



Interim Consolidated Report as of September 30, 2015

Mission

We approach each challenge with innovative, reliable and secure solutions to meet the needs of our clients. Through multicultural working groups we are able to provide sustainable development for our company and for the communities in which we operate.

Values

Innovation; health, safety and environment; multiculturalism; passion; integrity.

Disclaimer

By their nature, forward-looking statements are subject to risk and uncertainty since they are dependent upon circumstances which should or are considered likely to occur in the future and are outside of the Company's control. These include, but are not limited to: monetary exchange and interest rate fluctuations, commodity price volatility, credit and liquidity risks, HSE risks, the levels of capital expenditure in the oil and gas industry and other sectors, political instability in areas where the Group operates, actions by competitors, success of commercial transactions, risks associated with the execution of projects (including ongoing investment projects), in addition to changes in stakeholders' expectations and other changes affecting business conditions.

Actual results could therefore differ materially from the forward-looking statements.

The financial reports contain in-depth analyses of some of the aforementioned risks.

Forward-looking statements are to be considered in the context of the date of their release. Saipem SpA is under no obligation to review, update or correct them subsequently, except where this is a mandatory requirement of the applicable legislation.

The forward-looking statements given herein are not intended to constitute an invitation to invest or to provide legal, accounting, tax or investment advice and should not be relied upon in that regard.

Countries in which Saipem operates

EUROPE

Austria, Belgium, Bulgaria, Croatia, Cyprus, Denmark, France, Italy, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Spain, Sweden, Switzerland, Turkey, United Kingdom

AMERICAS

Bolivia, Brazil, Canada, Chile, Colombia, Dominican Republic, Ecuador, Mexico, Peru, Suriname, Trinidad and Tobago, United States, Venezuela

CIS

Azerbaijan, Georgia, Kazakhstan, Russia, Turkmenistan, Ukraine

AFRICA

Algeria, Angola, Congo, Egypt, Gabon, Ghana, Libya, Mauritania, Morocco, Mozambique, Nigeria, South Africa, Uganda

MIDDLE EAST

Iraq, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates

FAR EAST AND OCEANIA

Australia, China, India, Indonesia, Japan, Malaysia, Pakistan, Papua New Guinea, Singapore, South Korea, Thailand, Vietnam

Board of Directors and auditors of Saipem SpA

BOARD OF DIRECTORS¹

Chairman

Paolo Andrea Colombo

Chief Executive Officer (CEO)

Stefano Cao

Directors

Maria Elena Cappello, Federico Ferro-Luzzi, Francesco Antonio Ferrucci, Guido Guzzetti, Flavia Mazzarella, Nicla Picchi, Stefano Siragusa

BOARD OF STATUTORY AUDITORS²

Chairman

Mario Busso

Statutory Auditors

Anna Gervasoni
Massimo Invernizzi

Alternate Auditors

Paolo Sfameni
Giulia De Martino³

(1) Appointed by resolution of the Shareholders' Meeting of April 30, 2015.

(2) Appointed by resolution of the Shareholders' Meeting of May 6, 2014.

(3) Appointed by resolution of the Shareholders' Meeting of April 30, 2015, replacing Elisabetta Maria Corvi, who resigned on January 14, 2015.

Independent Auditors

Reconta Ernst & Young SpA

Saipem is a subsidiary of Eni SpA

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Results for the first nine months of 2015

The results for the first nine months of 2015 have been affected by the cancellation of South Stream and by the write-downs in the second quarter of the year:

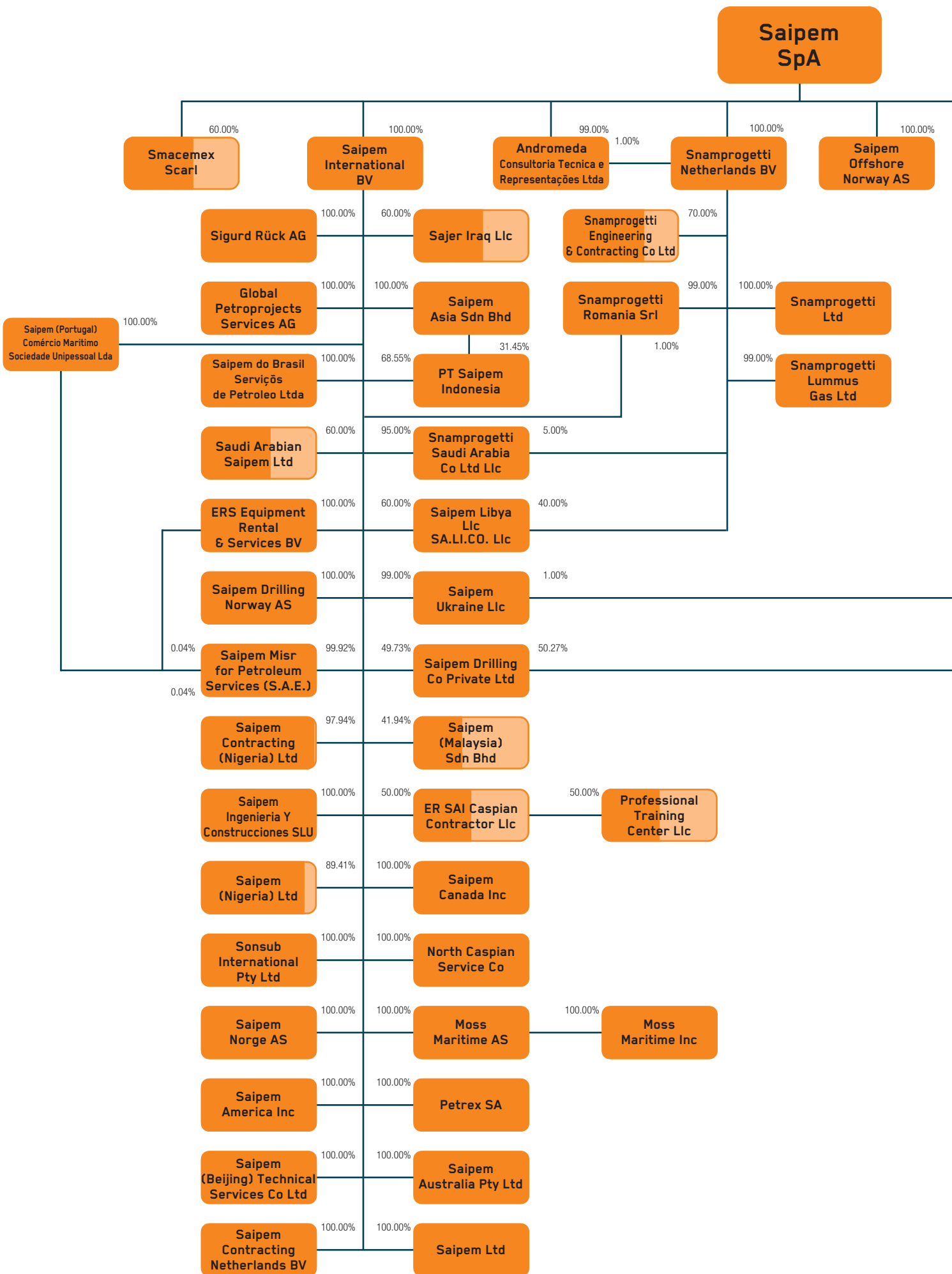
- Adjusted EBIT: -€436 million, including the impact of write-downs of €718 million of working capital items in the second quarter of 2015.
- EBIT: -€640 million, including the impact of €929 million of total write-downs between working capital and non-current assets in the second quarter of 2015.
- Net result: -€866 million.
- Capex: €407 million (€475 million in the first nine months of 2014).
- New contracts: €5,357 million (€14,988 million in the first nine months of 2014).
- Backlog: €17,750 million at September 30, 2015 (€22,147 million at December 31, 2014). The backlog does not include Offshore Engineering & Construction contracts for a value in excess of €600 million announced after the end of the third quarter.
- Net debt at September 30, 2015: €5,736 million (€5,531 million at June 30, 2015; €4,424 million at December 31, 2014).

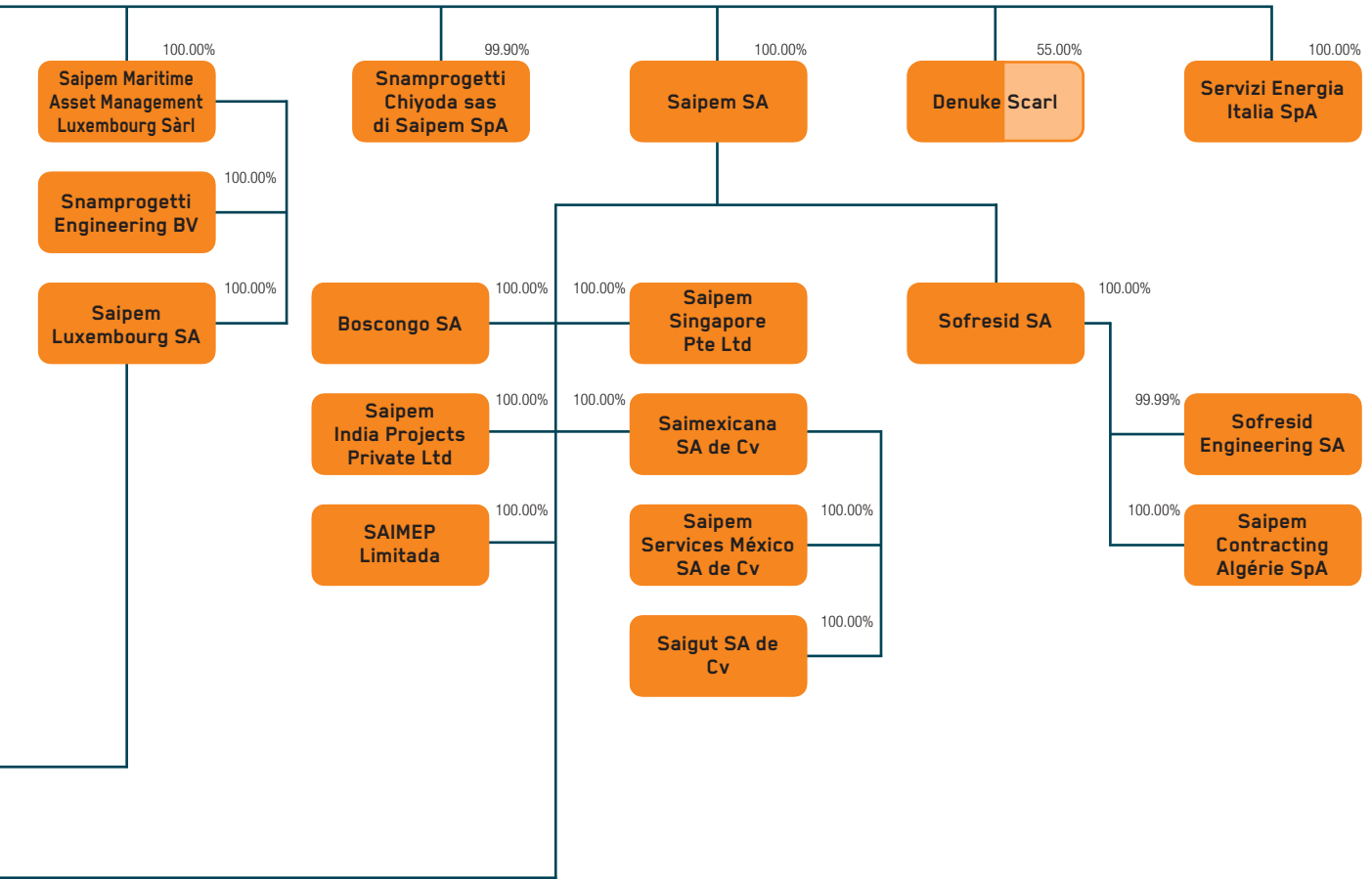
Specifically, Saipem's third quarter 2015 results are in line with the same period in 2014, despite a profoundly deteriorated market scenario.

This result was achieved thanks to improvements in the Onshore E&C sector, which is back to break-even, and to the relative stability of the Drilling business.

Saipem Group structure

(subsidiaries)





The chart only shows subsidiaries

Financial and economic results

As previously stated, revenues and associated profit levels, particularly in the Engineering & Construction sector, and, to a lesser extent, in the Drilling sector, are not consistent over time, as they are influenced not only by market performance but also by climatic conditions and individual project schedules. Consequently, the results from any one particular fiscal period can vary significantly, thereby precluding a direct comparison with the same period in other fiscal years or extrapolation of figures from a single quarter to the entire year.

In an oil price scenario that remains unfavourable, the prospects for the oil services sector continue to be bleak. The clients' focus on reducing costs translates into a hardening of their negotiation strategies, a push for greater efficiency on the projects assigned, delays in the awarding of new projects and, in some cases, the cancellation of projects already awarded.

Results of operations

Saipem Group - Income statement

Year 2014		(€ million)	Nine-month period		% Ch.
			2014	2015	
12,873	Net sales from operations		9,475	8,445	(10.9)
9	Other income and revenues		7	2	
(9,262)	Purchases, services and other costs		(6,698)	(6,568)	
(2,408)	Payroll and related costs		(1,792)	(1,755)	
1,212	Gross operating result (EBITDA)		992	124	..
(1,157)	Depreciation, amortisation and impairment		(549)	(764)	
55	Operating result (EBIT)		443	(640)	..
(199)	Net finance expense		(162)	(182)	
24	Net income from investments		30	(2)	
(120)	Result before income taxes		311	(824)	..
(118)	Income taxes		(99)	(42)	
(238)	Result before non-controlling interests		212	(866)	..
8	Net profit attributable to non-controlling interests		-	-	
(230)	Net result		212	(866)	..

Net sales from operations for the first nine months of 2015 amounted to €8,445 million, down 10.9% compared to the same period of 2014.

Gross operating result (EBITDA) amounted to €124 million. Depreciation and amortisation of tangible and intangible assets amounted to €764 million, which includes the €204 million write-down of non-current assets.

The **operating result (EBIT)** for the first nine months of 2015 amounted to -€640 million. The largest variations are analysed in detail in the subsequent sections describing the performance of the various business units.

Net finance expense increased by €20 million compared to the first nine months of 2014, mainly due to the increase in average net

borrowings. Net income from investments amounted to -€2 million, a decrease of €32 million compared to the same period in 2014, due to the negative results of companies accounted for using the equity method, the sale of the investment in Offshore Design Engineering Ltd brought to a conclusion in 2014, only partially offset by the sale of investments in Fertilizantes Nitrogenados de Oriente CEC and Fertilizantes Nitrogenados de Oriente SA concluded in 2015.

The **result before income taxes** amounted to -€824 million. Income taxes amounted to €42 million, representing a decrease compared with the same period of 2014 which was principally due to the fall in taxable income.

The **net result** was -€866 million.

Year 2014		(€ million)	Nine-month period	
			2014	2015
55	Operating result (EBIT)		443	(640)
410	Impairment		-	204
465	Adjusted operating result (EBIT)		443	(436)

The write-down of non-current assets amounting to €204 million concerned vessels slated for scrapping in as much as they could no longer be used in an economically feasible way for the execution of

projects in the backlog, as well as parts of logistical bases affected by the rescheduling and/or cancellation of projects by their main clients, resulting in lower utilisation compared to forecasts.

Year 2014		(€ million)	Nine-month period		% Ch.
			2014	2015	
12,873	Net sales from operations		9,475	8,445	(10.9)
9	Other income and revenues		7	2	
(9,262)	Purchases, services and other costs		(6,698)	(6,568)	
(2,408)	Payroll and related costs		(1,792)	(1,755)	
1,212	Gross operating result (EBITDA)		992	124	..
(747)	Depreciation, amortisation and impairment		(549)	(560)	
465	Adjusted operating result (EBIT)		443	(436)	..
(199)	Net finance expense		(162)	(182)	
24	Net income from investments		30	(2)	
290	Adjusted result before income taxes		311	(620)	..
(118)	Income taxes		(99)	(42)	
172	Adjusted result before non-controlling interests		212	(662)	..
8	Net profit attributable to non-controlling interests		-	(14)	
180	Adjusted net profit		212	(662)	..

Operating result and costs by function

Year 2014		(€ million)	Nine-month period		% Ch.
			2014	2015	
12,873	Net sales from operations		9,475	8,445	(10.9)
(11,916)	Production costs		(8,662)	(8,482)	
(116)	Idle costs		(93)	(134)	
(143)	Selling expenses		(105)	(94)	
(11)	Research and development costs		(8)	(10)	
(21)	Other operating income (expenses)		(15)	(12)	
(201)	General and administrative expenses		(149)	(149)	
465	Adjusted operating result (EBIT)		443	(436)	..

In the first nine months of 2015, **net sales from operations** in the Saipem Group amounted to €8,445 million, down €1,030 million compared to the first nine months of 2014, mainly due to lower volumes in West Africa, Australia, and North and South America. Production costs (which include direct costs of sales and depreciation of vessels and equipment) amounted to €8,482 million, down €180 million compared with the first nine months of 2014, hence in line with the lower volumes registered, which offset the effect of the write-down of non-current assets and the increase in country risk.

Idle costs increased by €41 million, mainly due to the semi-submersible rig Scarabeo 3, which had no contract in March, and the out of service time of several vessels in South America. Selling expenses amounted to €94 million. Research and development costs included in operating costs increased by €2 million. There were no variations in general and administrative expenses compared to the first nine months of 2014. The breakdown by business sector is as follows:

Offshore Engineering & Construction

Year		Nine-month period	
2014	(€ million)	2014	2015
7,202	Net sales from operations	5,206	5,109
(6,470)	Cost of sales	(4,691)	(4,810)
732	Gross operating result (EBITDA)	515	299
(297)	Depreciation, amortisation and impairment	(222)	(226)
435	Adjusted operating result (EBIT)	293	73
(160)	Impairment	-	(143)
275	Operating result (EBIT)	293	(70)

Revenues for the first nine months of 2015 amounted to €5,109 million, down 1.9% compared to the same period in 2014. This was mainly attributable to lower volumes recorded in North and South America, which were mostly offset by higher volumes registered in Azerbaijan and Kazakhstan.

The adjusted operating result (EBIT) for the first nine months of 2015 amounted to €73 million, equal to 1.4% of revenues, versus €293 million, equal to 5.6% of revenues, in the first nine months of 2014. EBITDA margin stood at 5.9% compared to 9.9% for the

same period of 2014. The downward drive is due mainly to the cancellation of the South Stream and the lower profitability of projects in South America.

The operating result (EBIT) for the first nine months of 2015 amounted to -€70 million, compared to €293 million recorded in the first nine months of 2014, due to the aforementioned project cancellations, lower volumes and revenues, and to the write-down of a yard and several vessels.

Onshore Engineering & Construction

Year		Nine-month period	
2014	(€ million)	2014	2015
3,765	Net sales from operations	2,871	1,934
(4,138)	Cost of sales	(3,008)	(2,604)
(373)	Gross operating result (EBITDA)	(137)	(670)
(38)	Depreciation, amortisation and impairment	(28)	(31)
(411)	Adjusted operating result (EBIT)	(165)	(701)
-	Impairment	-	(50)
(411)	Operating result (EBIT)	(165)	(751)

Revenues for the first nine months of 2015 amounted to €1,934 million, representing a decrease of 32.6% compared to the first nine months of 2014, mainly due to lower volumes recorded in North America, Australia and West Africa.

The adjusted operating result (EBIT) for the first nine months of 2015 amounted to -€701 million, compared to -€165 million in the first nine months of 2014.

The operating result (EBIT) for the first nine months of 2015 amounted to -€751 million, compared to -€165 million recorded in the first nine months of 2014, due to the aforementioned project cancellations, lower volumes and revenues, and to the write-down of a yard.

Offshore Drilling

Year		Nine-month period	
2014	(€ million)	2014	2015
1,192	Net sales from operations	878	810
(580)	Cost of sales	(438)	(410)
612	Gross operating result (EBITDA)	440	400
(262)	Depreciation, amortisation and impairment	(189)	(168)
350	Adjusted operating result (EBIT)	251	232
(250)	Impairment	-	(11)
100	Operating result (EBIT)	251	221

Revenues for the first nine months of 2015 amounted to €810 million, down 7.7% compared to the first nine months of 2014, due to the lower revenues of the drillship Saipem 10000 and the drilling jack-up Perro Negro 8, both affected by class reinstatement works, of the semi-submersible drilling rig Scarabeo 3, which had no contract in March, and of the semi-submersible rig Scarabeo 4, operational during the first few months of the year and then sold for scrapping. The decrease was in part offset by the higher revenues from the full-scale activities of the semi-submersible drilling rig Scarabeo 7, which underwent upgrading works in the same period in 2014.

The adjusted operating result (EBIT) for the first nine months of 2015 amounted to €232 million, compared to €251 million in the first nine months of 2014, with the margin on revenues in line with the previous period. EBITDA margin stood at 49.4% down by less than a percentage point compared to the 50.1% registered in the same period of 2014.

The operating result (EBIT) for the first nine months of 2015 amounted to €221 million, compared to €251 million recorded in the first nine months of 2014, due to the aforementioned project cancellations, lower volumes and revenues, and to the write-down of the semi-submersible rig Scarabeo 4.

Onshore Drilling

Year 2014		(€ million)	Nine-month period	
			2014	2015
714	Net sales from operations		520	592
(473)	Cost of sales		(346)	(497)
241	Gross operating result (EBITDA)		174	95
(150)	Depreciation, amortisation and impairment		(110)	(135)
91	Operating result (EBIT)		64	(40)

Revenues for the first nine months of 2015 amounted to €592 million, representing a 13.8% increase compared to the same period of 2014, attributable mainly to increased activity in Saudi Arabia and South America.

The operating result (EBIT) for the first nine months of 2015 amounted to -€40 million, compared to €64 million in the first

nine months of 2014, due principally to the write-down of a portion of overdue receivables as the result of an increase in the country risk. The margin decreased from 12.3% to -6.8%. The EBITDA margin stood at 16%, down compared to the same period of 2014.

Balance sheet and financial position

Saipem Group - Reclassified consolidated balance sheet

The reclassified consolidated balance sheet aggregates asset and liability amounts from the statutory balance sheet according to function, under three basic areas: operating, investing and financing.

Management believes that the reclassified consolidated balance sheet provides useful information that helps investors to assess Saipem's capital structure and to analyse its sources of funds and investments in fixed assets and working capital.

June 30, 2014	(€ million)	Dec. 31, 2014	Sept. 30, 2015
7,910	Net tangible assets	7,601	7,301
759	Net intangible assets	760	756
8,669		8,361	8,057
3,804	- Offshore Engineering & Construction	3,666	3,402
590	- Onshore Engineering & Construction	590	528
3,332	- Offshore Drilling	3,034	3,058
943	- Onshore Drilling	1,071	1,069
169	Investments	112	97
8,838	Non-current assets	8,473	8,154
1,308	Net current assets	297	1,235
(221)	Provision for employee benefits	(237)	(237)
-	Assets (liabilities) available for sale	69	-
9,925	Net capital employed	8,602	9,152
4,773	Shareholder's equity	4,137	3,390
48	Non-controlling interests	41	26
5,104	Net debt	4,424	5,736
9,925	Funding	8,602	9,152
1,06	Leverage (net borrowings/shareholders' equity including non-controlling interests)	1.06	1.68
441,410,900	Number of shares issued and outstanding	441,410,900	441,410,900

Management uses the reclassified consolidated balance sheet to calculate key ratios such as the Return On Average Capital Employed (ROACE) and leverage (used to indicate the robustness of the company's capital structure).

Non-current assets at September 30, 2015 stood at €8,154 million, a decrease of €319 million compared to December 31, 2014. The decrease was the result of capital expenditure of €408 million, negative changes in investments accounted for using the equity method of €19 million, depreciation and amortisation of €560 million and write-downs of €204 million, and the positive effect of €56 million deriving mainly from the translation of financial statements in foreign currencies and other changes.

Net current assets increased by €938 million, from positive €297 million at December 31, 2014 to positive €1,235 million at September 30, 2015.

The **provision for employee benefits** is unchanged compared to December 31, 2014.

As a result of the above, **net capital employed** increased by €550 million, reaching €9,152 million at September 30, 2015, compared with €8,602 million at December 31, 2014.

Shareholders' equity, including non-controlling interests, decreased by €762 million to €3,416 million at September 30, 2015, compared with €4,178 million at December 31, 2014. This decrease reflected the negative effect of the net result for the period of €866 million, dividend distribution and contribution from non-controlling interests of €16 million, partially offset by the positive effect of €12 million deriving from changes in the fair value of exchange rate and commodity hedging instruments, the positive effect on net equity from the sale of the Ambiente company branch for €8 million and the positive effect on net equity deriving from the translation of financial statements in foreign currencies and other variations amounting to €100 million.

The increase in net capital employed, which was greater than that in shareholders' equity, led to a growth in net borrowings. At September 30, 2015, these stood at €5,736 million, an increase of €1,312 million compared with €4,424 million at December 31, 2014.

Reclassified cash flow statement

Saipem's reclassified cash flows statement derives from the statutory cash flow statement. It enables investors to understand the link existing between changes in cash and cash equivalents (deriving from the statutory cash flow statement) and in net borrowings (deriving from the reclassified cash flows statement) that occurred between the beginning and the end of the period. The measure enabling such a link is represented by the free cash flow, which is the cash in excess of capital expenditure requirements. Starting from free cash flow it is possible to determine either:

(i) changes in cash and cash equivalents for the period by adding/deducting cash flows relating to financing debts/receivables (issuance/repayment of debt and receivables related to financing activities), shareholders' equity (dividends paid, net repurchase of treasury shares, capital issuance) and the effect of changes in consolidation and of exchange differences; (ii) changes in net borrowings for the period by adding/deducting cash flows relating to shareholders' equity and the effect of changes in consolidation and of exchange rate differences.

(€ million)	Year 2014	First nine months 2015
Net profit (loss) for the period	(230)	(866)
Non-controlling interests	(8)	-
<i>Adjustments to reconcile cash generated from operating profit before changes in working capital:</i>		
Depreciation, amortisation and other non-monetary items	1,011	624
Net (gains) losses on disposal and write-off of assets	(2)	(17)
Dividends, interests and income taxes	291	185
Net cash generated from operating profit before changes in working capital	1,062	(74)
Changes in working capital related to operations	569	(556)
Dividends received, income taxes paid, interest paid and received	(433)	(375)
Net cash flow from operations	1,198	(1,005)
Capital expenditure	(694)	(407)
Investments and purchase of consolidated subsidiaries and businesses	(9)	(1)
Disposals	15	109
Other cash flow related to capital expenditures, investments and disposals	-	-
Free cash flow	510	(1,304)
Borrowings (repayment) of debt related to financing activities	(10)	28
Changes in short and long-term financial debt	(170)	985
Sale of treasury shares	-	-
Cash flow from capital and reserves	(45)	(16)
Effect of changes in consolidation and exchange differences	18	(16)
NET CASH FLOW FOR THE PERIOD	303	(323)
Free cash flow	510	(1,304)
Sale of treasury shares	-	-
Cash flow from capital and reserves	(45)	(16)
Exchange differences on net borrowings and other changes	(129)	8
CHANGE IN NET BORROWINGS	336	(1,312)

Key profit and financial indicators

Return On Average Capital Employed (ROACE)

Return On Average Capital Employed is calculated as the ratio between adjusted net profit before non-controlling interests, plus net finance charges on net borrowings less the related tax effect and net average capital employed. The tax rate applied on finance charges is 27.5%, as per the applicable tax legislation.

		Dec. 31, 2014	Sept. 30, 2014	Sept. 30, 2015
Net result	(€ million)	(238)	534	(1,316)
Exclusion of net finance expense (net of tax effect)	(€ million)	144	149	159
Unlevered net result	(€ million)	(94)	683	(1,157)
Capital employed, net:	(€ million)			
- at the beginning of the period		9,504	9,758	9,798
- at the end of the period		8,602	9,798	9,152
Average capital employed, net	(€ million)	9,053	9,778	9,475
ROACE	(%)	(1.04)	7.0	(12.2)
Return On Average Operating Capital	(%)	(1.05)	7.4	(12.2)

Return On Average Operating Capital

To calculate the Return On Average Operating Capital, the average capital employed is netted of investments in progress that did not contribute to net profit for the period, which amounted to €0 million at December 31, 2014, €295 million for the twelve-month period ended September 30, 2014 and €0 million for the twelve-month period ended September 30, 2015.

Net borrowings and leverage

Saipem management uses leverage ratios to assess the soundness and efficiency of the Group's capital structure in terms of an optimal mix between net borrowings and shareholders' equity, and to carry

out benchmark analyses against industry standards. Leverage is a measure of a company's level of indebtedness, calculated as the ratio between net borrowings and shareholders' equity, including non-controlling interests.

	June 30, 2014	Sept. 30, 2015
Leverage	1.06	1.68

Risk management

The main risks that Saipem is facing and actively monitoring and managing are the following:

- (i) the market risk deriving from exposure to fluctuations in interest rates and exchange rates between the euro and the other currencies used by the company and the risk deriving from exposure to commodity price volatility;
- (ii) the credit risk deriving from the possible default of a counterparty;
- (iii) the liquidity risk deriving from the risk that suitable sources of funding for the Group's operations may not be available.

Financial risks are managed in accordance with guidelines defined by the parent company, with the objective of aligning and coordinating Saipem Group policies on financial risks.

Market risk

Market risk is the possibility that changes in currency exchange rates, interest rates or commodity prices will adversely affect the value of the Group's financial assets, liabilities or expected future cash flows. Saipem actively manages market risk in accordance with a set of policies and guidelines that provide a centralised model of conducting finance, treasury and risk management operations based on the Group Treasury Structures.

Exchange rate risk

Exchange rate risk derives from the fact that Saipem's operations are conducted in currencies other than the euro and that revenues and costs from a significant portion of projects implemented are denominated and settled in non-euro currencies. This impacts on:

- individual profits, which may be significantly affected by exchange rate fluctuations on specific transactions arising from the time lag existing between the execution of a given transaction and the definition of the relevant contractual terms (economic risk) and by the conversion of foreign currency-denominated trade and financial payables and receivables (transaction risk);
- the Group's reported results and shareholders' equity, as financial statements of subsidiaries denominated in currencies other than the euro are translated from their functional currency into euro.

Saipem's foreign exchange risk management policy is to minimise economic and transactional exposures arising from foreign currency movements. Saipem does not undertake any hedging activity for risks deriving from the translation of foreign currency denominated profits or assets and liabilities of subsidiaries that prepare financial statements in a currency other than the euro.

Saipem uses a number of different types of derivative contract to reduce economic and transaction exposure, such as currency swaps, forwards and options. In compliance with International

Financial Reporting Standards (IFRS), Saipem hedges net exposure to economic and transactional risk through the use of certain derivatives, such as currency swaps, forwards and options. Such derivatives are evaluated by the Eni Corporate Finance Unit of Eni SpA at fair value on the basis of market standard evaluation and market prices provided by specialised sources. Planning, coordination and management of this activity at Group level is the responsibility of the Saipem Treasury Department, which closely monitors the correlation between derivatives and their underlying flows, as well as ensuring their correct accounting representation in compliance with the International Financial Reporting Standards (IFRS).

Interest rate risk

Interest rate fluctuations affect the market value of the Company's financial assets and liabilities and its net finance expenses. The purpose of risk management is to reduce interest rate risk to a minimum in pursuit of the financial structuring objectives set and approved by management.

When entering into long-term financing agreements with variable rates, the Treasury Department of the Saipem Group assesses their compliance with objectives and, where necessary, uses Interest Rate Swaps (IRS) to manage the risk exposure arising from interest rate fluctuations. Planning, coordination and management of this activity at Group level is the responsibility of the Saipem Treasury Department, which closely monitors the correlation between derivatives and their underlying flows, as well as ensuring their correct accounting representation in compliance with the International Financial Reporting Standards (IFRS). Such derivatives are evaluated by the Eni Corporate Finance Unit of Eni SpA at fair value on the basis of market standard evaluation and market prices provided by specialised sources.

Commodity price risk

Saipem's results are affected by changes in the prices of oil products (fuel oil, lubricants, bunker oil, etc.) and raw materials, since they represent associated costs in the running of vessels, offices and yards and the implementation of projects and investments.

In order to reduce its commodity risk, in addition to adopting solutions at a commercial level, Saipem also trades over the counter derivatives (swap and bullet swaps in particular) whose underlying commodities are oil products (mainly gasoil and naphtha) through Eni Trading & Shipping (ETS) on the organised markets of ICE and NYMEX where the relevant physical commodity market is well correlated to the financial market and is price efficient.

As regards commodity price risk management, derivative instruments on commodities are entered into by Saipem to hedge underlying contractual commitments. Hedge transactions may also be entered into in relation to future underlying contractual commitments, provided these are highly probable.

Such derivatives are evaluated at fair value by the Treasury Department of Eni SpA on the basis of market standard evaluation and market prices provided by specialised sources.

Credit risk

Credit risk represents Saipem's exposure to potential losses deriving from the non-performance of counterparties. As regards counterparty risk in commercial contracts, credit management is the responsibility of the business units and of specific corporate finance and administration functions operating on the basis of standard business partner evaluation and credit worthiness procedures. For counterparty financial risk deriving from the investment of surplus liquidity, from positions in derivative contracts and from physical commodities contracts with financial counterparties, Group companies adopt guidelines issued by the Treasury Department of Saipem in compliance with the centralised treasury model of Eni.

The critical situation that has developed on the financial markets has led to additional preventative measures being adopted to avoid the concentration of risk and assets. This situation has also required the setting of limits and conditions for operations involving derivative instruments.

At September 30, 2015, the area with the highest concentration of credit risk was South America, for which overall exposure amounted to €464 million.

Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Group may not be available (funding liquidity risk), or that the Group is unable to sell its assets on the market place (asset liquidity risk), making it unable to meet its short-term finance requirements and settle obligations. Such a situation would negatively impact the Group's results as it would result in the company incurring higher borrowing expenses to meet its obligations or under the worst of conditions the inability of the company to continue as a going concern. As part of its financial planning process, Saipem manages liquidity risk by targeting a capital structure that guarantees a level of liquidity adequate for the Groups' needs, optimising the opportunity cost of maintaining liquidity reserves and achieving an optimal profile in terms of maturity and composition of debt in accordance with business objectives and prescribed limits. At present, in spite of the current market conditions, Saipem believes it has access to sufficient funding and borrowing facilities to meet currently foreseeable requirements, thanks to a use of credit lines that is both flexible and targeted to meet business needs.

The liquidity management policies used have the objective of ensuring both adequate funding to meet short-term requirements and obligations and a sufficient level of operating flexibility to fund Saipem's development plans, while maintaining an adequate finance structure in terms of debt composition and maturity. As of September 30, 2015, Saipem maintained unused borrowing facilities of €3,054 million. In addition, Eni SpA provides lines of credit to Saipem SpA under Eni Group centralised treasury arrangements. These facilities were under interest rates that reflected market conditions. Fees charged for unused facilities were not significant.

The following tables show total contractual payments (including interest payments) and maturities on financial debt and payments and due dates for trade and other payables.

Finance debt

(€ million)	Maturity					Total
	2016 ¹	2017	2018	2019	After	
Long-term debt	710	1,046	443	1,487	44	3,730
Short-term debt	3,327	-	-	-	-	3,327
Derivative liabilities	151	2	-	-	-	153
	4,188	1,048	443	1,487	44	7,210
Interest on debt	132	86	49	24	1	292

(1) Includes the fourth quarter of 2015.

Trade and other payables

(€ million)	Maturity			Total
	2016 ¹	2017-2019	After	
Trade payables	3,024	-	-	3,024
Other payables and advances	2,338	-	-	2,338

(1) Includes the fourth quarter of 2015.

Outstanding contractual obligations

In addition to the financial and trade debt recorded in the balance sheet, the Saipem Group has contractual obligations relating to non-cancellable operating leases whose performance will entail

payments being made in future years. The following table shows undiscounted payments due in future years in relation to outstanding contractual obligations.

(€ million)	Maturity					Total
	2016 ¹	2017	2018	2019	After	
Non-cancellable operating leases	132	112	74	71	250	60

(1) Includes the fourth quarter of 2015.

The operating leases mainly relate to office buildings, long-term time charters and land.

The table below summarises Saipem's investment commitments for major projects for which procurement contracts will normally have been entered into.

(€ million)	Maturity
	2016 ¹
Committed on major projects	-
Other committed projects	82
	82

(1) Includes the fourth quarter of 2015.

Condensed consolidated interim financial statements

Balance sheet

(€ million)	Note	Dec. 31, 2014		Sept. 30, 2015	
		Total	of which with related parties ⁽¹⁾	Total	of which with related parties ⁽¹⁾
ASSETS					
Current assets					
Cash and cash equivalents	(No. 1)	1,602	885	1,279	456
Other financial assets held for trading or available for sale	(No. 2)	9		8	
Trade and other receivables	(No. 3)	3,391	868	3,321	791
Inventories	(No. 4)	2,485		2,483	
Current tax assets	(No. 5)	317		349	
Other current tax assets	(No. 6)	307		385	
Other current assets	(No. 7)	520	360	280	119
Total current assets		8,631		8,105	
Non-current assets					
Property, plant and equipment	(No. 8)	7,601		7,301	
Intangible assets	(No. 9)	760		756	
Investments accounted for using the equity method	(No. 10)	120		115	
Other financial assets	(No. 11)	1		1	
Deferred tax assets	(No. 12)	297		447	
Other non-current assets	(No. 13)	115	2	97	7
Total non-current assets		8,894		8,717	
Assets held for sale	(No. 24)	69		-	
TOTAL ASSETS		17,594		16,822	
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Short-term debt	(No. 14)	2,186	1,873	3,327	2,853
Current portion of long-term debt	(No. 19)	594	594	462	460
Trade and other payables	(No. 15)	5,669	382	5,352	196
Income tax payable	(No. 16)	134		119	
Other current tax liabilities	(No. 17)	184		167	
Other current liabilities	(No. 18)	838	828	178	146
Total current liabilities		9,605		9,605	
Non-current liabilities					
Long-term debt	(No. 19)	3,314	3,064	3,268	3,265
Provisions for contingencies	(No. 20)	218		276	
Provisions for employee benefits	(No. 21)	237		237	
Deferred tax liabilities	(No. 22)	40		17	
Other non-current liabilities	(No. 23)	2	-	3	3
Total non-current liabilities		3,811		3,801	
TOTAL LIABILITIES		13,416		13,406	
SHAREHOLDERS' EQUITY					
Non-controlling interests	(No. 25)	41		26	
Saipem shareholders' equity:	(No. 26)	4,137		3,390	
- share capital	(No. 27)	441		441	
- share premium reserve	(No. 28)	55		55	
- other reserves	(No. 29)	(209)		(109)	
- retained earnings		4,123		3,912	
- net profit (loss) for the period		(230)		(866)	
- treasury shares	(No. 30)	(43)		(43)	
Total shareholders' equity		4,178		3,416	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		17,594		16,822	

(1) For an analysis of figures shown as 'of which with related parties', see Note 44 'Transactions with related parties'.

Income statement

(€ million)	Note	First nine months 2014		First nine months 2015	
		Total	of which with related parties ⁽¹⁾	Total	of which with related parties ⁽¹⁾
REVENUES					
Net sales from operations	(No. 32)	9,475	1,484	8,445	1,327
Other income and revenues	(No. 33)	7	1	5	-
Total revenues		9,482		8,450	
Operating expenses					
Purchases, services and other costs	(No. 34)	(6,696)	(246)	(6,570)	(220)
Payroll and related costs	(No. 35)	(1,792)	(1)	(1,755)	(1)
Depreciation, amortisation and impairment	(No. 36)	(549)		(764)	
Other operating income (expense)	(No. 37)	(2)	(2)	(1)	(1)
OPERATING RESULT		443		(640)	
Finance income (expense)					
Finance income		564	1	743	-
Finance expense		(671)	(105)	(789)	(126)
Derivative financial instruments		(55)	(64)	(136)	(131)
Total finance income (expense)	(No. 38)	(162)		(182)	
Income (expense) from investments					
Share of profit of equity accounted investments		26		(20)	
Other income from investments		4		18	
Total income (expense) from investments	(No. 39)	30		(2)	
RESULT BEFORE INCOME TAXES					
Income taxes	(No. 40)	(99)		(42)	
NET RESULT		212		(866)	
Attributable to:					
- Saipem		212		(866)	
- non controlling interests	(No. 41)	-		-	
Earnings (loss) per share attributable to Saipem (€ per share)					
Basic earnings (loss) per share	(No. 42)	0.48		(1.97)	
Diluted earnings (loss) per share	(No. 42)	0.48		(1.97)	

(1) For an analysis of figures shown as 'of which with related parties', see Note 44 'Transactions with related parties'.

Statement of comprehensive income

(€ million)	First nine months 2014	First nine months 2015
Net profit (loss) for the period	212	(866)
Other items of comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit plans for employees	-	-
Share of other comprehensive income of investments accounted for using the equity method relating to remeasurements of defined benefit plans	-	-
Income tax relating to items that will not be reclassified	-	-
Items that may be reclassified subsequently to profit or loss		
Change in the fair value of cash flow hedges ⁽¹⁾	(430)	(10)
Exchange rate differences arising from the translation into euro of financial statements currencies other than the euro	89	101
Share of other comprehensive income of investments accounted for using the equity method	(1)	-
Income tax relating to items that may be reclassified	104	22
Total other items of comprehensive income net of taxation	(238)	113
Total comprehensive income (loss) for the period	(26)	(753)
Attributable to:		
- Saipem Group	(26)	(755)
- non controlling interests	-	2

(1) The change in the fair value of cash flow hedges relates almost exclusively to transactions with the parent company Eni.

Statement of changes in shareholders' equity

Saipem shareholders' equity

(€ million)	Share capital	Share premium reserve	Other reserves	Legal reserve	Reserve for treasury shares	Cash flow hedge reserve, net of tax	Cumulative currency translation differences	Employee defined benefits reserve, net of tax	Retained earnings	Net profit (loss) for the period	Treasury shares	Total	Non-controlling interests	Total shareholders' equity
Balance at December 31, 2013	441	55	7	88	-	85	(100)	(5)	4,283	(159)	(43)	4,652	92	4,744
Net profit (loss) for the first half of 2014	-	-	-	-	-	-	-	-	-	136	-	136	-	136
Other items of comprehensive income														
Items that will not be reclassified subsequently to profit or loss														
Remeasurements of defined benefit plans for employees, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of investments accounted for using the equity method relating to remeasurements of defined benefit plans for employees, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Items that may be reclassified subsequently to profit or loss														
Change in the fair value of cash flow hedging derivatives net of the tax effect	-	-	-	-	-	(31)	-	-	-	-	-	(31)	-	(31)
Currency translation differences of financial statements currencies other than euro	-	-	-	-	-	-	25	-	(6)	-	-	19	-	19
Share of other comprehensive income of investments accounted for using the equity method	-	-	-	-	-	-	-	-	(1)	-	-	(1)	-	(1)
Total recognised income (expense) for the first half of 2014	-	-	-	-	-	(31)	25	-	(7)	136	-	123	-	123
Transactions with shareholders														
Dividend distribution first half of 2014	-	-	-	-	-	-	-	-	-	-	-	-	(44)	(44)
Retained earnings	-	-	-	-	-	-	-	-	(159)	159	-	-	-	-
Other changes in shareholders' equity														
Other changes	-	-	-	-	-	-	(1)	-	(1)	-	-	(2)	-	(2)
Transactions with companies under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	(1)	-	(160)	159	-	(2)	(44)	(46)
Balance at June 30, 2014	441	55	7	88	-	54	(76)	(5)	4,116	136	(43)	4,773	48	4,821
Net profit (loss) for the second half of 2014	-	-	-	-	-	-	-	-	-	(366)	-	(366)	(8)	(374)
Other items of comprehensive income														
Items that will not be reclassified subsequently to profit or loss														
Remeasurements of defined benefit plans for employees, net of tax	-	-	-	-	-	-	-	(15)	-	-	-	(15)	(1)	(16)
Share of other comprehensive income of investments accounted for using the equity method relating to remeasurements of defined benefit plans for employees, net of tax	-	-	-	-	-	-	-	1	-	-	-	1	-	1
Items that may be reclassified subsequently to profit or loss														
Change in the fair value of cash flow hedging derivatives net of the tax effect	-	-	-	-	-	(328)	-	-	-	-	-	(328)	(3)	(331)
Currency translation differences of financial statements currencies other than euro	-	-	-	-	-	-	68	-	2	-	-	70	6	76
Share of other comprehensive income of investments accounted for using the equity method	-	-	(1)	-	-	-	-	-	1	-	-	-	-	-

cont'd **Statement of changes in shareholders' equity**

Saipem shareholders' equity

(€ million)	Share capital	Share premium reserve	Other reserves	Legal reserve	Reserve for treasury shares	Cash flow hedge reserve, net of tax	Cumulative currency translation differences	Employee defined benefits reserve, net of tax	Retained earnings	Net profit (loss) for the period	Treasury shares	Total	Non-controlling interests	Total shareholders' equity
Total recognised income (expense) for the second half of 2014	-	-	(1)	-	-	(328)	68	(14)	3	(366)	-	(638)	(6)	(644)
Transactions with shareholders														
Dividend distribution second half of 2014	-	-	-	-	-	-	-	-	-	-	-	-	(1)	(1)
Other changes in shareholders' equity														
Expired stock options	-	-	-	-	-	-	-	-	(1)	-	-	(1)	-	(1)
Other changes	-	-	-	-	-	(1)	(1)	-	5	-	-	3	-	3
Transactions with companies under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	(1)	(1)	-	4	-	-	2	(1)	1
Balance at December 31, 2014	441	55	6	88	-	(275)	(9)	(19)	4,123	(230)	(43)	4,137	41	4,178
Net profit (loss) for the first half of 2015	-	-	-	-	-	-	-	-	-	(920)	-	(920)	14	(906)
Other items of comprehensive income														
Items that will not be reclassified subsequently to profit or loss														
Remeasurements of defined benefit plans for employees, net of tax	-	-	-	-	-	-	-	(1)	-	-	-	(1)	1	-
Share of other comprehensive income of investments accounted for using the equity method relating to remeasurements of defined benefit plans for employees, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Items that may be reclassified subsequently to profit or loss														
Change in the fair value of cash flow hedging derivatives net of the tax effect	-	-	-	-	-	(14)	-	-	-	-	-	(14)	(1)	(15)
Currency translation differences of financial statements currencies other than euro	-	-	-	-	-	-	74	-	9	-	-	83	3	86
Share of other comprehensive income of investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total recognised income (expense) for the first half of 2015	-	-	-	-	-	(14)	74	(1)	9	(920)	-	(852)	17	(835)
Transactions with shareholders														
Dividend distribution first half of 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retained earnings	-	-	-	-	-	-	-	-	(230)	230	-	-	-	-
Contribution from non-controlling interests Snamprogetti Engineering & Contracting Co Ltd	-	-	-	-	-	-	-	-	-	-	-	-	1	1
Total	-	-	-	-	-	-	-	-	(230)	230	-	-	1	1
Other changes in shareholders' equity														
Other changes	-	-	-	-	-	-	-	-	3	-	-	3	(1)	2
Transactions with companies under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	3	-	-	3	(1)	2
Balance at June 30, 2015	441	55	6	88	-	(289)	65	(20)	3,905	(920)	(43)	3,288	58	3,346

cont'd **Statement of changes in shareholders' equity**

Saipem shareholders' equity

(€ million)	Share capital	Share premium reserve	Other reserves	Legal reserve	Reserve for treasury shares	Cash flow hedge reserve, net of tax	Cumulative currency translation differences	Employee defined benefits reserve, net of tax	Retained earnings	Net profit (loss) for the period	Treasury shares	Total	Non-controlling interests	Total shareholders' equity
Balance at June 30, 2015	441	55	6	88	-	(289)	65	(20)	3,905	(920)	(43)	3,288	58	3,346
Net profit (loss) for the third quarter of 2015	-	-	-	-	-	-	-	-	-	54	-	54	(14)	40
Other items of comprehensive income														
Items that will not be reclassified subsequently to profit or loss														
Remeasurements of defined benefit plans for employees, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of investments accounted for using the equity method relating to remeasurements of defined benefit plans for employees, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Items that may be reclassified subsequently to profit or loss														
Change in the fair value of cash flow hedging derivatives net of the tax effect	-	-	-	-	-	27	-	-	-	-	-	27	-	27
Currency translation differences of financial statements currencies other than euro	-	-	-	-	-	-	14	-	2	-	-	16	(1)	15
Share of other comprehensive income of investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total recognised income (expense) for the third quarter of 2015	-	-	-	-	-	27	14	-	2	54	-	97	(15)	82
Transactions with shareholders														
Dividend distribution third quarter of 2015	-	-	-	-	-	-	-	-	-	-	-	-	(17)	(17)
Total	-	-	-	-	-	-	-	-	-	-	-	-	(17)	(17)
Other changes in shareholders' equity														
Other changes	-	-	-	-	-	-	-	-	(3)	-	-	(3)	-	(3)
Transactions with companies under common control	-	-	-	-	-	-	-	-	8	-	-	8	-	8
Total	-	-	-	-	-	-	-	-	5	-	-	5	-	5
Balance at September 30, 2015	441	55	6	88	-	(262)	79	(20)	3,912	(866)	(43)	3,390	26	3,416

Cash flow statement

(€ million)	Note	First nine months 2014	First nine months 2015
Net profit for the period		212	(866)
Non controlling interests		-	-
Adjustments to reconcile net profit to cash flow from operations:			
- depreciation and amortisation	(No. 36)	549	560
- net impairment of tangible and intangible assets	(No. 36)	-	204
- share of profit (loss) of equity accounted investments	(No. 39)	(26)	20
- net (gains) losses on disposal of assets		(3)	(17)
- interest income		(7)	(6)
- interest expense		133	149
- income taxes	(No. 40)	99	42
- other changes		(50)	(158)
Changes in working capital:			
- inventories		(971)	20
- trade receivables		310	438
- trade payables		343	(268)
- provisions for contingencies		(5)	50
- other assets and liabilities		(58)	(796)
<i>Cash flow from working capital</i>		<i>526</i>	<i>(628)</i>
Change in the provision for employee benefits		(1)	(2)
Dividends received		1	1
Interest received		7	9
Interest paid		(130)	(152)
Income taxes paid net of refunds of tax credits		(169)	(233)
Net cash provided by operating activities		234	(1,005)
<i>of which with related parties</i> ⁽¹⁾	(No. 44)	924	725
Investing activities:			
- tangible assets	(No. 8)	(468)	(401)
- intangible assets	(No. 9)	(7)	(6)
- investments	(No. 10)	(4)	(1)
- financing receivables		(43)	(1)
- securities		(8)	-
- change in payables and receivables in relation to investments and capitalised depreciation		-	1
<i>Cash flow from investing activities</i>		<i>(530)</i>	<i>(408)</i>
Disposals:			
- tangible assets		1	3
- consolidated subsidiaries and businesses		-	9
- investments		7	97
- financing receivables		13	27
- securities		27	1
<i>Cash flows from disposals</i>		<i>48</i>	<i>137</i>
Net cash used in investing activities ⁽²⁾		(482)	(271)
<i>of which with related parties</i> ⁽¹⁾	(No. 44)	(24)	14

cont'd **Cash flow statement**

(€ million)	Note	First nine months 2014	First nine months 2015
Proceeds from long-term debt		1,769	659
Repayments of long-term debt		(1,054)	(609)
Increase (decrease) in short-term debt		(159)	935
		556	985
Net capital contributions from non-controlling shareholders		-	1
Dividend distribution		(44)	(17)
Net cash from financing activities		512	969
<i>of which with related parties</i> ⁽¹⁾	(No. 44)	514	1,047
Effect of changes in consolidation		-	(2)
Effect of exchange rate changes and other changes on cash and cash equivalents		44	(14)
Net cash for the period		308	(323)
Cash and cash equivalents - beginning of period	(No. 1)	1,299	1,602
Cash and cash equivalents - end of period	(No. 1)	1,607	1,279

(1) For an analysis of figures shown as 'of which with related parties', see Note 44 'Transactions with related parties'.

(2) Net cash used in investing activities included investments in certain financial assets to absorb temporary surpluses of cash or as part of our ordinary management of financing activities. Due to their nature and the fact that they are very liquid, these financial assets are netted against finance debt in determining net borrowings.
The cash flows of these investments were as follows:

(€ million)	First nine months 2014	First nine months 2015
Financing investments:		
- securities	(8)	-
- financing receivables	(43)	-
	(51)	-
Disposal of financing investments:		
- securities	26	1
- financing receivables	14	27
	40	28
Net cash flows from investments/disposals related to financing activities	(11)	28

Notes to the condensed consolidated interim financial statements

Basis of presentation

The condensed consolidated nine-monthly financial statements have been prepared in accordance with the same principles of consolidation and evaluation criteria described in the annual report, with the exception of the International Accounting Standards that became into effect as of January 1, 2015, as illustrated in the 'Recent accounting principles' section of the 2014 Annual Report. The structure of the financial statements is the same as that used in the annual report.

The notes to these financial statements have been prepared in a condensed form and should therefore be read together with the notes in the consolidated financial statements as of December 31, 2014, and in the condensed consolidated interim financial statements as of June 30, 2015. Although the Group has defined the half year as the interim period of reference for the purposes of applying the international accounting standard IAS 34, these condensed consolidated nine-monthly financial statements as of September 30, 2015 have been drafted as an exceptional measure in line with that principle, with a view to inserting it in the official documentation to be used in support of a capital increase.

Current income taxes are determined on the basis of estimated taxable income at the balance sheet date. Current income tax assets and liabilities are measured at the amount expected to be paid to/recovered from the tax authorities, using tax laws that have been enacted or substantively enacted by the end of the reporting period and tax rates estimated on an annual basis. Consolidated companies, non-consolidated subsidiaries, interests in joint ventures and joint operations and associated companies are indicated in the section 'Scope of consolidation', which constitutes an integral part of these notes. The same section contains a list detailing the changes that occurred

in the scope of consolidation during the period. The condensed consolidated nine-monthly financial statements as of September 30, 2015 represent a more detailed report compared to the interim report as of September 30, 2015, approved by the Board of Directors of Saipem at the meeting of October 27, 2015.

Amounts stated in financial statements and the notes thereto are in millions of euros.

Foreign currency translation

Financial statements of foreign companies having a functional currency other than euro are converted into euro applying: (i) closing exchange rates for assets and liabilities; (ii) historical exchange rates for equity accounts; and (iii) average rates for the period to the income statement (source: Bank of Italy).

Cumulative exchange rate differences resulting from this translation are recognised in shareholders' equity under the caption 'Cumulative currency translation differences' for the portion relating to the Group's share and under 'Non-controlling interests' for the portion related to non-controlling interests. Cumulative exchange differences are charged to the income statement when an investment is fully disposed of or when the investment ceases to qualify as a controlled company. In the event of a partial disposal that does not result in the loss of control, the portion of exchange differences relating to the interest sold is recognised under non-controlling interests in equity.

The financial statements translated into euros are those denominated in the functional currency, i.e. the local currency or the currency in which most financial transactions and assets and liabilities are denominated.

The exchange rates that have been applied for the translation of financial statements in foreign currencies are as follows:

Currency	Exchange at Dec. 31, 2014	Exchange at Sept. 30, 2015	2015 average exchange rate
US Dollar	1.2141	1.1203	1.11436
British Pound Sterling	0.7789	0.7385	0.727149
Algerian Dinar	106.607	118.775	109.4
Angolan Kwanza	124.884	151.637	128.31625
Argentine Peso	10.2755	10.5482	9.99186
Australian Dollar	1.4829	1.5939	1.46308
Brazilian Real	3.2207	4.4808	3.52573
Canadian Dollar	1.4063	1.5034	1.40384
Egyptian Pound	8.68519	8.76484	8.52401
Indian Rupee	76.719	73.4805	70.8549
Indonesian Rupee	15,076.1	16,347.8	14,795.154
Malaysian Ringgit	4.2473	4.9237	4.21631
Nigerian Naira	223.693	222.789	220.098
Norwegian Kroner	9.042	9.5245	8.81743
Peruvian New Sol	3.63265	3.62418	3.49739
Qatari Riyal	4.42155	4.07789	4.05681
Romanian New Leu	4.4828	4.4176	4.44138
Russian Rouble	72.337	73.2416	66.5974
Saudi Arabian Riyal	4.55733	4.20157	4.1802
Singapore Dollar	1.6058	1.5921	1.52006
Swiss Franc	1.2024	1.0915	1.06211

Use of accounting estimates

The preparation of financial statements and interim reports in accordance with generally accepted accounting standards requires management to make accounting estimates based on complex or subjective judgements, past experience and assumptions deemed reasonable and realistic based on the information available at the time. The use of these estimates and assumptions affects the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of income and expenses during the reporting period. Actual results may differ from these estimates given the uncertainty surrounding the assumptions and conditions upon which the estimates are based.

Accounting estimates are a critical factor in the preparation of consolidated financial statements and interim reports because they require management to make a large number of subjective judgements, assumptions and estimates regarding matters that are inherently uncertain. Changes in the conditions underlying such judgements, assumptions and estimates may have a significant effect on future results.

For a description of the accounting estimates used, see the 2014 Annual Report.

Changes to accounting criteria

European Commission Regulation No. 2015/29 dated December 17, 2014, approved the amendments to IAS 19 'Defined Benefit Plans: Employee

Contributions', which allow defined benefit plan contributions from employees or third parties to be recognised as a reduction in the service cost in the period in which the related service is rendered, provided that the contributions: (i) are set out in the formal terms of the plan; (ii) are linked to service; and (iii) are independent of the number of years of service (e.g. a fixed percentage of the employee's salary, a fixed amount throughout the service period or contributions that are dependent on the employee's age). European Commission Regulation No. 2015/28 dated December 17, 2014, approved the document 'Annual Improvements to IFRSs 2010-2012 Cycle', which essentially consists of changes of a technical and editorial nature to existing standards.

The adoption rules required the amendments to be adopted for annual periods beginning on or after February 1, 2015, with earlier application permitted. Saipem has taken the early application option, applying the provisions as from the 2015 annual period. The adoption of these principles did not generate a significant effect.

The other changes to accounting standards that became applicable as from January 1, 2015 did not produce any significant effects.

Recent accounting principles

See the most recent annual report for a description of recently published accounting principles.

Saipem is currently reviewing these new standards to determine their likely impact on the Group's results if adopted.

Scope of consolidation at September 30, 2015

Parent company

Company	Registered office	Currency	Share capital	Shareholders	% held	% Saipem's consolidation	Method of consolidation or accounting principle (*)
Saipem SpA	San Donato Milanese	EUR	441,410,900	Eni SpA Saipem SpA Third parties	42.91 0.44 56.65		

Subsidiaries

Italy

Company	Registered office	Currency	Share capital	Shareholders	% held	% Saipem's consolidation	Method of consolidation or accounting principle (*)
Denuke Scarl	San Donato Milanese	EUR	10,000	Saipem SpA Third parties	55.00 45.00	55.00	F.C.
Servizi Energia Italia SpA	San Donato Milanese	EUR	291,000	Saipem SpA	100.00	100.00	F.C.
Smacemex Scarl	San Donato Milanese	EUR	10,000	Saipem SpA Third parties	60.00 40.00	60.00	F.C.
Snamprogetti Chiyoda sas di Saipem SpA	San Donato Milanese	EUR	10,000	Saipem SpA Third parties	99.90 0.10	99.90	F.C.

Outside Italy

Andromeda Consultoria Tecnica e Representações Ltda	Rio de Janeiro (Brazil)	BRL	5,494,210	Saipem SpA Snamprogetti Netherlands BV	99.00 1.00	100.00	F.C.
Boscongo SA	Pointe-Noire (Congo)	XAF	1,597,805,000	Saipem SA	100.00	100.00	F.C.
ER SAI Caspian Contractor Llc	Almaty (Kazakhstan)	KZT	1,105,930,000	Saipem International BV Third parties	50.00 50.00	50.00	F.C.
ERS - Equipment Rental & Services BV	Amsterdam (Netherlands)	EUR	90,760	Saipem International BV	100.00	100.00	F.C.
Global Petroprojects Services AG	Zurich (Switzerland)	CHF	5,000,000	Saipem International BV	100.00	100.00	F.C.
Moss Maritime AS	Lysaker (Norway)	NOK	40,000,000	Saipem International BV	100.00	100.00	F.C.
Moss Maritime Inc	Houston (USA)	USD	145,000	Moss Maritime AS	100.00	100.00	F.C.
North Caspian Service Co	Almaty (Kazakhstan)	KZT	1,910,000,000	Saipem International BV	100.00	100.00	F.C.
Petrex SA	Iquitos (Peru)	PEN	762,729,045	Saipem International BV	100.00	100.00	F.C.
Professional Training Center Llc	Karakiyan District, Mangistau Oblast (Kazakhstan)	KZT	1,000,000	ER SAI Caspian Contractor Llc	100.00	50.00	F.C.
PT Saipem Indonesia	Jakarta (Indonesia)	USD	152,778,100	Saipem International BV Saipem Asia Sdn Bhd	68.55 31.45	100.00	F.C.
SAGIO - Companhia Angolana de Gestão de Instalação Offshore Ltda	Luanda (Angola)	AOA	1,600,000	Saipem International BV Third parties	60.00 40.00	60.00	E.M.

(*) F.C. = full consolidation, W.I. = working interest, E.M. = equity method, Co. = cost method

Company	Registered office	Currency	Share capital	Shareholders	% held	% Saipem's consolidation	Method of consolidation or accounting principle (*)
Saigut SA de Cv	Delegacion Cuauhtemoc (Mexico)	MXN	90,050,000	Saimexicana SA de Cv	100.00	100.00	F.C.
SAIMEP Lda	Maputo (Mozambique)	MZN	70,000,000	Saipem SA Saipem International BV	99.98 0.02	100.00	F.C.
Saimexicana SA de Cv	Delegacion Cuauhtemoc (Mexico)	MXN	1,528,188,000	Saipem SA	100.00	100.00	F.C.
Saipem (Beijing) Technical Services Co Ltd	Beijing (China)	USD	1,750,000	Saipem International BV	100.00	100.00	F.C.
Saipem (Malaysia) Sdn Bhd	Kuala Lumpur (Malaysia)	MYR	1,033,500	Saipem International BV Third parties	41.94 58.06	100.00	F.C.
Saipem (Nigeria) Ltd	Lagos (Nigeria)	NGN	259,200,000	Saipem International BV Third parties	89.41 10.59	89.41	F.C.
Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda	Canical (Portugal)	EUR	299,278,738	Saipem International BV	100.00	100.00	F.C.
Saipem America Inc	Wilmington (USA)	USD	50,000,000	Saipem International BV	100.00	100.00	F.C.
Saipem Argentina de Perforaciones, Montajes y Proyectos Sociedad Anónima, Minera, Industrial, Comercial y Financiera (*) (**)	Buenos Aires (Argentina)	ARS	1,805,300	Saipem International BV Third parties	99.90 0.10	99.90	E.M.
Saipem Asia Sdn Bhd	Kuala Lumpur (Malaysia)	MYR	8,116,500	Saipem International BV	100.00	100.00	F.C.
Saipem Australia Pty Ltd	West Perth (Australia)	AUD	10,661,000	Saipem International BV	100.00	100.00	F.C.
Saipem Canada Inc	Montreal (Canada)	CAD	100,100	Saipem International BV	100.00	100.00	F.C.
Saipem Contracting (Nigeria) Ltd	Lagos (Nigeria)	NGN	827,000,000	Saipem International BV Third parties	97.94 2.06	97.94	F.C.
Saipem Contracting Algérie SpA	Algeri (Algeria)	DZD	1,380,796,299	Sofresid SA	100.00	100.00	F.C.
Saipem Contracting Netherlands BV	Amsterdam (Netherlands)	EUR	20,000	Saipem International BV	100.00	100.00	F.C.
Saipem do Brasil Serviços de Petróleo Ltda	Rio de Janeiro (Brazil)	BRL	1,154,796,299	Saipem International BV	100.00	100.00	F.C.
Saipem Drilling Co Private Ltd	Mumbai (India)	INR	50,273,400	Saipem International BV Saipem SA	49.73 50.27	100.00	F.C.
Saipem Drilling Norway AS	Sola (Norway)	NOK	100,000	Saipem International BV	100.00	100.00	F.C.
Saipem East Africa Ltd	Kampala (Uganda)	UGX	50,000,000	Saipem International BV Third parties	51.00 49.00	51.00	E.M.
Saipem Finance International BV	Amsterdam (Netherlands)	EUR	20,000	Saipem International BV	100.00	100.00	Co.
Saipem India Projects Private Ltd	Chennai (India)	INR	407,000,000	Saipem SA	100.00	100.00	F.C.
Saipem Ingenieria y Construcciones SLU	Madrid (Spain)	EUR	80,000	Saipem International BV	100.00	100.00	F.C.
Saipem International BV	Amsterdam (Netherlands)	EUR	172,444,000	Saipem SpA	100.00	100.00	F.C.
Saipem Libya LLC - SA.LI.CO. Llc	Tripoli (Libya)	LYD	10,000,000	Saipem International BV Snamprogetti Netherlands BV	60.00 40.00	100.00	F.C.
Saipem Ltd	Kingston upon Thames, Surrey (United Kingdom)	EUR	7,500,000	Saipem International BV	100.00	100.00	F.C.
Saipem Luxembourg SA	Luxembourg (Luxembourg)	EUR	31,002	Saipem Maritime Asset Management Luxembourg Sàrl Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda	99.99 0.01	100.00	F.C.

(*) F.C. = full consolidation, W.I. = working interest, E.M. = equity method, Co. = cost method

(**) In liquidation.

(***) Inactive throughout the period.

Company	Registered office	Currency	Share capital	Shareholders	% held	% Saipem's consolidation	Method of consolidation or accounting principle (*)
Saipem Maritime Asset Management Luxembourg Sàrl	Luxembourg (Luxembourg)	USD	378,000	Saipem SpA	100.00	100.00	F.C.
Saipem Misr for Petroleum Services (S.A.E.)	Port Said (Egypt)	EUR	2,000,000	Saipem International BV ERS - Equipment Rental & Services BV Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda	99.92 0.04 0.04	100.00	F.C.
Saipem Norge AS	Sola (Norway)	NOK	100,000	Saipem International BV	100.00	100.00	F.C.
Saipem Offshore Norway AS	Sola (Norway)	NOK	120,000	Saipem SpA	100.00	100.00	F.C.
Saipem SA	Montigny le Bretonneux (France)	EUR	26,488,695	Saipem SpA	100.00	100.00	F.C.
Saipem Services México SA de Cv	Delegacion Cuauhtemoc (Mexico)	MXN	50,000	Saimexicana SA de Cv	100.00	100.00	F.C.
Saipem Singapore Pte Ltd	Singapore (Singapore)	SGD	28,890,000	Saipem SA	100.00	100.00	F.C.
Saipem Ukraine Llc	Kiev (Ukraine)	EUR	106,061	Saipem International BV Saipem Luxembourg SA	99.00 1.00	100.00	F.C.
Sajer Iraq Co for Petroleum Services, Trading, General Contracting & Transport Llc	Baghdad (Iraq)	IQD	300,000,000	Saipem International BV Third parties	60.00 40.00	60.00	F.C.
Saudi Arabian Saipem Ltd	Al-Khobar (Saudi Arabia)	SAR	5,000,000	Saipem International BV Third parties	60.00 40.00	60.00	F.C.
Sigurd Rück AG	Zurich (Switzerland)	CHF	25,000,000	Saipem International BV	100.00	100.00	F.C.
Snamprogetti Engineering & Contracting Co Ltd	Al-Khobar (Saudi Arabia)	SAR	10,000,000	Snamprogetti Netherlands BV Third parties	70.00 30.00	70.00	F.C.
Snamprogetti Engineering BV	Amsterdam (Netherlands)	EUR	18,151	Saipem Maritime Asset Management Luxembourg Sàrl	100.00	100.00	F.C.
Snamprogetti Ltd (**)	London (United Kingdom)	GBP	9,900	Snamprogetti Netherlands BV	100.00	100.00	F.C.
Snamprogetti Lummus Gas Ltd	Sliema (Malta)	EUR	50,000	Snamprogetti Netherlands BV Third parties	99.00 1.00	99.00	F.C.
Snamprogetti Netherlands BV	Amsterdam (Netherlands)	EUR	203,000	Saipem SpA	100.00	100.00	F.C.
Snamprogetti Romania Srl	Bucharest (Romania)	RON	5,034,100	Snamprogetti Netherlands BV Saipem International BV	99.00 1.00	100.00	F.C.
Snamprogetti Saudi Arabia Co Ltd Llc	Al-Khobar (Saudi Arabia)	SAR	10,000,000	Saipem International BV Snamprogetti Netherlands BV	95.00 5.00	100.00	F.C.
Sofresid Engineering SA	Montigny le Bretonneux (France)	EUR	1,267,143	Sofresid SA Third parties	99.99 0.01	100.00	F.C.
Sofresid SA	Montigny le Bretonneux (France)	EUR	8,253,840	Saipem SA	100.00	100.00	F.C.
Sonsub International Pty Ltd	Sydney (Australia)	AUD	13,157,570	Saipem International BV	100.00	100.00	F.C.

(*) F.C. = full consolidation, W.I. = working interest, E.M. = equity method, Co. = cost method
(**) In liquidation.

Associated and jointly-controlled companies

Italy

Company	Registered office	Currency	Share capital	Shareholders	% held	% Saipem's consolidation	Method of consolidation or accounting principle (*)
ASG Scarl	San Donato Milanese	EUR	50,864	Saipem SpA Third parties	55.41 44.59	55.41	E.M.
Baltica Scarl (**)	Rome	EUR	10,000	Saipem SpA Third parties	50.00 50.00	50.00	E.M.
CEPAV (Consorzio Eni per l'Alta Velocità) Due	San Donato Milanese	EUR	51,646	Saipem SpA Third parties	52.00 48.00	52.00	E.M.
CEPAV (Consorzio Eni per l'Alta Velocità) Uno	San Donato Milanese	EUR	51,646	Saipem SpA Third parties	50.36 49.64	50.36	E.M.
Consorzio F.S.B.	Venice - Marghera	EUR	15,000	Saipem SpA Third parties	28.00 72.00	28.00	Co.
Consorzio Sapro	San Giovanni Teatino	EUR	10,329	Saipem SpA Third parties	51.00 49.00	51.00	Co.
Modena Scarl (**)	San Donato Milanese	EUR	400,000	Saipem SpA Third parties	59.33 40.67	59.33	E.M.
Rodano Consortile Scarl	San Donato Milanese	EUR	250,000	Saipem SpA Third parties	53.57 46.43	53.57	E.M.
Rosetti Marino SpA	Ravenna	EUR	4,000,000	Saipem SA Third parties	20.00 80.00	20.00	E.M.
Ship Recycling Scarl	Genoa	EUR	10,000	Saipem SpA Third parties	51.00 49.00	51.00	W.I.

Outside Italy

O2 Pearl Snc	Montigny le Bretonneux (France)	EUR	1,000	Saipem SA Third parties	50.00 50.00	50.00	E.M.
CCS LNG Mozambique Lda	Maputo (Mozambique)	MZN	150,000	Saipem International BV Third parties	33.33 66.67	33.33	E.M.
CCS Netherlands BV (***)	Amsterdam (Netherlands)	EUR	300,000	Saipem International BV Third parties	33.33 66.67	33.33	E.M.
Charville - Consultores e Serviços Lda	Funchal (Portugal)	EUR	5,000	Saipem International BV Third parties	50.00 50.00	50.00	E.M.
CMS&A WII	Doha (Qatar)	QAR	500,000	Snamprogetti Netherlands BV Third parties	20.00 80.00	50.00	E.M.
CSC Japan Godo Kaisha (***)	Yokohama (Japan)	JPY	3,000,000	CCS Netherlands BV	100.00	33.33	E.M.
CSFLNG Netherlands BV	Amsterdam (Netherlands)	EUR	600,000	Saipem SA Third parties	50.00 50.00	50.00	E.M.
FPSO Mystras - Produção de Petróleo Lda	Funchal (Portugal)	EUR	50,000	Saipem International BV Third parties	50.00 50.00	50.00	E.M.
Hazira Cryogenic Engineering & Construction Management Private Ltd	Mumbai (India)	INR	500,000	Saipem SA Third parties	55.00 45.00	55.00	E.M.
KWANDA Suporte Logístico Lda	Luanda (Angola)	AOA	25,510,204	Saipem SA Third parties	40.00 60.00	40.00	E.M.
LNG - Serviços e Gestão de Projectos Lda	Funchal (Portugal)	EUR	5,000	Snamprogetti Netherlands BV Third parties	25.00 75.00	25.00	E.M.

(*) F.C. = full consolidation, W.I. = working interest, E.M. = equity method, Co. = cost method

(**) In liquidation.

(***) Inactive throughout the period.

Company	Registered office	Currency	Share capital	Shareholders	% held	% Saipem's consolidation	Method of consolidation or accounting principle (*)
Mangrove Gas Netherlands BV	Amsterdam (Netherlands)	EUR	2,000,000	Saipem International BV Third parties	50.00 50.00	50.00	E.M.
Petromar Lda	Luanda (Angola)	USD	357,143	Saipem SA Third parties	70.00 30.00	70.00	E.M.
S.B.K. Baltica Società Consortile a Responsabilità Limitata Spółka Komandytowa (**)	Gdańsk (Poland)	PLN	10,000	Saipem SpA Baltica Scarl Third parties	49.00 2.00 49.00	50.00	Co.
Sabella SAS	Quimper (France)	EUR	5,263,495	Sofresid Engineering SA Third parties	22.04 77.96	22.04	E.M.
Saidel Ltd	Victoria Island - Lagos (Nigeria)	NGN	236,650,000	Saipem International BV Third parties	49.00 51.00	49.00	E.M.
Saipar Drilling Co BV	Amsterdam (Netherlands)	EUR	20,000	Saipem International BV Third parties	50.00 50.00	50.00	E.M.
Saipem Dangote E&C Ltd (***)	Victoria Island - Lagos (Nigeria)	NGN	100,000,000	Saipem International BV Third parties	49.00 51.00	49.00	E.M.
Saipem Taqa Al Rushaid Fabricators Co Ltd	Dammam (Saudi Arabia)	SAR	40,000,000	Saipem International BV Third parties	40.00 60.00	40.00	E.M.
Saipon Snc	Montigny le Bretonneux (France)	EUR	20,000	Saipem SA Third parties	60.00 40.00	60.00	W.I.
Sairus Llc	Krasnodar (Russian Federation)	RUB	83,603,800	Saipem International BV Third parties	50.00 50.00	50.00	E.M.
Société pour la Réalisation du Port de Tanger Méditerranée	Anjra (Morocco)	EUR	33,000	Saipem SA Third parties	33.33 66.67	33.33	E.M.
Southern Gas Constructors Ltd	Lagos (Nigeria)	NGN	10,000,000	Saipem International BV Third parties	50.00 50.00	50.00	E.M.
SPF - TKP Omifpro Snc	Paris (France)	EUR	50,000	Saipem SA Third parties	50.00 50.00	50.00	E.M.
Sud-Soyo Urban Development Lda (***)	Soyo (Angola)	AOA	20,000,000	Saipem SA Third parties	49.00 51.00	49.00	E.M.
Tchad Cameroon Maintenance BV	Rotterdam (Netherlands)	EUR	18,000	Saipem SA Third parties	40.00 60.00	40.00	E.M.
Tecnoprojecto Internacional Projectos e Realizações Industriais SA	Porto Salvo - Concelho de Oeiras (Portugal)	EUR	700,000	Saipem SA Third parties	42.50 57.50	42.50	E.M.
T.C.P.I. Angola Tecnoprojecto Internacional SA	Luanda (Angola)	AOA	9,000,000	Petromar Lda Third parties	35.00 65.00	24.50	E.M.
TMBYS SAS	Guyancourt (France)	EUR	30,000	Saipem SA Third parties	33.33 66.67	33.33	E.M.
TSGI Mühendislik İnşaat Ltd Şirketi	Istanbul (Turkey)	TRY	600,000	Saipem Ingenieria Y Construcciones SLU Third parties	30.00 70.00	33.33	E.M.
TSKJ II - Construções Internacionais, Sociedade Unipessoal, Lda	Funchal (Portugal)	EUR	5,000	TSKJ - Serviços de Engenharia Lda	100.00	25.00	E.M.
TSKJ - Nigeria Ltd	Lagos (Nigeria)	NGN	50,000,000	TSKJ II - Construções Internacionais, Sociedade Unipessoal, Lda	100.00	25.00	E.M.
TSKJ - Serviços de Engenharia Lda	Funchal (Portugal)	EUR	5,000	Snamprogetti Netherlands BV Third parties	25.00 75.00	25.00	E.M.
Xodus Subsea Ltd	London (United Kingdom)	GBP	1,000,000	Saipem International BV Third parties	50.00 50.00	50.00	E.M.

(*) F.C. = full consolidation, W.I. = working interest, E.M. = equity method, Co. = cost method
(**) Inactive throughout the period.

The Saipem Group comprises 107 companies: 59 are consolidated using the full consolidation method, 2 using the working interest method, 42 with the equity method and 4 with the cost method.

At September 30, 2015, the companies of Saipem SpA can be broken down as follows:

	Controlled companies			Associate and jointly controlled companies		
	Italy	Outside Italy	Total	Italy	Outside Italy	Total
Subsidiaries/JO and their participating interests	4	55	59	1	1	2
Companies consolidated using the full consolidation method	4	55	59	-	-	-
Companies consolidated using the working interest method	-	-	-	1	1	2
Participating interests held by consolidated companies ⁽¹⁾	-	4	4	9	33	42
Accounted for using the equity method	-	3	3	7	32	39
Accounted for using the cost method	-	1	1	2	1	3
Total companies	4	59	63	10	34	44

(1) The participating interests held by controlled companies accounted for using the equity method or the cost method concern insignificant subsidiaries and subsidiaries whose consolidation does not produce significant effects.

Changes in the scope of consolidation

There were no significant changes in the scope of consolidation during the first nine months of 2015 with respect to the consolidated financial statements at December 31, 2014. Changes are shown by order of occurrence.

New incorporations, disposals, liquidations, mergers and changes to the consolidation method:

- **Construction Saipem Canada Inc**, previously consolidated using the full consolidation method, was merged by incorporation into Saipem Canada Inc;
- **O2 Pearl Snc**, previously consolidated using the working interest method, was consolidated using the equity method, as it became immaterial;
- **SPF - TKP Omifpro Snc**, previously consolidated using the working interest method, was consolidated using the equity method, as it became immaterial;
- **Baltica Scarl**, with registered offices in Italy, was incorporated and is accounted for using the equity method;
- **Fertilizantes Nitrogenados de Oriente CEC**, previously consolidated using the cost method, was sold to third parties;
- **Fertilizantes Nitrogenados de Oriente SA**, previously consolidated using the cost method, was sold to third parties;
- **S.B.K. Baltica Società Consortile a Responsabilità Limitata Spółka Komandytowa**, with registered offices in Poland, was incorporated and is accounted for using the cost method;
- **Saipem UK Ltd**, previously consolidated using the full consolidation method, was removed from the Register of Companies;
- **Barber Moss Ship Management AS**, previously accounted for using the equity method, was sold to third parties;
- **Saipem Dangote E&C Ltd**, with registered offices in Nigeria, was incorporated and is accounted for using the equity method;
- **PLNG 9 Snc di Chiyoda Corp e Servizi Energia Italia SpA**, previously accounted for using the equity method, was removed from the Register of Companies.
- **CCS LNG Mozambique Lda**, with registered offices in Mozambique, was incorporated and is accounted for using the equity method;
- **FPSO Mystras (Nigeria) Ltd**, previously accounted for using the equity method, was removed from the Register of Companies;
- **Saipem Finance International BV**, with registered offices in the Netherlands, was incorporated and is accounted for using the cost method.

Current assets

1 Cash and cash equivalents

Cash and cash equivalents amounted to €1,279 million, representing a decrease of €323 million compared with December 31, 2014 (€1,602 million). Cash and equivalents at period-end, 34% of which are denominated in euro, 35% in US dollars and 31% in other currencies, received an average interest rate of 0.331%. €456 million thereof (€885 million at December 31, 2014) are on deposit at Eni Group financial companies. Cash and cash equivalents included cash and cash on hand of €2 million (€7 million at December 31, 2014).

Funds in two current accounts held by the subsidiary Saipem Contracting Algérie SpA (equivalent to €81 million at September 30, 2015) have been frozen since February 2010 in connection with an investigation being conducted into third parties. The decrease of €9 million registered in the amount frozen compared with the situation at December 31, 2014 was due to exchange rate differences.

The subsidiary Saipem Canada Inc has also deposited the equivalent of €3 million in trust funds in connection with disputes with a number of suppliers. The breakdown of cash and cash equivalents of Saipem and other Group companies at September 30, 2015 by geographical area (based on the country of domicile of the relevant company) was as follows:

(€ million)	Dec. 31, 2014	Sept. 30, 2015
Italy	173	153
Rest of Europe	1,069	600
CIS	11	132
Middle East	97	140
Far East	33	55
North Africa	104	87
West Africa and Rest of Africa	79	38
Americas	36	74
Total	1,602	1,279

For details on amounts relating to projects under execution in Algeria, see Note 47 'Additional information: Algeria' on page 72.

2 Other financial assets held for trading or available for sale

Other financial assets held for trading or available for sale amounted to €8 million (€9 million at December 31, 2014) and were as follows:

(€ million)	Dec. 31, 2014	Sept. 30, 2015
Financing receivables for non-operating purposes		
Listed bonds issued by sovereign states	6	5
Listed securities issued by financial institutions	3	3
Total	9	8

Listed bonds issued by sovereign states of €5 million were as follows:

(€ million)	Notional amount	Fair value	Nominal rate of return (%)	Maturity	Rating - Moody's
Fixed rate bonds					
France	3	3	2.50	2018	AA+
Spain	2	2	3.75	2020	BBB
Total	5	5			

The listed securities issued by financial institutions amounting to €3 million carry a rating of Aaa (Moody's).

3 Trade and other receivables

Trade and other receivables of €3,321 million (€3,391 million at December 31, 2014) were as follows:

(€ million)	Dec. 31, 2014	Sept. 30, 2015
Trade receivables	2,808	2,574
Financing receivables for operating purposes	3	4
Financing receivables for non-operating purposes	58	33
Prepayments for services	341	422
Other receivables	181	288
Total	3,391	3,321

Receivables are stated net of a provision for impairment losses of €233 million.

(€ million)	Dec. 31, 2014	Additions	Deductions	Currency translation differences	Other changes	Sept. 30, 2015
Trade receivables	110	135	(34)	3	1	215
Other receivables	36	-	(18)	-	-	18
Total	146	135	(52)	3	1	233

Trade receivables amounted to €2,574 million, representing a decrease of €234 million, due also to the write-down of a portion of overdue receivables as the result of an increase in the country risk.

At September 30, 2015, Saipem had non-recourse non-notification factoring agreements relating to trade receivables, including not past due receivables, amounting to €382 million (€512 million at December 31, 2014). Saipem is responsible for managing the collection of the assigned receivables and for transferring the sums collected to the factors.

Trade receivables included retention amounts guaranteeing contract work-in-progress of €182 million (€162 million at December 31, 2014), of which €81 million was due within twelve months and €101 million due after twelve months.

Financing receivables for operating purposes of €4 million (€3 million at December 31, 2014) were mainly related to a receivable held by Saipem SpA from Serfactoring SpA.

The financing receivables for non-operating purposes of €33 million (€58 million at December 31, 2014) related mainly to the deposit paid by Snamprogetti Netherlands BV in relation to the TSKJ matter of €25 million (see the 'Legal proceedings' section for full details).

Other receivables of €288 million were as follows:

(€ million)	Dec. 31, 2014	Sept. 30, 2015
Receivables from:		
- insurance companies	7	22
- employees	29	32
Guarantee deposits	13	16
Other receivables	132	218
Total	181	288

Trade receivables and other receivables from related parties are detailed in Note 44 'Transactions with related parties'.

The fair value of trade and other receivables did not differ significantly from their carrying amount due to the short period of time elapsed between their date of origination and their due date.

For details on amounts relating to projects under execution in Algeria, see Note 47 'Additional information: Algeria' on page 72.

4 Inventories

Inventories amounted to €2,483 million (€2,485 million at December 31, 2014) and were as follows:

(€ million)	Dec. 31, 2014	Sept. 30, 2015
Raw and auxiliary materials and consumables	530	520
Contract work-in-progress	1,955	1,963
Total	2,485	2,483

The item 'Raw and auxiliary materials and consumables' includes spare parts for drilling and construction activities, as well as consumables for internal use and not for sale. The item is stated net of a valuation allowance of €62 million.

(€ million)	Dec. 31, 2014	Additions	Deductions	Other changes	Sept. 30, 2015
Raw and auxiliary materials and consumables valuation allowance	9	57	(4)	-	62
Total	9	57	(4)	-	62

'Contract work-in-progress' relates to timing differences between actual project progress and the achievement of contractual invoicing milestones, and to the recognition of additional contract revenues deemed probable and reasonably estimated.

The amount of contract work-in-progress as presented in these condensed interim consolidated financial statements as at and for the nine-month period ended September 30, 2015 was affected by delays and cancellations of projects already underway, as well as by the adoption by clients of an increasingly inflexible attitude during negotiations for change orders and claims.

The amount recorded in relation to contract work-in-progress was largely in line with the same period of the previous year, due to the combined effect of: (i) the increase related to project progress made over the nine-month period pending the approval of milestones by clients, whose timeframe has been affected by the prolongation of negotiations for additional work; (ii) the negative adjustment produced by estimation of a limited number of specific projects, which were in part due to a change in the negotiating approach adopted in relation to certain positions.

Information on construction contracts accounted for in accordance with IAS 11 is provided in Note 43 'Segment information, geographical information and construction contracts'.

For details on amounts relating to projects under execution in Algeria, see Note 47 'Additional information: Algeria' on page 72.

5 Current tax assets

Current tax assets amounted to €349 million (€317 million at December 31, 2014) and were as follows:

(€ million)	Dec. 31, 2014	Sept. 30, 2015
Italian tax authorities	150	184
Foreign tax authorities	167	165
Total	317	349

6 Other current tax assets

Other current tax assets amounted to €385 million (€307 million at December 31, 2014) and were as follows:

(€ million)	Dec. 31, 2014	Sept. 30, 2015
Italian tax authorities	47	101
Foreign tax authorities	260	284
Total	307	385

7 Other current assets

Other current assets amounted to €280 million (€520 million at December 31, 2014) and were as follows:

(€ million)	Dec. 31, 2014	Sept. 30, 2015
Fair value of hedging derivatives	193	88
Fair value of non-hedging derivatives	154	30
Other assets	173	162
Total	520	280

At September 30, 2015, derivative financial instruments had a positive fair value of €118 million (€347 million at December 31, 2014).

The fair value of derivative financial instruments was determined using valuation models commonly used in the financial sector and based on year-end market data (exchange and interest rates).

The fair value of forward contracts (outrights, forward and currency swaps) was determined by comparing the net present value at contractual conditions of forward contracts outstanding at September 30, 2015, with their present value recalculated at period-end market conditions. The model used is the Net Present Value model, which is based on the forward contract exchange rate, the period-end exchange rate and the respective forward interest rate curves. The table below shows the assets considered in the calculation of the fair value of derivative contracts, including the long-term portion, broken down by type:

(€ million)	Assets Dec. 31, 2014			Assets Sept. 30, 2015		
	Fair value	Commitments		Fair value	Commitments	
		purchase	sale		purchase	sale
1) Derivative contracts qualified for hedge accounting:						
- forward currency contracts (Spot component)						
. purchase	192			16		
. sale	3			89		
Total	195			105		
- forward currency contracts (Forward component)						
. purchase	(2)			1		
. sale	-			(12)		
Total	(2)	2,413	64	(11)	415	3,976
- forward commodity contracts (Forward component)						
. purchase	-			-		
Total	-	-	-	-	-	-
Total derivative contracts qualified for hedge accounting	193	2,413	64	94	415	3,976
2) Derivative contracts not qualified for hedge accounting:						
- forward currency contracts (Spot component)						
. purchase	135			5		
. sale	21			26		
Total	156			31		
- forward currency contracts (Forward component)						
. purchase	-			-		
. sale	(2)			(1)		
Total	(2)	3,367	229	(1)	332	1,231
- forward commodity contracts (Forward component)						
. sale	-			-		
Total	-	-	2	-	-	-
Total derivative contracts not qualified for hedge accounting	154	3,367	231	30	332	1,231
Total	347	5,780	295	124	747	5,207

Cash flow hedge transactions related to forward purchase and sale transactions (outrights, forwards and currency swaps).

The cash flows and the income statement impact of hedged highly probably forecast transactions at September 30, 2015 are expected to occur up until 2017.

During the first nine months of 2015, there were no significant cases of hedged items being no longer considered highly probable.

The positive fair value of derivatives qualified for hedge accounting at September 30, 2015, including the long-term portion described in Note 13 'Other non-current assets', totalled €94 million (€193 million at December 31, 2014). The spot component of these derivatives of €105 million (€195 million at December 31, 2014) was deferred in a hedging reserve in equity (€92 million; €171 million at December 31, 2014) and recorded as finance income and expense (€13 million; €24 million at December 31, 2014), while the forward component, which was not designated as a hedging instrument, was recognised as finance income and expense (€11 million; €2 million at December 31, 2014).

The negative fair value of derivatives qualified for hedge accounting at September 30, 2015, analysed in Note 18 'Other current liabilities' and including the long-term portion described in Note 23 'Other non-current liabilities', was €129 million (€556 million at December 31, 2014). The spot component of these derivatives of €128 million was deferred in a hedging reserve in equity (€121 million; €501 million at December 31, 2014) and recorded as finance income and expense (€7 million; €52 million at December 31, 2014).

During the nine-month reporting period, operating revenues and expenses were adjusted by a net negative amount of €378 million to reflect the effects of hedging.

Other assets at September 30, 2015 amounted to €162 million, representing a decrease of €11 million compared with December 31, 2014, and consisted mainly of prepayments.

Other assets from related parties are shown in Note 44 'Transactions with related parties'.

Non-current assets

B Property, plant and equipment

Property, plant and equipment amounted to €7,301 million (€7,601 million at December 31, 2014) and consisted of the following:

(€ million)	Gross value at Dec. 31, 2014	Provision for depreciation and impairments at Dec. 31, 2014	Net value at Dec. 31, 2014	Capital expenditure	Amortisation	Impairment	Disposals	Exchange differences	Other changes	Final net value at Sept. 30, 2015	Final gross value at Sept. 30, 2015	Provision for depreciation and impairments at Sept. 30, 2015
Property, plant and equipment	13,639	6,038	7,601	401	(552)	(204)	(3)	58	-	7,301	14,006	6,705
Total	13,639	6,038	7,601	401	(552)	(204)	(3)	58	-	7,301	14,006	6,705

Capital expenditure in the first nine months of 2015 amounted to €401 million:

- €117 million in the Offshore Engineering & Construction sector, relating mainly to the maintenance and upgrading of the existing asset base;
- €20 million in the Onshore Engineering & Construction sector relating to the purchase of equipment and the maintenance of existing assets;
- €184 million in the Offshore Drilling sector, relating mainly to class reinstatement works on the drillships Saipem 10000 and Saipem 12000 and on the drilling jack-up Perro Negro 8, as well as maintenance and upgrading of the existing asset base;
- €80 million in the Onshore Drilling sector, relating to upgrading of the existing asset base.

No finance expenses were capitalised during the nine-month reporting period.

Exchange rate differences arising from the translation of financial statements prepared in currencies other than the euro, amounting to €58 million, mainly related to companies whose functional currency is the US dollar.

Fully depreciated property, plant and equipment that is still in use mainly consisted of project-specific equipment which has been fully depreciated over the life of the project.

During the nine-month reporting period, no government grants were recorded as a decrease of the carrying value of property, plant and equipment.

At September 30, 2015, all property, plant and equipment was free from pledges, mortgages and any other obligations.

The total commitment on current items of capital expenditure at September 30, 2015 amounted to €82 million (€174 million at December 31, 2014).

Property, plant and equipment includes assets carried under finance leases amounting to the equivalent of €28 million, relating to finance leases for the utilisation of two onshore drilling rigs in Saudi Arabia.

In accordance with the need to rethink Saipem's operating strategy via the rationalisation of fabrication yards and vessels that are no longer viable in the new market environment and with the guidelines set out in the turnaround plan 'Fit for the future', the first half of 2015 saw a write-down totalling €41 million recorded against the vessels Scarabeo 4, sold in July to Simseker Gida Gemi Sokum Ins in Turkey, Castoro Sette, S355 and Saibos 230, which have been slated for scrapping. In addition, write-downs totalling €163 million were recorded in relation to components of two fabrication yards that will not be used in future activities. Finally, following the revision of the depreciation schedule on December 31, 2014, the Semac 1, which has been slated for scrapping, was fully depreciated as of June 30, 2015.

In reviewing its impairment indicators, Saipem considers, among other factors, the relationship between its market capitalisation and net assets. As of September 30, 2015, the Group's market capitalisation was lower than its net assets, although, in the days thereafter, the Group's market capitalisation returned to being higher than its net assets. This notwithstanding, in the light of the size of the write-downs recorded during the year against tangible assets that are not independent cash generating units and against contract work-in-progress and also in view of ongoing market conditions characterised by low oil prices and a high degree of volatility, management deemed it necessary to update impairment tests on all cash generating units. The cash generating units identified were as follows: two leased FPSO units, the other Offshore E&C assets, the Onshore E&C sector, the Onshore Drilling sector and the individual offshore drilling rigs (15 separate rigs).

On the basis of the analyses conducted, it was not deemed necessary to reduce the book value of any of the cash generating units subject to the test.

The analyses performed showed that the carrying amount of the cash generating units tested could be recovered through use.

9 Intangible assets

Intangible assets amounted to €756 million (€760 million at December 31, 2014) and were as follows:

(€ million)	Gross value at Dec. 31, 2014	Provision for depreciation and impairments at Dec. 31, 2014	Net value at Dec. 31, 2014	Capital expenditure	Amortisation	Impairment	Disposals	Exchange differences	Other changes	Final net value at Sept. 30, 2015	Final gross value at Sept. 30, 2015	Provision for depreciation and impairments at Sept. 30, 2015
Intangible assets with finite useful lives	191	159	32	6	(8)	-	-	(2)	-	28	195	167
Other intangible assets with indefinite useful lives	728	-	728	-	-	-	-	-	-	728	728	-
Total	919	159	760	6	(8)	-	-	(2)	-	756	923	167

Goodwill of €728 million related to the difference between the purchase price, including transaction costs, and the net assets of Saipem SA (€689 million), Sofresid SA (€21 million) and the Moss Maritime Group (€13 million) on the date that control was acquired.

For impairment purposes, goodwill has been allocated to the following cash generating units:

(€ million)	Sept. 30, 2015
Offshore E&C	415
Onshore E&C	313
Total	728

Management has retested the value in use of the CGUs to which goodwill has been allocated to verify the recoverability of their carrying amounts, including allocated goodwill. The recoverable amount of the two cash generating units in question was determined based on value in use, calculated by discounting the future cash flows expected to result from the use of each CGU.

The expected future cash flows for the explicit forecast period of four years were derived from Saipem's 2016-2019 Strategic Plan, which was approved by top management in October 2015.

For all cash generating units, value in use was calculated by discounting expected future post-tax cash flows at a rate of 5.9% (down 1% compared with 2014 and unchanged compared to the first half-year 2015). The discount rate was based on: (i) a cost of debt consistent with current interest rates and Eni's rating; (ii) Eni's leverage target; and (iii) the beta of the Saipem share.

The terminal value (i.e. for subsequent years beyond the plan horizon) was estimated using the perpetuity model, applying a real growth rate of zero (unchanged from 2014 and from the first half-year 2015) reflecting expected long-term growth for the sectors, applied to the normalised free cash flow of the final projection year to take into account the cyclical nature of the business.

Post-tax cash flows and discounting rates are used as they result in values similar to those resulting from a calculation using pre-tax cash flows and discount rates.

The table below shows the amounts by which the recoverable amounts of the Offshore E&C and Onshore E&C cash generating units exceed their carrying amounts, including allocated goodwill.

(€ million)	Offshore E&C	Onshore E&C	Total
Goodwill	415	313	728
Amount by which recoverable amount exceeds carrying amount	4,105	1,281	5,386

The key assumptions adopted for assessing recoverable amounts were principally the operating results of the CGU (based on a combination of various factors, e.g. sales volumes, service prices, project profit margins, cost structure), the discount rate, the growth rates adopted to determine the terminal value and working capital projections. The effects of changes in these parameters in relation to the carrying amounts of goodwill are described below.

The following changes in each of the assumptions, ceteris paribus, would cause the excess of the recoverable amount of the Offshore cash generating unit over its carrying amount, including the allocated portion of goodwill, to be reduced to zero:

- decrease of 67% in the operating result;
- use of a discount rate of 13.0%;
- use of negative real growth rate; and
- negative working capital flows.

The excess of the recoverable amount of the Onshore cash generating unit over its carrying amount, including the allocated portion of goodwill, would be reduced to zero under the following circumstances:

- decrease of 74% in the operating result;
- use of a discount rate of 14.9%;
- use of negative real growth rate; and
- negative working capital flows.

10 Investments accounted for using the equity method

Investments accounted for using the equity method of €115 million (€120 million at December 31, 2014) were as follows:

(€ million)	Opening net value	Acquisitions and subscriptions	Sale and redemption	Share of profit of equity-accounted investments	Share of loss of equity-accounted investments	Deduction for dividends	Change in the scope of consolidation	Currency translation differences	Movements in reserves	Other changes	Closing net value	Provision for impairment
Dec. 31, 2014												
Investments in joint ventures and associates	166	9	(3)	27	(3)	(11)	-	9	-	(74)	120	-
Total	166	9	(3)	27	(3)	(11)	-	9	-	(74)	120	-
Sept. 30, 2015												
Investments in joint ventures and associates	120	1	-	7	(18)	(1)	-	5	-	1	115	-
Total	120	1	-	7	(18)	(1)	-	5	-	1	115	-

Investments in subsidiaries, jointly-controlled entities and associates are analysed in the section 'Scope of consolidation at September 30, 2015'.

Acquisitions and subscriptions of €1 million related to the subscription of the share capital of Saipem Dangote E&C Ltd.

The share of profit of investments accounted for using the equity method of €7 million included profits for the period of €6 million recorded by the jointly-controlled entity TSGI Mühendislik İnşaat Ltd Şirketi (€5 million), Saipar Drilling Co BV (€1 million) and €1 million recorded by other companies.

The share of losses of investments accounted for using the equity method of €18 million included losses for the period of €11 million recorded by the jointly-controlled entities Petromar Lda (€9 million) and Xodus Subsea Ltd (€2 million) and a loss for the period of €7 million recorded by the associate Saipem Taqa Al Rushaid Fabricators Co Ltd.

Deductions for dividends of €1 million related mainly to Rosetti Marino SpA.

The net carrying value of investments accounted for using the equity method related to the following companies:

(€ million)	Group interest (%)	Net value at Dec. 31, 2014	Net value at Sept. 30, 2015
Rosetti Marino SpA	20.00	31	31
Petromar Lda	70.00	42	37
Other		47	47
Total investments in joint ventures and associates		120	115

The total carrying value of investments accounted for using the equity method does not include the provision for losses of €18 million (€8 million at December 31, 2014) recorded under the provisions for contingencies.

11 Other financial assets

At September 30, 2015, other long-term financial assets amounted to €1 million (€1 million at December 31, 2014) and related to financing receivables held for non-operating purposes by Sofresid SA.

12 Deferred tax assets

Deferred tax assets of €447 million (€297 million at December 31, 2014) are shown net of offsettable deferred tax liabilities.

(€ million)	Dec. 31, 2014	Additions (Deductions)	Currency translation differences	Other changes	Sept. 30, 2015
Deferred tax assets	297	260	2	(112)	447
Total	297	260	2	(112)	447

The item 'Other changes', which amounted to negative €112 million, included: (i) offsetting of deferred tax assets against deferred tax liabilities at individual entity level (negative €130 million); (ii) the positive tax effects (€29 million) of fair value changes of derivatives designated as cash flow hedges reported in equity; and (iii) other changes (negative €11 million).

Net deferred tax assets consisted of the following:

(€ million)	Dec. 31, 2014	Sept. 30, 2015
Deferred tax liabilities	(314)	(421)
Deferred tax assets available for offset	274	404
Deferred tax liabilities	(40)	(17)
Deferred tax assets	297	447
Net deferred tax assets (liabilities)	257	430

Taxes are shown in Note 40 'Income taxes'.

13 Other non-current assets

Other non-current assets of €97 million (€115 million at December 31, 2014) were as follows:

(€ million)	Dec. 31, 2014	Sept. 30, 2015
Fair value of hedging derivatives	-	6
Other receivables	16	16
Other non-current assets	99	75
Total	115	97

The fair value of hedging derivatives relates to foreign exchange risk hedges mainly entered into by Sofresid SA with the Eni Group maturing in 2016 and 2017.

Other non-current assets mainly related to prepayments.

Other non-current assets from related parties are shown in Note 44 'Transactions with related parties'.

Current liabilities**14 Short-term debt**

Short-term debt of €3,327 million (€2,186 million at December 31, 2014) consisted of the following:

(€ million)	Dec. 31, 2014	Sept. 30, 2015
Banks	277	428
Other financial institutions	1,909	2,899
Total	2,186	3,327

Short-term debt increased by €1,141 million. Debt to banks includes €250 million classified at December 31, 2014 under long-term debt relating to a loan agreement signed in 2014 with covenants requiring Saipem to maintain specific financial and economic ratios. The loan has been reclassified under short-term debt because the negative value recorded for EBITDA at June 30, 2015 is in breach of the one of the covenants.

The current portion of long-term debt, amounting to €462 million (€594 million at December 31, 2014), is detailed in Note 19 'Long-term debt and current portion of long-term debt'.

The breakdown of short-term debt by issuing institution, currency and average interest rate was as follows:

(€ million)

Issuing institution	Currency	Dec. 31, 2014			Sept. 30, 2015		
		Amount	Interest rate %		Amount	Interest rate %	
			from	to		from	to
Eni SpA	Euro	124	1.518	1.518	848	2.250	4.950
Serfactoring SpA	Euro	7	-	-	16	-	-
Serfactoring SpA	US Dollar	11	-	-	2	-	-
Serfactoring SpA	Other	6	-	-	-	-	-
Eni Finance International SA	Euro	697	0.657	2.157	615	0.760	2.510
Eni Finance International SA	US Dollar	710	0.821	2.321	667	0.940	2.690
Eni Finance International SA	Australian Dollar	197	3.150	3.150	229	3.825	3.825
Eni Finance International SA	Canadian Dollar	-	-	-	462	1.930	1.930
Eni Finance International SA	Other	121	variable		1	variable	
Eni Finance USA	US Dollar	-	-	-	13	2.440	2.440
Third parties	Euro	5	1.018	1.018	254	0.890	2.085
Third parties	US Dollar	4	1.351	1.571	1	1.850	8.000
Third parties	Other	304	variable		219	variable	
Total		2,186			3,327		

At September 30, 2015, Saipem had unused lines of credit amounting to €3,054 million (€2,450 million at December 31, 2014). Commission fees on unused lines of credit were not significant.

Short-term debt to related parties are shown in Note 44 'Transactions with related parties'.

15 Trade and other payables

Trade and other payables of €5,352 million (€5,669 million at December 31, 2014) consisted of the following:

(€ million)

	Dec. 31, 2014	Sept. 30, 2015
Trade payables	3,283	3,024
Deferred income and advances	1,980	1,807
Other payables	406	521
Total	5,669	5,352

Trade payables amounted to €3,024 million, representing a decrease of €259 million compared with December 31, 2014.

Deferred income and advances of €1,807 million (€1,980 million at December 31, 2014), consisted mainly of adjustments to revenues from long-term contracts of €1,263 million (€1,314 million at December 31, 2014) made on the basis of amounts contractually earned in accordance with the accruals concept and advances on contract work-in-progress received by Saipem SpA and a number of foreign subsidiaries of €544 million (€666 million at December 31, 2014).

Trade and other payables to related parties are shown in Note 44 'Transactions with related parties'.

Other payables of €521 million were as follows:

(€ million)

	Dec. 31, 2014	Sept. 30, 2015
Payables to:		
- employees	189	248
- national insurance/social security contributions	71	49
- insurance companies	5	4
- consultants and professionals	4	2
- Board Directors and Statutory Auditors	1	-
Other payables	136	218
Total	406	521

The fair value of trade and other payables did not differ significantly from their carrying amount due to the short period of time elapsed between their date of origination and their due date.

For details on amounts relating to projects under execution in Algeria, see Note 47 'Additional information: Algeria' on page 72.

16 Income tax payables

Income tax payables of €119 million (€134 million at December 31, 2014) were as follows:

(€ million)	Dec. 31, 2014	Sept. 30, 2015
Italian tax authorities	3	4
Foreign tax authorities	131	115
Total	134	119

17 Other current tax liabilities

Other current tax liabilities amounted to €167 million (€184 million at December 31, 2014) and were as follows:

(€ million)	Dec. 31, 2014	Sept. 30, 2015
Italian tax authorities	13	-
Foreign tax authorities	171	167
Total	184	167

18 Other current liabilities

Other current liabilities amounted to €178 million (€838 million at December 31, 2014) and were as follows:

(€ million)	Dec. 31, 2014	Sept. 30, 2015
Fair value of hedging derivatives	555	125
Fair value of non-hedging derivatives	280	24
Other liabilities	3	29
Total	838	178

At September 30, 2015, derivative financial instruments had a negative fair value of €149 million (€835 million at December 31, 2014).

The following table shows the positive and negative fair values of derivative contracts at September 30, 2015.

(€ million)	Dec. 31, 2014	Sept. 30, 2015
Positive fair value of derivative contracts	347	124
Negative fair value of derivative contracts	(836)	(153)
Total	(489)	(29)

The fair value of derivative financial instruments was determined using valuation models commonly used in the financial sector and based on period-end market data (exchange and interest rates).

The fair value of forward contracts (outrights, forward and currency swaps) was determined by comparing the net present value at contractual conditions of forward contracts outstanding at September 30, 2015, with their present value recalculated at period-end market conditions. The model used is the Net Present Value model, which is based on the forward contract exchange rate, the period-end exchange rate and the respective forward interest rate curves. A liability of €1 million (€1 million at December 31, 2014) relating to the fair value of an interest rate swap has been recorded under Note 19 'Long-term debt'. The fair value of interest rate swaps was determined by comparing the net present value at contractual conditions of swaps outstanding at September 30, 2015, with their present value recalculated at period-end market conditions. The model used is the Net Present Value model, which is based on EUR forward interest rates.

The table below shows the liabilities considered in the calculation of the fair value of derivative contracts, including the long-term portion, broken down by type.

(€ million)	Liabilities Dec. 31, 2014			Liabilities Sept. 30, 2015		
	Fair value	Commitments		Fair value	Commitments	
		purchase	sale		purchase	sale
1) Derivative contracts qualified for hedge accounting:						
- interest rate contracts (Spot component)						
. purchase	1			1		
Total	1	250		1	250	
- forward currency contracts (Spot component)						
. purchase	27			65		
. sale	525			63		
Total	552			128		
- forward currency contracts (Forward component)						
. purchase	(2)			(5)		
. sale	-			5		
Total	(2)	582	6,047	-	2,015	1,642
- forward commodity contracts (Forward component)						
. purchase	5			-		
Total	5	16	-	-	-	-
Total derivative contracts qualified for hedge accounting	556	848	6,047	129	2,265	1,642
2) Derivative contracts not qualified for hedge accounting:						
- forward currency contracts (Spot component)						
. purchase	19			14		
. sale	261			11		
Total	280			25		
- forward currency contracts (Forward component)						
. purchase	(1)			(1)		
. sale	1			-		
Total	-	290	3,404	(1)	927	210
- forward commodity contracts (Forward component)						
. purchase	-			-		
Total	-			-		
Total derivative contracts not qualified for hedge accounting	280	291	3,404	24	927	210
Total	836	1,139	9,451	153	3,192	1,852

For a comprehensive analysis of the fair value of hedging derivatives, see Note 7 'Other current assets', Note 13 'Other non-current assets' and Note 23 'Other non-current liabilities'.

Other liabilities amounted to €29 million (€3 million at December 31, 2014).

Other liabilities to related parties are shown in Note 44 'Transactions with related parties'.

Non-current liabilities

19 Long-term debt and current portion of long-term debt

Long-term debt, including the current portion of long-term debt, amounted to €3,730 million (€3,908 million at December 31, 2014) and was as follows:

(€ million)	Dec. 31, 2014			Sept. 30, 2015		
	Short-term maturity	Long-term maturity	Total	Short-term maturity	Long-term maturity	Total
Banks	-	250	250	2	3	5
Other financial institutions	594	3,064	3,658	460	3,265	3,725
Total	594	3,314	3,908	462	3,268	3,730

The long-term portion of long-term debt is shown below by year of maturity:

(€ million)

Type	Maturity range	2016	2017	2018	2019	After	Total
Other financial institutions	2016-2024	248	1,046	443	1,487	44	3,268
Total		248	1,046	443	1,487	44	3,268

Long-term debt amounted to €3,268 million, down €46 million versus December 31, 2014 (€3,314 million).

The following table breaks down long-term debt, inclusive of the current portion, by issuing entity and currency and also shows maturities and average interest rates:

(€ million)

Issuing institution	Currency	Maturity	Dec. 31, 2014			Sept. 30, 2015		
			Amount	Interest rate %		Amount	Interest rate %	
				from	to		from	to
Eni SpA	Euro	2015-2017	1,674	2.518	4.950	2,016	2.500	4.950
Eni Finance International SA	Euro	2015-2024	1,319	0.757	2.507	1,129	0.760	2.510
Eni Finance International SA	US Dollar	2015-2016	665	0.921	4.330	580	0.940	2.690
Third parties	Euro	2017	250	1.585	1.585	-	-	-
Third parties	Other	2017	-	-	-	5	variable	
Total			3,908			3,730		

There was no debt secured by mortgages or liens on fixed assets of consolidated companies or by pledges on securities.

The fair value of long-term debt, including the current portion of long-term debt, amounted to €4,011 million (€4,189 million at December 31, 2014) and was calculated by discounting the expected future cash flows at the following rates:

(%)	2014	2015
Euro	0.16-0.36	(0.11)-0.32
US Dollar	0.27-1.28	0.46-1.05

The difference between the fair value of long-term debt and its nominal value was mainly due to the debt of €750 million expiring in 2019.

Long-term debt to related parties is shown in Note 44 'Transactions with related parties'.

A breakdown of net borrowings is as follows:

(€ million)	Dec. 31, 2014			Sept. 30, 2015		
	Current	Non-current	Total	Current	Non-current	Total
A. Cash and cash equivalents	1,602	-	1,602	1,279	-	1,279
B. Available-for-sale securities	9	-	9	8	-	8
C. Liquidity (A+B)	1,611	-	1,611	1,287	-	1,287
D. Financing receivables	58	-	58	33	-	33
E. Short-term bank debt	277	-	277	428	-	428
F. Long-term bank debt	-	250	250	2	3	5
G. Short-term related party debt	1,873	-	1,873	2,853	-	2,853
H. Long-term related party debt	594	3,064	3,658	460	3,265	3,725
I. Other short-term debt	36	-	36	46	-	46
L. Other long-term debt	-	-	-	-	-	-
M. Total borrowings (E+F+G+H+I+L)	2,780	3,314	6,094	3,789	3,268	7,057
N. Net financial position pursuant to Consob Communication No. DEM/6064293/2006 (M-C-D)	1,111	3,314	4,425	2,469	3,268	5,737
O. Non-current financing receivables	-	1	1	-	1	1
P. Net borrowings (N-O)	1,111	3,313	4,424	2,469	3,267	5,736

Net borrowings include a liability relating to the interest rate swap but do not include the fair value of derivatives indicated in Note 7 'Other current assets', Note 13 'Other non-current assets', Note 18 'Other current liabilities' and Note 23 'Other non-current liabilities'.

Cash and cash equivalents included €84 million deposited in accounts that are frozen or placed in trust funds, as indicated in Note 1 'Cash and cash equivalents'.

20 Provisions for contingencies

Provisions for contingencies of €276 million (€218 million at December 31, 2014) consisted of the following:

(€ million)	Opening balance	Additions	Deductions	Other changes	Closing balance
Dec. 31, 2014					
Provisions for taxes	55	4	(13)	2	48
Provisions for contractual penalties and disputes	14	19	(5)	-	28
Provisions for losses of investments	8	4	-	(4)	8
Provision for contractual expenses and losses on long-term contracts	83	63	(48)	4	102
Other	44	50	(59)	(3)	32
Total	204	140	(125)	(1)	218
Sept. 30, 2015					
Provisions for taxes	48	1	(5)	-	44
Provisions for contractual penalties and disputes	28	7	(16)	(1)	18
Provisions for losses of investments	8	9	-	1	18
Provision for contractual expenses and losses on long-term contracts	102	107	(35)	1	175
Other	32	3	(14)	-	21
Total	218	127	(70)	1	276

The **provisions for taxes** amounted to €44 million and related principally to disputes with foreign tax authorities that are either ongoing or potential, taking into account the results of recent assessments.

The **provisions for contractual penalties and disputes** amounted to €18 million and consisted of provisions set aside by Saipem SpA and a number of foreign subsidiaries in relation to ongoing disputes.

The **provisions for losses of investments** amounted to €18 million and related to provisions for losses of investments that exceed their carrying amount. The provision related mainly to amounts set aside in connection with the investment held in the company Southern Gas Constructor Ltd by Saipem International BV.

The **provision for contractual expenses and losses on long-term contracts** stood at €175 million and related to an estimate of expected losses on long-term contracts in the Offshore and Onshore Engineering & Construction sectors.

Other provisions amounted to €21 million.

For details on amounts relating to projects under execution in Algeria, see Note 47 'Additional information: Algeria' on page 72.

21 Provisions for employee benefits

Provisions for employee benefits at September 30, 2015 amounted to €237 million.

22 Deferred tax liabilities

Deferred tax liabilities of €17 million (€40 million at December 31, 2014) are shown net of offsettable deferred tax assets of €404 million.

(€ million)	Dec. 31, 2014	Additions (Deductions)	Currency translation differences	Other changes	Sept. 30, 2015
Deferred tax liabilities	40	105	2	(130)	17
Total	40	105	2	(130)	17

The item 'Other changes', which amounted to negative €130 million, included: (i) offsetting of deferred tax assets against deferred tax liabilities at individual entity level (negative €130 million); (ii) the positive tax effects (€8 million) of fair value changes of derivatives designated as cash flow hedges reported in equity; and (iii) other changes (negative €8 million).

A breakdown of deferred tax assets is provided in Note 12 'Deferred tax assets'.

Tax losses

Tax losses amounted to €2,686 million (€1,427 million at December 31, 2014) of which a considerable part can be carried forward without limit. Tax recovery corresponds to a tax rate of 27.5% for Italian companies and to an average tax rate of 28.2% for foreign companies.

Tax losses related mainly to foreign companies and can be used in the following periods:

(€ million)	Italian subsidiaries	Foreign subsidiaries
2015	-	-
2016	-	58
2017	-	103
2018	-	43
2019	-	24
After 2019	-	527
Without limit	370	1,561
Total	370	2,316

23 Other non-current liabilities

Other non-current liabilities of €3 million (€2 million at December 31, 2014) were as follows:

(€ million)	Dec. 31, 2014	Sept. 30, 2015
Fair value of hedging derivatives	-	3
Trade and other payables	2	-
Total	2	3

The fair value of hedging derivatives relates to foreign exchange risk hedges entered into by Saipem SpA and Saipem SA with the Eni Group maturing in 2016 and 2017.

24 Assets held for sale

In January 2015, Snamprogetti Netherlands BV completed the sale of its interests in Fertilizantes Nitrogenados de Oriente CEC and Fertilizantes Nitrogenados de Oriente SA. As of September 30, 2015 there were no assets held for sale.

Shareholder's equity**25 Non-controlling interests**

Non-controlling interests at September 30, 2015 amounted to €26 million (€41 million at December 31, 2014).

26 Saipem's shareholders' equity

Saipem's shareholders' equity at September 30, 2015 amounted to €3,390 million and was as follows:

(€ million)	Dec. 31, 2014	Sept. 30, 2015
Share capital	441	441
Share premium reserve	55	55
Legal reserve	88	88
Cash flow hedge reserve	(275)	(262)
Cumulative currency translation differences	(9)	79
Employee defined benefits reserve	(19)	(20)
Other	6	6
Retained earnings	4,123	3,912
Net result (loss) for the year	(230)	(866)
Treasury shares	(43)	(43)
Total	4,137	3,390

Saipem's shareholders' equity at September 30, 2015 included distributable reserves of €3,129 million (€3,931 million at December 31, 2014), some of which are subject to taxation upon distribution.

A deferred tax liability has been recorded in relation to the share of reserves that may potentially be distributed (€82 million).

27 Share capital

At September 30, 2015, the share capital of Saipem SpA, fully paid-up, amounted to €441 million, corresponding to 441,410,900 shares with a nominal value of €1 each, of which 441,301,574 are ordinary shares and 109,326 savings shares.

On April 30, 2015, the Annual Shareholders' Meeting resolved to forego the distribution of a dividend for ordinary shares and to distribute a dividend for savings shares amounting to 5% of the nominal value, i.e. €0.05 per share.

28 Share premium reserve

The share premium reserve amounted to €55 million at September 30, 2015, unchanged from December 31, 2014.

29 Other reserves

At September 30, 2015, 'Other reserves' amounted to negative €109 million (negative €209 million at December 31, 2014) and consisted of the following items.

(€ million)	Dec. 31, 2014	Sept. 30, 2015
Legal reserve	88	88
Cash flow hedge reserve	(275)	(262)
Cumulative currency translation differences	(9)	79
Employee defined benefits reserve	(19)	(20)
Other	6	6
Total	(209)	(109)

Legal reserve

At September 30, 2015, the legal reserve stood at €88 million. This represents the portion of profits, accrued as per Article 2430 of the Italian Civil Code, that cannot be distributed as dividends. The reserve remained unchanged, having reached a fifth of share capital.

Cash flow hedge reserve

This reserve showed a negative balance at period end of €262 million (negative balance of €275 million at December 31, 2014), which related to the fair value of interest rate swaps, commodity hedges and the spot component of foreign exchange risk hedges at September 30, 2015.

The cash flow hedge reserve is shown net of tax effects of €113 million (€91 million at December 31, 2014).

Cumulative currency translation differences

This reserve amounted to positive €79 million (negative €9 million at December 31, 2014) and related to exchange rate differences arising from the translation into euro of financial statements denominated in functional currencies other than euro (mainly the US dollar).

Employee defined benefits reserve

This reserve is used to recognise remeasurements of employee defined benefit plans. At September 30, 2015, it had a negative balance of €20 million (negative €19 million at December 31, 2014).

The reserve is shown net of tax effects of €8 million (€8 million at December 31, 2014) and includes a positive amount of €1 million relating to investments accounted for using the equity method.

Other

This item amounted to €6 million (€6 million at December 31, 2014). It relates to the allocation of part of 2005 net profit, pursuant to Article 2426, 8-bis of the Italian Civil Code. It also contains the revaluation reserve set up by Saipem SpA in previous years, amounting to €2 million, and a reserve with a negative balance of €1 million for cash flow hedges of investments accounted for using the equity method.

30 Treasury shares

Saipem SpA holds treasury shares to the value of €43 million (€43 million at December 31, 2014), consisting of 1,939,832 (1,939,832 at December 31, 2014) with a nominal value of €1 each.

Treasury shares are allocated under the 2002-2008 stock option plans. Operations involving treasury shares during the period were as follows:

	Number of shares	Average cost (€)	Total cost (€ million)	Share capital (%)
Treasury shares repurchased				
2003 (from May 2)	2,125,000	6.058	13	0.48
2004	1,395,000	7.044	10	0.32
2005	3,284,589	10.700	35	0.74
2006	1,919,355	18.950	36	0.43
2007	848,700	25.950	22	0.19
2008	2,245,300	25.836	58	0.51
Total	11,817,944	14.745	174	2.67
Less treasury shares allocated:				
- without consideration, as stock grants	1,616,400			
- against payment, as stock options	8,261,712			
Treasury shares held at September 30, 2015	1,939,832			

As at September 30, 2015, no options have been assigned for the purchase of treasury shares.

Reconciliation of statutory net profit and shareholders' equity to consolidated net profit and shareholders' equity

(€ million)	Dec. 31, 2014		Sept. 30, 2015	
	Net result	Shareholder's equity	Net result	Shareholder's equity
As reported in Saipem SpA's financial statements	70	1,401	(298)	1,119
Difference between the equity value and results of consolidated companies and the equity value and result of consolidated companies as accounted for in Saipem SpA's financial statements	(261)	2,343	(622)	1,800
Consolidation adjustments, net of effects of taxation:				
- difference between purchase cost and underlying book value of shareholders' equity	(5)	807	(6)	802
- elimination of unrealised intercompany profits	33	(371)	23	(348)
- other adjustments	(75)	(2)	37	43
Total shareholders' equity	(238)	4,178	(866)	3,416
Non-controlling interests	8	(41)	-	(26)
As reported in the consolidated financial statements	(230)	4,137	(866)	3,390

Additional information**Supplement to cash flow statement**

(€ million)	Sept. 30, 2015
Analysis of disposals of consolidated entities and businesses	
Current assets	-
Non-current assets	-
Net liquidity (net borrowings)	-
Current and non-current liabilities	(2)
Net effect of disposals	(2)
Fair value of interest after control has ceased	-
Gain on disposals	11
Non-controlling interests	-
Total sale price	9
less:	
Cash and cash equivalents	-
Cash flows from disposals	9

Disposals in the nine-month reporting period related to the sale of a division of Saipem SpA to Syndial SpA.

31 Guarantees, commitments and risks**Guarantees**

Guarantees amounted to €6,720 million (€8,169 million at December 31, 2014).

(€ million)	Dec. 31, 2014			Sept. 30, 2015		
	Unsecured	Other guarantees	Total	Unsecured	Other guarantees	Total
Joint ventures and associates	283	184	467	221	82	303
Consolidated companies	126	2,331	2,457	88	1,895	1,983
Own	142	5,103	5,245	24	4,410	4,434
Total	551	7,618	8,169	333	6,387	6,720

Other guarantees issued for consolidated companies amounted to €1,895 million (€2,331 million at December 31, 2014) and related to independent guarantees given to third parties relating mainly to bid bonds and performance bonds.

Guarantees issued to/through related parties are detailed in Note 44 'Transactions with related parties'.

For details on amounts relating to projects under execution in Algeria, see Note 47 'Additional information: Algeria' on page 72.

Commitments

Saipem SpA has provided commitments towards customers and/or other beneficiaries (financial and insurance institutions, export credit agencies) relating to the fulfilment of contractual obligations entered into by itself and/or by its subsidiaries or associated companies in the event of non-performance and payment of any damages arising from non-performance.

These commitments guarantee contracts whose overall value amounted to €43,511 million (€40,912 million at December 31, 2014), including both work already performed and the relevant portion of the backlog of orders at September 30, 2015.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Below, financial assets and liabilities measured at fair value in the balance sheet are classified using the 'fair value hierarchy' based on the significance of the inputs used in the measurement process. The fair value hierarchy consists of the following three levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for assets or liabilities that are not based on observable market data.

Financial instruments measured at fair value at September 30, 2015 are classified as follows:

(€ million)	Sept. 30, 2015			
	Level 1	Level 2	Level 3	Total
Held for trading financial assets (liabilities):				
- non-hedging derivatives	-	6	-	6
Available-for-sale financial assets:				
- other assets available for sale	8	-	-	8
Net hedging derivative assets (liabilities)	-	(35)	-	(35)
Total	8	(29)	-	(21)

There was no movement between Levels 1 and 2 during the nine-month reporting period.

Legal proceedings

Saipem is involved in civil and administrative proceedings and legal actions connected with the ordinary course of its business. Provisions for legal risks are made on the basis of information currently available, including information acquired by external consultants providing the Company with legal support. Information available to the Company for the purposes of risk assessment regarding criminal proceedings is by its very nature incomplete due to the principle of pre-trial secrecy. A brief summary of the most important disputes is provided below.

TSKJ Consortium - Investigations by the U.S., Italian and other overseas Authorities

Snamprogetti Netherlands BV has a 25% holding in the TSKJ Consortium of companies. The remaining interests are held in equal shares of 25% by KBR, Technip and JGC. Beginning in 1994, the TSKJ Consortium was involved in the construction of natural gas liquefaction facilities at Bonny Island, Nigeria. Snamprogetti SpA, the parent company of Snamprogetti Netherlands BV, was a direct subsidiary of Eni SpA until February 2006, when an agreement was entered into for the sale of Snamprogetti SpA to Saipem SpA. Snamprogetti SpA was merged into Saipem SpA as of October 1, 2008. As part of the sale of Snamprogetti SpA, Eni agreed to indemnify Saipem for costs and potential losses resulting from the investigations into the TSKJ matter, including in connection with all related subsidiaries.

A number of judicial authorities, including the Milan Public Prosecutor's office, have carried out investigations into alleged improper payments made by the TSKJ Consortium to certain Nigerian public officials. The proceedings in both the United States and Nigeria have been resolved through settlements.

The proceedings in Italy: the investigation regards events dating back to 1994 and also concerns the period subsequent to the introduction of Legislative Decree No. 231 of June 8, 2001 regarding the administrative responsibility of companies. The proceedings brought by the Milan Public Prosecutor against Eni SpA and Saipem SpA related to administrative responsibility under Legislative Decree No. 231/2001 arising from offences of international corruption allegedly committed by former managers of Snamprogetti.

The Milan Public Prosecutor requested the application of precautionary measures pursuant to Legislative Decree No. 231/2001 consisting in Eni and Saipem being debarred from activities involving – directly or indirectly – any contractual relationships with the Nigerian National Petroleum Corp or its subsidiaries, claiming the ineffectiveness and inadequacy and violation of the organisational, management and control model adopted to prevent the commission of the alleged offences by persons subject to direction and supervision.

On November 17, 2009, the Judge for the Preliminary Investigation rejected the request for precautionary measures of disqualification filed by the Milan Public Prosecutor, which subsequently appealed against this decision. On February 9, 2010, the Court of Appeal, exercising the function of judicial review court, handed down its ruling, which dismissed as unfounded the appeal of the Milan Public Prosecutor and upheld the decision of the Judge for the Preliminary Investigation. On September 30, 2010, the appeal was upheld by the Court of Cassation. The Supreme Court decided that the request for precautionary measures was admissible pursuant to Legislative Decree No. 231/2001 also in cases of alleged international corruption. The Milan Public

Prosecutor's office subsequently withdrew its request for precautionary measures against Eni and Saipem following the payment by Snamprogetti Netherlands BV of a deposit of €24,530,580, which was also on behalf of Saipem SpA. During the criminal proceedings, accusations regarding alleged acts of corruption in Nigeria committed until and after July 31, 2004, were made. Added to this was the aggravating circumstance of Snamprogetti SpA's having allegedly obtained significant financial gain (indicated as being not less than US \$65 million). On January 26, 2011, the Judge for the Preliminary Hearing ordered Saipem SpA (as the legal entity incorporating Snamprogetti SpA) and five former Snamprogetti SpA employees to stand trial. In February 2012, following a request made by the defence, the Court dismissed the charges against the physical persons under investigation, ruling that the charges had expired under the statute of limitations. The Court also ordered a separate trial for the continuation of proceedings against the legal person of Saipem only.

On July 11, 2013, the Court of Milan ruled that Saipem SpA had committed the unlawful administrative act, but accepted the existence of the attenuating circumstances provided for by Article 12, No. 2, letter a) of Legislative Decree No. 231/2001. The Court sentenced the Company to pay a fine of €600,000 and also ordered it to pay court costs. Finally, the Court ordered the confiscation of the deposit of €24,530,580 posted by Snamprogetti Netherlands BV with the Milan Public Prosecutor's office. On February 19, 2015, the Court of Appeal upheld the ruling of the Court of Milan.

On July 3, 2015, Saipem filed an appeal against the decision of the Court of Appeal with the Italian Court of Cassation.

Saipem's involvement in the investigation into the activity of the TSKJ Consortium in Nigeria during the period 1994-2004 is due solely to the fact that in 2006 Saipem SpA acquired Snamprogetti SpA, the parent company of Snamprogetti Netherlands BV, which holds a 25% stake in the TSKJ Consortium.

The decisions of the Court of Milan and the Milan Court of Appeal have no financial impact on Saipem since Eni SpA, at the time of the sale of Snamprogetti SpA to Saipem, undertook to indemnify Saipem for costs and losses sustained in connection with the TSKJ matter.

Algeria

On February 4, 2011, the Milan Public Prosecutor's office, through Eni, requested the transmission of documentation pursuant to Article 248 of the Code of Criminal Procedure. This related to the activities of Saipem Group companies in Algeria in connection with an allegation of international corruption. The crime of 'international corruption' mentioned in the request is sanctioned by Legislative Decree No. 231 of June 8, 2001, concerning the direct liability of collective entities arising from certain offences involving their employees.

The collection of documentation was commenced in prompt compliance with the request, and on February 16, 2011, Saipem filed the material requested.

On November 22, 2012, Saipem received a notification of inquiry from the Milan Public Prosecutor's office related to alleged unlawful administrative acts arising from the crime of international corruption pursuant to Article 25, paragraphs 2 and 3 of Legislative Decree No. 231/2001, together with a request to provide documentation regarding a number of contracts connected with activities in Algeria. This request was followed by notification of a seizure order on November 30, 2012, two further requests for documentation on December 18, 2012 and February 25, 2013 and the issue of a search warrant on January 16, 2013.

On February 7, 2013, a search was conducted, including at offices belonging to Eni SpA, to obtain additional documentation relating to intermediary agreements and subcontracts entered into by Saipem in connection with its Algerian projects.

The subject of the investigations are allegations of corruption which, according to the Milan Public Prosecutor, occurred up until and after March 2010 in relation to a number of contracts the Company was awarded in Algeria.

Several former employees of the Company are involved in the proceedings, including the former Deputy Chairman and CEO, the former Chief Operating Officer of the Engineering & Construction Business Unit and the former Chief Financial Officer. The Company has collaborated fully with the Prosecutor's office on every occasion and rapidly implemented decisive managerial and administrative restructuring measures, irrespective of any liability that might result from the proceedings. In agreement with its Internal Control Bodies and the Compliance Committee, and having duly informed the Prosecutor's office, Saipem performed its own checks on the contracts that are subject to investigation, and to this end appointed an external legal firm. On July 17, 2013, the Board of Directors analysed the conclusions reached by the external consultants following an internal investigation carried out in relation to a number of brokerage contracts and subcontracts regarding projects in Algeria. The internal investigation was based on the examination of documents and interviews with personnel from the Company and other companies in the Group, excluding those who, to the best knowledge of the Company, were directly involved in the criminal investigation, so as not to interfere with the investigative activities of the Prosecutor. The Board, confirming its full cooperation with the investigative authorities, has decided to convey the findings of the external consultants to the Public Prosecutor of Milan, for any appropriate assessment and initiative under its responsibility in the wider context of the ongoing investigation. The consultants reported to the Board: (i) that they found no evidence of payments to Algerian public officials through the brokerage contracts or subcontracts examined; (ii) that they found violations, deemed detrimental to the interests of the Company, of internal rules and procedures – in force at the time – in relation to the approval and management of brokerage contracts and subcontracts examined and a number of activities in Algeria.

The Board decided to initiate legal action against certain former employees and suppliers in order to protect the interests of the Company, reserving the right to take any further action necessary should additional information emerge.

On June 14, 2013, January 8, 2013 and July 23, 2014, the Milan Public Prosecutor's office submitted requests for extensions to the preliminary investigations. On October 24, 2014, notice was received of a request from the Milan Public Prosecutor for gathering evidence before trial, by way of questioning of the former Chief Operating Officer of the Saipem Engineering & Construction Business Unit and another former manager of Saipem, who are both being investigated in the criminal proceedings. After the request was granted, the Judge for the Preliminary Hearing in Milan set hearings for December 1 and 2, 2014. On January 15, 2015, the Saipem SpA defence counsel received notice from the Milan Public Prosecutor's office of the conclusion of preliminary investigations, pursuant to Article 415-*bis* of the Italian code of criminal procedure. Notice was also received by eight physical persons and the legal person of Eni SpA. In addition to the crime of 'international corruption' specified in the request from the Milan Public Prosecutor's office, the notice also contained an allegation against seven physical persons of a violation of Article 3 of Legislative Decree No. 74 of March 10, 2000 concerning the filing of fraudulent tax returns, in connection with the recording in the books of Saipem SpA of *'brokerage costs deriving from the agency agreement with Pearl*

Partners signed on October 17, 2007, as well as Addendum No. 1 to the agency agreement signed entered into August 12, 2009', which is alleged to have led subsequently to the inclusion in the 'consolidated tax return of Saipem SpA of profits that were lower than the real total by the following amounts: 2008: - € 85,935,000; 2009: -€ 54,385,926'. On February 5, 2015, the Milan tax unit of the Guardia di Finanza (Italian Finance Police) conducted a tax inspection at Saipem SpA premises. The official minutes describe the inspection as having focused on: 'a) Ires (Italian corporate income tax) and Irap (Italian regional production tax) for tax periods from January 1, 2008 to December 31, 2010, as well as fiscally relevant aspects elements emerging from checks performed as part of criminal proceedings No. 58461/14 - mod. 21 instituted by the Public Prosecutor's office of the Court of Milan (Deputy Public Prosecutors Fabio De Pasquale, Giordano Baggio and Isidoro Palma) [Algeria affair]. (Omissis) b) identifying, for the 2010 tax period only, transactions with companies resident or domiciled in non-EU countries or territories with preferential tax regimes (Article 110, paragraph 10 et seq. of the Italian Consolidated Income Tax Act; - verifying the compliance of the tax position of company employees for the year 2015 up until the day of the inspection'. In connection with point a) of the tax inspection, on April 14, 2015, the Guardia di Finanza served Saipem SpA with a tax audit report in which the following costs are deemed as non-deductible because they are alleged to be 'costs arising from the commission of crimes' (pursuant to Article 14, paragraph 4-bis of Law No. 437/1993):

- amounts paid in 2008 and 2009 by Snamprogetti SpA and Saipem SpA to Pearl Partners totalling approximately €140 million;
- and approximately €41.5 million in costs allegedly over-invoiced to Saipem SpA by a subcontractor in 2009 and 2010.

Saipem SpA did not concur with the findings contained in the tax audit report and, on June 12, 2015, pursuant to Article 12, paragraph 5, of Law No. 212/2000 (the Italian Taxpayers' charter), presented its arguments in its defence, requesting that the question be closed, to the Large Taxpayers Unit of the Italian Revenue Agency's Lombardy Regional Tax Office, to which the Guardia di Finanza had transmitted the report. On July 9, 2015, the Large Taxpayers Unit of the Italian Revenue Agency's Lombardy Regional Tax Office served Saipem with four tax assessment notices relating to Ires and Irap taxes for 2008 and 2009. The total amounts requested in the four notices for taxes due, interest and fines, amounted to approximately €155 million. On October 8, 2015, Saipem filed an appeal to the Provincial Tax Commission, within the legal time limits, requesting on the merits that the assessments be cancelled. In order to suspend the enforceability of the assessments (with reference to payment of the provisional sums requested in the presentation of the appeals, calculated at one-third of the assessed taxes and related interest, i.e. an aggregate sum of €20 million), Saipem is about to file a request in this regard to the Commission.

On February 26, 2015, Saipem SpA defence counsel received notice from the Judge for the Preliminary Hearing of the scheduling of a preliminary hearing, together with a request for committal for trial filed by the Milan Public Prosecutor's office on February 11, 2015. Notice was also received by eight physical persons and the legal person of Eni SpA. The hearing was scheduled by the Judge for the Preliminary Hearing for May 13, 2015. At the hearing, the Italian Revenue Agency instituted civil proceedings, while other requests to bring civil proceedings were rejected.

The Judge for the Preliminary Investigation granted a request for adjournment made by the defence to allow time for the examination of the substantial amount of documentation filed by the Milan Public Prosecutor's office prior to the hearing. The hearing was adjourned until June 12, when the Prosecutor commenced presentation of its arguments. On October 2, 2015, the Judge for the Preliminary Hearing rejected the questions of unconstitutionality and those relating to the statute of limitations presented by the defence attorneys and determined as follows:

- (i) ruling not to proceed for lack of jurisdiction in regard to one of the accused;
- (ii) ruling of dismissal in regard to all of the accused in relation to the allegation that the payment of the commissions for the MLE project by Saipem (approximately €41 million) may have served to enable Eni to obtain the Algerian ministerial approvals for the acquisition of First Calgary and for the expansion of a field in Algeria (CAFC). This measure also contains the decision to acquit Eni, the former Managing Director and CEO of Eni and an Eni executive in regard to any other charge;
- (iii) a decree that orders trial, among others, for Saipem and three former Saipem employees (the former Deputy Chairman and Managing Director-CEO, the former Chief Operating Officer of the Engineering & Construction Business Unit and the former Chief Financial Officer) with reference to the charge of international corruption formulated by the Public Prosecutor's office according to which the accused were complicit in enabling Saipem to win seven contracts in Algeria on the basis of criteria of mere favouritism. For the physical persons only (not for Saipem) the committal for trial was pronounced also with reference to the allegation of fraudulent statements (tax offences) brought by the Public Prosecutor's office.

On the same date, at the end of the hearing relating to a section of the main proceedings, the Judge for the Preliminary Hearing of Milan issued a plea bargaining sentence in accordance with Article 444 of the code of criminal procedure for a former executive of Saipem SpA.

The first trial hearing has been set for December 2, 2015 at the Court of Milan.

Meanwhile, at the request of the US Department of Justice (DoJ), Saipem SpA entered into a 'tolling agreement' which extended by 6 months the limitation period applicable to any possible violations of federal laws of the United States in relation to previous activities of Saipem and its subsidiaries. The tolling agreement, which has been renewed until November 29, 2015, does not constitute an admission by Saipem SpA of having committed any unlawful act, nor does it imply any recognition on the Company's part of United States jurisdiction in relation to any investigation or proceedings. Saipem therefore intends to offer its complete cooperation in relation to investigations by the DoJ, which on April 10, 2014 made a request for documentation relating to past activities of the Saipem Group in Algeria, with which Saipem has complied.

We also note that the investigations commenced in 2010 into the procedures used for the award by Sonatrach of the GK3 contract (the 'Sonatrach 1' investigation), in relation to which a number of Saipem Contracting Algérie SpA's current accounts in local currency were frozen, are still currently underway. Some of these accounts were subsequently unfrozen, although two in Algerian dinars, containing in total the equivalent of €80,935,263 (calculated at the exchange rate prevailing on September 30, 2015) remain frozen. The two bank accounts in question relate to the MLE and GK3 projects. The frozen MLE bank account is no longer used for MLE project payments. The GK3 bank account is still being used to receive contractual payments in Algerian dinars due in relation to the project. The outstanding payments amount to an approximate equivalent of €4,230,714 (calculated at the exchange rate prevailing on September 30, 2015). In relation to the investigations into the procedures used to award the GK3 contract, in 2012 Saipem Contracting Algérie SpA received formal notice of the referral to the Chambre d'accusation at the Court of Algiers of an investigation underway into the company regarding allegations that the company took

advantage of the authority or influence of representatives of a government-owned industrial and trading company in order to inflate prices in relation to contracts awarded by that company. At the beginning of 2013, the 'Chambre d'accusation' ordered Saipem Contracting Algérie SpA to stand trial and further ordered that the aforementioned current accounts remain frozen. In April 2013 and in October 2014, the Algerian Supreme Court rejected a request to unfreeze the above-mentioned bank accounts that had been made by Saipem Contracting Algérie SpA in 2010. The case was transferred to the Court of Algiers where, at the hearing of March 15, 2015 proceedings were adjourned to the next court session, held on June 7, 2015. At this hearing, the Court adjourned proceedings, due to the absence of a number of witnesses, to the next court session. At the time of writing, the date for this hearing has not been set.

In March 2013, the legal representative of Saipem Contracting Algérie SpA was summoned to appear at the Court of Algiers, where he received verbal notification from the local investigating judge of an investigation ('Sonatrach 2') underway '*into Saipem for charges pursuant to Articles 25a, 32 and 53 of Anti-Corruption Law No. 01/2006*'. The investigating judge also requested documentation (articles of association) and other information concerning Saipem Contracting Algérie SpA, Saipem SpA and Saipem SA.

Ongoing investigations - Public Prosecutor's Office of Milan - Brazil

On August 12, 2015, the Public Prosecutor's office of Milan served Saipem SpA with a notice of investigation and a request for documentation in the framework of new criminal proceedings, for the alleged crime of international corruption, initiated by the Court of Milan in relation to a contract awarded in 2011 by the Brazilian company Petrobras to Saipem SA (France) and Saipem do Brasil (Brazil).

At present, the Saipem Group has not received any notifications in this regard from the Brazilian judicial authorities.

According to what was learned only through the press, this contract is being looked into by the Brazilian judicial authorities in relation to a number of Brazilian citizens, including also a former collaborator of Saipem do Brasil.

Saipem SpA is cooperating fully in the investigations and already in June 2015 – when it learned of the existence of an investigation in Brazil in relation to a former collaborator of Saipem do Brasil – began in-depth internal checks which are currently ongoing.

On June 19, 2015, Saipem learned of the arrest (in regard to allegations of money laundering, corruption and fraud) of a former collaborator of its subsidiary, Saipem do Brasil, as a result of a measure taken by the Brazilian Public Prosecutor's office of Curitiba, in the framework of a judicial investigation in progress in Brazil since March 2014 ('Lava Jato' investigation). On July 29, 2015, Saipem then learned through the press that, in the framework of the conduct alleged against the former collaborator of Saipem do Brasil, the Brazilian Public Prosecutor's office also alleges that Petrobras was unduly influenced in 2011 to award Saipem do Brasil a contract called 'Cernambi' (for a value of approximately €115 million). This is purportedly deduced from the circumstance that in 2011, in the vicinity of the Petrobras headquarters, said former collaborator of Saipem do Brasil was the target of robbery in which approximately 100,000 reals, just withdrawn from a credit institution were stolen from him. The robbery allegedly took place in a time period prior to the award of the aforesaid 'Cernambi' contract.

To date, the Saipem Group has not received any notification in this regard from the Brazilian judicial authorities.

The witnesses heard so far in the proceedings against this former collaborator, as well as in the framework of the works of the parliamentary investigative committee set up in Brazil on the 'Lava Jato' case, have stated that they were unaware of any irregularities regarding Saipem's activities.

Also the former collaborator of Saipem do Brasil – who recently agreed to cooperate with the judicial authorities – did not report any unlawful acts relating to companies of the Saipem Group and, regarding the robbery of 100,000 Brazilian reals (approximately €26,000) of which he was a victim in October 2011, stated that it was money needed to pay expenses relating to buildings of a company he managed on behalf of a third party with respect to Saipem.

Kuwait

On June 21, 2011, an order requested by the Milan Public Prosecutor was served on Saipem SpA for the search of the office of a Saipem employee. The order was issued in connection with alleged crimes committed by said employee together with third parties related to the award of tenders by Saipem SpA to third party companies for a project in Kuwait. In connection with the same matter, the Public Prosecutor also served a notification of inquiry upon Saipem SpA pursuant to Italian Legislative Decree No. 231/2001. In this regard, the Company believes that its position will be cleared, since it is the injured party in respect of the illicit conduct under investigation.

Having consulted its lawyers, and in agreement with the Compliance Committee and the Internal Control Bodies, Saipem, through its Internal Audit function, and also using an external consulting company, promptly undertook an Internal Audit of the project under investigation. On March 2, 2012, Saipem SpA was served a request to extend the preliminary investigations filed by the Public Prosecutor. As of such date, the Company has received no further notifications, nor has there been any further news or evidence of any developments in the investigations.

EniPower

In the frame of the inquiries commenced by the Milan Public Prosecutor (criminal proceedings 2460/2003 R.G.N.R. pending at the Milan Public Prosecutor's office) into contracts awarded by EniPower to various companies, Snamprogetti SpA (now Saipem SpA) as engineering and procurement services contractor, together with other parties, were served a notification of inquiry pursuant to Article 25 of Legislative Decree No. 231/2001. Preliminary investigations ended in August 2007, with a favourable outcome for Snamprogetti SpA, which was not included among the parties still under investigation for whom committals for trial were requested. Snamprogetti subsequently brought proceedings against the physical and legal persons implicated in transactions relating to the Company and reached settlements with a number of parties that requested the application of settlement procedures. Following the conclusion of the preliminary hearing, criminal proceedings continued against former employees of the above companies, as well as against employees and managers of a number of their suppliers, pursuant to Legislative Decree No. 231/2001. Eni SpA, EniPower SpA and Snamprogetti SpA presented themselves as plaintiffs in the preliminary hearing. In the preliminary hearing related to the main proceeding of April 27, 2009, the Judge for the Preliminary Hearing requested that all parties that did not request the application of plea agreements stand trial, with the exception of several parties for whom the statute of limitations now applied.

In the hearing of March 2, 2010, the Court confirmed the admission as plaintiffs of Eni SpA, EniPower SpA and Saipem SpA against the defendants under the provisions of Legislative Decree No. 231/2001. The defendants of the other companies involved were also sued. Subsequently, at the hearing of September 20, 2011, sentence was passed which included several convictions and acquittals for numerous physical and legal defendants, the latter being deemed responsible for unlawful administrative acts, with fines being imposed and value confiscation for significant sums ordered. The Court likewise rejected the admission as plaintiffs of the parties accused of unlawful administrative acts pursuant to Legislative Decree No. 231/2001. On December 19, 2011, the grounds for the ruling were filed with the office of the clerk of the Court. The convicted parties promptly filed an appeal against the above sentence. On October 24, 2013, the Milan Court of Appeal essentially confirmed the first instance ruling, which it modified only partially in relation to a number of physical persons, against whom it dismissed the charges, ruling that they had expired under the statute of limitations. The accused parties have filed an appeal with the Court of Cassation. On account of the complexity of the issues before it, on September 30, 2015, the Court of Cassation adjourned the hearing to November 10, 2015, upon which date it will make its final decision.

Fos Cavaou

With regard to the Fos Cavaou ('FOS') project for the construction of a regasification terminal, the client Société du Terminal Méthanier de Fos Cavaou ('STMFC', now Fosmax LNG) in January 2012 commenced arbitration proceedings before the International Chamber of Commerce in Paris ('Paris ICC') against the contractor STS [a French 'société en participation' made up of Saipem SA (50%), Tecnimont SpA (49%) and Sofregaz SA (1%)]. On July 11, 2011, the parties signed a mediation protocol pursuant to the rules of Conciliation and Arbitration of the Paris ICC. With Fosmax LNG refusing to extend the deadline, the mediation procedure ended on December 31, 2011, with no agreement having been reached.

The brief filed by Fosmax LNG in support of its request for arbitration included a demand for payment of approximately €264 million for damages allegedly suffered, penalties for delays and costs for the completion of works ('mise en régie'). Of the total sum demanded, approximately €142 million was for loss of profit, an item excluded from the contract except for cases of wilful misconduct or gross negligence. STS filed its defence brief, including a counterclaim for compensation for damage due to excessive interference by Fosmax LNG in the execution of the works and for the payment of extra work not approved by the client (and reserving the right to quantify the amount as the arbitration proceeds). On October 19, 2012, Fosmax LNG lodged a 'Mémoire en demande'. Against this, STS lodged its own Statement of Defence on January 28, 2013, in which it filed a counterclaim for €338 million. The final hearing was held on April 1, 2014. On the basis of the award issued by the Arbitration Panel on February 13, 2015, Fosmax LNG paid STS the sum of €84,349,554.92, including interest. 50% of this amount is due to Saipem SA. On June 26, 2015, Fosmax LNG challenged the award before the French Council of State, requesting its annulment on the alleged basis that the arbitration panel had erroneously applied private law to the matter instead of public law. On September 17, 2015, STS lodged its own defence brief with the Council of State. It is expected that this case will not end before July 2016. On August 18, 2015, Fosmax LNG also filed an appeal with the Court of Appeal of Paris to obtain the annulment of the award, the enforceability of which had been recognised on April 7, 2015, and of which Fosmax LNG had been notified on July 24, 2015. Fosmax LNG has a deadline of November 18, 2015 to lodge its brief; STS may lodge its own replies in the subsequent sixty days. It is expected that this case will not be concluded until the end of 2016.

Arbitration on Menzel Ledjmet Est project ('MLE'), Algeria

On December 23, 2013, Saipem filed a request for arbitration with the International Chamber of Commerce in Paris ('Paris ICC') in connection with the contract entered into on March 22, 2009, by Saipem SpA and Saipem Contracting Algérie SpA (collectively, 'Saipem') on the one hand, and Société Nationale pour la Recherche, la Production, le Transport, la Transformation et la Commercialisation des Hydrocarbures SpA ('Sonatrach') and First Calgary Petroleum LP (collectively, the 'Client') on the other, for the engineering, procurement and construction of a natural gas gathering and treatment plant and related export pipelines in the Menzel Ledjmet Est field in Algeria. The Client was notified of the request on January 8, 2014. In its request for arbitration, Saipem asked the Arbitral Tribunal to grant: (i) an extension of 14.5 months to the contractual term; and (ii) Saipem's right to receive approximately €580 million (not including the €145.8 million already paid by First Calgary Petroleum LP) relating to an increase in the contract price for the extension of the contract, variation orders, unpaid invoices past due and spare parts, as well as a sum yet to be quantified for having completed the works in advance of the contractually agreed term. Both Sonatrach and First Calgary Petroleum LP (this latter wholly owned by the Eni Group since 2008) have appointed their arbitrator and, on March 28, 2014, filed their respective Answers to the Request for Arbitration. The Chairman of the Arbitral Tribunal was appointed on May 26, 2014. On December 17, 2014, Saipem submitted a Statement of Claim, together with all of the relevant supporting documentation, in which it requested a total equivalent of approximately €898.5 million from the Client.

Sonatrach and First Calgary Petroleum LP filed their 'Mémoires en défense' on August 14, 2015, introducing a new counterclaim and specifying the value of their request as the equivalent of €592 million.

Arbitration proceedings regarding LPG project in Algeria

On March 14, 2014, Saipem filed a request for arbitration with the International Chamber of Commerce in Paris in connection with the contract for the construction of the LDHP ZCINA plant (LPG Project) for the 'extraction des liquides des gaz associés Hassi Messaoud et séparation d'huile' (LDHP ZCINA unit for extraction of liquids from associated gas from the Hassi Messaoud field and oil-gas separation), entered into on November 12, 2008 between, on the one hand, Sonatrach, and on the other, Saipem SA and Saipem Contracting Algérie SpA (collectively 'Saipem'). In its request, Saipem asked the Arbitral Tribunal to order Sonatrach to pay the equivalent of approximately €171.1 million for additional costs incurred as contractor during the execution of the project in relation to variation orders, extension of time, force majeure, non-payment or late payment of invoices and related interest. Sonatrach, in its answer to the request, which it filed on June 10, 2014, denied all liability and asserted a counterclaim requesting that Saipem be ordered to pay liquidated damages for delays amounting to USD 70.8 million. The Arbitral Tribunal was officially constituted on September 16, 2014, following the Chairman of the Arbitral Tribunal's acceptance of his appointment. On November 13, 2014, the parties reached an agreement with regard to the procedural timetable, under which Saipem filed

its Statement of Claim by March 13, 2015. Sonatrach filed its 'Mémoire en défense' on September 14, 2015, introducing a new counterclaim and specifying the value of its request as the equivalent of €266 million. Arbitration hearings are scheduled to be held in October 2016.

Arbitration proceedings regarding LZ2 project in Algeria

On May 12, 2015, Saipem SpA and Saipem Contracting Algérie SpA (collectively 'Saipem') filed a request for arbitration against Sonatrach for payment of €7,339,038 and 605,447,169 Algerian dinars, plus interest, for wrongly applied liquidated damages, extra works and project extension costs, with the International Chamber of Commerce in Paris. The request relates to the contract for the construction of a pipeline between Hassi R'Mel and Arzew in Algeria entered into by Saipem and Sonatrach on November 5, 2007 ('LZ2 project'). Saipem and Sonatrach appointed their arbitrators and the respondent filed its reply on September 7, 2015, introducing a counterclaim amounting to €8.559 million plus interest and moral injury, to be quantified during the proceedings.

Arbitration proceedings regarding the ARZEW project in Algeria

With reference to the contract for the construction of a natural gas liquefaction plant at Arzew (Algeria) (project GNL3Z ARZEW), entered into on July 26, 2008, between Sonatrach, on one side, and Saipem SpA, Saipem Contracting Algérie SpA (jointly 'Saipem') and Chiyoda, on the other, on July 31, 2015, Saipem filed a request for arbitration with the Paris ICC. In its request, Saipem asked the Arbitral Tribunal to order Sonatrach to pay the equivalent of approximately €550 million for additional costs incurred as contractor during the execution of the project in relation to variation orders, extension of time, non-payment or late payment of invoices and related interests. Saipem has appointed its arbitrator. Sonatrach duly filed its reply, on October 28, 2015, asking by way of counterclaim that Saipem be ordered to pay the damages suffered due to alleged instances of non-fulfilment by Saipem, quantifying the related amounts at approximately USD 1.6 billion, 54 billion Algerian dinars and €77.37 million. The arbitration calendar has not yet been agreed between the parties.

Court of Cassation - Consob Resolution No. 18949 of June 18, 2014 - Actions for damages

With Resolution No. 18949 of June 18, 2014, Italian stock market regulator Consob fined Saipem SpA €80,000 for having allegedly delayed the profit warning it issued on January 29, 2013. On July 28, 2014, Saipem lodged an appeal at the Court of Appeal in Milan. This was rejected by the Court of Appeal in Milan on December 11, 2014. The Company has lodged an appeal against the Court of Appeal's decision with the Italian Court of Cassation.

On April 28, 2015, Saipem received notice of legal proceedings before the Court of Milan by 64 investors claiming compensation for damages of approximately €174 million allegedly incurred following the purchase of Saipem shares in the period between February 13, 2012 and June 14, 2013. The first hearing is scheduled for November 17, 2015. Saipem SpA will challenge the claim in court.

In addition, in relation to the alleged delays in market disclosure, in the course of 2015 the Company received a number of out of court claims, as well as requests for mediation. The requests for which a mediation was sought but not successfully obtained amount to approximately €193 million overall.

Dispute with Husky - Sunrise Energy Project in Canada

On November 15, 2010, Saipem Canada Inc ('Saipem') and Husky Oil Operations Ltd ('Husky') (the latter for account of the Sunrise Oil Sands Partnership formed by BP Canada Energy Group ULC and Husky Oil Sands Partnership, in turn formed by Husky Oil Operations Ltd and HOI Resources Ltd), signed Engineering, Procurement and Construction contract No. SR-071 (the 'Contract'), prevalently on a reimbursable basis, relating to the project called Sunrise Energy (the 'Project').

During the execution of the works, the parties agreed several times to modify the contractual payment formula. In particular: (i) in October 2012, the parties established that the works were to be paid for on a lump-sum basis, agreeing the amount of CA\$ 1,300 million; (ii) subsequently, in early 2013, an incentive system was agreed that provided for Saipem's right to receive additional payments upon achieving certain objectives; (iii) starting from April 2014, the parties entered into numerous written agreements whereby Husky accepted to reimburse Saipem for its costs in excess of the lump sum amount previously agreed, determining a contract change from lump sum to reimbursable. As the end of the works approached, however, Husky stopped paying what it owed as reimbursement and, in March 2015, finally terminated the contract with Saipem, claiming that the latter had not complied with the contractual deadline for conclusion of the works.

In light of the above, Saipem Canada Inc took legal action, citing Husky, the aforesaid partnerships and the related members before the Court of Queen's Bench of Alberta, requesting, among other things, that payment of the following be ordered: (i) CA\$ 800 million for damages that include the payments not made on a reimbursable basis, damages resulting from the termination of the contract, lost profits and the unjustified enrichment of Husky at the expense of Saipem Canada Inc; or, alternatively, (ii) the market value of the services, materials and financing rendered. The amount of CA\$ 800 million was preliminarily and hence subject to increase.

In September 2015, Husky notified Saipem Canada Inc of a Request for Arbitration (Alberta Arbitration Act), affirming that, as a result of the reduction of the scope of work requested by Husky, the contractual lump sum price agreed with Saipem Canada Inc should be reduced proportionally on the basis of a specific contractual provision in this sense. On the basis of this, Husky requested that Saipem be ordered to pay the relevant sum, quantifying this claim as CA\$ 45.684 million.

On October 6, 2015, Husky sued Saipem Canada Inc before the Court of Queen's Bench of Alberta, claiming that the payments it had made to Saipem, which were in excess of the lump sum amount agreed between the parties, were justified by Saipem's alleged threats to abandon the works if such additional payments were not made (economic duress). In addition, even after the execution of such payments, the performances of Saipem Canada Inc did not improve, forcing Husky to terminate the contract and complete the works on its own.

As a result, Husky asked the Canadian court to order Saipem Canada Inc to pay CA\$ 1.325 billion for alleged damages, an amount that includes, among other things: (i) payments in excess with respect to the agreed lump sum price; (ii) costs to complete the works following termination of the contract; (iii) damages for lost profits and the penalty for alleged delay in completion of the Project.

Dispute with GLNG - Gladstone Project (Australia)

On January 4, 2011, Saipem Australia Pty Ltd ('Saipem') entered into the EPC Contract (the 'Contract') relating to the Gladstone LNG project (the 'Project') with GLNG Operations Pty Ltd ('GLNG') in the capacity of agent of Santos GLNG Pty Ltd, PAPL (Downstream) Pty Ltd and Total E&P Australia (jointly, 'Joint Venturers').

In the course of the Project, Saipem accrued and presented to GLNG contractual claims for approximately AU\$ 570,668,821 based, among other things, on extension of time, reimbursement of costs connected with delays not attributable to Saipem, variation orders and payment of contractually agreed bonuses not paid by GLNG (the 'Contractual Claim'). However, this claim was entirely rejected by GLNG, which, in support of its refusal, alleged, among other things, that at the time the Contract was entered into, Saipem was not in possession of a licence required by the Australian sector regulations (viz., the Queensland Building and Construction Commission Act 1991) for the execution of part of the work (i.e. the building works) under the Contract.

As a result, Saipem claimed that the fact that the Contract had been entered into in violation of this law rendered it unlawful and hence unenforceable.

On the basis of this position, Saipem requested payment of what it was due on the basis of quantum meruit ('Quantum Meruit Claim'), quantifying the economic benefit of the client (net of what the client had already paid) as AU\$ 770,899,601. However, this claim was also rejected by GLNG.

A negotiation phase was thus initiated between the parties based on the related contractually agreed procedure, but this did not lead to a successful outcome.

On the basis of the above, Saipem intends to make recourse to arbitration against GLNG and the remaining Joint Venturers with a view to defending its claim.

On October 9, 2015, Saipem served a request for arbitration against GLNG and the Joint Venturers, asking that they be ordered to pay: (i) the Quantum Meruit Claim; or in the alternative, (ii) a fair figure for the contractual Claim; (iii) in addition to interest and arbitration costs.

Significant tax disputes

Saipem SpA

On February 5, 2015, the Tax Police Unit of Milan initiated a tax audit of Saipem, in progress at the Date of Registration Document, which led the Guardia di Finanza to serve Saipem with a tax audit report on April 14, 2015, followed by four notices of assessment (Ires 2008, Irap 2009, Irap 2008 and Irap 2009) issued by the Italian Revenue Agency on July 9, 2015, against which Saipem lodged an appeal as reported in the above section 'Algeria'.

Potential significant tax disputes

Saipem SpA

On July 30, 2015, the Italian Revenue Agency served the company with a request for documentation related to the costs reported in the tax audit report by the Guardia di Finanza, in accordance with Article 110, paragraph 11 of the Consolidated Income Tax Act. Within the 90 days following notification, Saipem can submit its observations to the Italian Revenue Agency, along with any further documentation proving one of the extenuating circumstances provided for under the anti-avoidance provision, thereby initiating an adversarial phase with the same office. At the end of the 90 days, and at any rate by December 31, 2015, under penalty of forfeiture, in the event of even partial confirmation of the findings of the tax audit report, a notice of assessment will be issued, against which Saipem will file an appeal in the ensuing 60 days.

Saipem Drilling Norway AS

On December 18, 2014, following an audit conducted by the Norwegian Revenue Agency between January and May 2014 regarding the fiscal years 2012 and 2013, the company was served with a report containing the preliminary findings of the inspection. The report does not constitute a tax assessment and therefore does not represent a request for payment. The agency contested the value assigned to the rig Scarabeo 8 when it was transferred from Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda to Saipem Drilling Norway AS in July 2012, deeming it higher than its market value, and proposed taxing the extra depreciation charges deducted in the years under consideration, which amount to NOK 630 million (€ 72 million). The report also proposed a discretionary increase by the office of the taxable income for the year 2012 for NOK 1.2 billion (€ 136 million), corresponding to the presumed negative value of the leasing contract of Scarabeo 8. On April 30, 2015, Saipem Drilling Norway AS filed its response to the findings contained in the report. Objecting to the conclusions of the authority, it attached a report prepared by a leading Norwegian Oil & Gas sector analyst, which provides an extensive description of the Norwegian domestic offshore drilling market and its prospects at the moment the rig was purchased by Saipem Drilling Norway AS. The report concluded with an estimate of the then market value of the rig that was substantially in line with the price at which the rig was transferred between the two Saipem Group companies. Following the issue of the report on December 18, 2014, the statute of limitations on the tax periods under examination were suspended. The preliminary investigation will therefore take place without definite time limits, with Saipem Drilling Norway AS being invited to a further examination and the issuing of the definitive tax assessment. Should a definitive tax assessment confirm fully or partially the request contained in the report, Saipem Drilling Norway AS intends to file an appeal and enter into legal proceedings.

Revenues

The following is a summary of the main components of revenues.

32 Net sales from operations

Net sales from operations were as follows:

(€ million)	First nine months 2014	First nine months 2015
Net sales from operations	8,515	8,443
Change in contract work in progress	960	2
Total	9,475	8,445

Net sales by geographical area were as follows:

(€ million)	First nine months 2014	First nine months 2015
Italy	597	302
Rest of Europe	782	838
CIS	631	1,548
Middle East	1,848	1,645
Far East	834	705
North Africa	439	199
West Africa and Rest of Africa	1,949	1,932
Americas	2,395	1,276
Total	9,475	8,445

Information required by IAS 11 is provided by business sector in Note 43 'Segment information, geographical information and construction contracts'.

Contract revenues include the amount agreed in the initial contract, plus revenues from change orders and claims.

Change orders are changes to the contracted scope of work requested by the client, while claims are requests for the reimbursement of costs not included in the contract price. Change orders and claims are included in revenues when: (a) contract negotiations with the client are at an advanced stage and approval is probable; and (b) their amount can be reliably estimated.

The cumulative amount of additional payments for change orders and claims, including amounts pertaining to previous years, based on project progress at September 30, 2015, totalled €1,042 million, in line with the previous period.

For projects where additional payments exceed €50 million, estimates are supported by a technical/legal opinion provided by third party consultants. Contributing factors in the decrease in revenues compared with the same period of the previous year included the cancellation of specific orders, among which the South Stream project, and the deterioration of the market environment, particularly in relation to a number of specific counterparties. Revenues from related parties are shown in Note 44 'Transactions with related parties'.

33 Other income and revenues

Other income and revenues were as follows:

(€ million)	First nine months 2014	First nine months 2015
Indemnities	2	1
Other income	5	4
Total	7	5

Operating expenses

The following is a summary of the main components of operating expenses.

34 Purchases, services and other costs

Purchases, services and other costs included the following:

(€ million)	First nine months 2014	First nine months 2015
Production costs - raw, ancillary and consumable materials and goods	1,871	1,677
Production costs - services	3,847	3,725
Operating leases and other	986	1,000
Net provisions for contingencies	(5)	52
Other expenses	14	104
less:		
- capitalised direct costs associated with self-constructed tangible assets	(7)	(10)
- changes in inventories of raw, ancillary and consumable materials and goods	(10)	22
Total	6,696	6,570

The variation in 'Production costs - raw, ancillary and consumable materials and goods' was related to work on projects underway during the period.

Costs for services included agency fees of €2 million.

Provisions for contingencies are detailed in Note 20 'Provisions for contingencies'.

Purchase services and other costs to related parties are shown in Note 44 'Transactions with related parties'.

35 Payroll and related costs

Payroll and related costs were as follows:

(€ million)	First nine months 2014	First nine months 2015
Wages and salaries	1,803	1,762
less:		
- capitalised direct costs associated with self-constructed/developed fixed assets	(11)	(7)
Total	1,792	1,755

Stock-based compensation plans for Saipem senior managers

Saipem discontinued its managerial incentive programme involving the assignment of stock options to senior managers of Saipem SpA and its subsidiaries in 2009. At September 30, 2015, no stock option plan was in force. The 2008 plan approved by the Shareholders of Saipem SpA on April 28, 2008 closed in July 2015, since the terms for exercising the right to purchase Saipem shares had expired. The rights in force as of January 1, 2015 were not exercised and have therefore expired. Neither the general plan conditions nor the other information provided in the consolidated financial statements at December 31, 2014 underwent any significant changes during the reporting period.

STOCK OPTIONS

The following table shows changes in the stock option plans:

(€ thousand)	2014			2015		
	Number of shares	Average strike price	Market price ^(a)	Number of shares	Average strike price	Market price ^(a)
Options as of January 1	259,500	25.979	4,038	61,350	25.872	538
New options granted	-	-	-	-	-	-
(Options exercised during the nine-month period)	-	-	-	-	-	-
(Options expiring during the nine-month period)	(198,150)	-	3,547	(61,350)	-	483
Options outstanding as of September 30	61,350	25.872	538	-	-	-
Of which: exercisable at September 30	61,350	25.872	538	-	-	-

(a) The market price relating to new options granted, options exercised in the period and options expiring during the period corresponds to the average market value. The market price of shares underlying options outstanding at the beginning and end of the period is the price recorded at January 1 and September 30.

Therefore, as at September 30, 2015, no options had been assigned for the purchase of Saipem shares.

Average number of employees

The average number of employees, by category, for all consolidated companies was as follows:

(number)	First nine months 2014	First nine months 2015
Senior managers	411	407
Junior managers	4,746	4,854
White collars	21,696	21,763
Blue collars	21,529	19,381
Seamen	332	329
Total	48,714	46,734

The average number of employees was calculated as the arithmetic mean of the number of employees at the beginning and end of the period. The average number of senior managers included managers employed and operating in foreign countries whose position was comparable to senior manager status.

36 Depreciation, amortisation and impairment

Depreciation, amortisation and impairment are detailed below:

(€ million)	First nine months 2014	First nine months 2015
Depreciation and amortisation:		
- tangible assets	543	552
- intangible assets	6	8
Total	549	560
Impairment:		
- tangible assets	-	204
- intangible assets	-	-
Total	549	764

The sum total of write-downs of tangible assets was €204 million, of which €41 million for the write-down of four vessels slated for scrapping and €163 million for the write-down recorded in relation to components of two fabrication yards that will not be used in future activities, as indicated in Note 8 'Property, plant and equipment'.

37 Other operating income (expense)

The income statement effects of the changes in the fair value of derivatives that do not meet the formal requirements to qualify as hedging instruments under IFRS are recognised in 'Other operating income (expense)'. At September 30, 2015, these amounted to expenses of €1 million (expenses of €2 million at September 30, 2014).

38 Finance income (expense)

Finance income (expense) was as follows:

(€ million)	First nine months 2014	First nine months 2015
Finance income (expense)		
Finance income	564	743
Finance expense	(671)	(789)
Total	(107)	(46)
Derivative financial instruments	(55)	(136)
Total	(162)	(182)

Net finance income and expense was as follows:

(€ million)	First nine months 2014	First nine months 2015
Exchange gains (losses)	30	104
Exchange gains	554	734
Exchange losses	(524)	(630)
Finance income (expense) related to net borrowings	(132)	(146)
Interest and other income from Group financial companies	1	-
Interest from banks and other financial institutions	9	8
Interest and other expense due to Group financial companies	(105)	(126)
Interest and other expense due to banks and other financial institutions	(37)	(28)
Other finance income (expense)	(5)	(4)
Other finance income from third parties	-	1
Other finance expense due to third parties	(1)	(1)
Finance income (expense) on defined benefit plans	(4)	(4)
Total finance income (expense)	(107)	(46)

Gains (losses) on derivatives consisted of the following:

(€ million)	First nine months 2014	First nine months 2015
Exchange rate derivatives	(55)	(135)
Interest rate derivatives	-	(1)
Total	(55)	(136)

Net expenses from derivatives of €136 million (expenses of €55 million in the first nine months of 2014) mainly related to the recognition in income of the change in fair value of derivatives that do not qualify for hedge accounting under IFRS and the recognition of the forward component of derivatives that qualify for hedge accounting.

Finance income (expense) with related parties are shown in Note 44 'Transactions with related parties'.

39 Income (expense) from investments**Effect of accounting using the equity method**

The share of profit (loss) of investments accounted for using the equity method and other gains (losses) from investments were as follows:

(€ million)	First nine months 2014	First nine months 2015
Share of profit of investments accounted for using the equity method	26	7
Share of loss of investments accounted for using the equity method	(1)	(18)
Net additions to (deductions from) the provisions for losses related to investments accounted for using the equity method	1	(9)
Total	26	(20)

The share of profit (losses) of investments accounted for using the equity method is commented on in Note 10 'Investments accounted for using the equity method'.

Other income (expense) from investments

A gain of €18 million was registered during the period mainly in relation to the sale of the Venezuelan companies Fertilizantes Nitrogenados de Oriente CEC and Fertilizantes Nitrogenados de Oriente SA (classified as held for sale at December 31, 2014).

40 Income taxes

Income taxes consisted of the following:

(€ million)	First nine months 2014	First nine months 2015
Current taxes:		
- Italian subsidiaries	10	7
- foreign subsidiaries	156	190
Net deferred taxes:		
- Italian subsidiaries	(57)	(171)
- foreign subsidiaries	(10)	16
Total	99	42

(€ million)	First nine months 2014	First nine months 2015
Income taxes recognised in consolidated income statement	99	42
Income taxes recognised in statement of comprehensive income	(104)	(22)
Tax on total comprehensive income	(5)	20

41 Non-controlling interests

No share of profit attributable to non-controlling interests was recorded during the first nine months of 2015 (no share of profit attributable to non-controlling interests recorded during the first nine months of 2014).

42 Earnings (loss) per share

Basic earnings per ordinary share are calculated by dividing net profit for the period attributable to Saipem's shareholders by the weighted average of ordinary shares outstanding during the period, excluding treasury shares.

The number of shares outstanding adjusted for the calculation of the basic earnings per share was 439,361,742 and 439,359,038 in the first nine months of 2015 and the first nine months of 2014, respectively.

Diluted earnings per share are calculated by dividing net profit for the period attributable to Saipem's shareholders by the weighted average of fully-diluted shares issued and outstanding during the period with the exception of treasury shares and including the number of shares that could potentially be issued. At September 30, 2015, there were no shares that could potentially be issued under stock option plans. The average number of shares outstanding used for the calculation of diluted earnings for the first nine months of 2015 and the first nine months of 2014 was 439,471,068 and 439,531,184, respectively. Reconciliation of the average number of shares used for the calculation of basic and diluted earnings per share is as follows:

		Sept. 30, 2014	Sept. 30, 2015
Average number of shares used for the calculation of the basic earnings per share		439,359,038	439,361,742
Number of potential shares following stock option plans		61,350	-
Number of savings shares convertible into ordinary shares		110,796	109,326
Average number of shares used for the calculation of the diluted earnings per share		439,531,184	439,471,068
Saipem's net profit (loss)	(€ million)	212	(866)
Basic earnings (loss) per share	(€ per share)	0.48	(1.97)
Diluted earnings (loss) per share	(€ per share)	0.48	(1.97)

43 Segment information, geographical information and construction contracts

Segment information

(€ million)	Offshore E&C	Onshore E&C	Offshore Drilling	Onshore Drilling	Total
First nine months 2014					
Net sales from operations	6,645	3,539	1,173	643	12,000
less: intra-group sales	1,439	668	295	123	2,525
Net sales to customers	5,206	2,871	878	520	9,475
Operating result	293	(165)	251	64	443
Depreciation, amortisation and impairment	222	28	189	110	549
Net income from investments	28	1	-	1	30
Capital expenditure	182	30	136	127	475
First nine months 2015					
Net sales from operations	6,888	2,325	1,129	735	11,077
less: intra-group sales	1,779	391	319	143	2,632
Net sales to customers	5,109	1,934	810	592	8,445
Operating result	(70)	(751)	221	(40)	(640)
Depreciation, amortisation and impairment	369	81	179	135	764
Net income from investments	(17)	14	-	1	(2)
Capital expenditure	120	22	185	80	407

(€ million)	Offshore E&C	Onshore E&C	Offshore Drilling	Onshore Drilling	Unallocated	Total
December 31, 2014						
Tangible and intangible assets	3,666	590	3,034	1,071	-	8,361
Investments	106	2	-	4	-	112
Current assets	2,727	2,399	610	599	2,296	8,631
Current liabilities	3,791	2,217	306	189	3,102	9,605
Provisions for contingencies	48	108	1	4	49	210
September 30, 2015						
Tangible and intangible assets	3,402	528	3,058	1,069	-	8,057
Investments	94	(3)	-	6	-	97
Current assets	2,586	2,287	609	565	2,058	8,105
Current liabilities	3,187	1,904	265	184	4,065	9,605
Provisions for contingencies	53	157	1	2	45	258

Geographical information

Since Saipem's business involves the deployment of a fleet on a number of different projects over a single year, it is difficult to allocate assets to a specific geographic area. As a result, certain assets have been deemed not directly attributable.

The unallocated part of tangible and intangible assets and capital expenditure related to vessels and their related equipment and goodwill.

The unallocated part of current assets pertained to inventories related to vessels.
A breakdown of revenues by geographical area is provided in Note 32 'Net sales from operations'.

(€ million)	Italy	Rest of Europe	CIS	Rest of Asia	North Africa	West Africa	Americas	Unallocated	Total
December 31, 2014									
Capital expenditure	27	9	26	154	2	14	126	336	694
Tangible and intangible assets	113	35	303	884	3	294	986	5,743	8,361
Identifiable assets (current)	402	1,491	667	1,856	415	1,113	1,719	968	8,631
September 30, 2015									
Capital expenditure	10	4	19	71	-	2	35	266	407
Tangible and intangible assets	96	25	296	942	1	149	742	5,806	8,057
Identifiable assets (current)	347	1,280	835	1,591	384	978	1,613	1,077	8,105

Current assets were allocated by geographical area using the following criteria: (i) cash and cash equivalents and financing receivables were allocated on the basis of the country in which individual company bank accounts were held; (ii) inventory was allocated on the basis of the country in which onshore storage facilities were situated (i.e. excluding inventory in storage facilities situated on vessels); and (iii) trade receivables and other assets were allocated to the geographical area to which the related project belonged.

Non-current assets were allocated on the basis of the country in which the asset operates, except for offshore drilling and construction vessels, which were included under 'Unallocated'.

Construction contracts

Construction contracts were accounted for in accordance with IAS 11.

(€ million)	Year 2014	First nine months 2015
Construction contracts - assets	1,955	1,963
Construction contracts - liabilities	(1,416)	(1,438)
Construction contracts - net	539	525
Costs and margins (completion percentage)	13,377	8,987
Progress billings	(12,819)	(8,389)
Change in provision for future losses	(19)	(73)
Construction contracts - net	539	525

44 Transactions with related parties

Saipem SpA is a subsidiary of Eni SpA. Transactions with related parties entered into by Saipem SpA and/or companies within the scope of consolidation concern mainly the supply of services, the exchange of goods, the provision and utilisation of financial resources, and entering into derivative contracts with joint ventures, associates and unconsolidated subsidiaries, with subsidiaries, jointly-controlled entities and associates of Eni SpA, and with a number of entities owned or controlled by the State. These transactions are an integral part of the ordinary course of its business and are carried out on an arm's length basis, i.e. at conditions which would be applied between willing and independent parties. All transactions were carried out for the mutual benefit of the Saipem companies involved. Pursuant to disclosure requirements covered under Consob Regulation No. 17221 of March 12, 2010, the following transactions with related parties were carried out in the first nine months of 2015:

- on January 8, 2015, Saipem Drilling Norway AS, an indirect subsidiary of Saipem SpA, signed with Eni Finance International SA, a subsidiary of Eni SpA, a 3-year long-term revolving loan agreement for €300 million, carrying a variable rate of interest plus a spread of 250 basis points;
- on March 11, 2015, Saipem Canada Inc, an indirect subsidiary of Saipem SpA, signed with Eni Finance International SA, a subsidiary of Eni SpA, a one-year loan agreement for 625 million Canadian dollars carrying a variable rate of interest based on Libor plus a spread of 150 basis points;
- on March 17, 2015, Saimexicana SA de Cv, an indirect subsidiary of Saipem SpA, signed with Eni Finance International SA, a subsidiary of Eni SpA, a one-year loan agreement for 200 million US dollars carrying a variable rate of interest based on Libor plus a spread of 150 basis points;
- on March 23, 2015, Sofresid SA, an indirect subsidiary of Saipem SpA, signed with Eni Finance International SA, a subsidiary of Eni SpA, a one-year loan agreement for €300 million carrying a variable rate of interest based on Libor plus a spread of 150 basis points;

- on June 29, 2015, Shamprogetti Saudi Arabia Ltd, an indirect subsidiary of Saipem SpA, signed with Eni Finance International SA, a subsidiary of Eni SpA, two loan agreements: the first is a two-year loan agreement for 290 million US dollars carrying a variable rate of interest based on Libor plus a spread of 250 basis points, while the second is a one-year loan agreement for 280 million US dollars carrying a variable rate of interest based on Libor plus a spread of 150 basis points;
- on July 6, 2015, Saipem Australia Pty Ltd, an indirect subsidiary of Saipem SpA, signed with Eni Finance International SA, a subsidiary of Eni SpA, a one-year loan agreement for 405 million Australian dollars carrying a variable rate of interest based on Libor plus a spread of 150 basis points;
- on July 31, 2015, Petrex SA, an indirect subsidiary of Saipem SpA, signed with Eni Finance International SA, a subsidiary of Eni SpA, two loan agreements: the first is a one-year loan agreement for 300 million US dollars carrying a variable rate of interest based on Libor plus a spread of 150 basis points, while the second is a one-year loan agreement for 130 million US dollars carrying a variable rate of interest based on Libor plus a spread of 150 basis points;
- the transaction with Vodafone Omnitel BV which, pursuant to the provisions of Consob's Regulation concerning transactions with related parties of March 12, 2010 and Saipem's internal procedure 'Interests held by Board Directors and Statutory Auditors and transactions with related parties', is related to Eni SpA through a member of the Board of Directors. The transaction in question was carried out on an arm's length basis and essentially related to costs for mobile communication services amounting to €1 million.

The tables below show the value of transactions of a trade, financial or other nature entered into with related parties. The analysis by company is based on the principle of relevance in relation to the total amount of transactions. Transactions not itemised because they are immaterial are aggregated under the following captions:

- unconsolidated subsidiaries;
- associated and jointly-controlled companies;
- Eni subsidiaries;
- Eni associated and jointly-controlled companies; and
- other related parties.

Trade and other transactions

Trade and other transactions as of December 31, 2014 and for the nine-month period ended September 30, 2014 were as follows:

(€ million)

Name	Dec. 31, 2014			First nine months 2014			
	Receivables	Payables	Guarantees	Expenses		Revenues	
				Goods	Services ⁽¹⁾	Goods and services	Other
Unconsolidated subsidiaries							
SAGIO - Companhia Angolana de Gestão de Instalação Offshore Lda	-	2	-	-	1	-	-
Total unconsolidated subsidiaries	-	2	-	-	1	-	-
Associates and jointly-controlled companies							
ASG Scarl	-	6	-	-	-	-	-
CEPAV (Consorzio Eni per l'Alta velocità) Due	114	152	150	-	105	106	-
CEPAV (Consorzio Eni per l'Alta velocità) Uno	21	12	278	-	3	10	-
Charville - Consultores e Servicos, Lda	-	-	-	-	-	1	-
CSFLNG Netherlands BV	-	1	-	-	-	10	-
Fertilizantes Nitrogenados de Venezuela CEC	-	-	-	-	-	1	-
KWANDA Suporte Logistico Lda	68	15	-	-	8	4	-
Petromar Lda	90	4	39	-	-	49	-
PLNG 9 Snc di Chiyoda Corp e Servizi Energia Italia SpA	1	-	-	-	-	-	-
Saidel Ltd	-	-	-	-	-	1	-
Saipar Drilling Co BV	-	-	-	-	-	1	-
Saipem Taqa Al Rushaid Fabricators Co Ltd	14	16	-	-	33	7	-
Société pour la Réalisation du Port de Tanger Méditerranée	1	-	-	-	-	-	-
Southern Gas Constructors Ltd	1	-	-	-	-	-	-
TMBYS SAS	2	1	-	-	-	7	-
Others (for transactions not exceeding €500 thousand)	1	2	-	-	-	1	-
Total associated and jointly-controlled companies	313	209	467	-	149	198	-
Eni consolidated subsidiaries							
Eni SpA	5	11	4,742	-	13	-	-
Eni SpA Downstream Gas Division	-	-	-	-	1	-	-
Eni SpA Exploration & Production Division	87	7	-	-	-	145	-
Eni SpA Gas & Power Division	1	1	-	-	1	-	-
Eni SpA Refining & Marketing Division	18	1	-	3	2	9	-
Agip Energy & Natural Resources (Nigeria) Ltd	2	-	-	-	-	-	-
Agip Karachaganak BV	1	-	-	-	-	1	-
Agip Oil Ecuador BV	2	-	-	-	-	4	-
Banque Eni SA	-	-	-	-	1	-	-
Eni Adfin SpA	-	3	-	-	3	-	-
Eni Angola SpA	55	-	-	-	-	98	-
Eni Congo SA	150	21	-	-	-	173	-
Eni Corporate University SpA	-	3	-	-	4	-	-
Eni Cyprus Ltd	27	-	-	-	-	20	-
Eni East Sepinggan Ltd	1	-	-	-	1	6	-
Eni Finance International SA	-	1	-	-	-	-	-
Eni Insurance Ltd	-	5	-	-	19	13	-
Eni Lasmo PLC	2	-	-	-	-	5	-
Eni Mediterranea Idrocarburi SpA	-	-	-	-	-	1	-
Eni Muara Bakau BV	35	25	-	-	-	45	-
Eni Norge AS	46	-	-	-	-	125	-
EniPower SpA	2	-	-	-	-	1	-
EniServizi SpA	1	17	-	-	37	1	-
Eni Turkmenistan Ltd	2	-	-	-	-	-	-
Floater SpA	1	-	-	-	-	3	-
Hindustan Oil Exploration Co Ltd	1	-	-	-	-	-	-

Trade and other transactions (continued)

(€ million)

Name	Dec. 31, 2014			First nine months 2014			
	Receivables	Payables	Guarantees	Expenses		Revenues	
				Goods	Services ⁽¹⁾	Goods and services	Other
Naoc - Nigerian Agip Oil Co Ltd	4	-	-	-	-	-	-
Nigerian Agip Exploration Ltd	1	-	-	-	-	11	-
Raffineria di Gela SpA	-	-	-	-	-	3	-
Serfactoring SpA	3	13	-	-	1	-	-
Società Adriatica Idrocarburi SpA	-	-	-	-	-	1	-
Syndial SpA	9	-	-	-	-	6	-
Versalis France Sas	-	-	-	-	-	1	-
Versalis SpA	13	-	-	-	-	62	-
Others (for transactions not exceeding €500 thousand)	1	-	-	1	1	-	1
Total Eni consolidated subsidiaries	470	108	4,742	4	84	734	1
Unconsolidated Eni subsidiaries							
Agip Kazakhstan North Caspian Operating Co NV	-	-	-	-	-	122	-
Total Eni subsidiaries	470	108	4,742	4	84	856	1
Eni associated and jointly-controlled companies							
Eni East Africa SpA	7	3	-	-	-	75	-
Greenstream BV	1	-	-	-	-	1	-
Mellitah Oil&Gas BV	10	-	-	-	-	(1)	-
Petrobrel Belayim Petroleum Co	23	-	-	-	-	63	-
Raffineria di Milazzo	6	-	-	-	-	1	-
South Stream Transport BV	-	-	-	-	-	264	-
Others (for transactions not exceeding €500 thousand)	1	-	-	-	-	-	-
Total Eni associates and jointly-controlled companies	48	3	-	-	-	403	-
Total Eni companies	518	111	4,742	4	84	1,259	1
Companies controlled or owned by the State	16	60	-	-	8	27	-
Pension funds: FOPDIRE	-	-	-	-	1	-	-
Total transactions with related parties	847	382	5,209	4	243	1,484	1
Overall total	3,391	5,669	8,169	1,871	4,847	9,475	7
Incidence (%)	25.60 ⁽²⁾	6.74	63.77	0.21	4.99 ⁽³⁾	15.66	14.29

(1) The item 'Services' includes costs for services, costs for the use of third-party assets and other costs.

(2) Incidence includes receivables shown in the table 'Financial transactions'.

(3) Incidence is calculated net of pension funds.

Trade transactions as at and for the nine-month period ended September 30, 2015 were as follows:

(€ million)

Name	Sept. 30, 2015			First nine months 2015			
	Receivables	Payables	Guarantees	Expenses		Revenues	
				Goods	Services ⁽¹⁾	Goods and services	Other
Unconsolidated subsidiaries							
SAGIO - Companhia Angolana de Gestão de Instalação Offshore Lda	-	-	-	-	-	-	-
Total unconsolidated subsidiaries	-	-	-	-	-	-	-
Associates and jointly-controlled companies							
ASG Scarl	-	6	-	-	-	-	-
CEPAV (Consorzio Eni per l'Alta velocità) Due	78	80	150	-	89	148	-
CEPAV (Consorzio Eni per l'Alta velocità) Uno	15	8	122	-	-	-	-
Charville - Consultores e Servicos, Lda	-	-	-	-	-	-	-
Consorzio F.S.B.	-	-	-	-	1	-	-
CSFLNG Netherlands BV	1	-	-	-	-	31	-
Fertilizantes Nitrogenados de Venezuela CEC	-	-	-	-	-	-	-
KWANDA Suporte Logístico Lda	65	10	-	-	4	6	-
Petromar Lda	118	3	31	-	-	44	-
Saipar Drilling Co BV	-	-	-	-	-	1	-

Trade and other transactions (continued)

(€ million)

Name	Sept. 30, 2015			First nine months 2015			
	Receivables	Payables	Guarantees	Expenses		Revenues	
				Goods	Services ⁽¹⁾	Goods and services	Other
Saipem Taqa Al Rushaid Fabricators Co Ltd	11	5	-	-	49	(1)	-
Société pour la Réalisation du Port de Tanger Méditerranée	1	-	-	-	-	-	-
Southern Gas Constructors Ltd	1	-	-	-	-	-	-
TMBYS SAS	2	1	-	-	-	-	-
TSGI Mühendislik İnşaat Ltd Şirketi	1	-	-	-	-	1	-
Xodus Subsea Ltd	2	-	-	-	-	-	-
Others (for transactions not exceeding €500 thousand)	2	-	-	-	-	1	-
Total associated and jointly-controlled companies	297	113	303	-	143	231	-
Eni consolidated subsidiaries							
Eni SpA	3	8	3.287	-	12	1	-
Eni SpA Downstream Gas Division	-	-	-	-	1	-	-
Eni SpA Exploration & Production Division	76	6	-	-	-	71	-
Eni SpA Gas & Power Division	1	1	-	-	1	-	-
Eni SpA Refining & Marketing Division	9	3	-	2	3	12	-
Agip Energy & Natural Resources (Nigeria) Ltd	-	-	-	-	-	-	-
Agip Karachaganak BV	1	-	-	-	-	-	-
Agip Oil Ecuador BV	2	-	-	-	-	2	-
Banque Eni SA	-	-	-	-	2	-	-
Eni Adfin SpA	-	2	-	-	3	-	-
Eni Angola SpA	58	-	-	-	-	183	-
Eni Congo SA	110	6	-	(1)	-	268	-
Eni Corporate University SpA	-	3	-	-	4	-	-
Eni Cyprus Ltd	-	-	-	-	-	42	-
Eni East Sepinggan Ltd	-	-	-	-	-	-	-
Eni Finance International SA	-	-	-	-	-	-	-
Eni Insurance Ltd	4	7	-	-	7	-	-
Eni Lasmco PLC	10	-	-	-	-	9	-
Eni Mediterranea Idrocarburi SpA	-	-	-	-	-	1	-
Eni Muara Bakau BV	40	20	-	-	-	195	-
Eni Norge AS	40	-	-	-	-	118	-
EniPower SpA	-	-	-	-	-	-	-
EniServizi SpA	1	10	-	-	33	1	-
Eni Trading & Shipping SpA	-	-	-	-	5	-	-
Eni Turkmenistan Ltd	5	-	-	-	-	8	-
Floaters SpA	2	-	-	-	-	2	-
Hindustan Oil Exploration Co Ltd	1	-	-	-	-	-	-
Naoc - Nigerian Agip Oil Co Ltd	5	-	-	-	-	-	-
Nigerian Agip Exploration Ltd	-	-	-	-	-	-	-
Raffineria di Gela SpA	1	-	-	-	-	2	-
Serfactoring SpA	4	13	-	-	2	-	-
Syndial SpA	3	-	-	-	-	4	-
Tecnomare SpA	-	-	-	-	-	1	-
Versalis France Sas	-	-	-	-	-	1	-
Versalis SpA	24	-	-	-	-	30	-
Others (for transactions not exceeding €500 thousand)	1	-	-	-	-	1	-
Total Eni consolidated subsidiaries	401	79	3,827	1	73	952	-
Unconsolidated Eni subsidiaries							
	-	-	-	-	-	-	-
Total Eni subsidiaries	401	79	3,827	1	73	952	-
Eni associated and jointly-controlled companies							
Eni East Africa SpA	4	-	-	-	-	42	-
Greenstream BV	1	-	-	-	-	1	-
Mellitah Oil&Gas BV	10	-	-	-	-	-	-
Petrobel Belayim Petroleum Co	61	-	-	-	-	77	-

Trade and other transactions (continued)

(€ million)

Name	Sept. 30, 2015			First nine months 2015			
	Receivables	Payables	Guarantees	Expenses		Revenues	
				Goods	Services ⁽¹⁾	Goods and services	Other
Raffineria di Milazzo	-	-	-	-	-	2	-
Others (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total Eni associates and jointly-controlled companies	76	-	-	-	-	122	-
Total Eni companies	477	79	3,287	1	73	1,074	-
Companies controlled or owned by the State	10	4	-	-	3	22	-
Pension funds: FOPDIRE	-	-	-	-	1	-	-
Total transactions with related parties	784	196	3,590	1	220	1,327	-
Overall total	3,321	5,352	6,720	1,677	4,829	8,445	5
Incidence (%)	23.82 ⁽²⁾	3.66	53.42	0.06	4.54 ⁽³⁾	15.71	0.00

(1) The item 'Services' includes costs for services, costs for the use of third-party assets and other costs.

(2) Incidence includes receivables shown in the table 'Financial transactions'.

(3) Incidence is calculated net of pension funds.

The figures shown in the tables refer to Note 3 'Trade and other receivables', Note 15 'Trade and other payables', Note 31 'Guarantees, commitments and risks', Note 32 'Net sales from operations', Note 33 'Other income and revenues' and Note 34 'Purchases, services and other costs'.

The Saipem Group provides services to Eni Group companies in all sectors in which it operates, both in Italy and abroad.

Existing relations with entities controlled or owned by the State are mainly in relation to the Snam Group.

Other transactions consisted of the following:

(€ million)	Dec. 31, 2014		Sept. 30, 2015	
	Other assets	Other liabilities	Other assets	Other liabilities
Eni SpA	356	805	121	143
Agip Oil Ecuador BV	-	-	-	1
Banque Eni SA	3	18	2	1
CEPAV (Consorzio Eni per l'Alta Velocità) Uno	3	-	3	-
Eni Insurance Inc	-	-	-	4
Eni Trading & Shipping SpA	-	5	-	-
Total transactions with related parties	362	828	126	149
Overall total	635	840	377	181
Incidence (%)	57.01	98.57	33.42	82.32

Financial transactions

Financial transactions as of December 31, 2014 and for the nine-month period ended September 30, 2014 were as follows:

(€ million)

Name	Dec. 31, 2014				First nine months 2014		
	Cash and cash equivalents	Receivables ⁽¹⁾	Payables ⁽²⁾	Commitments	Expenses	Income	Derivative financial instruments
Eni SpA	87	-	1,798	15,864	(55)	1	(55)
Banque Eni SA	57	-	-	366	-	-	(9)
Eni Finance International SA	741	-	3,709	-	(48)	-	-
Eni Finance USA Inc	-	14	-	-	-	-	-
Eni Trading & Shipping SpA	-	-	-	-	-	-	(2)
Serfactoring SpA	-	-	24	-	(2)	-	-
TMBYS SAS	-	7	-	-	-	-	-
Total transactions with related parties	885	21	5,531	16,230	(105)	1	(66)

(1) Shown on the balance sheet under 'Trade and other receivables' (€21 million).

(2) Shown on the balance sheet under 'Short-term debt' (€1,873 million); 'Long-term debt' (€3,064 million); and 'Current portion of long-term debt' (€594 million).

Financial transactions as of and for the nine-month period ended September 30, 2015 were as follows:

(€ million)

Name	Sept. 30, 2015				First nine months 2015		
	Cash and cash equivalents	Receivables ⁽¹⁾	Payables ⁽²⁾	Commitments	Expenses	Income	Derivative financial instruments
Eni SpA	46	-	2,864	10,460	(65)	-	(138)
Banque Eni SA	188	-	-	180	-	-	7
Eni Finance International SA	222	-	3,683	-	(59)	-	-
Eni Finance USA Inc	-	-	13	-	-	-	-
Eni Trading & Shipping SpA	-	-	-	-	-	-	(1)
Serfactoring SpA	-	-	18	-	(2)	-	-
TMBYS SAS	-	7	-	-	-	-	-
Total transactions with related parties	456	7	6,578	10,640	(126)	-	(132)

(1) Shown on the balance sheet under 'Trade and other receivables' (€7 million).

(2) Shown on the balance sheet under 'Short-term debt' (€2,853 million); 'Long-term debt' (€3,265 million); and 'Current portion of long-term debt' (€460 million).

Financial transactions also included transactions with Eni Trading & Shipping SpA which are included in the income statement under the item 'Other operating income (expense)'.

As the result of a special agreement between Saipem and the Eni Corporate Finance Unit, Eni SpA provides financial services to the Italian companies of the Saipem Group, consisting of loans, deposits and financial instruments for the hedging of foreign exchange and interest rate risks.

The incidence of financial transactions and positions with related parties was as follows:

(€ million)	Dec. 31, 2014			Sept. 30, 2015		
	Total	Related parties	Incidence (%)	Total	Related parties	Incidence (%)
Short-term debt	2,186	1,873	85.68	3,327	2,853	85.75
Long-term debt (including current portion)	3,908	3,658	93.60	3,730	3,725	99.87

(€ million)	First nine months 2014			First nine months 2015		
	Total	Related parties	Incidence (%)	Total	Related parties	Incidence (%)
Finance income	564	1	0.18	743	-	-
Finance expense	(671)	(105)	15.65	(789)	(126)	15.97
Derivative financial instruments	(55)	(64)	116.36	(136)	(131)	96.32
Other operating income (expense)	(2)	(2)	100.00	(1)	(1)	100.00

The main cash flows with related parties were as follows:

(€ million)	Sept. 30, 2014	Sept. 30, 2015
Revenues and other income	1,485	1,327
Costs and other expenses	(247)	(221)
Finance income (expenses) and derivatives	(170)	(258)
Change in trade receivables and payables	(144)	(123)
Net cash provided by operating activities	924	725
Change in financial receivables	(24)	14
Net cash flow from investments	(24)	14
Change in financial payables	514	1,047
Net cash from financing activities	514	1,047
Total cash flows with related parties	1,414	1,786

The incidence of cash flows with related parties was as follows:

(€ million)	Sept. 30, 2014			Sept. 30, 2015		
	Total	Related parties	Incidence (%)	Total	Related parties	Incidence (%)
Net cash flow from operations	234	924	394.87	(1,005)	725	(72.14)
Net cash flow used in investing activities	(482)	(24)	4.98	(271)	14	(5.17)
Net cash flow from financing activities (*)	556	514	92.45	985	1,047	106.29

(*) Net cash flow from (used in) financing activities does not include dividends distributed, net purchase of treasury shares or capital contributions by non-controlling interests.

Disclosure of interests in joint operations

The table below contains information regarding interests in joint operations that are consolidated using the working interest method as at September 30, 2015:

(€ million)	Sept. 30, 2014	Sept. 30, 2015
Net capital employed	(60)	(41)
Total assets	65	85
Total current assets	65	84
Total non-current assets	-	1
Total liabilities	64	82
Total current liabilities	64	81
Total non-current liabilities	-	1
Total revenues	5	15
Total operating expenses	(4)	(17)
Operating profit	1	(2)
Net profit (loss) for the period	1	-

45 Significant non-recurring events and operations

No significant non-recurring events or operations took place in the first nine months of 2014 or in the first nine months of 2015.

46 Transactions deriving from atypical or unusual transactions

No atypical and/or unusual operations were recorded in the first nine months of 2014 or in the first nine months of 2015.

47 Additional information: Algeria

Further to the disclosures provided in the Algeria paragraph of the 'Legal proceedings' section, we note the following additional information with regard to projects under execution in Algeria as at September 30, 2015:

- funds in two current accounts (ref. Note 1) amounting to the equivalent of €81 million are currently frozen;
- trade receivables (ref. Note 3) totalled €51 million, all past due and not impaired;
- work-in-progress (ref. Note 4) on projects under execution amounted to €155 million;
- deferred income (ref. Note 15) amounts to €56 million;
- provisions for future losses (ref. Note 20) for projects under execution amounted to €3 million;
- guarantees (ref. Note 31) on projects under execution totalled €539 million.

Declaration by the manager responsible for the preparation of the Company's financial reports pursuant to the provisions of Article 154-*bis*, paragraph 2 of Legislative Decree No. 58/1998

Mr Alberto Chiarini, in his capacity as manager responsible for the preparation of the Company's financial reports, certifies, pursuant to Article 154-*bis*, paragraph 2 of Legislative Decree No. 58/1998, that accounting data corresponds to the Company's documents and accounting books and entries.

October 27, 2015

Independent Auditors' Review report



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Review report on the condensed consolidated interim financial statements (Translation from the original Italian text)

To the Shareholders of
Saipem S.p.A.

Introduction

We have reviewed the condensed consolidated interim financial statements, comprising the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and the cash flow statement and the notes of Saipem S.p.A. and its subsidiaries (the "Saipem Group") as of and for the nine-month period ended September 30, 2015, prepared for the purpose of its inclusion in the offering memorandum for a capital increase. The Directors of Saipem S.p.A. are responsible for the preparation of the condensed consolidated interim financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with *International Standard on Review Engagements 2410 "Review of interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed consolidated interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of Saipem Group as of and for the nine-month period ended September 30, 2015 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, November 13, 2015

Reconta Ernst & Young S.p.A.
Signed by: Pietro Carena, Partner

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

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Publications
Bilancio al 31 dicembre (in Italian)
Annual Report (in English)

Interim Consolidated Report as of June 30
(in Italian and English)

Saipem Sustainability (in English)

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