, 2017 is the carrying value of the financial assets recorded in the accounts, and the nominal value of the guarantees given on debts and commitments to third parties.

At December 31, 2017, Trade receivables within and beyond 12 months respectively were Euro 57,612 thousand and Euro 1,100 thousand. A summary of the trade receivables and the relative doubtful debt provisions is reported below:

Receivables by expiry date

(Euro thousands)	Overdue at 31/12/2017				
	Not overdue	Up to 365 days	From 365 to 731 days	Over 731 days	Total
TRADE RECEIVABLES	1,042	54,480	1,841	0	57,363
OTHER NON-CURRENT ASSETS	0	0	0	1,100	1,100
Total trade receivables	**1,042**	**54,480**	**1,841**	**1,100**	**58,463**
Of which:					
Within 12 months (Note 42.6, 42.4)					***57,363***
					1,100

(Euro thousands)	Overdue at 31/12/2016				
	Not overdue	Up to 365 days	From 365 to 731 days	Over 731 days	Total
TRADE RECEIVABLES	432	48,096	2,854	6,920	58,302
OTHER NON-CURRENT ASSETS	0	0	0	1,100	1,100
Total trade receivables	**432**	**48,096**	**2,854**	**8,020**	**59,402**
Of which:					
Within 12 months (Note 42.6, 42.4)					***58,302***
					1,100

Other non-current assets overdue more than 731 days concern disputed receivables from clients due beyond 12 months and specifically from the Calabria Region for Euro 1,100 thousand. With regards to this receivable, the arbitral award accepted most of the company's demands. The counterparty has proposed an appeal against the arbitral award and in 2013 the Catanzaro Court of Appeal nullified the award on the basis only of formal errors; the company therefore decided to challenge the judgement filed on May 6, 2013 and to appeal to the Cassation Court. The appeal was accepted with notification of 20/6/14; the Calabria Region did not make a counter appeal and the hearing date for discussion and subsequent decision is awaited. The above amount is currently considered recoverable on the basis of the strong grounds previously expressed in the arbitral award.

The trade receivables are from subsidiaries and therefore they are all considered recoverable.

LIQUIDITY RISK

This risk concerns the difficulty in sourcing new funding or access to liquid assets, resulting in the enterprise's failure to satisfy payment commitments, being forced to incur additional funding costs or, in extreme instances, being faced with potential insolvency which may put its going concern at risk.

At the present moment, Maire Tecnimont considers that the good levels of liquidity held and prudent and functional management of the credit lines available are important elements for stability and sufficient to guarantee the resources necessary for operating continuity.

Cash and cash equivalents at December 31, 2017 of Maire Tecnimont S.p.A. amount to Euro 2,124 thousand, increasing on December 31, 2016 (Euro 298 thousand). The cash and cash equivalents at December 31, 2017 of the Maire Tecnimont Group of Euro 630,868 thousand increased Euro 133,730 thousand on December 31, 2016. Operating cash flow amounts to Euro 208,535 thousand, which in addition to the result for the year, was positively impacted by changes in working capital. Cash flows currently reflect the expected working capital changes relating to the normal execution of projects which, during the full execution phase, absorb cash and the positive cash inflows related to new contractual advances.

31/12/2017 (Euro thousands)	**Due within 1 year**	**Due between 2 & 5 years**	**Due beyond 5 years**	**Total**
Bank payables	0	0	0	0
Other intercompany lenders	0	332,805	0	332,805
Other lenders	79,581	39,719	0	119,300
Total financial liabilities (current and non-current)	**79,581**	**372,524**	**0**	**452,105**

31/12/2016 (in Euro thousands)	**Due within 1 year**	**Due between 2 & 5 years**	**Due beyond 5 years**	**Total**
Bank payables	4,702	0	0	4,702
Other intercompany lenders	0	344,646	0	344,646
Other lenders	0	75,117	0	75,117
Total financial liabilities (current and non-current)	**4,702**	**419,763**	**0**	**424,465**

They relate to cash flows not discounted and therefore may differ from the amount in the accounts.

Non-current financial liabilities amount to Euro 452,105 thousand and concern for Euro 332,805 thousand payables to subsidiaries for inter-company loans; the distribution of maturities was based on the residual contractual duration and the initial date on which payment may be requested.

The Payables to other lenders account includes the short-term portion of the financial component of the equity-linked bond, net of the relative accessory charges and beyond 12 months the non-convertible bonds, net of accessory charges, subscribed in 2017 through private placement by the Pan-European Fund and the Export Development Fund (created by SACE), both managed by Amundi group companies.

Market risks

Currency risk

The Company is theoretically exposed to risks deriving from changes in the exchange rate although the amount of financial assets and liabilities in currencies other than the Euro which may impact the income statement or value of the net equity are minimal.

INTEREST RATE RISK

The Company is exposed to interest rate risk in relation to debt service costs.

The residual risk on the variable rate debt is in part mitigated by the fact that Group cash deposits are remunerated at interest rates indexed to the same debt parameter (Euribor).

DEFAULT AND DEBT COVENANT RISK

This concerns the possibility that loan contracts include clauses permitting the lending Banks and other lenders to request immediate repayment on the occurrence of certain events, resulting therefore in a liquidity risk.

In April 2017, Maire Tecnimont S.p.A. concluded agreements for the subscription through private placement by the Pan-European Fund and the Export Development Fund (created by SACE), both managed by Amundi Group companies, of non-convertible bonds amounting to Euro 40,000,000.

The bonds, divided into two equal tranches, are of six-year duration with bullet repayment on maturity.

The bonds are supported by covenants in line with market practice; specifically, the bond covenants regard the maintenance of a ratio between the net financial position and net equity, as well as between the net financial position and EBITDA, initially measured on the December 31, 2017 figures.

Maire Tecnimont is currently not aware of any default situations regarding the above-mentioned covenants.

DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

The company utilizes derivative instruments to hedge against movements in the Maire Tecnimont share price, in view of the implementation of a buy-back program. Maire Tecnimont S.p.A therefore subscribed to two cash-settled Total Return Equity Swap (TRES) derivative instruments, undertaken to hedge against movements in the Maire Tecnimont share price. The TRES derivative instruments for accounting purposes are measured in accordance with IAS 39 at fair value through P&L.

Fair value calculation

The fair value of financial instruments is represented by the current market price or, in their absence the application of appropriate financial valuation models which take into consideration all the factors adopted by market operators and the prices obtained in a real market transaction.

In particular, the fair value of the interest rate swaps is measured discounting the expected cash flows, while the fair value of currency forward contracts is determined on the basis of the forward exchange rate at the reference date and the differential rates between the currencies.

IFRS 7 requires that the classification of financial instruments valued at fair value is determined based on the quality of the input sources used in the valuation of the fair value. The IFRS 7 classification implies the following hierarchy:

- Level 1: fair value calculation according to active market prices. Group instruments do not fall within this category;
- Level 2: fair value measurement according to market prices or similar assets or through measurement techniques for which all significant factors are directly or indirectly based on observable market data. Group instruments fall within this category.

- Level 3: fair value measurement according to valuation models whose input is not based on observable market data ("unobservable inputs"). Currently, no instruments whose value is based on models with inputs not directly based on observable market data are in place.

For all derivative instruments used by the Company, the fair value is calculated according to measurement techniques based on observable market parameters ("Level 2").

CLASSIFICATION OF THE FINANCIAL INSTRUMENTS

As required by IFRS 7, we report the type of financial instruments present in the financial statements, with indication of the accounting policies applied.

At 31/12/2017 (Euro thousands)	Loans and Receivables at amortized cost	Assets at fair value through P&L held-for-trading	Hedging derivatives	Assets held-to-maturity	Financial assets available-for-sale	Total
Other non-current assets	1,214					1,214
Other non-current financial assets	62,195					62,195
Trade receivables	57,363					57,363
Financial instruments – Derivatives		*5.404				5,404
Other financial assets	3,200					3,200
Other current assets	3,822					3,822
Cash and cash equivalents	2,124					2,124
Total	**129,918**	**5,404**				**135,322**

*"Level 2" of Fair-Value

At 31/12/2016 (in Euro thousands)	Loans and Receivables at amortized cost	Assets at fair value through P&L held-for-trading	Hedging derivatives	Assets held-to-maturity	Financial assets available-for-sale	Total
Other non-current assets	1,100					1,100
Other non-current financial assets	45,361					45,361
Trade receivables	58,302					58,302
Financial instruments – Derivatives		1.150*				1,150
Other current assets	3,465					3,465
Cash and cash equivalents	298					298
Total	**108,526**	**1,150**				**109,676**

*"Level 2" of Fair-Value

At 31/12/2017 (in Euro thousands)	Liabilities at amortized cost	Liabilities at fair value through P&L held-for-trading	Hedging derivatives	Total
Other non-current financial liabilities	372,524			372,524
Current loans and borrowings	1,964			1,964
Trade payables	20,498			20,498
Other current liabilities	6,234			6,234
Total	**401,220**			**401,220**

At 31/12/2016 (in Euro thousands)	Liabilities at amortized cost	Liabilities at fair value through P&L held-for-trading	Hedging derivatives	Total
Other non-current financial liabilities	419,763			419,763
Short-term debt	4,702			4,702
Trade payables	27,400			27,400
Other current liabilities	4,553			4,553
Total	**456,418**			**456,418**

The book value of financial assets and liabilities substantially coincide with their fair value.

46. Independent Audit Firm fees

The following table, prepared pursuant to Article 149 of the Consob Issuers' Regulations, reports the payments made in 2017 for services carried out by the audit firm.

Type of service	Provider	Recipient	2017 Fees (Euro thousands)
Audit	Pricewaterhousecoopers S.p.A.	Maire Tecnimont S.p.A.	227
Certification services (*)	Pricewaterhousecoopers S.p.A.	Maire Tecnimont S.p.A.	4
Other services (*)	Pricewaterhousecoopers S.p.A.	Maire Tecnimont S.p.A.	180

The fees do not include VAT, expenses and any Consob oversight contribution repayments

(*) Certification services include the signing of tax declarations.

(**) The other services include the methodological support for the 2016 Group sustainability initiatives. The other services do not include the remuneration of Euro 60 thousand for the 2017 audit activity on the Sustainability Report - containing the Non-financial Declaration pursuant to D.Lgs 254/2016 negotiated in 2018.

47. Significant non-recurring events and operations

In 2017, the company did not execute any significant non-recurring operations in accordance with Consob Communication No. DEM/6064293 of July 28, 2006.

48. Transactions relating to atypical or unusual operations

In accordance with Consob Communication of July 28, 2006 No. DEM/6064293, the Company did not undertake any atypical and/or unusual operations, as defined in the communication.

49. Subsequent events after December 31, 2017

For significant events following year-end, reference should be made to the accompanying Directors' Report.

50. Statement on the financial statements as per Article 154-bis, paragraph 5 of Legislative Decree No. 58/98 and subsequent amendments and supplements

1. The undersigned Pierroberto Folgiero, as "Chief Executive Officer" and Dario Michelangeli as "Executive for Financial Reporting" of MAIRE TECNIMONT S.p.A. declare, and also in consideration of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:
   - the conformity in relation to the characteristics of the company and
   - the effective application of the administrative and accounting procedures for the compilation of the financial statements at December 31, 2017.
2. In addition, we certify that the financial statements:
   - are drawn up in conformity with the applicable international accounting standards recognized by the European Union in accordance with Regulation (CE) No. 1606/2002 of the European Parliament and the Commission of July 19, 2002;
   - correspond to the underlying accounting documents and records;
   - provide a true and correct representation of the balance sheet, financial situation and result for the year of the Issuer.
3. The Directors' Report includes a reliable analysis on the performance and operating result, as well as the situation of the issuer, together with a description of the principal risks and uncertainties to which it is exposed.

This statement is provided also in accordance with Article 154-*bis*, paragraph 2 of Legislative Decree No. 58 of February 24, 1998.

Milan, March 15, 2018

The Chief Executive Officer

Pierroberto Folgiero

The Executive Officer
for Financial Reporting

Dario Michelangeli

51. Board of Directors proposal

Dear Shareholders,

we consider that the financial statements of the company have been exhaustively outlined and we trust in your approval of the presentation and policies adopted for the 2017 financial statements and invite you to approve them together with the proposal to allocate the net income of Euro 60,143,682.32 as follows:

- assign to shareholders a dividend of Euro 0.128 for each of the existing shares entitled to a dividend, excluding therefore the 16,248 treasury shares today held by the company, for a total dividend of Euro 42,063,895.55;
- to allocate to retained earnings[1] the remaining Euro 18,079,786.77.

The amount of proposed dividend corresponds to one-third of the consolidated net income for 2017. The Board of Directors considers that this amount adequately remunerates shareholders and permits in addition capital strengthening which is indispensable to operate competitively on the international markets.

You are also invited to approve the proposal for the payment of a dividend for each share in circulation at the coupon date of April 30, 2018 (ex date), with payment on May 3, 2018 (payment date). The shareholders of Maire Tecnimont S.p.A. on May 2, 2018 (record date) have the right to receive a dividend.

Milan, March 15, 2018

For the Board of Directors

The Chairman

[1] Subject to the amount of the unitary dividend, the total dividend amount may change depending on the number of treasury shares held in portfolio by the company at the coupon date, consequently increasing or decreasing the amount to be allocated to retained earnings.

REPORT OF THE BOARD OF STATUTORY AUDITORS

52. Report of Board of Statutory Auditors

Report of the Board of Stautory Auditors to the Shareholders' AGM

called for the approval of the 2017 Annual Accounts

(Article 153, Legislative Decree No. 58/98)

Dear Shareholders,

the Board of Statutory Auditors, in accordance with Article 153 of Legislative Decree No. 58/1998, Consolidated Finance Act (CFA) and Article 2429, paragraph 2 of the Civil Code, is required to report to the Shareholders' Meeting on the results for the financial year and on the activities carried out in fulfilment of its duties, and report observations and proposals regarding the financial statements and their approval and to the matters within its scope.

During the year, the Board of Statutory Auditors carried out its supervisory duties in accordance with applicable regulations and taking account of the conduct principles of the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili), in addition to the Consob provisions concerning corporate controls and Boards of Statutory Auditors' activities and the indications contained in the Self-Governance Code for listed companies approved in July 2015 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A. (the "**Code**"), with which Maire Tecnimont S.p.A. (hereafter also "**Maire Tecnimont**" or "**Company**") complies.

For these purposes, the Board of Statutory Auditors, in addition to attending the meetings of the Board of Directors, Board Committees and meetings of the Independent Directors of the company, also undertook the ongoing exchange of information with the heads of the administration, audit, compliance and risk management functions of the company, with the Board of Statutory Auditors of the main subsidiaries, with the Body tasked with overseeing the efficacy, compliance and updating of the Organisation, Management and Control Model for the purposes of Legislative Decree No. 231/01 of the company ("SB"), in addition to PricewaterhouseCoopers S.p.A., the Appointed Auditor, tasked with the audit of the accounts and, as the Designated Auditor, verification of compliance regarding the Non-financial disclosure as per Legislative Decree 254/2016 (the "**Non-financial disclosure**") and issue of the relative statement.

Appointment of the Board of Statutory Auditors

The Board of Statutory Auditors in office at the date of this report was appointed by the Shareholders' Meeting of April 27, 2016 and comprises:

- Mr. Francesco Fallacara (Chairman);
- Ms Antonia Di Bella (Statutory Auditor);
- Mr. Giorgio Loli (Statutory Auditor).

Mr. Massimiliano Leoni, Ms. Roberta Provasi and Mr. Andrea Lorenzatti are Alternate Auditors.

The mandate of the Board of Statutory Auditors concludes at the Shareholders' AGM called to approve the 2018 Annual Accounts.

The main offices held by the members of the Board of Statutory Auditors are also indicated in the Corporate Governance and Ownership Structure Report of the company, prepared in accordance with Article 123-*bis* of the CFA, and made available to the public on the website www.mairetecnimont.com.

The Board of Statutory Auditors reports that all of its members comply with Consob's regulations concerning the cumulative number of appointments permitted.

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We report that the financial statements of the company at December 31, 2017 were prepared in accordance with IAS/IFRS International Accounting Standards issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, in force at

December 31, 2017, in addition to the provisions issued in enactment of Article 9 of Legislative Decree 38/2005.

The separate financial statements and the consolidated financial statements at December 31, 2017 of Maire Tecnimont include the statements of compliance by the Chief Executive Officer and the Executive Officer for financial reporting.

Inter-company and related party transactions

In accordance with Article 2391-*bis* of the Civil Code and Consob motion No. 17221 of March 12, 2010 enacting the "Related parties transactions regulation", subsequently amended with Consob motion No. 17389 of June 23, 2010, on November 12, 2010, the Board of Directors approved the "Transactions with related parties policy" (the "**Policy**"). On March 15, 2017, the Board of Directors, as part of the three-yearly assessment of the adequacy of the Policy, having received the favourable opinion of the Related Parties Committee, approved the Policy, also in view of its effective application and the relative controls carried out over the three-year period, in addition to the absence during the period of significant amendments to the company's ownership structure.

The Policy adopted by the company and implemented for transactions undertaken in 2017, (i) complied with the principles contained in the stated Consob Regulation, (ii) was published on the company website (www.mairetecnimont.com).

We attended the meetings of the Related Parties Committee at which the inter-company transactions were reviewed, all of an ordinary nature, as essentially concerning the provision of inter-company administrative services, those regarding property and residual matters and therefore Exempt from the Policy. As a result, it was not called to express an opinion on Related Party Transactions as all Exempt in accordance with the Policy. They were executed at normal market conditions. These transactions were periodically communicated by the Company.

The transactions with Related Parties are indicated in the notes to the Financial Statements and to the Consolidated Financial Statements of the company, in which the income and equity effects are also reported.

We verified compliance with the Policy and the correctness of the process followed by the Board of Directors and the Committee charged with qualifying related parties and we have no matters to report.

Atypical or unusual transactions

The company did not undertake any atypical or unusual transactions as defined by Consob communication DEM/6064293 of July 28, 2006.

Impairment test Procedure

In line with the Bank of Italy/Consob/ISVAP joint document of March 3, 2010, the Board of Directors on March 6, 2017 approved, independently and ahead of approval of the financial statements, the consistency of the impairment test procedure with international accounting standard IAS 36.

The impairment test procedures were conducted by the Company on the goodwill allocated to the **Technology, Engineering & Construction** (TEC), **Licensing** (LIC) and **Infrastructure and Civil Engineering** (INFRA) cash generating units and on the carrying amount of the investments recognised to the separate financial statements.

The Explanatory Notes to the Financial Statements report information on and the outcomes of the assessment process carried out with the support of an expert.

The Board of Statutory Auditors considers that the impairment test policy adopted by the company is adequate.

Board of Statutory Auditors' activities in 2017

In executing our activities:

- we verified the compliance of law and the By-Laws of the company;
- we verified compliance with the principles of correct administration;
- we attended the meetings of the Board of Directors, the Control, Risks and Sustainability Committee, the Remuneration Committee, the Related Parties

Committee and of the Independent Directors and obtained from the Directors periodic information, at least on a quarterly basis, on the general operating performance, on the outlook and on the major economic, financial and equity transactions carried out by Maire Tecnimont and by the Group of companies which it heads (the "**Group**"), verifying that the decisions undertaken and executed were not manifestly imprudent, risky, in potential conflict of interest, conflicting with the motions adopted by the Shareholders' Meetings or such as to compromise the integrity of the company's assets;

- we supervised the adequacy of the organisation through direct observations and the collation of information from Department Managers and attendance at Committee meetings. In this regard, the Board of Statutory Auditors considers the organisational structure of the company to be adequate to its needs and suitable to ensure respect for the principles of correct administration;
- we supervised the adequacy and the functioning of the internal control and risk management system through attending the meetings of the Control, Risks and Sustainability Committee, meetings with the Group HSE, Project Quality & Risk Management Manager and with the Head of the Compliance Department, through obtaining information from the Chief Executive Officer (in charge of the internal control and risk management system), from Departmental Managers, from representatives of the Independent Audit Firm and from the Supervisory Board. We also held meetings with the Internal Audit Manager of the company, at which we obtained information on the state of implementation of the Audit Plan for the year, on the results of the audits carried out and on the resolution measures implemented, in addition to the relative follow up activities;
- we oversaw the adequacy of the administrative-accounting system through meetings with the Chief Financial Officer and the Executive Officer for Financial Reporting of the company and with the independent audit firm PricewaterhouseCoopers S.p.A., also for the purposes of exchanging data and information;

- we verified the means for implementation of the Corporate Governance rules adopted by the company, also in compliance with the principles of the Self-Governance Code. In particular:
  - we verified the correct application of the criteria and procedures adopted by the Board of Directors to assess the independence of its members;
  - we verified the independence of the Independent Audit Firm;
  - we confirmed our independence;
- we verified the adequacy of the instructions issued to subsidiaries in accordance with Article 114, paragraph 2 of the CFA. These instructions also permitted these latter to provide in a timely manner the company with the information necessary to fulfill its communication obligations under applicable legal provisions;
- we verified the transactions with related parties and inter-company transactions; in this regard, we consider the information provided as adequate;
- we oversaw the correct implementation of the measures required to be taken by the company under the market abuse rules ("Market Abuse Regulation"), including those relating to "internal dealing" transactions and on "Savings protection", in addition to corporate disclosure;
- we verified - in accordance with Article 15 of Consob Markets Regulation adopted with motion No. 20249 of December 28, 2017 (the "**Consob Markets Regulation**") - that the organisation and the procedures adopted permit Maire to verify that the companies controlled and incorporated and regulated under laws of States not belonging to the European Union of relevance, have an appropriate administrative-accounting system to permit management and the auditor of the company to receive regularly the necessary financial statements for the preparation of the consolidated financial statements. At December 31, 2017, the subsidiaries incorporated and governed under the laws of State not belonging to the European Union of relevance in accordance with Article 15 of the Consob Markets Regulation are: Tecnimont Private Ltd (India), Tecnimont HQC Sdn Bhd (Malaysia), Tecnimont Russia LLC (Russia) and Tecnimont Arabia Ltd (Saudi Arabia).
- we have not received petitions or complaints as per Article 2408 of the Civil Code.

During the controls described above, no significant matters arose that would require reporting to the oversight and control Authority Body or specific mention in this report.
Internal Audit, the Compliance Function, Group HSE, Project Quality & Risk Management and the Supervisory Board, with whom we periodically met, did not highlight any particular issues with regards to the matters within their respective scopes.
The annual Corporate Governance and Ownership Structure Report of the Board of Directors did not indicate any issues to be highlighted in this report.
During the meetings of the Board of Statutory Auditors with the corresponding Boards of the main subsidiaries no significant matters arose.

Supervisory activities on the financial disclosure process

We verified the existence of adequate rules and processes to oversee the process for the collation, formation and circulation of financial disclosure.

We, in addition, noted that the Executive Officer for financial reporting confirmed: *i)* the adequacy and appropriateness of the powers and means conferred by the Board of Directors; *ii)* to have had direct access to all the information necessary for the production of the accounting data, without the need for any authorisation, and *iii)* to have participated in the internal information flows for accounting purposes and to have approved all of the relative company procedures.

Therefore, the Board of Statutory Auditors expresses an opinion of adequacy in terms of the process for the formation of the financial disclosure and do not raise any issues to be submitted to the Shareholders' Meeting.

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Oversight of the non-financial disclosure process

We oversaw compliance with the provisions of Legislative Decree 254/2016, verifying the existence of adequate rules and processes to oversee the process for its collation, formation and presentation.

The Board of Statutory Auditors expresses, therefore, an assessment upon the adequacy of the process for the drafting of the non-financial disclosure, on the basis of the socio-environmental strategic objectives of the Group, and does not raise any issues to be submitted to the Shareholders' Meeting.

In drawing up the Non-Financial Disclosure, the company did not avail of the option to omit information concerning imminent developments and transactions under negotiation, as per Article 3, paragraph 8 of Legislative Decree 254/2016.

Oversight in accordance with Legislative Decree 39/2010 - verification of the independence of the Independent Audit Firm

We also oversaw the audit of the Annual Accounts and of the Consolidated Annual Accounts, the independence of the independent audit firm, with particular regards to any non-audit services provided and on the outcome of the audit.

With regards to the independence of the Independent Audit Firm, PricewaterhouseCoopers S.p.A., the Board of Statutory Auditors was informed in a timely manner on the other services assigned.

In 2017, the independent audit firm carried out the following activities on behalf of the Group:

Type of service	Provider	Recipient	2017 Fees (in Euro thousands)
Audit	PricewaterhouseCoopers S.p.A.	Parent Company Maire Tecnimont	227
Audit	PricewaterhouseCoopers S.p.A.	Maire Tecnimont Group	1,083
Audit	PricewaterhouseCoopers S.p.A. Network	Maire Tecnimont Group	234
Certification services (*)	PricewaterhouseCoopers S.p.A.	Parent Company Maire Tecnimont	4
Certification services (*)	PricewaterhouseCoopers S.p.A.	Maire Tecnimont Group	29
Other services (**)	PricewaterhouseCoopers S.p.A.	Parent Company Maire Tecnimont	180
Other services (**)	PricewaterhouseCoopers S.p.A.	Maire Tecnimont Group	33

The fees do not include VAT, expenses and any Consob oversight contribution repayments

(*) Certification services include the signing of tax declarations.

(**) The other services of the Parent Company include the methodological support for the Group sustainability initiatives in 2016. The other services for the Group include minor activities principally concerning the income tax declaration review for some of the overseas entities. The other services do not include the remuneration of Euro 60 thousand for the 2017 audit activities on the Sustainability Report - containing the Non-financial disclosure - in accordance with Legislative Decree No. 254/2016 negotiated in 2018.

The Board of Statutory Auditors reports that the fees reported in the table are appropriate to the size, complexity and characteristics of the work carried out and that the other services assigned do not affect its independence.

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PricewaterhouseCoopers S.p.A. on April 4, 2018 issued:

- as Appointed Auditor, the reports as per Article 14 of Legislative Decree 39/2010 and 10 of Regulation EC 537/2014, prepared as per the new provisions contained in the stated decree, as amended by Legislative Decree 135/2016; the reports contain an opinion without raising any issues with regards to the statutory and consolidated financial statements and they provide a true and fair view of the financial statements of the company and of the Group at December 31, 2017, of the net result and of the cash flows, in compliance with the applicable accounting standards, in addition to
- the additional report as per Article 11 of Regulation EC 537/2014, which did not indicate any significant deficiencies within the internal control and risk management system with regards to the financial disclosure process, with the statement as per Article 6 of Regulation EC 537/2014 annexed, which did not indicate any situations which may compromise its independence;
- as Designated Auditor, the statement on the 2017 Sustainability Report, containing the Consolidated Non-Financial Disclosure; in this statement the Designated Auditor concludes that no elements came to its attention which may indicate that the Group's Consolidated Non-Financial Disclosure, contained within the 2017 Sustainability Report, concerning the year ended December 31, 2017, was not prepared, from all significant aspects, in compliance with that required by Legislative Decree No. 254/2016 and by the GRI Standards.

In accordance with the recommendations and indications of CONSOB, the Board of Statutory Auditors notes that:

- the consolidated financial statements at December 31, 2017 report revenues of Euro 3,524,289,000, EBITDA of Euro 193,475,000 and net income of Euro 126,553,000;
- the Group Net Financial Position at December 31, 2017 was a cash position of Euro 108,042,000, improving Euro 150,888,000 on December 31, 2016.
- The parent company Maire Tecnimont reports net income of Euro 60,143,682.32 (Euro 9,531,489.41 in 2016).

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Meetings of the Board of Statutory Auditors, of the Board of Directors and of the Board Committees

During 2017:

- 13 meetings of the Board of Statutory Auditors were held, of an average duration of 1 hour and 15 minutes;
- the Board of Statutory Auditors held meetings and exchanged information with the representatives of PricewaterhouseCoopers S.p.A.;
- the Board of Directors held 12 meetings. In this regard, the Board of Directors of the company comprises nine Directors, of which five independent. Of this latter, one is from minority slate. Four Directors out of nine are female;
- in addition, the Control, Risks and Sustainability Committee met 7 times, the Remuneration Committee met 5 times and the Committee for Transactions with Related Parties met 3 times.

The Board of Statutory Auditors attended all meetings of the Board of Directors and of the Internal Committees.

Finally, the Board reports on its attendance at the Shareholders' Meeting of April 26, 2017.

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The Chief Executive Officer and the Executive Officer for Financial Reporting issued on March 15, 2018 the declarations as per Article 154-*bis* of the CFA, declaring that the separate and consolidated financial statements were prepared in compliance with the international accounting standards applicable and recognised by the European Union in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and Council of July 19, 2002, correspond to the accounting records and provide a true and fair view of the equity, earnings and financial situation of the issuer and of the group.

The Board of Statutory Auditors considers the information provided by the Board of Directors in its reports as complete and adequate, also with regards to the risks, uncertainties and disputes to which the company and the Group are exposed.

As indicated in the Directors' Report, no significant events arose after year-end.

The Board of Statutory Auditors expresses a favourable opinion on the approval of the Financial Statements at December 31, 2017 and agrees with the proposal presented by the Board of Directors on the allocation of the net income as follows:

- to assign to shareholders a dividend of Euro 0.128 for each of the existing shares entitled to a dividend, excluding therefore the 16,248 treasury shares held by the Company at March 15, 2018, for a total dividend of Euro 42,063,895.55;
- to allocate to retained earnings the remaining Euro 18,079,786.77.

noting that, while the amount of the unitary dividend will remain unchanged, the total dividend amount may change depending on the number of treasury shares held in portfolio by the Company at the coupon date, consequently increasing or decreasing the amount to be allocated to retained earnings.

Milano, 4 April 2018

Signed by

Mr. Francesco Fallacara (Chairman)

Ms. Antonia Di Bella

Mr. Giorgio Loli

This report has been translated into English from the Italian original solely for the convenience of international readers

REPORT OF THE INDEPENDENT AUDITORS

ON THE CONSOLIDATED FINANCIAL STATEMENTS

53. Report of the Independent Auditors on the Consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010 AND ARTICLE 10 OF REGULATION (EU) N° 537/2014

MAIRE TECNIMONT SPA

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2017

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Independent auditor's report

in accordance with article 14 of Legislative Decree n° 39 of 27 January 2010 and article 10 of Regulation (EU) n° 537/2014

To the shareholders of Maire Tecnimont SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Maire Tecnimont group (the Group), which comprise the consolidated balance sheet as of 31 December 2017, the consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated shareholders' equity, consolidated cash flows statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2017, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Maire Tecnimont SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Measurement of revenues and construction contracts	
Note 27.1 to the consolidated financial statements "Revenues". Revenues of Maire Tecnimont Group are generated from engineering and construction services in the following fields: - Technology, Engineering & Construction. - Infrastructure & Civil Engineering. Revenues generated during 2017 totalled Euro 3,503 million and refer for 95.9 per cent to the Technology, Engineering & Construction business; the remaining revenues were generated by the Infrastructure & Civil Engineering business. Revenues also include the positive impact of the recognition of changes to works, incentives and any reserves ("claims") posted for the updated amount, measured reliably, that is likely to be collected from clients. In detail, claims are measured by the Company based on the favourable outcomes that can be reasonably foreseen from ongoing negotiations with clients to agree payment for additional costs incurred or based on litigation pending, which by nature may carry a risk of occurrence. Recognition of contract revenues takes place over the length of each project based on the percentage of completion. The percentage of completion of each project is measured on the basis of the contract costs incurred to the reporting date as a percentage of the total costs incurred or to be incurred to complete the project.	We understood and evaluated the internal control relevant to this financial statements area in particular with reference to the process of identification of loss-making contracts and the recognition of additional payments relating to changes to contracts, and verified the design and the effectiveness of certain manual and automated relevant controls. We selected a sample of construction contracts based on quantitative and qualitative elements that include: - Significant revenues accounted for in the reporting period. - Loss-making contracts. - Existence of claims for additional payments and significant changes to contracts. For the sample of contracts selected we carried out the following main auditing procedures: - Reconciliation of revenues to the contractual agreements with the counterparty. - Reconciliation of costs resulting from the management accounts to the amounts resulting from the general ledger. - Verification, on test basis, of the actual costs of a contract for the period by obtaining documentary evidence from third parties (invoices, contracts, transport documents). - Recalculation of the percentage of completion of the contract using the cost-to-cost method.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Claims for additional payments arising from changes to contractually agreed works are included in the total amount of contractual payments when it is probable that the client will approve the changes and the related costs; other claims for changes to contracts arising, for instance, from additional costs incurred for reasons attributable to the client are included in the total amount of contractual payments only when the amount can be quantified reliably and it is probable that the client will agree to them based on an advanced stage of negotiations or technical/legal assessments, also having regard to the documentary evidence produced by third parties (arbitration boards, dispute adjudication boards, etc.). We paid special attention to this financial statements area because of aspects that can make the measurement process difficult, such as the technical complexity of projects, the scope and duration of construction work, the existence of additional payments, changes to contracts and price revisions.	- Submission of inquiries to the law firms that assisted the Company in the existing litigations in order to verify the correct valuation of any claims to the counterparties for additional payments. For the examination of total contract costs and additional payments in relation to claims for changes to contracts we used also the support of experts belonging to the PwC network. For the sample of contracts selected, they supported us in: - Analyses of the total contract costs, on a test basis, by meeting the project managers to assess the reasonableness of the amount booked. - Investigation of the key variances from the total costs included in the previous budget for the same contract. - Carry out analyses of the additional payments booked (when applicable) in terms of reasonableness, compliance with business procedures and verifying the documentation to support the evaluations made by the Company. - Visited directly the construction sites of some projects.
Assessment of the recoverability of the carrying amount of goodwill *Note 28.2 to the consolidated financial statements "Goodwill"* The consolidated financial statements of Maire Tecnimont Group as of 31 December 2017 include goodwill for a total of Euro 291.8 million (8.6 per	We understood the methodology adopted by the Company in the preparation of the impairment test that has been approved by the Company's Board of Directors. We carried out auditing procedures, on a test basis, on the amounts included in the

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
cent of Total Assets), allocated to three cash generating units ("CGUs"): Technology, Engineering & Construction; Infrastructure & Civil Engineering; and Licensing. Goodwill originated mainly from the acquisitions in previous years of the Tecnimont Group, Maire Engineering, Tecnimont Private Ltd, the KT Group and Stamicarbon BV. The recoverability of goodwill is verified at least once a year even if impairment indicators are not present. The recoverable amounts of the CGUs to which goodwill amounts have been allocated is verified through the calculation of value in use, which is the present value of the estimated future cash flows determined using a discount rate that reflects the risks specific to each CGU at the measurement date. The Company performed the impairment test with the help of an independent expert, using cash flows based on the projections set out in the 2018 budget and in the business plan for the period 2018-2022 approved by the Board of Directors on 15 March 2018. In determining the recoverable amount the Company considered a terminal value determined as the arithmetical average of the margins of the cash flow projections included in the business plan for the period 2018-2022. The Group also performed a sensitivity analysis based on changes to the discount rate and growth rate. The valuation of goodwill was considered a key audit matter because of both the magnitude of the balance and the complexity of the process of estimating the recoverable amount of goodwill, this being based on assumptions affected by	business plan for the period 2018-2022 in order to verify the reasonableness of the inputs with particular reference to estimated future revenues and cash flows. In detail, our activities involved obtaining adequate information to understand the make-up of estimated future revenues included in the plan. In order to assess the reliability of the forecasts we also performed a comparison of the actual revenues reported for the year 2017 with the forecast for the same year included in the previous business plan (2017-2021). We analysed the criteria for the identification of the CGUs, the consistency of the cash flows used in the valuation against the amounts included in the business plan for the period 2018-2022 and the reasonableness of the methodology used for the determination of the terminal value. We also verified the mathematical accuracy of the key figures included in the impairment test, the adequacy of the discount rates used and their consistency with the methodology approved by the Company's Board of Directors. We verified the sensitivity analysis performed by the Company. Those activities were performed also with the help of experts in valuation models belonging to the PwC network.

Key Audit Matters	Auditing procedures performed in response to key audit matters
economic and market conditions that are subject to uncertainties, referred in particular to the calculation of prospective cash flows and of the discount rate.	

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/05 and, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, management uses the going concern basis of accounting unless management either intends to liquidate Maire Tecnimont SpA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

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

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

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- we concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

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

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) n° 537/2014

On 15 December 2015, the shareholders of Maire Tecnimont SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2016 to 31 December 2024.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) n° 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree n 39/10 and Article 123-bis, paragraph 4, of Legislative Decree n° 58/98

Management of Maire Tecnimont SpA is responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Maire Tecnimont Group as of 31 December 2017, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) n° 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree n° 58/98, with the consolidated financial statements of the Maire Tecnimont Group as of 31 December 2017 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of Maire Tecnimont SpA as of 31 December 2017 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree n° 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree n° 254 of 30 December 2016

Management of Maire Tecnimont SpA is responsible for the preparation of the non-financial statement pursuant to Legislative Decree n° 254 of 30 December 2016.

We have verified that management approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree n° 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Rome, 4 April 2018

PricewaterhouseCoopers SpA

Signed by

Carmine Elio Casalini
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

REPORT OF THE INDEPENDENT AUDITORS

ON THE FINANCIAL STATEMENTS

54. Report of the Independent Auditors on the Financial Statements

INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010 AND ARTICLE 10 OF REGULATION (EU) N° 537/2014

MAIRE TECNIMONT SPA

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2017

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Independent auditor's report

in accordance with article 14 of Legislative Decree n° 39 of 27 January 2010 and article 10 of Regulation (EU) n° 537/2014

To the shareholders of Maire Tecnimont SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Maire Tecnimont SpA (the Company), which comprise the balance sheet as of 31 December 2017, the income statement, comprehensive income statement, statement of changes in shareholders' equity, cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2017, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Assessment of the recoverability of the carrying amounts of investments	
Note 42.3 to the Company's financial statements "Investments in subsidiaries". The financial statements of Maire Tecnimont SpA as of 31 December 2017 include 6 investments in subsidiaries for a total of Euro 763.4 million (Tecnimont SpA, Neosia SpA, Met Development SpA, KT SpA, MET Gas Processing Technologies SpA and Stamicarbon BV) equal to 82.5 per cent of Total Assets. Investments in subsidiaries are measured at purchase cost including of direct accessory costs. Where indicators of impairment are present, the recoverability of the carrying amounts of investment is tested by comparing the carrying amount with the recoverable amount. During the year 2017 events occurred that were considered indicators of impairment, i.e. that it might not be possible to recover the carrying amount of the investment in Neosia SpA, included in the Infrastructure & Civil Engineering business. In detail, in 2017 the acquisition of new orders was delayed compared the assumptions reflected in the business plan. The Company also tested the investment in Tecnimont SpA for impairment, as the book value of the investment exceeded the book value of the proportionate share of the subsidiary's equity as of 31 December 2017. The value configuration used by the Company to determine the recoverable amount of the investments indicated above is the value in use that was determined with the help of an independent expert, utilizing the cash flows based on the projections set out in the 2018 budget and in the business plan for the period 2018-2022	We understood the methodology adopted by the Company in the preparation of the impairment test that has been approved by the Company's Board of Directors. With reference to those investments for which impairment indicators were identified (Tecnimont SpA and Neosia SpA) we carried out auditing procedures, on a test basis, on the amounts included in the business plan for the period 2018-2022 in order to verify the reasonableness of the inputs with particular reference to estimated future revenues and cash flows. Our activities included obtaining adequate information to understand the make-up of estimated future revenues included in the plan. In order to assess the reliability of the forecasts we also performed a comparison of the actual revenues reported for the year 2017 with the forecast for the same year included in the previous business plan (2017-2021). In order to verify the recoverability of the carrying amounts of the above-mentioned investments, we analysed the consistency of the cash flows used in the valuation against the amounts included in the business plan for the period 2018-2022 and the reasonableness of the methodology utilized for the determination of the terminal value. We also verified the mathematical accuracy of the key figures included in the impairment test, the adequacy of the discount rates used and their consistency with the methodology approved by the Company's Board of Directors. We verified the sensitivity analysis performed by the Company.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
approved by the Company's Board of Directors on 15 March 2018. In determining the recoverable amount the Company considered a terminal value determined as the arithmetical average of the margins of the cash flow projections included in the business plan for the period 2018-2022. The Company also performed a sensitivity analysis based on changes to the discount rate and growth rate. The analysis undertaken by the Company did not result in any loss in value. The valuation of investments was considered a key audit matter because of both the magnitude of the balance and the complexity of the process of estimating the recoverable amount of investments, this being based on assumptions affected by economic and market conditions that are subject to uncertainties, referred in particular to the calculation of prospective cash flows and of the discount rate.	Those activities were performed also with the help of experts in valuation models belonging to the PwC network.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/05 and, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, management uses the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- we concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) n° 537/2014

On 15 December 2015, the shareholders of Maire Tecnimont SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2016 to 31 December 2024.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) n° 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree n° 39/10 and Article 123-bis, paragraph 4, of Legislative Decree n° 58/98

Management of Maire Tecnimont SpA is responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Maire Tecnimont SpA as of 31 December 2017, including their consisteney with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) n° 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree n° 58/98, with the financial statements of Maire Tecnimont SpA as of 31 December 2017 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Maire Tecnimont SpA as of 31 December 2017 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree n° 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Rome, 4 April 2018

PricewaterhouseCoopers SpA

Signed by

Carmine Elio Casalini
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.