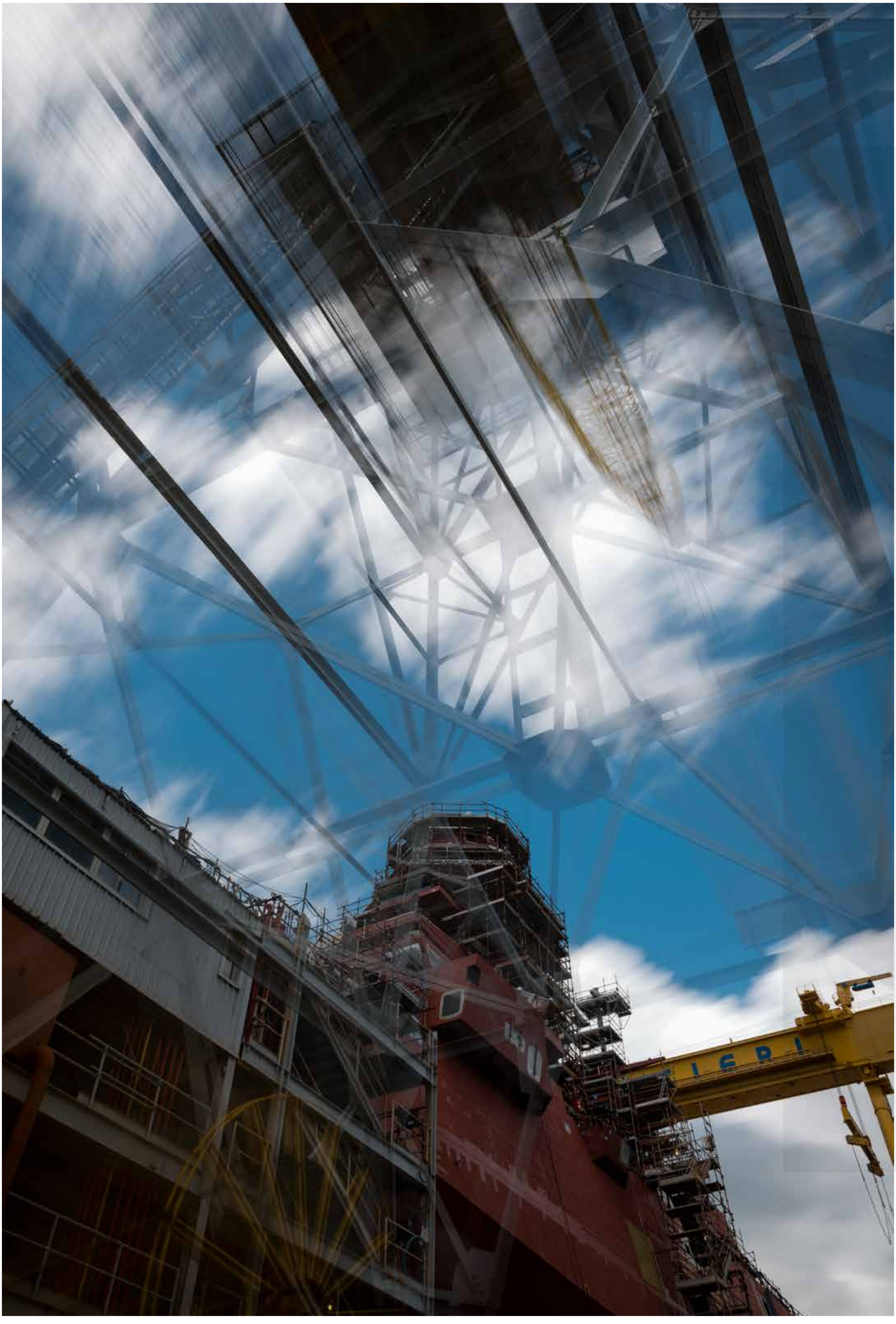
half-year financial report

at 30 june 2015

FINCANTIERI
The sea ahead



parent company directors and officers

Board of directors

(2013-2015)

Vincenzo Petrone (Chairman)
Giuseppe Bono (Chief Executive Officer)
Simone Anichini
Massimiliano Cesare
Andrea Mangoni
Anna Molinotti
Leone Pattofatto
Paola Santarelli
Paolo Scudieri
Maurizio Castaldo (Secretary)

Board of statutory auditors

(2014-2016)

Gianluca Ferrero (Chairman)
Alessandro Michelotti (Standing member)
Fioranna Vittoria Negri (Standing member)
Claudia Mezzabotta (Alternate member)
Flavia Daunia Minutillo (Alternate member)

Manager responsible for preparing financial reports

Carlo Gainelli

Independent auditors

(2013-2021)

PricewaterhouseCoopers S.p.A.

Oversight board (Leg. Decree 231/01)

(2015-2017)

Guido Zanardi (Chairman)
Stefano Dentilli (Member)
Giorgio Pani (Member)

Information regarding the composition and functions of the Board Committees (the Internal Control and Risk Committee, which is also serving on an interim basis as the committee responsible for related party transactions, the Compensation Committee and the Nomination Committee) is provided in the Corporate Governance section of the Fincantieri website at www.fincantieri.it

Overview

The structure of the Fincantieri Group and overview of the companies included in its consolidation will now be presented.

SEGMENTS

SHIPBUILDING

BUSINESS AREAS

Cruise ships

PRODUCT PORTFOLIO

- Luxury/niche
- Upper premium
- Premium
- Contemporary

Ferries

- Fast Ferries
- Cruise Ferries
- Ro-Pax
- Hi-tech Ferries

Ship repairs and conversions

- Repair
- Refitting
- Conversion
- Refurbishment

Naval Vessels

- Aircraft carrier
- Submarines
- Destroyers
- Frigates
- Corvettes
- Patrol vessels
- Amphibious ships
- Logistic support
- Special vessels
- Barges

Mega Yacht

- Luxury Yacht >60m

COMPANIES AND OPERATING UNITS

FINCANTIERI S.p.A.
- Monfalcone
- Marghera
- Sestri Ponente
- Ancona
- Castellammare di Stabia
- Palermo
- Trieste
- Cantiere Integrato Riva Trigoso e Muggiano
- Genoa

Cetena S.p.A.

Bacini Palermo S.p.A.

Gestione Bacini La Spezia S.p.A.

FMG LLC
- Sturgeon Bay

Fincantieri Marine Group Holdings Inc.

Marinette Marine Corporation LLC
- Marinette

ACE Marine LLC
- Green Bay

Fincantieri USA Inc.

Fincantieri India Private Ltd.

Fincantieri do Brasil Partecipacões S.A.

Fincantieri Holding BV

Marine Interiors S.p.A.

Camper&Nicholsons International S.A.

OFFSHORE

Offshore

- Offshore Support Vessels
- Construction Vessels
- Drilling Vessels

Fincantieri Oil&Gas S.p.A.

FINCANTIERI S.p.A.

Vard Holdings Ltd.

Vard Group A.S.
- Aukra
- Langsten
- Brattvaag
- Brevik
- Søviknes

Vard Tulcea S.A.
- Tulcea

Vard Niterói S.A.
- Niterói

Vard Promar S.A.
- Promar

Vard Vung Tau Ltd.
- Vung Tau

Vard Electro A.S.

Vard Design A.S.

Vard Piping A.S.

Vard Accommodation A.S.

Vard Braila S.A.

Vard Marine Inc.

EQUIPMENT, SYSTEMS AND SERVICES

Equipment and systems

- Steam turbines
- Stabilization, propulsion, dynamic positioning and power generation systems
- Automation systems
- Electrical and electronic systems

After-sales

- After-sales services
  - Integrated logistic support
  - In-service of warranty service
- Product lifecycle management
- Training and assistance

FINCANTIERI S.p.A.
- Riva Trigoso

Seastema S.p.A.

Delfi S.r.l.

Seaf S.p.A.

Isotta Fraschini Motori S.p.A.
- Bari

FMSNA Inc.

Fincantieri SI S.p.A.

OTHER

FINCANTIERI S.p.A.
- Corporate

The Fincantieri Group is now the largest shipbuilder by revenue in the Western world (meaning Europe and North America) and one of the most dynamic and diversified players in the industry, with its focus on segments featuring high value-added, high-tech content and high product unit values, and a position of excellence in all these segments making it one of the most technologically complex groups internationally. In fact, the Group is a world leader in the design and construction of cruise ships, among the world leaders in the design and construction of naval combat, support and special vessels and of submarines, and one of the leading global players in the design and construction of high-end offshore support vessels (OSV).

Fincantieri is active worldwide on four continents (Europe, North America, South America and Asia), with 21 shipyards located in Italy, Norway, Romania, United States of America, Brazil, and Vietnam plus a joint venture in the United Arab Emirates, and a total workforce of around 21,600 employees.

This flexible, global production structure is able to cover all activities, from design and construction of hulls and certain critical components, to assembly and maintenance of the ships built. The creation of successful products is based on an optimized production model, inspired by the philosophy of a single large, flexible shipyard designed to ensure uniform product quality.

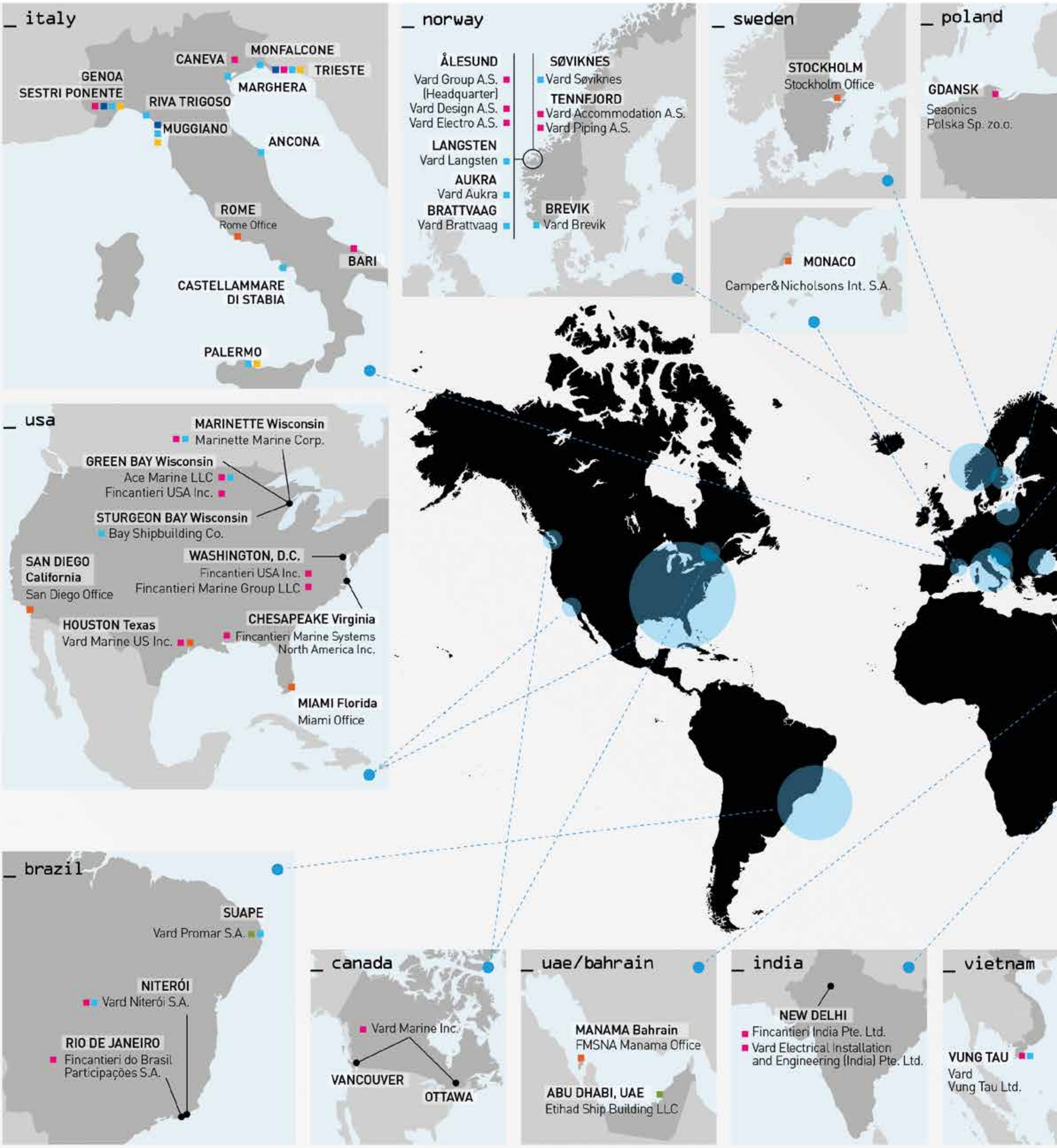
Outstanding engineering and technological prowess, strong customer relationships, and access to a highly specialized and reliable local supplier network are key factors in allowing the Group to defend its leadership position. Fincantieri is able to implement technologically sophisticated and innovative projects and, thanks to its capability as a system integrator, manages to coordinate complex processes from the earliest stages of concept development through to vessel delivery to customers.

Furthermore, the Group views product and process technological innovation as key to maintaining its leadership position and so invests in research and development, drawing on a series of specialized centers created in partnership with suppliers and leading research institutions and ensuring suitable transfer of know-how and expertise between the various businesses in which it operates.

Fincantieri's business is widely diversified by end markets, geographical exposure and by customer base, with revenue evenly balanced between cruise ship, naval and offshore vessel construction, giving it an edge over less diversified players by being able to mitigate the effects of fluctuations in demand on the end markets served. In particular, the Group operates through the following three segments:

- Shipbuilding: encompassing the business units that build cruise ships and naval vessels and offer other products and services (ferries, mega-yachts and ship repairs and conversions);
- Offshore: encompassing the design and construction of high-end offshore support vessels by its subsidiary Vard Holdings and the offer of innovative products in the field of drillships and semi-submersible drilling rigs;
- Equipment, Systems and Services: encompassing the design and manufacture of high-tech equipment and systems, such as stabilization, propulsion, positioning and power generation systems, ship automation systems, steam turbines, and the provision of logistical support and after-sales services.

the fincantieri planet



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ITALY

TRIESTE
- HEAD OFFICE
- MERCHANT SHIPS
- SHIP REPAIR AND CONVERSION
- OFFSHORE
- FINCANTIERI SI S.p.A.
- ATSM SHIPYARD
- ATSM DOCK

GENOA
- NAVAL VESSELS
- MARINE SYSTEMS AND COMPONENTS
- AFTER SALES
- ORIZZONTE SISTEMI NAVALI S.p.A.
- CETENA S.p.A.
- DELFI S.r.l.
- SEASTEMA S.p.A.
- SESTRI PONENTE SHIPYARD
- GENOA DOCK

MUGGIANO
- MEGA YACHTS
- INTEGRATED NAVAL SHIPYARD RIVA TRIGOSO-MUGGIANO
- MUGGIANO DOCK

ROME
- ROME OFFICE

BARI
- ISOTTA FRASCHINI MOTORI S.p.A.

CANEVA
- MARINE INTERIORS S.p.A.

MONFALCONE
- MONFALCONE SHIPYARD

MARGHERA
- MARGHERA SHIPYARD

ANCONA
- ANCONA SHIPYARD

CASTELLAMMARE DI STABIA
- CASTELLAMMARE DI STABIA SHIPYARD

PALERMO
- PALERMO SHIPYARD
- PALERMO DOCK

NORWAY
- VARD GROUP A.S. (Headquarter)
- VARD DESIGN A.S.
- VARD PIPING A.S.
- VARD ELECTRO A.S.
- VARD ACCOMMODATION A.S.
- VARD LANGSTEN
- VARD AUKRA
- VARD BRATTVAAG
- VARD BREVIK
- VARD SØVIKNES

SWEDEN
- STOCKHOLM OFFICE

POLAND
- SEAONICS POLSKA Sp. zo.o.

PRINCIPALITY OF MONACO
- CAMPER&NICHOLSONS Int. S.A.

CROATIA
- VARD DESIGN LIBURNA Ltd.

ROMANIA
- VARD BRAILA S.A.
- VARD TULCEA S.A.

_ asia

INDIA
- FINCANTIERI INDIA Pte. Ltd.
- VARD ELECTRICAL INSTALLATION AND ENGINEERING (INDIA) Pte. Ltd.

BAHRAIN
- FMSNA MANAMA OFFICE

UAE
- ETIHAD SHIP BUILDING LLC

VIETNAM
- VARD VUNG TAU Ltd.

SINGAPORE
- VARD HOLDINGS Ltd.
- VARD SINGAPORE Pte. Ltd.

JAPAN
- FMSNA YK

_ americas

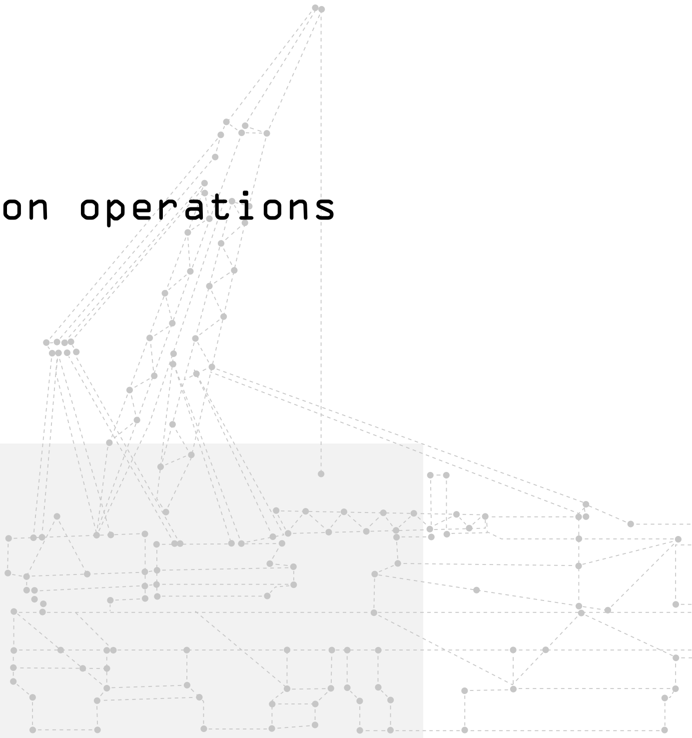
USA
- FINCANTIERI USA Inc.
- FINCANTIERI MARINE SYSTEMS NORTH AMERICA Inc.
- FINCANTIERI MARINE GROUP LLC
- VARD MARINE US Inc.
- MARINETTE MARINE Corp.
- ACE MARINE LLC
- BAY SHIPBUILDING Co.
- MIAMI OFFICE
- SAN DIEGO OFFICE

CANADA
- VARD MARINE Inc.

BRAZIL
- FINCANTIERI DO BRASIL PARTICIPAÇÕES S.A.
- VARD NITERÓI S.A.
- VARD PROMAR S.A.

- subsidiary
- shipyard
- business unit
- dock
- joint venture
- representative office

interim report on operations at 30 june 2015



Introduction

In 2014, through its listing on the Italian electronic stock market (*Mercato Telematico Azionario* or MTA), FINCANTIERI S.p.A. achieved a fundamental goal for driving forward the process of growth in both volumes and efficiency that has profoundly transformed the Fincantieri Group over the past ten years, making it a global player, the leader by diversification and the Western world's number one shipbuilder.
Over these years, despite a particularly difficult and challenging market environment, the Group has pursued a strategy of diversifying its product and customer portfolio both for cruise ships and naval vessels; at the same time, it has expanded into new areas of business, such as the design and construction of mega-yachts, the design and construction of marine systems and equipment, ship repairs and conversions and above all the offshore market, while strengthening its relationships with customers with whom the Group has established solid long-term partnerships.
In this context, foundations were laid in the first half of 2015 for the conclusion of major agreements which will ensure ever increasing visibility for the Group's prospective revenues through further significant additions to the order backlog. In particular, in the cruise area, it signed a historic strategic memorandum of agreement with Carnival Corporation & plc for five next-generation cruise ships, to be built over the period 2019-2022. The agreement also includes options for additional ship builds in the coming years. This fresh momentum for the partnership between Fincantieri and Carnival Corporation, announcing a program of this magnitude for the first time ever, is of the greatest strategic importance not only for the shipbuilding industry but also for the entire domestic economy through setting out a long-term program with a historic partner of the Group. In the same period, Fincantieri expanded its customer portfolio with the signing of a binding letter of intent with Virgin Cruises, a Virgin Group brand and new entrant to the cruise market, for the construction of three cruise ships. These agreements, whose finalization is subject to several conditions, including satisfactory shipowner financing, have not been included in new order intake, but treated as part of the soft backlog.
With reference to the naval vessels business, the second quarter saw firm orders finally placed for 8 naval vessels (6 multi-purpose offshore patrol vessels, 1 logistics support vessel and 1 multi-purpose amphibious unit) under the Italian Navy's fleet renewal program and for the last two vessels under the Italian Navy's FREMM program. The US Navy confirmed the placement of another order with the subsidiary Marinette Marine Corporation for another ship under the LCS program, the ninth under the contract signed in 2010, as well as advanced procurement funding for the tenth and final ship under this same contract. Confirming the importance and strategic value of the LCS program, the customer has also awarded the American shipyard a priced option for an additional ship.
Following these extraordinary commercial successes, as at 30 June 2015 the Group could count on an expected total backlog worth more than euro 19 billion, of which euro 12 billion in order backlog (the residual value of firm orders not yet completed) and euro 7.2 billion in soft backlog (representing the value of existing contract options and letters of intent as well as of contracts under negotiation, none of which yet reflected in the order backlog). The significant value of soft backlog translates into an expected order book in excess of euro 23 billion.
In this context, Fincantieri is currently engaged in managing a particularly challenging order book, which includes a large number of new prototypes currently under design or construction, with 2 cruise ship prototypes already delivered in 2015 and another 4 due for delivery in 2016. Its efforts will ensure a solid workload and significant growth in volumes for the years to come, through the subsequent construction of additional sister ships already ordered or in the process of being ordered. In order to fulfil this sizeable order backlog, not only has the Company embarked on extensive reorganization of its Italian sites without resorting to lay-offs whilst improving the mix of skills with the recruitment of over 380 new staff in Italy over the past 18 months, it is also working to rebuild the subcontractor network seriously undermined by the years of crisis.
For the purposes of ensuring due efficiency in managing this backlog, the Company is still engaged in negotiations with trade unions for renewal of the supplementary labor agreement at its Italian sites. In fact, after extending the 2009 supplementary agreement for two years, Fincantieri announced on 30 March 2015, in the absence of an understanding with the unions, that the former was terminated once and for all. The Company believes it important to achieve labor relations better suited to competing in a global market, and to adopt mechanisms able to produce a marked improvement in the standards of efficiency, productivity and flexibility of the workforce in Italy in line with market demand, including

through the use of variable bonuses linked to the business's economic performance. The achievement of such objectives will be one of the conditions for managing the significant competitive challenges ahead.
In terms of profitability, the first half of 2015 saw the Shipbuilding and Equipment, Systems and Services segments improve their performance on the same period in 2014, while the Offshore segment was still affected by the contraction in VARD's margins mainly due to continued problems with its operations in Brazil, partly as a result of the currently difficult political and economic situation in this South American country. The increase in Shipbuilding margin, accompanied by the growth in revenue mainly from increased activity in the cruise ship area, was achieved even though the margins on cruise ships currently under construction, most of which prototypes, reflect not only highly depressed pricing agreed during the crisis, but also not yet full utilization of the Group's production capacity in Italy.
Period-end headcount decreased from 21,689 employees at 31 December 2014 (of whom 7,706 in Italy) to 21,553 at 30 June 2015 (of whom 7,780 in Italy). This is due to a reduction in the number of resources employed at the VARD yards, primarily in Brazil with continued downsizing of the Niterói shipyard, and in Romania, as a result of cost-cutting measures in response to the contraction in workload triggered by the difficulties in the Oil&Gas market in which the subsidiary operates.

Financial highlights

The first half of 2015 has reported the following results:

- Revenue and income of euro 2,220 million (euro 1,983 million in the first half of 2014), up 12% on the prior year equivalent period;
- EBITDA of euro 128 million (euro 142 million in the first half of 2014), with a margin on revenue of 5.8% versus 7.1% in the first half of 2014. This reduction in margin is due to the Offshore operating segment (4.6% in the first half of 2015 versus 9.6% in the first half of 2014) and particularly to the results of VARD;
- Profit/(loss) before extraordinary and non-recurring income and expenses of euro 7 million in loss (profit of euro 48 million in the same period last year). This result includes the recognition of euro 16 million in unrealized potential foreign exchange losses (and so without a corresponding monetary impact) on certain currency balances recorded by companies within the VARD Group. The Group share of this result, after attributing losses to non-controlling interests, is a profit of euro 23 million (profit of euro 39 million in the first half of 2014);
- Loss for the period of euro 19 million (profit of euro 33 million in the first half of 2014). The Group share of this result is a profit of euro 12 million at 30 June 2015, compared with a profit of euro 24 million in the first half of 2014;
- Net financial position of negative euro 220 million at 30 June 2015, mainly due to the growth in funding requirements for increased activities in the cruise ship business. Net financial position excludes VARD's construction loans, which amounted to euro 868 million at 30 June 2015;
- Capital expenditure in the first six months of 2015 of euro 68 million (euro 67 million in the same period of 2014);
- Free cash flow of negative euro 256 million (negative euro 25 million in the first half of 2014). Investing and operating activities absorbed euro 79 million and euro 177 million in funds respectively;
- Construction loans of euro 868 million at 30 June 2015 (euro 847 million at 31 December 2014);
- Order backlog at 30 June 2015 of euro 12 billion, with a soft backlog of euro 7.2 billion.

31.12.2014	Economic data		30.06.2015	30.06.2014
4,399	Revenue and income	Euro/million	2,220	1,983
297	EBITDA	Euro/million	128	142
6.8%	EBITDA *margin* (*)	*Percentage*	*5.8%*	*7.1%*
198	EBIT	Euro/million	74	93
4.5%	EBIT *margin* (**)	*Percentage*	*3.3%*	*4.7%*
87	Profit/(loss) before extraordinary and non-recurring income and expenses	Euro/million	(7)	48
(44)	Extraordinary and non-recurring income and (expenses)	Euro/million	(16)	(21)
55	Profit/(loss) for the period	Euro/million	(19)	33
67	Group share of profit/(loss) for the period	Euro/million	12	24

31.12.2014	Financial data		30.06.2015	30.06.2014
1,486	Net invested capital	Euro/million	1,784	1,421
1,530	Equity	Euro/million	1,564	1,237
44	Net financial position	Euro/million	(220)	(184)

31.12.2014	Other indicators		30.06.2015	30.06.2014
5,639	Order intake (***)	Euro/million	4,170	3,447
15,019	Order book (***)	Euro/million	15,968	14,184
9,814	Order backlog (***)	Euro/million	12,044	9,515
5.0	Soft backlog	Euro/billion	7.2	5.8
162	Capital expenditure	Euro/million	68	67
(124)	Free cash flow	Euro/million	(256)	(25)
101	Research and Development costs	Euro/million	48	49
21,689	Employees at the end of the period	Number	21,553	21,080
25	Vessels delivered (****)	Number	15	15

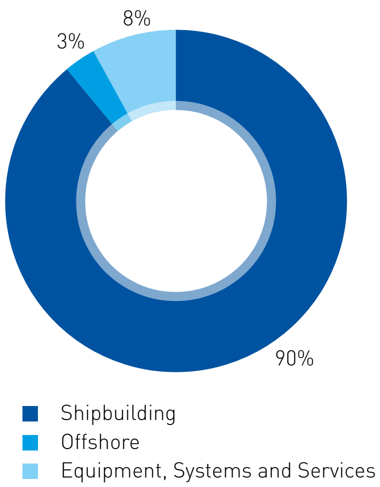
31.12.2014	*Ratios*		30.06.2015	30.06.2014
13.9%	ROI	Percentage	11.2%	16.8%
4.0%	ROE	Percentage	0.3%	6.9%
0.4	Total debt/Total equity	Number	0.5	0.5
n.a.	Net financial position /EBITDA	Number	0.8	0.6
n.a.	Net financial position /Total equity	Number	0.1	0.1

(*) Ratio between EBITDA and Revenue and income
(**) Ratio between EBIT and Revenue and income
(***) Net of eliminations and consolidation adjustments
(****) Number of vessels over 40 meters long
n.a. Not applicable
The percentages contained in this report have been calculated with reference to amounts expressed in thousands of euros.

GROUP OPERATIONAL PERFORMANCE

Order intake

% order intake by operating segment in 1st half 2015



New orders received during the first half of 2015 amounted to euro 4,170 million (euro 3,447 million in the corresponding period of 2014), of which euro 4,085 million received in the second quarter of 2015, and of which 90% relating to Shipbuilding.

The book-to-bill ratio (between orders received and revenue generated in the period) was equal to 1.9 at 30 June 2015 (1.7 at 30 June 2014).

As regards the naval vessels business, orders were received for 8 naval vessels (6 multi-purpose offshore patrol vessels, 1 logistics support vessel and 1 multi-purpose amphibious unit) under the Italian Navy's fleet renewal program, for the construction of the ninth and tenth Multi Mission European Frigates (or FREMMs), completing the supply of a series of 10 such vessels to the Italian Navy, and for another Littoral Combat Ship (LCS 21), while advance procurement funding was confirmed for another ship (LCS 23) under the existing program with the US Navy. The contract also includes a priced option for one more ship, the LCS 25, to be funded in 2016 and which is in addition to the 10 in the original contract, ensuring full continuity to the program.

The Group also recorded a significant increase in soft backlog during the period, particularly in the cruise ship business, with the signing of a historic strategic memorandum of agreement with Carnival Corporation & plc, announced on 27 March 2015, for five next-generation cruise ships to be built over the period 2019-2022. The agreement also includes options for additional ship builds in the coming years. The agreement is subject to several conditions, including satisfactory shipowner financing, and is reflected in the soft backlog. This fresh momentum for the partnership between Fincantieri and Carnival Corporation, announcing a program of this magnitude for the first time ever, is of the greatest strategic importance through setting out a long-term program with a historic partner of the Group. In addition, a binding letter of intent was signed with Virgin Cruises, a Virgin Group brand and new entrant to the cruise market, for the construction of three cruise ships. The finalization of these agreements is subject to several conditions and so the related value at 30 June has been included in the soft backlog. On 3 July, Fincantieri was also awarded a contract with the Bangladesh Coast Guard (BCG) for the supply of four Italian Navy "Minerva" class corvettes to be modernized and converted into Offshore Patrol Vessels (OPV) and for the provision of the related integrated logistics support services; this order has been included in the soft backlog at 30 June.

As for the Offshore segment, the persistent decline in oil prices already commencing in the second half of 2014 has significantly altered the spending outlook for oil exploration & production companies, which have scaled back their investment plans and initiated cost-cutting programs. As a result, order intake in the first half of 2015 was very limited, amounting to euro 140 million (for one OSCV) compared with euro 993 million in the same period of 2014.

During the first half of the year, the Equipment, Systems and Services segment finalized euro 306 million in new orders, partly in connection with the Italian Navy's fleet renewal program.

As a whole, foundations were laid in the first half of 2015 for the conclusion of major agreements which will ensure ever increasing visibility for the Group's prospective revenues and have helped take the soft backlog to euro 7.2 billion, on top of the significant level of order intake.

31.12.2014		**Order intake analysis** *(Euro/million)*	30.06.2015		30.06.2014	
Amounts	%		Amounts	%	Amounts	%
3,936	70	FINCANTIERI S.p.A.	3,680	88	2,041	59
1,703	30	Rest of Group	490	12	1,406	41
5,639	**100**	**Total**	**4,170**	**100**	**3,447**	**100**
4,400	78	Shipbuilding	3,752	90	2,396	69
1,131	20	Offshore	140	3	993	29
204	4	Equipment, Systems and Services	306	8	119	3
(96)	(2)	Consolidation adjustments	(28)	(1)	(61)	(1)
5,639	**100**	**Total**	**4,170**	**100**	**3,447**	**100**

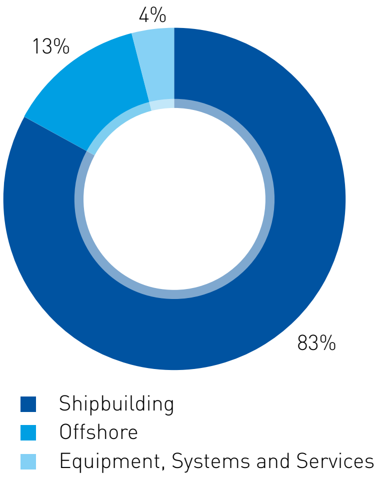
Order backlog

The order backlog, representing the residual value of orders not yet completed, amounted to euro 12,044 million at 30 June 2015 (euro 9,515 million at the end of June 2014), with the order book's profile extending until 2025.

The growth in backlog on a year earlier confirms the Group's ability to finalize contracts under negotiation, contract options and commercial opportunities and to transform them into order backlog. The backlog represents about 2.7 years of work in relation to revenue generated in 2014, with most of it in the Shipbuilding segment, which accounts for 83% of the Group's total order backlog.

It is also reported that on 13 March 2015, the VARD Group terminated the contracts for the construction of two vessels after the companies that had ordered them filed for bankruptcy. The value of these orders has been excluded from the backlog at 30 June 2015, pending their purchase and associated contract formalization by new customers.

% order backlog by segment
at 30 June 2015



The composition of the backlog by operating segment is shown in the following table.

31.12.2014		Backlog analysis *(Euro/million)*	30.06.2015		30.06.2014	
Amounts	%		Amounts	%	Amounts	%
6,877	70	FINCANTIERI S.p.A.	9,383	78	6,038	63
2,937	30	Rest of Group	2,661	22	3,477	37
9,814	**100**	**Total**	**12,044**	**100**	**9,515**	**100**
7,465	76	Shipbuilding	9,995	83	6,664	70
2,124	22	Offshore	1,609	13	2,608	27
300	3	Equipment, Systems and Services	513	4	304	3
(75)	(1)	Consolidation adjustments	(73)	-	(61)	-
9,814	**100**	**Total**	**12,044**	**100**	**9,515**	**100**

The soft backlog, representing the value of existing contract options and letters of intent as well as of contracts under negotiations, none of which yet reflected in the order backlog, amounted to approximately euro 7.2 billion at 30 June 2015, compared with euro 5.8 billion at 30 June 2014, and particularly includes the strategic agreement with Carnival Corporation & plc and the agreement entered into with Virgin Cruises.

31.12.2014	Soft backlog *(Euro/billion)*	30.06.2015	30.06.2014
Amounts		Amounts	Amounts
5.0	**Group total**	**7.2**	**5.8**

The following table shows the deliveries scheduled each year for vessels currently in the order book, analyzed by the main business units. With reference to the current year, the table presents deliveries completed as at 30 June 2015 in addition to the total number of deliveries scheduled for the full year 2015. Compared with the situation presented at 31 December 2014, it has been agreed with the cruise customers concerned to postpone the delivery of two cruise ships from 2016 to the first half of 2017 in order to ensure a better distribution of workload.
Furthermore, in the Offshore segment VARD has adjusted production schedules as a consequence of variation orders for several projects leading to extended delivery dates, resulting in an improved workload balance at the yards.

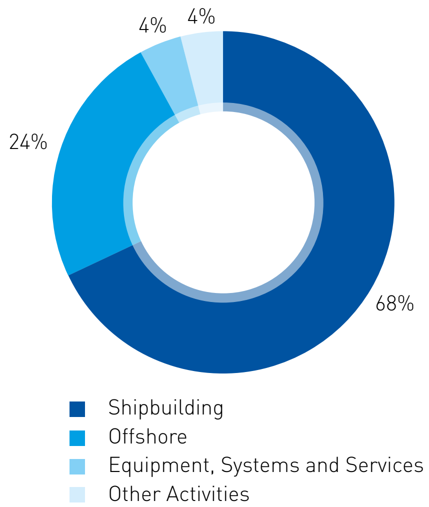
Scheduled deliveries

(number)	***30.06.15 completed***	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**Beyond**
Cruise ships	*3*	3	5	5	4			
Naval >40 m.	*2*	7	9	8	3	3	1	8
Offshore	*9*	15	18	5				

Capital expenditure

Capital expenditure totaled euro 68 million in the first six months of 2015, of which euro 12 million for Intangible assets (including euro 9 million for development projects) and euro 56 million for Property, plant and equipment. The Parent Company accounted for 65% of this total expenditure.
Capital expenditure represented 3.1% of the Group's revenue in the first six months of 2015 compared with 3.4% in the first six months of 2014.
Capital expenditure in the first six months of 2015 mainly related to the construction of new infrastructure, and to technological upgrades designed to improve production efficiency through greater process automation and to improve safety conditions and compliance with environmental regulations within the production sites.
There was also continued investment in developing new technologies, particularly with regard to cruise ships.

% capital expenditure by operating segment in 1st half 2015



31.12.2014		**Capital expenditure analysis** *(Euro/million)*	30.06.2015		30.06.2014	
Amounts	%		Amounts	%	Amounts	%
98	60	FINCANTIERI S.p.A.	44	65	40	60
64	40	Rest of Group	24	35	27	40
162	**100**	**Total**	**68**	**100**	**67**	**100**
98	61	Shipbuilding	46	68	37	55
47	29	Offshore	16	24	23	34
5	3	Equipment, Systems and Services	3	4	2	3
12	7	Other activities	3	4	5	8
162	**100**	**Total**	**68**	**100**	**67**	**100**
38	23	Intangible assets	12	18	14	21
124	77	Property, plant and equipment	56	82	53	79
162	**100**	**Total**	**68**	**100**	**67**	**100**

GROUP FINANCIAL RESULTS

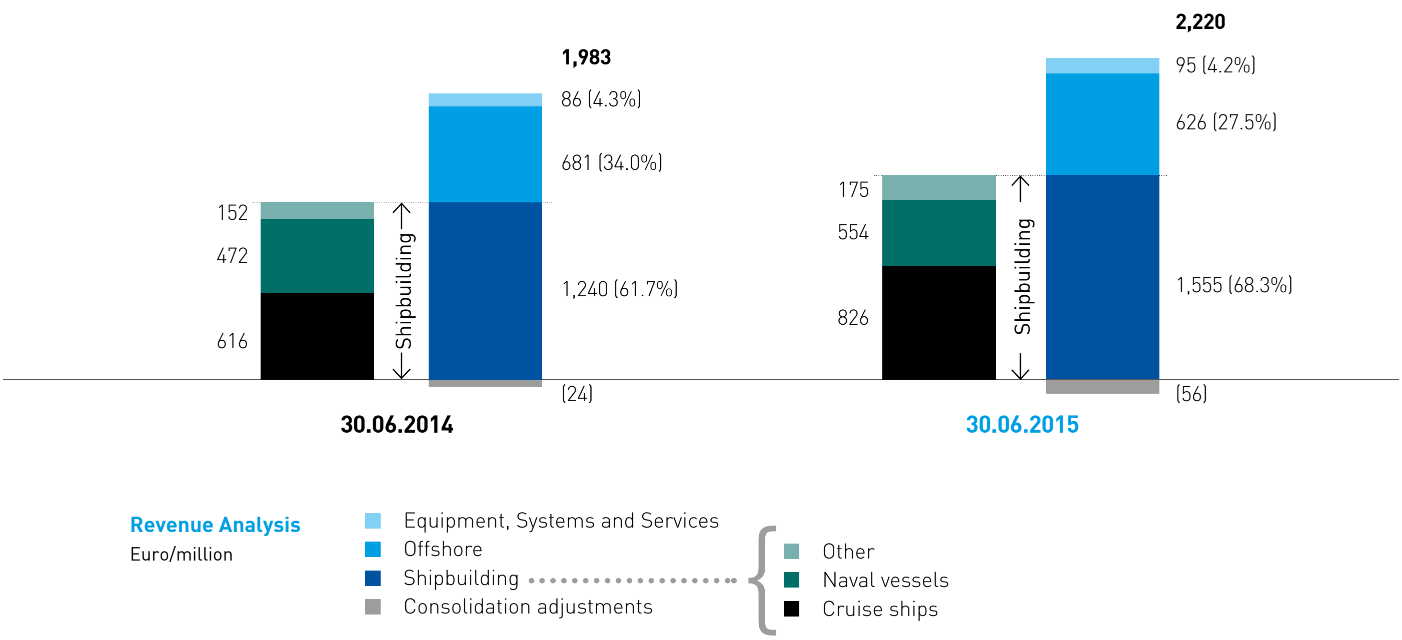
Presented below are the reclassified consolidated versions of the income statement, statement of financial position and statement of cash flows and the breakdown of consolidated net financial position, used by management to monitor business performance.
A reconciliation of these reclassified statements to the IFRS statements can be found later on in this report.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

31.12.2014	(Euro/million)	30.06.2015	30.06.2014
4,399	**Revenue and income**	**2,220**	**1,983**
(3,234)	Materials, services and other costs	(1,636)	(1,425)
(843)	Personnel costs	(459)	(406)
(25)	Provisions and impairment	3	(10)
297	**EBITDA**	**128**	**142**
6.8%	**EBITDA margin**	***5.8%***	***7.1%***
(99)	Depreciation and amortization	(54)	(49)
198	**EBIT**	**74**	**93**
4.5%	**EBIT margin**	***3.3%***	***4.7%***
(66)	Finance income/(costs)	(62)	(28)
6	Income/(expense) from investments	-	1
(51)	Income taxes	(19)	(18)
87	**Profit/(loss) before extraordinary and non-recurring income and expenses**	**(7)**	**48**
99	*of which attributable to Group*	*23*	*39*
(44)	Extraordinary and non-recurring income and (expenses)	(16)	(21)
12	Tax effect of extraordinary and non-recurring income and expenses	4	6
55	**Profit/(loss) for the period**	**(19)**	**33**
67	Group share of profit/(loss) for the period	12	24

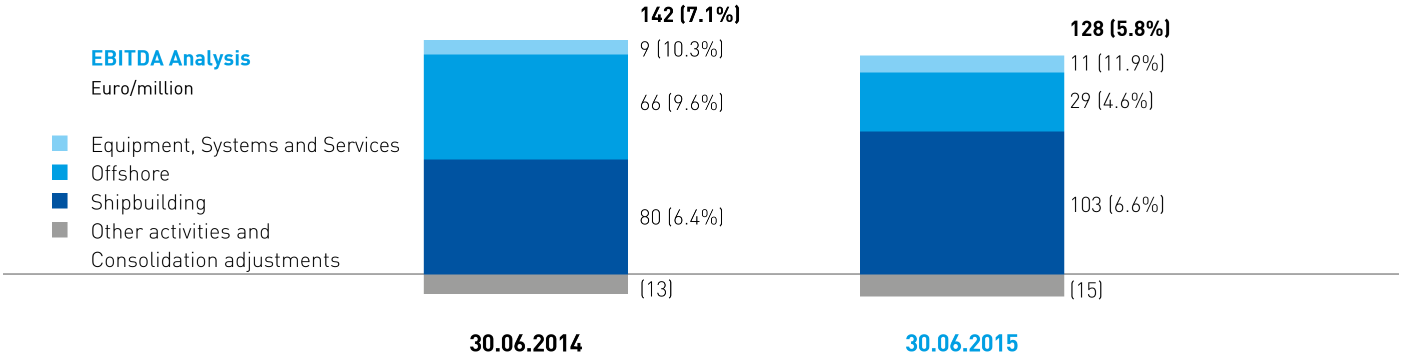
Revenue and income in the first six months of 2015 amounted to euro 2,220 million, reporting an increase of euro 237 million (or 12.0%) on the same period of 2014 mainly due to higher volumes for the cruise ship business, which accounted for 37% of the Group's total revenue for the period (31% in the same period of 2014).

The Group's export revenue accounted for 84% of the total in the first half of 2015, up from 81% in the corresponding period of 2014.



Revenue Analysis
Euro/million

EBITDA came to euro 128 million, representing a decline on the amount reported in the first six months of 2014. The **EBITDA margin**, calculated as the ratio of EBITDA to Revenue and income, was 5.8% compared with 7.1% in the corresponding period of 2014. The fall in margin was mainly attributable to the Offshore segment, whose six-month margin was 4.6% compared with 9.6% in the first half of 2014. This drop in margin is due to the gradual reduction in production volumes at some of VARD's European yards accompanying the continuing crisis in the offshore Oil&Gas market, and to the still weak operating performance of VARD's Brazilian yards. In addition, the Offshore segment's six-month profitability in 2014 had benefited from euro 15 million in utilizations from the provision for risks on contracts recognized at the time of the VARD Group's acquisition, all of which utilized by 31 December 2014.



EBIT amounted to euro 74 million in the first six months of 2015, compared with euro 93 million in the first six months of 2014. The decrease reflects not only to the factors discussed earlier, but also an increase of euro 5 million in depreciation and amortization charges in the first half of 2015. As a result, the EBIT margin (EBIT expressed as a percentage of Revenue and income) at 30 June 2015 decreased on the same period of 2014, from 4.7% to 3.3%.

Finance income and costs reported a net expense of euro 62 million (euro 28 million at 30 June 2014). The increase in the same period last year is mainly attributable to higher finance costs for construction loans (euro 18 million at 30 June 2015 versus euro 9 million in the same period a year ago) and to the recognition of euro 16 million in unrealized foreign exchange losses (without a corresponding monetary impact) on certain currency balances recorded by companies within the VARD Group.

Income taxes reported a net expense of euro 19 million in the first six months of 2015 (euro 18 million in the same period of 2014); the current half-year figure was affected by the non-recognition of deferred tax assets for losses at the VARD Group's Brazilian subsidiaries.

Profit/(loss) before extraordinary and non-recurring income and expenses reported a loss of euro 7 million at 30 June 2015, which included euro 16 million in unrealized foreign exchange losses arising on translation of the VARD Group's foreign currency balances, as discussed in the earlier comment on Finance income and costs. The Group share of this result is a profit of euro 23 million compared with euro 39 million in the first half of last year.

Extraordinary and non-recurring income and expenses reported euro 16 million in net expenses at 30 June 2015 and included company costs for the Extraordinary Wage Guarantee Fund (euro 2 million), charges connected with business reorganization plans (euro 4 million), and costs relating to claims under asbestos-related lawsuits (euro 10 million).

Tax effect of extraordinary and non-recurring income and expenses was a positive euro 4 million at 30 June 2015.

Profit/(loss) for the period was a loss of euro 19 million for the first six months of 2015, for the reasons described above. The Group share of this result was a profit of euro 12 million, compared with euro 24 million in the first half of last year.

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30.06.2014	(Euro/million)	30.06.2015	31.12.2014
548	Intangible assets	533	508
926	Property, plant and equipment	977	959
76	Investments	69	60
(17)	Other non-current assets and liabilities	(36)	(48)
(60)	Employee benefits	(58)	(62)
1,473	**Net fixed capital**	**1,485**	**1,417**
475	Inventories and advances	461	388
735	Construction contracts and advances from customers	1,566	1,112
(607)	Construction loans	(868)	(847)
421	Trade receivables	432	610
(997)	Trade payables	(1,017)	(1,047)
(133)	Provisions for risks and charges	(111)	(129)
54	Other current assets and liabilities	(164)	(18)
(52)	**Net working capital**	**299**	**69**
1,421	**Net invested capital**	**1,784**	**1,486**
633	Share capital	863	863
352	Reserves and retained earnings attributable to the Group	488	447
252	Non-controlling interests in equity	213	220
1,237	**Equity**	**1,564**	**1,530**
184	**Net financial position**	**220**	**(44)**
1,421	**Sources of funding**	**1,784**	**1,486**

The **Reclassified consolidated statement of financial position** reports an increase in Net invested capital at 30 June 2015 of euro 298 million since December 2014, mainly due to the following factors:

- **Net fixed capital** presents an overall increase of euro 68 million since 31 December 2014. With reference to the individual items included in this balance, Intangible assets increased by euro 25 million (mainly due to exchange rate differences on translating balances of the VARD and FMG Groups, to expenditure in the period and to the recognition of intangible assets on the acquisition of the ICD Software Group), Property, plant and equipment increased by euro 18 million (for capital expenditure in the first half of 2015 net of depreciation), Investments increased by euro 9 million (of which euro 5 million due to the acquisition of a joint interest in the Camper & Nicholsons International group, with the remainder mainly due to equity-accounting for the investments) and Other non-current assets and liabilities increased by euro 12 million (mainly due to a smaller net liability arising from the fair value measurement of currency derivatives);
- **Net working capital** reports a positive balance of euro 299 million (euro 69 million at 31 December 2014). In detail: the growth in production volumes led to increases in both Inventories and advances (by euro 73 million) and Construction contracts (by euro 454 million); Trade receivables decreased by euro 178 million, while Trade payables declined by euro 30 million; lastly, Other current assets and liabilities reported a negative change of euro 146 million mainly because of the fair value measurement of currency derivatives. It is recalled that in view of the operational nature of construction loans and particularly the fact that these types of loan are obtained and can be used exclusively to finance the contracts to which they refer, management treats them in the same way as advances received from customers and so classifies them as part of Net working capital. The amount of these loans remained largely unchanged in the first half of 2015 compared with 31 December 2014. On 29 June 2015, the Parent Company finalized a construction loan with a leading international bank, capped at euro 150 million, for the purpose of financing cruise ship construction. This loan had not been drawn down at 30 June 2015 and so construction loans at this date refer exclusively to the VARD Group.

Equity reports an increase of euro 34 million, mainly comprising the loss for the period (euro 19 million), the positive effects on the currency translation reserve arising from changes in the Norwegian krone and US dollar exchange rates against the Euro (euro 54 million) and the negative effects of currency hedges on the cash flow hedge reserve (euro 6 million).

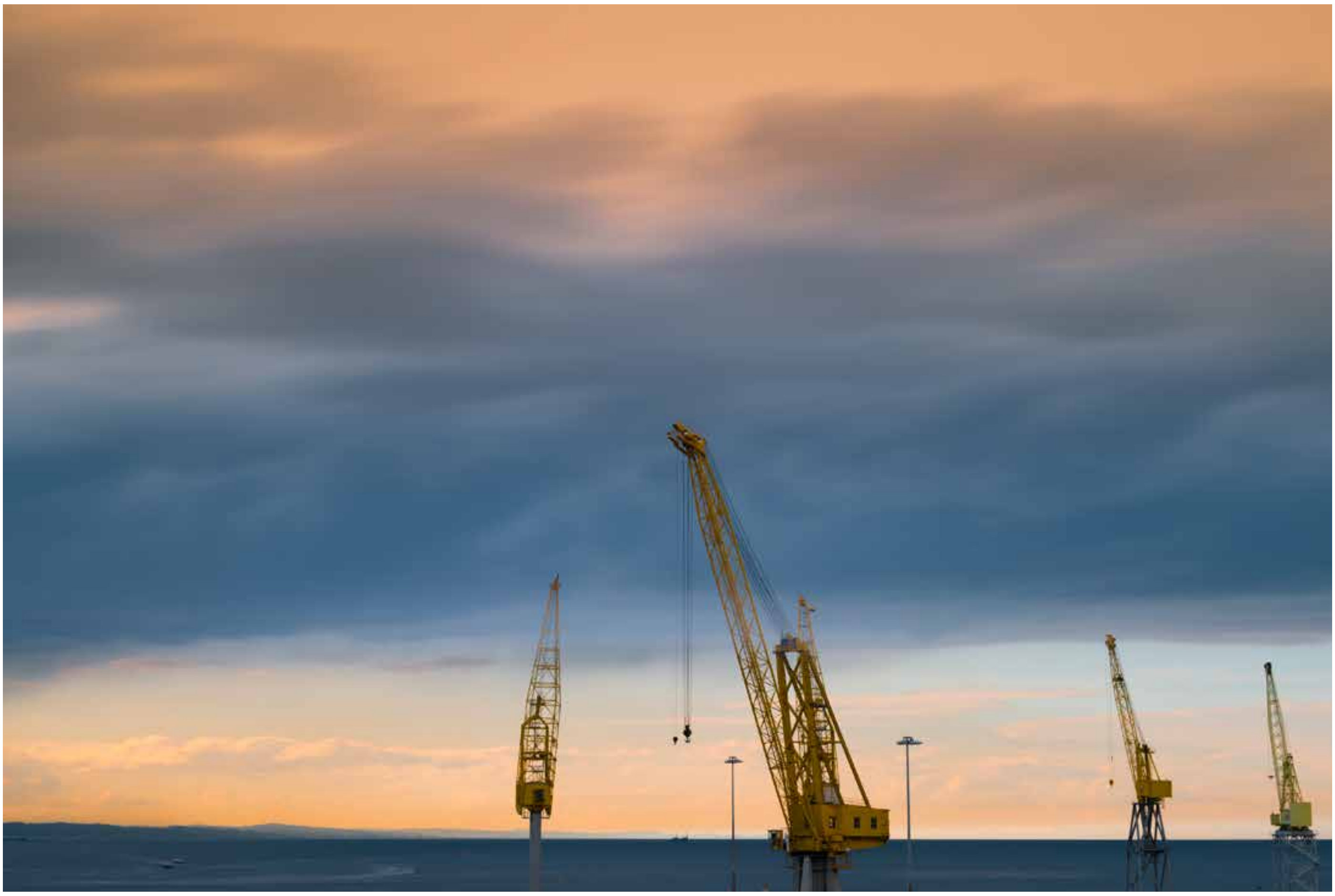
The strength of the capital structure is confirmed by the ratios between debt (gross and net) and equity and in the capacity of equity to fund Net fixed capital.

Net financial position reports euro 220 million in net debt at 30 June 2015 (euro 44 million in net cash at 31 December 2014). This amount does not include construction loans.

CONSOLIDATED NET FINANCIAL POSITION

30.06.2014	(Euro/million)	30.06.2015	31.12.2014
472	**Cash and cash equivalents**	**406**	**552**
75	**Current financial receivables**	**58**	**82**
(67)	Current bank debt	(42)	(32)
(38)	Current portion of bank loans and credit facilities	(111)	(47)
(74)	Other current financial liabilities	(37)	(1)
(179)	**Current debt**	**(190)**	**(80)**
368	**Net current cash/(debt)**	**274**	**554**
15	**Non-current financial receivables**	**99**	**90**
(257)	Non-current bank debt	(295)	(290)
(296)	Bond	(297)	(297)
(14)	Other non-current financial liabilities	(1)	(13)
(567)	**Non-current debt**	**(593)**	**(600)**
(184)	**Net financial position**	**(220)**	**44**

The above **Consolidated net financial position**, which excludes VARD construction loans, presents a net debt balance of euro 220 million (euro 44 million in net cash at 31 December 2014). The change in Net financial position is mainly due to the growth in funding requirements for increased activities in the cruise ship business.



RECLASSIFIED CONSOLIDATED STATEMENT OF CASH FLOWS

31.12.2014	(Euro/million)	30.06.2015	30.06.2014
33	Net cash flows from operating activities	(177)	49
(157)	Net cash flows from investing activities	(79)	(74)
303	Net cash flows from financing activities	100	105
179	**Net cash flows for the period**	**(156)**	**80**
385	**Cash and cash equivalents at beginning of period**	**552**	**385**
(12)	Effects of currency translation difference on opening cash and cash equivalents	10	7
552	**Cash and cash equivalents at end of period**	**406**	**472**

31.12.2014	(Euro/million)	30.06.2015	30.06.2014
(124)	**Free cash flow**	**(256)**	**(25)**

The **Reclassified consolidated statement of cash flows** reports negative **Net cash flows for the period** of euro 156 million (versus a net positive euro 80 million in the same period of 2014), reflecting negative **Free cash flow** (the sum of cash flow from operating activities and cash flow from investing activities) of euro 256 million, and euro 100 million in net positive cash flows from financing activities.
It is recalled that cash flows from operating activities include the change in construction loans.

ECONOMIC AND FINANCIAL INDICATORS

The following table presents additional economic and financial measures used by the Group's management to monitor the performance of its main business indicators in the periods considered. The following table shows the trend in the main profitability ratios and the strength and efficiency of the capital structure in terms of the relative importance of sources of finance between net debt and equity for the periods ended 30 June 2015 and 2014.
The ratios presented in the table have been calculated on the basis of economic parameters referring to a 12-month period, namely from 1 July 2014 to 30 June 2015 and from 1 July 2013 to 30 June 2014.

31.12.2014		30.06.2015	30.06.2014
13.9%	ROI	11.2%	16.8%
4.0%	ROE	0.3%	6.9%
0.4	Total debt/Total equity	0.5	0.5
n.a.	Net financial position/EBITDA	0.8	0.6
n.a.	Net financial position /Total equity	0.1	0.1

n.a. not applicable

The change in ROI at 30 June 2015 compared with 31 December 2014 and 30 June 2014 reflects the increase in net invested capital and the reduction in EBIT, while ROE at 30 June 2015 has been seriously affected by the reduced result for the period.
The indicators of the strength and efficiency of the capital structure at 30 June 2015 are largely in line with those at 30 June 2014, except for the Net financial position/EBITDA ratio, which reports a slight increase to 0.8. At 31 December 2014, some of the indicators were not applicable because of the positive Net financial position at that date.

Operational review by segment

SHIPBUILDING

The Shipbuilding operating segment is engaged in the design and construction of cruise ships, ferries, naval vessels and mega-yachts, as well as in ship repair and conversion activities. Production is carried out at the Italian shipyards and, in the case of vessels intended for the American market, at the Group's American shipyards.

31.12.2014	(Euro/million)	30.06.2015	30.06.2014
2,704	Revenue and income (*)	1,555	1,240
195	EBITDA (*)	103	80
7.2%	*EBITDA margin* (*) (**)	*6.6%*	*6.4%*
4,400	Order intake (*)	3,752	2,396
10,945	Order book (*)	12,353	10,142
7,465	Order backlog (*)	9,995	6,664
98	Capital expenditure	46	37
7	Vessels delivered (number) (***)	6	4

(*) Before eliminations between operating segments

(**) Ratio between segment EBITDA and Revenue and income

(***) Vessels over 40 meters long

Revenue and income

Revenue from the Shipbuilding operating segment increased by 25.4% to euro 1,555 million at 30 June 2015 (euro 1,240 million at 30 June 2014), of which euro 826 million from the cruise ships business unit (euro 616 million at 30 June 2014) and euro 554 million from the naval vessels business unit (euro 472 million at 30 June 2014). Compared with the first six months of 2014, cruise ship revenue increased by euro 210 million, with 11 ships under construction at the Group's Italian yards (of which 3 delivered in the six-month period) versus 7 ships under construction at 30 June 2014. The growth in revenue from the naval vessels business was mainly thanks to a larger contribution by the FMG Group, which benefited from the positive trend in the USD/Euro rate, helping offset lower activity in Italy pending the start of work on the Italian Navy's fleet renewal program. Revenue from other activities increased to euro 175 million from euro 152 million at 30 June 2014.

EBITDA

The segment's EBITDA came to euro 103 million at 30 June 2015. The improvement on the same period in 2014 is largely attributable to increased volumes, allowing better capacity utilization at the Group's Italian yards. The **EBITDA margin** was 6.6% for the first half of 2015 (6.4% in the first half of 2014). Despite the increase in segment revenue, it should be noted that the margins on cruise ships currently under construction, most of which prototypes, reflect severely depressed prices agreed during the crisis. In this context, Fincantieri is therefore engaged in achieving a significant growth in volumes, with 2 cruise ship prototypes delivered in 2015 and another 4 due for delivery in 2016. In order to fulfil this sizeable order backlog, not only has the Company embarked on extensive reorganization of its Italian sites without resorting to lay-offs whilst improving the mix of skills with the recruitment of over 380 new staff in Italy over the past 18 months, it is also working to rebuild the subcontractor network seriously undermined by the years of crisis.

Order intake

New order intake of euro 3,752 million in the first six months of 2015 refers to:

- 8 naval vessels (6 multi-purpose offshore patrol vessels, 1 logistics support vessel and 1 multi-purpose amphibious unit) under the Italian Navy's fleet renewal program;
- 2 Multi Mission European Frigates (or FREMMs), the ninth and tenth in completion of a series of 10 such vessels supplied to the Italian Navy;
- 1 ship under the Littoral Combat Ship program for the US Navy, the ninth (LCS 21) under the contract for ten such ships signed in 2010 through the subsidiary Marinette Marine Corporation (MMC), as well as advance procurement funding for one ship (LCS 23) and a priced option for another (LCS 25);
- 1 ATB (Articulated Tug Barge), comprising 1 tug and 1 barge, for petroleum/chemical transportation, which will be built at the Sturgeon Bay shipyard.

Lastly, the cruise ship business saw the signing in the period of a strategic agreement with Carnival Corporation & plc for five next-generation cruise ships to be built over the period 2019-2022, and of a letter of intent with Virgin Cruises for three ships, with the value of both agreements currently reflected in the soft backlog.

Capital expenditure

Capital expenditure on Property, plant and equipment in the first six months of 2015 mostly involved continuation of projects initiated in 2014 at the Marghera shipyard in Italy and at the Marinette and Sturgeon Bay shipyards in the United States, as well as the start of work on modernizing hull-building technology and logistical support at the Sestri and Monfalcone yards in Italy in support of production volumes. As far as Intangible assets were concerned, there was continued expenditure on developing new technologies that comply with new international rules on cruise ship safety and noise reduction, and which will be applied to the large number of new prototypes currently in the order book.

Production

The number of ships delivered in the first six months of 2015 is analyzed as follows:

(number)	**Deliveries**
Cruise ships	3
Cruise ferries	1
Naval vessels > 40 m long	2
Mega-yachts	
Naval vessels < 40 m long	3

- "Britannia", the new flagship of P&O Cruises, a Carnival Group brand, delivered by the Monfalcone shipyard;
- "Viking Star", a prototype, delivered to Viking Ocean Cruises by the Marghera shipyard;
- "Le Lyrial", the fourth super-luxury small cruise ship for the French cruise line Ponant, delivered by the Ancona shipyard;
- "Carabiniere", the fourth frigate in the Italian Navy's FREMM program, delivered by the Muggiano shipyard;
- "F.-A.-Gauthier", the first ever LNG powered ferry built in Italy by the Castellammare di Stabia shipyard for the Canadian shipowner, Société des Traversiers du Québec;
- the Moran Barge 774, delivered by the Group's American shipyards.

OFFSHORE

The Offshore operating segment is engaged in the design and construction of support vessels for the oil&gas exploration and production market. Fincantieri operates in this market through the VARD Group, FINCANTIERI S.p.A. and Fincantieri Oil&Gas S.p.A..
The VARD Group also provides its customers with turnkey electrical systems, inclusive of engineering, manufacturing, installation, integration testing and commissioning.

31.12.2014	(Euro/million)	**30.06.2015**	**30.06.2014**
1,580	Revenue and income (*)	626	681
108	EBITDA (*)	29	66
6.8%	*EBITDA margin* (*) (**)	*4.6%*	*9.6%*
1,131	Order intake (*)	140	993
3,623	Order book (*)	2,917	3,575
2,124	Order backlog (*)	1,609	2,607
47	Capital expenditure	16	23
18	Vessels delivered (number)	9	11

(*) Before eliminations between operating segments

(**) Ratio between segment EBITDA and Revenue and income

Revenue and income

Revenue from the Offshore operating segment amounted to euro 626 million at 30 June 2015, down 8.2% from euro 681 million in the first six months of 2014, largely due to the negative impact of changes in the Norwegian krone/Euro exchange rate (euro 27 million). It should also be noted that the Offshore segment's operating revenue in the first six months of 2014 included euro 15 million in utilizations of the provision recognized at the time of allocating the VARD Group's purchase price in respect of delays and higher expected costs at its Brazilian shipyards.

EBITDA

The Offshore segment reported EBITDA of euro 29 million at 30 June 2015 compared with euro 66 million in the first six months of 2014, with the margin dropping from 9.6% in the first half of 2014 to 4.6% in the first half of 2015. This deterioration is the result of weak operating performance by some of the VARD shipyards. In particular, operations in Norway and Romania are seeing a gradual reduction in the volume of activity as a result of lower order intake in a considerably shrunken market, leading to ever-increased focus on reducing costs. In Brazil, affected by persistent problems linked to the difficult political and economic situation, (i) at Niterói shipyard downsizing continues in line with the decreasing workload following recent vessel deliveries: after the delivery of the first LPG carrier on 9 July 2015, in its orderbook the yard has only the outfitting work on the second LPG carrier and one AHTS which has incurred cost overruns during the semester; and (ii) margins at the new Promar shipyard have been affected by additional cost overruns and provisions for completion of the outfitting of the first LPG carriers, whose estimated completion dates have been further postponed.

Order intake

New order intake amounted to euro 140 million in the first six months of 2015, including an order for an OSCV for Kreuz Subsea. Since the second half of last year the decline in oil prices has significantly altered the spending outlook for oil exploration & production companies, involving a general scaling back of investment plans and introduction of cost-cutting programs.

The order backlog stood at euro 1,609 million at 30 June 2015, relating to 29 vessels, of which 17 of VARD's own design, ensuring a high volume of activity until 2017.

It is also reported that on 13 March 2015, the VARD Group terminated the contracts for the construction of two vessels after the companies that had ordered them filed for bankruptcy. The value of these orders has been excluded from the backlog at 30 June 2015, pending their purchase and associated contract formalization by new customers, with no impact on first-half profitability. In fact, the subsidiary still intends to complete the construction of the 2 vessels currently in production at VARD's Vietnamese yard and to resell them to a new customer.

Capital expenditure

Capital expenditure in the first six months of 2015 mainly related to the final stages of completion of the Vard Promar shipyard in Brazil, as well as to projects for technological upgrades at the yards in Romania and Vietnam, designed to improve production efficiency through greater process automation.

Production

A total of 9 vessels were delivered:

(number)	**Deliveries**
AHTS	1
PSV (including MRV)	4
OSCV	2
Other	2

1 AHTS (Anchor Handling Tug Supply)

- "Skandi Angra" was delivered to Norskan Offshore (DOF group) by the Niterói shipyard (Brazil);

4 PSV (Platform Supply Vessel)

- "Troms Mira" was delivered to Tidewater by the Vard Vung Tau shipyard (Vietnam);
- "Stril Barents" was delivered to Simon Møkster Shipping by the Vard Aukra shipyard (Norway);
- "Island Clipper" was delivered to Island Offshore by the Vard Brevik shipyard (Norway);
- "Troms Hera" was delivered to Troms Offshore by the Vard Vung Tau shipyard (Vietnam).

2 OSCV (Offshore Subsea Construction Vessel)

- "Skandi Africa" was delivered to DOF by the Vard Søviknes shipyard (Norway);
- "Far Sleipner" was delivered to Farstad Shipping by the Vard Langsten shipyard (Norway).

2 Other

- "Marjata", a special ship for the Royal Norwegian Navy, was delivered by the Vard Langsten shipyard (Norway);
- 1 Offshore Tug Vessel was delivered to Buksér og Berging by the Vard Braila shipyard (Romania).

EQUIPMENT, SYSTEMS AND SERVICES

The Equipment, Systems and Services operating segment is engaged in the design and manufacture of systems and equipment and the provision of after-sales services. These activities are carried out by FINCANTIERI S.p.A. and its subsidiaries Isotta Fraschini Motori S.p.A., Delfi S.r.l., Seastema S.p.A. and FMSNA Inc..

31.12.2014	(Euro/million)	30.06.2015	30.06.2014
192	Revenue and income (*)	95	86
21	EBITDA (*)	11	9
11.1%	*EBITDA margin* (*) (**)	*11.9%*	*10.3%*
204	Order intake (*)	306	119
663	Order book (*)	932	686
300	Order backlog (*)	513	304
5	Capital expenditure	3	2
53	Engines produced in workshops (number)	18	19

(*) Before eliminations between operating segments

(**) Ratio between segment EBITDA and Revenue and income

Revenue and income

Revenue from the Equipment, Systems and Services operating segment increased by 11% year-on-year to euro 95 million at 30 June 2015. This improvement was primarily due to higher sales volumes for systems and equipment, in line with the development prospects for this business.

EBITDA

The segment's EBITDA came to euro 11 million at 30 June 2015, with an improvement in EBITDA margin to 11.9% from 10.3% in the first half of 2014, mainly reflecting the change in mix of products and services sold in the six months compared with the corresponding prior year period.

Order intake

New order intake for Equipment, Systems and Services amounted to euro 306 million during the first six months of 2015, mostly comprising:

- supply of Integrated Logistic Support (ILS) and In Service Support (ISS) for the LSS, LHD and PPA Naval Law contracts for the Italian Navy;
- complete revamping of a steam power generation plant and supply of a steam turbine for the Italian customer A2A;
- 5 generating sets, of which 2 for the US Navy's LCS program, 2 for the Singapore Navy's Delta program and 1 for a cruise order;
- 4 entertainment management systems for cruise orders, of which two for Seabourn and the others for Silversea and Carnival;
- 1 automation and control system for a ferry built at a third-party shipyard, as well as modifications to the FREMM automation system for the Italian Navy;
- design of a package for the salinization of gas turbines for ship propulsion;
- 4 stabilization systems for cruise orders for Princess, HAL, CCL and Seabourn;
- 3 thruster positioning systems for the BAM II Series and Seabourn orders;
- 1 propulsion, steering and positioning systems, 4 lifts, 1 side platform and 1 landing grid for the LSS contract with the Italian Navy;
- 3 turbine generators, including one for Carnival, and 1 mechanical drive turbine;
- after-sale services and spare parts for programs of the US Navy and US Coast Guard, for programs of the Italian Navy, for cruise customers and other smaller customers.

OTHER ACTIVITIES

Other activities primarily refer to the costs incurred by corporate headquarters for directing, controlling and coordinating the business, that are not allocated to other operating segments.

31.12.2014	(Euro/million)	30.06.2015	30.06.2014
-	Revenue and income	-	-
(27)	EBITDA	(15)	(13)
n.a.	*EBITDA margin*	*n.a.*	*n.a.*
12	Capital expenditure	3	5

n.a. not applicable

Capital expenditure

Like in 2014, the most significant items of expenditure included development of the information systems in support of the Group's business, particularly the updating of technical design systems, the improvement of supply chain management systems and the updating of the Group's management software.

Other information

MARKET CAPITALIZATION

The market capitalization of Fincantieri, at the closing price on 30 June 2015, was approximately euro 1.2 billion. In terms of stock liquidity, around 202 million shares were traded from the start of the year to 30 June 2015, with a daily average trading volume in the period of around 1.6 million shares.

31.12.2014			30.06.2015	30.06.2014
0.70	Average share price in the period	Euro	0.76	n.d.
0.77	Share price at period end	Euro	0.68	n.d.
1,692	Number of shares outstanding at period end	Million	1,692	n.d.
1,300	Market capitalization (*)	Euro/million	1,184	n.d.

(*) Number of shares outstanding multiplied by reference share price at period end.

The application period for the allocation of bonus shares to entitled shareholders commenced on 4 July 2015, as indicated at the paragraph 5.2.3.4 of the Initial Italian Public Offering Prospectus for the listing of its ordinary shares on the Electronic Stock Market (MTA), organized and managed by Borsa Italiana S.p.A..
The bonus shares will be made available by the Selling Shareholder Fintecna S.p.A. and will be reserved to subscribers who were allotted Shares under the Italian Public Offering, and have held full and continuous ownership of such shares for twelve months from the Settlement Date (i.e. from 3 July 2014), provided that the shares have remained deposited with a Bookrunner or other authorized intermediaries participating in the centralized management system of Monte Titoli S.p.A..

OTHER SIGNIFICANT EVENTS IN THE PERIOD

On 29 January 2015, Fincantieri announced the incorporation of Fincantieri SI, a company based in Trieste, to design, manufacture and supply integrated innovative systems in the field of electric, electronic and electromechanical industrial solutions.
On 4 February 2015, SEA Europe, the association representing the European maritime industry and to which all the continent's major shipbuilding countries belong, officially launched the association known as "Vessels for the Future". The initiative, of which Fincantieri is a founding member along with Rolls Royce, aims to promote research, development and innovation in the maritime field, with a particular focus on vessels of the future and their operational requirements.
On 9 February 2015, the three winning project ideas were announced for Innovation Challenge, the Open Innovation initiative developed by Fincantieri with the Department of Chemical, Management, Computer and Mechanical Engineering at the University of Palermo. The ideas selected will become joint research projects between Fincantieri and the University of Palermo.
On 13 February 2015, the Board of Directors of FINCANTIERI S.p.A. approved, as part of a company reorganization process, the unification of the Corporate General Management unit, headed by Mr. Vitaliano Pappaianni, and the Operations General Management unit, headed by

Mr. Enrico Buschi, into a single General Management unit. At the recommendation of Giuseppe Bono, the Chief Executive Officer, the Board also voted to appoint as General Manager Mr. Andrea Mangoni, already member of the company's Board of Directors since June 2013, who took office with effect from 13 March 2015.

During March 2015, FINCANTIERI S.p.A. signed a historic strategic memorandum of agreement with Carnival Corporation & plc for five next-generation ships, to be built over the period 2019-2022. The agreement between the two companies also includes options for additional ship builds in the coming years. The agreement is subject to several conditions, including satisfactory shipowner financing.

On 12 March 2015, the VARD Group was informed that Nordmoon Schiffahrts GmbH & Co. KG and Nordlight Schiffahrts GmbH & Co. had filed for bankruptcy in the court of Neumünster in Germany. The VARD Group is building a PSV for each of these two companies at its shipyard in Vietnam and has received a 10% advance payment in respect of one of these two vessels. On 13 March 2015, the VARD Group terminated the contracts for the construction of the two vessels. The VARD Group does not anticipate having to return the advance payment and expects to be able to sell the two vessels at a price that will allow it to recover their construction costs, net of the advance received.

On 13 April 2015, Vard Group AS (55.63% controlled by Fincantieri) announced the incorporation of Vard Contracting AS, a Norwegian-registered company in which it owns 100% of the shares. The new company's mission is to improve control over services provided by subcontractors at Norwegian shipyards, to strengthen the competitiveness of these yards and to defend the Group's know-how.

In April, Fincantieri signed an agreement with Banca Mediocredito FVG, allowing the naval engineering group's suppliers to access factoring services and to benefit from specific banking products giving them easier and cheaper access to credit. The agreement will enable Fincantieri's suppliers, particularly those in the Italian region of Friuli Venezia Giulia, many of whom already customers of Banca Mediocredito, to receive earlier payment for receivables owed by Fincantieri and to be eligible for banking services only available to supplier arrangements between the parties, thereby providing suppliers with better financial support.

During April 2015, Fincantieri signed agreements with the University of Palermo and the University of Rijeka aimed at working and cooperating together for mutual benefit.

On 5 May 2015, the subsidiary Marine Interiors S.p.A. finalized the acquisition of Santarossa Contract, a company in a state of voluntary arrangement and a traditional supplier of Fincantieri for the design and creation of turnkey cabin solutions and refitting for the cruise industry. This acquisition confirms Fincantieri's strategy of extending direct control over higher value-added business segments, with the aim of expanding its areas of business whilst also reducing its procurement costs.

On 5 May 2015, an employee of a subcontractor was hit violently in the face and on the head by a metal pipe during end-of-warranty work aboard an Italian Navy vessel at the Fincantieri yard in Muggiano, involving the removal of pipes in the emergency compressor room on deck 2 of the vessel. The worker was immediately attended to by the ship's doctor and then by a hospital emergency team and members of the Fire Department, duly alerted by Fincantieri, and then transported by helicopter to St. Martin's Hospital in Genoa where, because of the serious injuries suffered, he died.

On 22 May 2015, Fincantieri signed an agreement for the acquisition of a minority stake via capital injection in Camper & Nicholsons International ("Camper and Nicholsons"), a global leader in all luxury yachting activities. The agreement gives Fincantieri the possibility of increasing its interest in Camper & Nicholsons at a later date.

On 2 June 2015, VARD announced that the "Skandi Africa", an Offshore Subsea Construction Vessel (OSCV), had received the prestigious "Ship of the Year" award, instituted by the major Nordic shipping magazine, Skipsrevyen. The award was presented by Norwegian Minister of

Trade and Industry, Mrs. Monica Mæland, at the Nor-Shipping international maritime exhibition to representatives of DOF Subsea as shipowner and of VARD as designer and builder.
On 2 June 2015, VARD announced the launch of its "A step forward" innovation project following its strategy and long shipbuilding traditions in developing high technology and new solutions. The goal of the project is to develop tools to enable higher returns on investment for shipowners, increase the efficiency and ease of operations, and provide an attractive work environment on board.
On 23 June 2015, Fincantieri and Virgin Cruises, a Virgin Group brand and new entrant to the cruise market, signed a binding letter of intent for the construction of three highly innovative cruise ship prototypes, scheduled for delivery in the years 2020, 2021 and 2022. Subject to satisfaction of the usual conditions for the shipowner, the related agreements are expected to be finalized by the last quarter of this year.
On 24 June 2015, Vard Holdings Limited announced the acquisition of 100% of the shares in ICD Software AS and its subsidiaries. The ICD Software Group is specialized in the development of automation and control system software for the offshore and marine sectors and has 63 employees, half of whom in Norway and the rest in two subsidiaries in Poland and Estonia. The acquisition was made by Seaonics AS, a 51% subsidiary of Vard Group AS. As a result of the acquisition, Seaonics is expected to be able to expand its business in deck handling equipment and automation technology. The acquisition forms part of the initiatives taken by the VARD Group to enhance its product range and develop new areas of business.
On 29 June 2015, Fincantieri launched the "Active Safety" training project at all the Group's Italian yards, with a session devoted to the topic of "protection from slips, trips and falls", representing a major cause of shipyard injury. The project, involving about 4,000 employees, is part of the "Towards Zero Accidents" operational safety program started by the Group in 2011, which over the years has led to a more than 50% reduction in the number of on-site accidents.
On 29 June 2015, in implementation of an order issued by the Criminal Court of Gorizia, the Italian Military Police's Environmental Operations Task Force from Udine preventively seized some areas of the Monfalcone shipyard used for sorting process residues and essential for the proper conduct of the production process. The request for seizure forms part of an investigation initiated in May 2013, and had already been rejected by the examining magistrate (GIP) at the Court of Gorizia, and by the latter Court on appeal. Following acceptance of the subsequent appeal to the Supreme Court filed by the Court of Gorizia's Public Prosecutor, the latter court was invested with renewed authority in this matter and this time ordered the precautionary measure. Fincantieri was forced, in accordance with the aforementioned court order, to suspend working activities for all the workers involved in the production cycle at the Monfalcone shipyard with effect from 30 June 2015. Following the entry into force of Legislative Decree 92 of 4 July 2015, the Gorizia Prosecutor's Office subsequently ordered on 6 July 2015 the release of the seized areas in the Monfalcone shipyard, allowing all the shipyard's production workers to resume their working activities on 7 July.

KEY EVENTS AFTER THE REPORTING PERIOD ENDED 30.06.2015

On 1 July 2015, Fincantieri announced that the order for a new ultra-luxury cruise ship secured in the first half of 2014 is for the client Silversea Cruises. The unit will be named "Silver Muse" and is due for delivery in April 2017.

In order to secure its presence in the Chinese market, during the month of July Fincantieri has established a Shanghai-based subsidiary in China, under the name of Fincantieri (Shanghai) Trading Co. Ltd. Forming part of Fincantieri's international expansion strategy, the aim is to capture the important business opportunities offered by the Chinese market in several sectors, such as cruise ships, repairs and conversions, offshore and marine systems and equipment.

On 3 July 2015, Fincantieri was awarded a contract with the Bangladesh Coast Guard (BCG) for the supply of four Italian Navy "Minerva" class corvettes to be upgraded and converted into Offshore Patrol Vessels (OPV) and for the provision of the related integrated logistics support services. These vessels, which will be decommissioned by the Italian Navy and replaced by new ones under the fleet renewal program, have been remised by the Italian Navy through a reselling contract executed by the Central Unit of Naval Armament (NAVARM) and Fincantieri.

On 4 July 2015, in the presence of the Minister of Justice, Andrea Orlando, the Fincantieri shipyard in Muggiano (La Spezia) hosted the launching ceremony for the "Romeo Romei" submarine, the last of the four U212A "Todaro" class sister vessels ordered from Fincantieri by the Central Unit of Naval Armament (NAVARM) for the Italian Navy.

On 21 July 2015, Vard Holdings Limited (55.63% controlled by Fincantieri) announced the incorporation of Vard Electro Italy Srl, an Italian-registered company 100% owned by Vard Electro AS. The main business of the new subsidiary will be to deliver turn-key electrical solutions to other parts of the Fincantieri Group.

BUSINESS OUTLOOK

In general terms, the Group forecasts a sustained order intake for the second half of 2015, particularly in the Shipbuilding segment, thanks to the expected finalization of cruise ship orders under the strategic memorandum of agreement with Carnival Corporation & plc for five next-generation cruise ships and under the agreement with Virgin Cruises for three prototype ships.

In particular, in the Shipbuilding segment, the Group will be engaged in managing a plan for a major increase in design and production volumes, with 5 cruise ships due for delivery in 2016, of which 4 prototypes. In order to fulfil this sizeable order backlog, not only will the Group take steps to further improve its mix of skills by recruiting highly qualified personnel, it will also work to rebuild the subcontractor network seriously undermined by the years of crisis. In this context, it is confirmed that margins will continue to be affected by the low prices on orders acquired during the crisis for cruise ships currently under construction, as well as by not yet full utilization of the Group's production capacity in Italy. As for the naval business, the period will see reduced production volumes, despite the start of activities related to the Italian Navy's fleet renewal program.

Fincantieri also continues to be engaged in negotiations with trade unions for the renewal of the supplementary agreement in Italy which, after being extended for two years after its original expiry and after long discussions since the start of this year, was terminated on 30 March 2015. Fincantieri hopes that it will be possible to achieve labor relations better suited to competing in a global market, having raised as a central point of the negotiations the need for a significant improvement in the standards of efficiency, productivity and flexibility of the workforce in Italy. Despite the significant competitive challenges faced, described earlier, Fincantieri is in a position to ensure a considerable workload for the years to come, assuming it is put in a position to guarantee a standard of performance and quality that matches customer expectations.

As for the Offshore segment, the rest of 2015 will be characterized by a still very difficult global market environment, particularly in the North Sea, although opportunities exists in some specialized segment and niche markets. In order to take up such opportunities, VARD will focus on developing new concept designs for highly innovative vessels. The subsidiary will also continue to pursue actions to improve efficiency and cut costs in order to adjust its production capacity flexibly in line with the new order development, by reducing the workforce while preserving the core competencies needed to capture any opportunities once recovery sets in.
The Equipment, Systems and Services segment can expect to see further growth in volumes in the rest of 2015, arising from the diversification strategy implemented by the Group, with confirmation of the positive margins achieved in previous periods.

TRANSACTIONS WITH THE CONTROLLING COMPANY AND OTHER GROUP COMPANIES

Direction and coordination by Fintecna S.p.A., the main shareholder of FINCANTIERI S.p.A., ceased as from 3 July 2014.
In compliance with the provisions of the Regulations concerning related party transactions adopted under Consob Resolution no. 17221 of 12 March 2010 and subsequent amendments and additions, FINCANTIERI S.p.A. has adopted a "Procedure for Related Party Transactions" with effect from 3 July 2014.
As far as related party transactions are concerned, these do not qualify as either atypical or unusual, since they fall within the normal course of business by the Group's companies. Such transactions are conducted under market conditions, taking into account the characteristics of the goods and services involved.

PURCHASE OF OWN SHARES

No purchases of the Parent Company's own shares have been made on the market in 2015.

INFORMATION REGARDING CORPORATE GOVERNANCE

The "Report on Corporate Governance and Ownership Structure" (the "Report") required by art. 123-bis of Italy's Consolidated Law on Finance is a stand-alone document approved by the Board of Directors on 13 March 2015, and published in the "Corporate Governance" section of the Company's website at www.fincantieri.it.
The Report has been prepared in accordance with the recommendations of the Corporate Governance Code and modeled on the "Format for the report on corporate governance and ownership structure - V Edition (January 2015)" drawn up by Borsa Italiana S.p.A..
The Report contains a general and complete overview of the corporate governance system adopted by FINCANTIERI S.p.A.. It illustrates the Company's profile and the principles underlying the way it conducts its business; it provides information about the ownership structure and adoption of the Corporate Governance Code, including the main governance practices applied and the main characteristics of the system of internal control and risk management; it contains a description of the operation and composition of the governing and supervisory bodies and their committees, roles, duties and responsibilities.
The criteria for determining the compensation of the directors are set out in the "Remuneration Report", prepared in compliance with the requirements of art. 123-ter of Italy's Consolidated Law on Finance and art. 84-quater of the Consob Issuer Regulations, and published in the "Corporate Governance" section of the Company's website.

Enterprise risk management

The Fincantieri Group is exposed in the normal course of its business activities to various financial and non-financial risk factors, which, if they should materialize, could have an impact on the results of operations and financial condition of the Group. Based on operating performance in the first six months of the year and the macroeconomic context, the risk factors foreseeable for the next six months of 2015 are described below according to their nature.

RISKS RELATING TO OPERATIONAL COMPLEXITY

Description of risk

Due to operational complexity arising not only from the inherent nature of shipbuilding but also from the Group's geographical and product diversification and acquisition-led growth, the Group is exposed to the risk of being unable to implement adequate project management activities or to adequately manage such operational complexity or the process of organizational integration, with particular reference to the VARD Group.

Impact

If the Group was unable to implement adequate project management activities, with sufficient or effective procedures and actions to control the proper completion and efficiency of its shipbuilding processes, or if it was unable to adequately manage the complexity arising from its product diversification or if it failed to efficiently distribute workloads according to production capacity (equipment and labor) available on each occasion at the different production facilities, the Group's revenue and profitability might decline, with possible negative effects on its results of operations and financial condition.

Mitigation

To manage processes of such complexity, the Group adopts procedures and action plans designed to manage and monitor the implementation of each project throughout its duration. In addition, the Group has adopted a flexible production structure in order to respond efficiently to fluctuations in demand for ships in the various business areas. This flexible approach allows the Group to overcome capacity constraints at individual shipyards and to work on more than one contract at the same time while guaranteeing very short lead times.

RISKS RELATING TO MARKET CONFORMATION

Description of risk

The Fincantieri Group has many years of experience of building cruise ships for Carnival, an American shipowner and key player in the cruise industry, which operates not only through the Carnival line but also through other prestigious lines such as P&O, Princess Cruises, Holland America Line, Cunard and Costa Cruises. The special relationship with the Carnival Group is a definite strength for the Fincantieri Group. In the naval vessels business, the bulk of revenue has traditionally come from the Italian Navy, whose demand for new ships is heavily dependent on defense spending policy. The subsidiary VARD operates in the offshore vessels market, with strong established customer relationships.

The shipbuilding industry in general has been historically characterized by cycles, sensitive to trends in the industries served. The Group's offshore and cruise customers base their investment plans on demand by their own customers; in the case of offshore, the main influence is energy demand and oil price forecasts, which in turn drive investment in exploration and production, while in the cruise market the main influence is the trend in the leisure market.

Impact

Postponement of fleet renewal programs or other events affecting the order backlog with the Fincantieri Group's principal cruise ship customer could impact capacity utilization and business profitability; similarly a downturn in the offshore market could lead to a reduction in the level of orders for the subsidiary VARD. The lack of resources earmarked by the State for defense spending to modernize the fleet is a variable that could influence the Group's economic and financial performance.

Mitigation

The Fincantieri Group's policy of diversifying its cruise ship customers, together with optimum joint planning of Carnival's requirements, has made it possible to enlarge the customer base. In the naval vessels business, participation in international projects like the FREMM program between Italy and France, is very important, as is the Group's expansion into the United States, aimed at securing new opportunities to expand production for the defense sector in wider foreign markets.

In order to mitigate the impact of the cyclical trend in the shipbuilding industry, the Group has pursued a diversification strategy in recent years, expanding its business both in terms of products and geographical coverage. Since 2005 the Group has expanded into the businesses of offshore, mega-yachts, marine systems and components, repairs, refitting and after-sales service. In parallel, the Group has expanded its business internationally, including through acquisitions. Given the current decline in market volumes in the offshore business, the subsidiary VARD has initiated a workforce downsizing program at its facilities in Norway and Romania. This program includes those actions to improve efficiency and cut costs so as to adjust production capacity flexibly in line with new order development, by reducing the workforce while preserving the core competencies needed to capture any opportunities once recovery sets in.

RISKS RELATING TO MAINTENANCE OF COMPETITIVENESS IN CORE MARKETS

Description of risk

The production of standard vessels is now dominated by Asian shipyards, meaning that competitiveness can only be maintained by specializing in high value-added markets. As far as civilian vessels are concerned, the Parent Company has been focusing for several years on the cruise ship and cruise ferry segments, where it has a long track record; following the acquisition of VARD, it has recently extended this focus to the production of offshore support vessels. Aggressive commercial policies, development of new products or increases in production capacity by competitors may result in price competition with a reduction in profit margins. As far as naval vessels are concerned, the Group has an established relationship with the Italian Navy, representing a strategic asset for the business. Maintenance of a leading position in its core business areas depends on the ability to perform well in terms of quality and on-time delivery.

Mitigation

The Group endeavors to maintain competitive position in its business areas by ensuring a high quality, innovative product, and by seeking optimal costs as well as flexible technical and financial solutions in order to be able to propose more attractive offers than the competition. As far as

naval vessels are concerned, efforts are being made to develop international business through an active presence in the defense markets of the United States and other countries without their own domestic shipbuilding industry or, even if there is one, that lack the right technical skills, know-how or infrastructure for vessels of this kind.
Despite the difficult market environment, the subsidiary VARD maintains a major focus on research and development having launched its "A step forward" project for the development of new design concepts for highly innovative vessels able to generate higher returns on investments for shipowners.

Description of risk

The pursuit of business opportunities in emerging markets, particularly in the defense sector, leads to increased exposure to country risk and/or risk of international bribery and corruption.

Mitigation

In pursuing business opportunities in emerging markets, the Group safeguards itself by favoring commercial prospects that are supported by inter-governmental agreements or other forms of cooperation between States, as well as by creating, within its own organization, appropriate safeguards to monitor the processes at risk.

RISKS RELATING TO CONTRACT MANAGEMENT

Description of risk

The shipbuilding contracts managed by the Group are mostly long-term contracts for a fixed consideration, any change in which must be agreed with the customer. The price agreed upon signing the contract must take into account the costs of raw materials, machinery, components, sub-contracts and all other construction-related costs (including personnel costs and overheads); the determination of such costs is more complicated in the case of prototype or particularly complex ships.

Impact

Upward variations in costs not foreseen at the pre-contractual stage and not covered by a parallel increase in price can lead to a reduction in margins on the contracts concerned.

Mitigation

The Group takes into consideration expected increases in the components of contract costs when determining the offer price. In addition, at the time of signing the contract, fixed-price purchase options will already have been defined for some of the vessel's principal components.

Description of risk

Many factors can influence production programs and capacity utilization, and so impact the contractual terms of vessel delivery with possible penalties payable by the Group. These factors include, inter alia, strikes, events related to adverse weather conditions, design changes or problems in the procurement of key supplies.

Impact

If the causes of late delivery are not recognized by contract, shipbuilding contracts provide for the payment of penalties that generally increase the longer the delay.

Mitigation

The Group manages its contracts through dedicated structures that control all aspects during the contract life cycle (design, procurement, construction, outfitting).

Description of risk

A significant number of the Group's shipbuilding contracts (in general, for merchant vessels like cruise ships and offshore support vessels) establish that only a part of the contract price is paid by the customer during the period of ship construction; the balance of the price is paid upon delivery.

As a result, the Group incurs significant upfront costs, assuming the risk of incurring such costs before receiving full payment of the price from its customers and thus having to finance the working capital absorbed by ships under construction.

Impact

If the Group was unable to finance the working capital needs of ships under construction, it might not be able to complete contracts or win new ones, with negative effects on its results of operations and financial condition.

Mitigation

The Group maintains a more than sufficient level of committed and uncommitted credit lines and construction loans to guarantee coverage of the working capital needs generated by its operations.

Description of risk

The ships built by the Group can have a high contract price, meaning that its customers often rely on finance to finalize the placement of orders.

In the case of overseas customers, these are eligible for export finance schemes structured in accordance with OECD rules.

Under such schemes, overseas buyers of ships can obtain bank credit against receipt of a guarantee by a national export credit agency, which in the case of Italy is SACE S.p.A..

The availability of export financing is therefore a key requirement for allowing customers to award contracts to the Group, especially where cruise ship construction is concerned.

Impact

The lack of available finance for the Group's customers could have a significantly adverse effect on the Group's ability to obtain new orders as well as the ability of customers to comply with the contractual terms of payment.

Mitigation

Fincantieri supports foreign customers during the process of finalizing export finance and particularly in managing relations with the agencies and companies involved in structuring such finance (for example, SACE, Simest and the banks). In addition, the process of structuring finance is managed in parallel with the process of finalizing the commercial contract, the enforceability of which is often subject to the shipowner's receipt of the commitment by SACE and the banks to provide an export credit guarantee.

As an additional safeguard for the Group, in the event of a customer's default on its contractual obligations, Fincantieri has the right to terminate the contract, retaining ownership of the ship under construction and keeping the payments received. The customer may also be held liable for any uncovered costs.

RISKS RELATING TO PRODUCTION OUTSOURCING AND SUPPLIER RELATIONSHIPS

Description of risk

The Fincantieri Group's decision to outsource some of its business activities is dictated by strategic considerations based on two factors: a) outsource activities for which there are insufficient in-house skilled resources; b) outsource activities for which there are no in-house skilled resources and which would be too expensive and inefficient to develop.

Impact

A negative performance by suppliers in terms of quality, timing or costs causes production costs to rise, and the customer's perception of the quality of the Fincantieri product to deteriorate.

Mitigation

The Group has specific personnel in charge of coordinating the assembly of ship internal systems and managing specific areas of outsourced production. In addition, the Fincantieri Group carefully selects its "strategic suppliers", which must meet the highest standards of performance. As part of the Parent Company's Supply Chain improvement project, a precise program of supplier performance evaluation has been developed in this regard, ranging from qualitative measurement of the services rendered to the strict observation of safety regulations, in line with the Group's "Towards Zero Accidents" objective.

RISKS RELATING TO KNOWLEDGE MANAGEMENT

Description of risk

The Fincantieri Group has a vast accumulation of experience, know-how and business knowledge. As far as the workforce is concerned, the domestic labor market is not always able to satisfy the needs of production, either in terms of numbers or skills. The effective management of the Group's business is also linked to the ability to attract talent, and to retain such talent within the Group.

Impact

The inadequacy of the domestic labor market to meet the Group's needs, the inability to acquire the necessary skills and the failure to transfer specific knowledge, particularly in the technical sphere, could have negative effects on product quality.

Mitigation

The Human Resources Department constantly monitors the labor market and maintains frequent contact with universities, vocational schools and training institutes. The Group also makes a significant investment in training its staff, not only in technical-specialist and managerial-relational skills, but also regarding safety and quality. Lastly, specific training activities are planned to ensure that key management positions are covered in the event of staff changes.

RISKS RELATING TO LEGAL AND REGULATORY ENVIRONMENT

Description of risk

The Fincantieri Group must abide by the rules, regulations and laws in force in the countries where it operates. Any breaches of such rules and regulations could result in civil, administrative or criminal sanctions, along with an obligation to do all that is necessary to conform with such regulations, the costs and liability for which could have a negative impact on the Group's business and results. The Group's activities must also comply with regulations governing the environment and health and safety at work.

Impact

Any changes in safety or environmental standards, as well as the occurrence of exceptional or unforeseen events could cause the Fincantieri Group to incur extraordinary costs relating to the environment or health and safety at work.

Mitigation

The Group promotes compliance with all rules, regulations and laws that apply to it and implements and updates suitable prevention control systems for mitigating the risks associated with breach of such rules, regulations and laws. In particular, the Parent Company has fully implemented the provisions of Italian Legislative Decree 81/2008 - "Implementation of art. 1 of Law no. 123 dated 3 August 2007, concerning health and safety at work" (known as the "Health and Safety at Work Act"). Fincantieri has adopted suitable organizational models for preventing breach of these regulations, and sees that such models are reviewed and updated on an ongoing basis. The commitment to pursue and promote principles of environmental sustainability has been reaffirmed in the Parent Company's Environmental Policy document, which binds the Group to uphold regulatory compliance and to monitor working activities to ensure effective observance of the rules and regulations. The subsidiary VARD devotes great attention to minimizing the impact of its activities on the environment, with significant actions in terms of resources allocated, policies and procedures to improve its environmental performance. Fincantieri and VARD have started to implement and operate an Environmental Management System at their sites with a view to obtaining certification under UNI EN ISO 14001:2004. Furthermore, in order to prevent and manage the risk of occurrence of unlawful acts, the Parent Company has adopted an organizational, management and control model under Italian Legislative Decree 231 of 8 June 2001.

Description of risk

Working in the defense and security sector, the Group is exposed to the risk that the evolving tendency in this sector could lead in the near future to restrictions on the currently permitted exceptions to competition law, with consequent limitations on the direct award of business, for the purpose of ensuring greater competition in this particular market.

Impact

Possible limitations on the direct award of business could prevent the Group from being awarded work through negotiated procedures, without any prior publication of a public tender notice.

Mitigation

The Group is monitoring the possible evolution of national and Community legislation that could open up the possibility of competing in the defense and security sector including in other countries.

RISKS RELATING TO COMPUTER SECURITY AND OPERATION OF THE INFORMATION SYSTEM

Description of risk

The Group's business could be adversely affected by any disruption of the computer system or network or by illegal attempts to gain unauthorized access or by breaches of its data security system, including coordinated attacks by groups of hackers.

Impact

Computer system failures, loss or corruption of data, including as a result of external attacks, inappropriate IT solutions for the needs of the business, or updates to IT solutions not in line with user needs, could affect the Group's operations by causing errors in the execution of operations, inefficiencies and procedural delays and other disruptions.

Mitigation

The Group believes that it has taken all necessary steps to minimize these risks, by adopting best practice solutions of governance and by continuously monitoring the management of its IT infrastructure and applications.

RISKS RELATING TO EXCHANGE RATES

Description of risk

The Group is exposed to economic and transaction exchange rate risks on sales and purchase contracts denominated in a currency other than the functional one and on the associated assets and liabilities. In addition, translation risk can arise when preparing the consolidated financial statements, through translation of the income statements and balance sheets of consolidated companies that prepare their financial statements in a functional currency other than the Euro (mainly NOK, USD and BRL).

Impact

The absence of adequate currency risk management could erode profit margins, particularly if currencies in which shipbuilding contracts are denominated were to depreciate, or if the currencies in which procurement contracts are denominated were to appreciate.

Mitigation

Fincantieri has a policy of managing economic and transaction financial risks that defines instruments, responsibilities and reporting procedures, establishing what can be used and the authorization levels required in different situations.
The Group does not take out any hedges against the currency risk relating to translation of financial statements of subsidiaries that use functional currencies other than the Euro (translation risk).

RISKS RELATING TO EXISTING DEBT

Description of risk

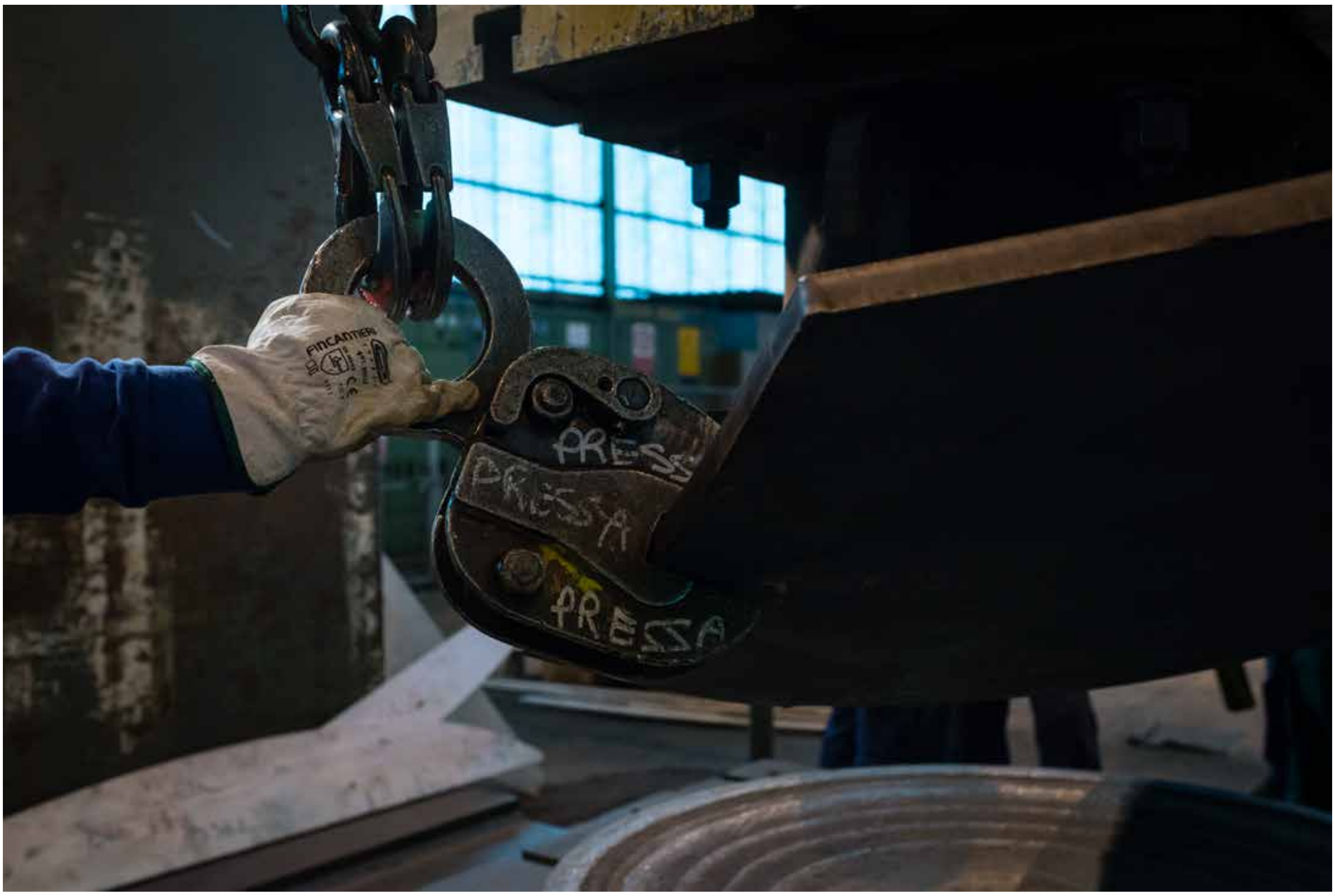
Some of the loan agreements entered into by the Group require it to comply with conditions, commitments and constraints of a financial and legal nature (such as the occurrence of events of default, even potential ones, cross-default clauses and covenants), non-observance of which could lead to early repayment of the loans.

Impact

In the event of early repayment and if the ability to access credit was limited, including because of its financial performance, the Group could be forced to delay raising capital or to seek financial resources under more onerous terms and conditions, with negative effects on its results of operations and financial condition.

Mitigation

The Group constantly monitors both the circumstances that could adversely affects its results of operations and financial condition and its current and future capital and financial structure in order to verify compliance with the above conditions and covenants. In addition, the Group can prevent the activation of cross-default clauses by promptly providing additional guarantees to the banks.



Alternative non-gaap performance measures

Fincantieri's management reviews the performance of the Group and its business segments using certain non-GAAP measures not defined under IFRS. In particular, EBITDA is used as the main earnings indicator, as it enables the Group's underlying profitability to be assessed, by eliminating the impact of volatility associated with non-recurring items or extraordinary items outside the ordinary course of business.

As required by Recommendation no. 05-178b of the Committee of European Securities Regulators, the components of each of these measures are described below:

- EBITDA: this is equal to earnings before taxes, before finance income and costs, before income and expenses from investments and before depreciation and amortization, as reported in the financial statements, adjusted by the following items:
  - company costs for the Extraordinary Wage Guarantee Fund;
  - costs relating to reorganization plans;
  - provisions for costs and legal expenses associated with lawsuits brought by employees for asbestos-related damages;
  - other expenses or income outside the ordinary course of business due to particularly significant non-recurring events.
- EBIT: this is equal to EBITDA after deducting depreciation and amortization, as reported in the financial statements.
- Profit/(loss) before extraordinary and non-recurring income and expenses: this is equal to profit/(loss) for the period before adjustments for non-recurring items or those outside the ordinary course of business, which are reported before the related tax effect.
- Net fixed capital: this reports the fixed assets used in the business and includes the following items: Intangible assets, Property, plant and equipment, Investments and Other non-current assets (including the fair value of derivatives classified in non-current Financial assets and non-current Financial liabilities) net of Employee benefits.
- Net working capital: this is equal to capital employed in ordinary operations which includes Inventories and advances, Construction contracts and advances from customers, Construction loans, Trade receivables, Trade payables, Provisions for risks and charges, and Other current assets and liabilities (including Income tax assets, Income tax liabilities, Deferred tax assets and Deferred tax liabilities, as well as the fair value of derivatives classified in current Financial assets and current Financial liabilities).
- Net invested capital: this is equal to the total of Net fixed capital and Net working capital.
- Free cash flow: this is equal to the sum of (i) net cash flows from operating activities, (ii) net cash flows from investing activities and (iii) cash flows arising from the change in construction loans.
- ROI: the Group calculates ROI (Return on investment) as the ratio between EBIT (calculated on a 12-month basis for 1 July - 30 June) and the arithmetic mean of Net invested capital at the beginning and end of the reporting period.
- ROE: the Group calculates ROE (Return on equity) as the ratio between Profit/(loss) for the period (calculated on a 12-month basis for 1 July - 30 June) and the arithmetic mean of total Equity at the beginning and end of the reporting period.
- Total debt/Total equity: this is calculated as the ratio between the Group's Total debt and Total equity.
- Net financial position/EBITDA: this is calculated as the ratio between the Net financial position, as monitored by the Group, and EBITDA (calculated on a 12-month basis for 1 July - 30 June).
- Net financial position/Total equity: this is calculated as the ratio between the Net financial position, as monitored by the Group, and Total equity.
- Provisions and impairment: these refer to increases in the Provisions for risks and charges, and impairment of Trade receivables and Other non-current and current assets.

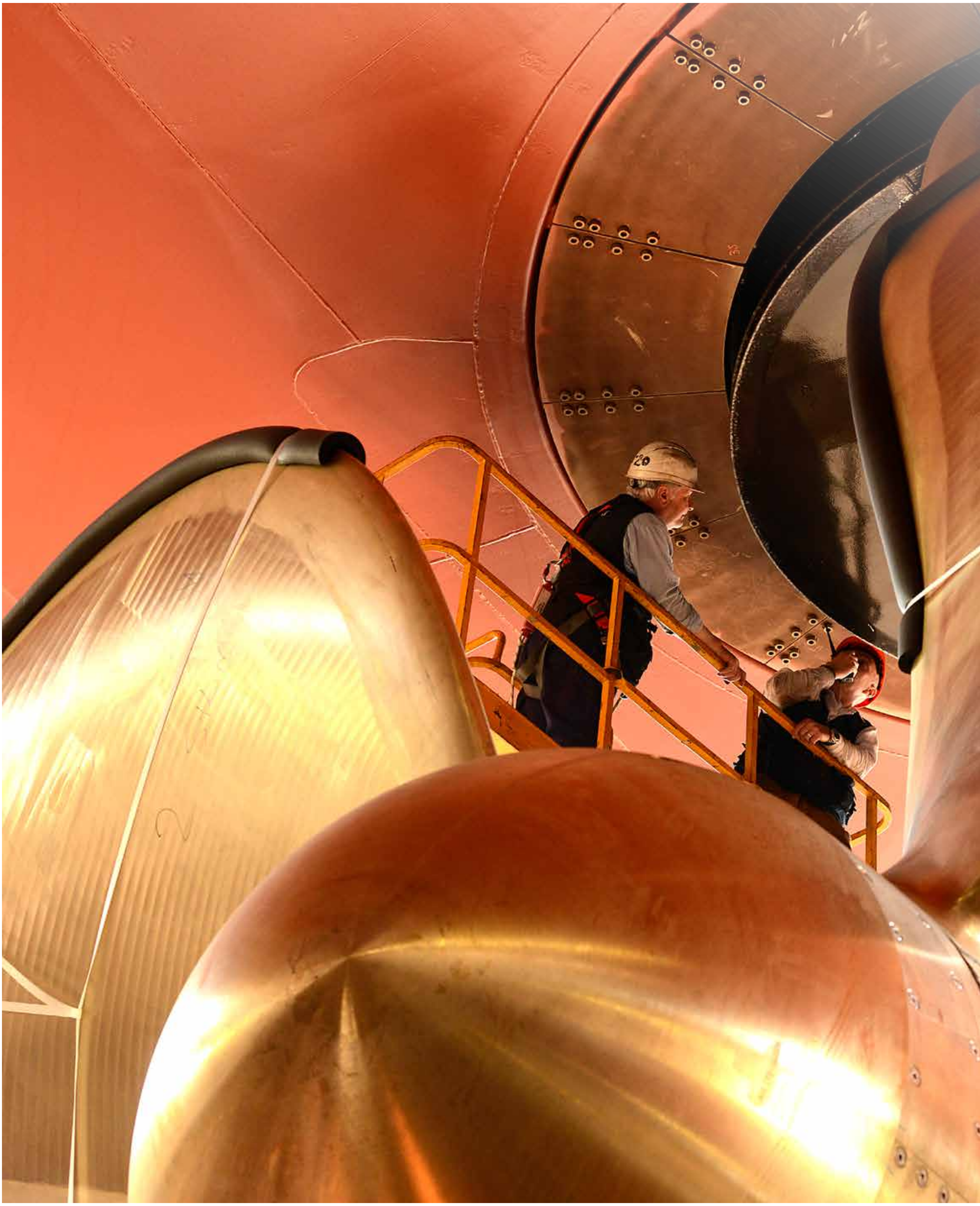
Reconciliation of the reclassified financial statements used in the report on operations with the mandatory ifrs statements

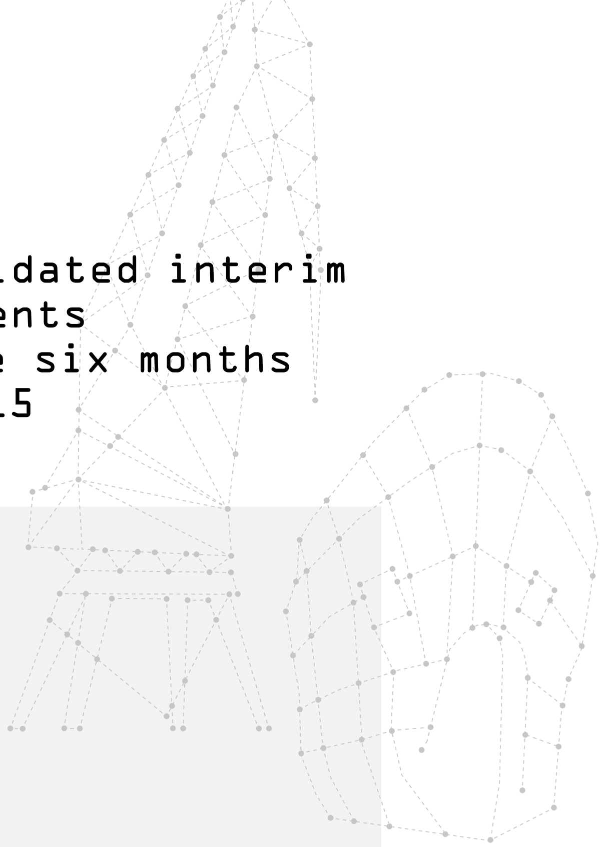
CONSOLIDATED INCOME STATEMENT

	30.06.2015		30.06.2014	
(Euro/million)	Amounts in IFRS statement	Amounts in reclassified statement	Amounts in IFRS statement	Amounts in reclassified statement
A – Revenue		**2,220**		**1,983**
Operating revenue	2,179		1,962	
Other revenue and income	41		21	
B - Materials, services and other costs		**(1,636)**		**(1,425)**
Materials, services and other costs	(1,640)		(1,427)	
Recl. to I – Extraordinary and non-recurring income and expenses	4		2	
C - Personnel costs		**(459)**		**(406)**
Personnel costs	(462)		(414)	
Recl. to I – Extraordinary and non-recurring income and expenses	3		8	
D - Provisions and impairment		**3**		**(10)**
Provisions and impairment	(6)		(21)	
Recl. to I – Extraordinary and non-recurring income and expenses	9		11	
E - Depreciation and amortization		**(54)**		**(49)**
Depreciation and amortization	(54)		(49)	
F – Finance income and (costs)		**(62)**		**(28)**
Finance income and costs	(62)		(28)	
G - Income/(expense) from investments				**1**
Income/(expense) from investments			1	
H - Income taxes		**(19)**		**(18)**
Income taxes	(15)		(12)	
Recl. to L – Tax effect of extraordinary and non-recurring income and expenses	(4)		(6)	
I - Extraordinary and non-recurring income and expenses		**(16)**		**(21)**
Recl. from B - Materials, services and other costs	(4)		(2)	
Recl. from C - Personnel costs	(3)		(8)	
Recl. from D - Provisions and impairment	(9)		(11)	
L- Tax effect of extraordinary and non-recurring income and expenses		**4**		**6**
Recl. from H – Income taxes	4		6	
Profit/(loss) for the period		**(19)**		**33**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Euro/million)	30.06.2015 Amounts in IFRS statement	30.06.2015 Amounts in reclassified statement	31.12.2014 Amounts in IFRS statement	31.12.2014 Amounts in reclassified statement
A)	**Intangible assets**		**533**		**508**
	Intangible assets	533		508	
B)	**Property, plant and equipment**		**977**		**959**
	Property, plant and equipment	977		959	
C)	**Investments**		**69**		**60**
	Investments	69		60	
D)	**Other non-current assets and liabilities**		**(36)**		**(48)**
	Derivative assets	6		1	
	Other non-current assets	12		15	
	Other liabilities	(47)		(46)	
	Derivative liabilities	(7)		(18)	
E)	**Employee benefits**		**(58)**		**(62)**
	Employee benefits	(58)		(62)	
F)	**Inventories and advances**		**461**		**388**
	Inventories and advances	461		388	
G)	**Construction contracts and advances from customers**		**1,566**		**1,112**
	Construction contracts - assets	1,943		1,649	
	Construction contracts – liabilities and advances from customers	(377)		(537)	
H)	**Construction loans**		**(868)**		**(847)**
	Construction loans	(868)		(847)	
I)	**Trade receivables**		**432**		**610**
	Trade receivables and other current assets	742		975	
	Recl. to N) Other assets	(310)		(365)	
L)	**Trade payables**		**(1,017)**		**(1,047)**
	Trade payables and other current liabilities	(1,239)		(1,277)	
	Recl. to N) Other liabilities	222		230	
M)	**Provisions for risks and charges**		**(111)**		**(129)**
	Provisions for risks and charges	(111)		(129)	
N)	**Other current assets and liabilities**		**(164)**		**(18)**
	Deferred tax assets	131		141	
	Income tax assets	57		55	
	Derivative assets	24		47	
	Recl. from I) Other current assets	310		365	
	Deferred tax liabilities	(84)		(84)	
	Income tax liabilities	(13)		(25)	
	Derivative liabilities and option fair value	(367)		(287)	
	Recl. from L) Other current liabilities	(222)		(230)	
NET INVESTED CAPITAL			**1,784**		**1.486**
O)	**Equity**		**1,564**		**1,530**
P)	**Net financial position**		**220**		**(44)**
SOURCES OF FUNDING			**1,784**		**1.486**
Q)	**Net (assets)/liabilities held for sale**				





condensed consolidated interim financial statements as at and for the six months ended 30 june 2015

Consolidated statement of financial position

(Euro/000)	Note	30.06.2015	*of which related parties Note 28*	31.12.2014	*of which related parties Note 28*
ASSETS					
NON-CURRENT ASSETS					
Intangible assets	5	532,734		508,643	
Property, plant and equipment	6	977,606		958,517	
Investments accounted for using the equity method	7	60,847		52,796	
Other investments	7	8,005		7,683	
Financial assets	8	135,823	*7,449*	124,480	*7,147*
Other assets	9	11,788	*568*	14,705	*972*
Deferred tax assets	10	130,832		140,914	
Total non-current assets		**1,857,635**		**1,807,738**	
CURRENT ASSETS					
Inventories and advances	11	461,219	*2,032*	388,467	*842*
Construction contracts – assets	12	1,931,880		1,649,278	
Trade receivables and other current assets	13	742,223	*73,422*	975,051	*104,992*
Income tax assets	14	57,175		54,532	
Financial assets	15	88,809	*1,448*	136,693	*1,396*
Cash and cash equivalents	16	405,958		552,285	
Total current assets		**3,687,264**		**3,756,306**	
TOTAL ASSETS		**5,544,899**		**5,564,044**	
EQUITY AND LIABILITIES					
EQUITY	17				
Equity attributable to owners of the parent					
Share capital		862,981		862,981	
Reserves and retained earnings		488,164		447,036	
Total Equity attributable to owners of the parent		**1,351,145**		**1,310,017**	
Non-controlling interests		212,647		219,875	
Total Equity		**1,563,792**		**1,529,892**	
NON-CURRENT LIABILITIES					
Provisions for risks and charges	18	97,257		108,621	
Employee benefits	19	58,092		62,141	
Financial liabilities	20	630,787	*9,224*	652,918	*17,625*
Other liabilities	21	46,313		45,506	
Deferred tax liabilities	10	84,350		84,277	
Total non-current liabilities		**916,799**		**953,463**	
CURRENT LIABILITIES					
Provisions for risks and charges	18	14,428		19,864	
Construction contracts – liabilities	12	366,218		536,601	
Trade payables and other current liabilities	22	1,238,982	*12,972*	1,277,425	*14,981*
Income tax liabilities		13,216		25,178	
Financial liabilities	23	1,431,464	*14,609*	1,221,621	*1,762*
Total current liabilities		**3,064,308**		**3,080,689**	
TOTAL EQUITY AND LIABILITIES		**5,544,899**		**5,564,044**	

Consolidated statement of comprehensive income

(Euro/000)	Note	**30.06.2015**	***of which related parties Note 28***	**30.06.2014**	***of which related parties Note 28***
Operating revenue	24	2,179,221	*210,228*	1,961,596	*161,168*
Other revenue and income	24	40,835	*781*	21,217	*1,427*
Materials, services and other costs *of which non-recurring*	25 *28*	(1,640,082) *(3,923)*	*(15,158)*	(1,426,889) *(1,717)*	*(4,964)*
Personnel costs *of which non-recurring*	25 *28*	(461,463) *(2,790)*		(413,474) *(7,756)*	
Depreciation and amortization	25	(54,001)		(48,630)	
Provisions and impairment *of which non-recurring*	25 *28*	(6,048) *(8,959)*		(21,377) *(11,041)*	
Finance income	26	25,370	*161*	9,049	*196*
Finance costs	26	(87,423)	*(396)*	(37,041)	*(2,190)*
Income/(expense) from investments		(404)		(342)	
Share of profit/(loss) of investments accounted for using the equity method		781		1,051	
Income taxes	27	(15,737)		(12,587)	
PROFIT/(LOSS) FOR THE PERIOD (A)		**(18,951)**		**32,573**	
Attributable to owners of the parent		*12,489*		*23,255*	
Attributable to non-controlling interests		*(31,440)*		*9,318*	
Basic/diluted earnings/(loss) per share (Euro)	28	**0.00738**		**0.01872**	

Other comprehensive income/(losses), net of tax (OCI)					
Gains/(losses) from remeasurement of employee defined benefit plans	17 - 19	2,709		(758)	
Total gains/(losses) that will not be reclassified to profit or loss, net of tax ***attributable to non-controlling interests***	17	**2,709**		**(758)**	
Effective portion of gains/(losses) on cash flow hedging instruments	17	(5,716)		156	
Gains/(losses) arising from changes in OCI of investments accounted for using the equity method					
Gains/(losses) arising from fair value measurement of available-for-sale securities and bonds					
Exchange gains/(losses) arising on translation of foreign subsidiaries' financial statements	17	53,970		8,323	
Total gains/(losses) that may be subsequently reclassified to profit or loss, net of tax ***attributable to non-controlling interests***	17	**48,254** ***22,328***		**8,479** ***2,865***	
Total other comprehensive income/(losses), net of tax (B) ***attributable to non-controlling interests***	17	**50,963** ***22,328***		**7,721** ***2,865***	
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD (A) + (B)		**32,012**		**40,294**	
Attributable to owners of the parent		*41,124*		*28,111*	
Attributable to non-controlling interests		*(9,112)*		*12,183*	

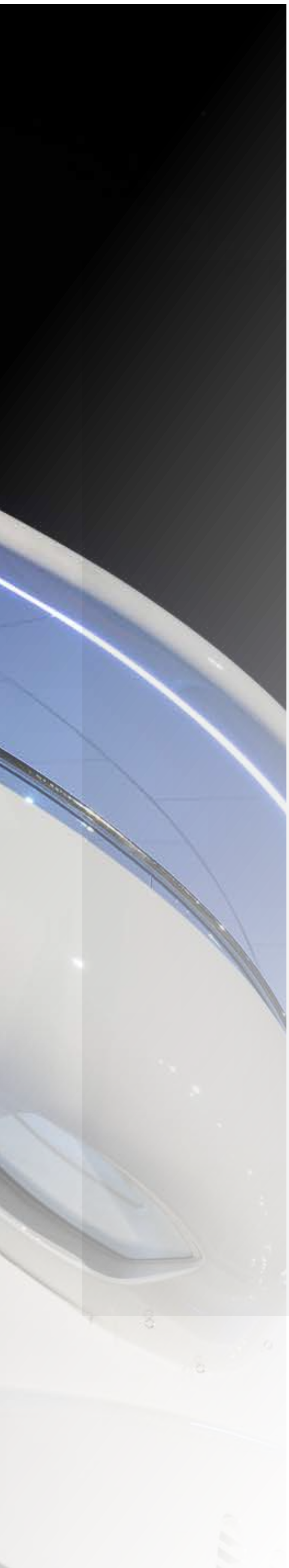
Consolidated statement of changes in equity

(Euro/000)	Note	Share capital	Reserves and retained earnings	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	**Total**
01.01.2014	17	**633,481**	**334,860**	**968,341**	**242,225**	**1,210,566**
Business combinations						
Acquisition of non-controlling interests			(1,642)	(1,642)	(2,258)	(3,900)
Dividend distribution			(10,000)	(10,000)		(10,000)
Other changes/roundings			(11)	(11)		(11)
Total transactions with owners			***(11,653)***	***(11,653)***	***(2,258)***	***(13,911)***
Profit/(Loss) for the period			23,255	23,255	9,318	32,573
OCI for the period			4,856	4,856	2,865	7,721
Total comprehensive income for the period			***28,111***	***28,111***	***12,183***	***40,294***
30.06.2014	17	**633,481**	**351,318**	**984,799**	**252,150**	**1,236,949**
01.01.2015	17	**862,981**	**447,036**	**1,310,017**	**219,875**	**1,529,892**
Business combinations					1,893	1,893
Share capital increase						
Acquisition of non-controlling interests						
Other changes/roundings			4	4	(9)	(5)
Total transactions with owners			***4***	***4***	***1,884***	***1,888***
Profit/(Loss) for the period			12,489	12,489	(31,440)	(18,951)
OCI for the period			28,635	28,635	22,328	50,963
Total comprehensive income for the period			***41,124***	***41,124***	***(9,112)***	***32,012***
30.06.2015	17	**862,981**	**488,164**	**1,351,145**	**212,647**	**1,563,792**

Consolidated statement of cash flows

(Euro/000)	Note	30.06.2015	30.06.2014
NET CASH FLOWS FROM OPERATING ACTIVITIES	29	**(163,248)**	**19,008**
- of which related parties		*28,755*	*(48,094)*
Investments in:			
- intangible assets		(12,005)	(14,216)
- property, plant and equipment		(55,670)	(52,895)
- equity investments		(6,350)	(2,619)
- business combinations, net of cash acquired		(5,234)	
Disposals of:			
- intangible assets		102	
- property, plant and equipment		91	
- equity investments			7
Acquisition of non-controlling interests			(3,900)
CASH FLOWS FROM INVESTING ACTIVITIES		**(79,066)**	**(73,623)**
Change in non-current loans:			
- disbursements		134,270	17,083
- repayments		(82,163)	(17,158)
Change in non-current financial receivables:			
- disbursements		(7,769)	(2,226)
- repayments		2,441	11,754
Change in current bank loans and credit facilities		(19,067)	60,146
Change in other financial liabilities/receivables		57,055	65,074
Change in receivables for held-for-trading financial instruments			(5)
Change in payables for held-for-trading financial instruments		1,327	82
CASH FLOWS FROM FINANCING ACTIVITIES		**86,094**	**134,750**
- of which related parties		*4,092*	*73,885*
NET CASH FLOWS FOR THE PERIOD		**(156,220)**	**80,135**

CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**552,285**	**384,506**
Effect of exchange rate changes on cash and cash equivalents	9,893	7,206
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**405,958**	**471,847**



notes to the condensed consolidated interim financial statements

Note 1 - Form, contents and other general information

The Parent Company

FINCANTIERI S.p.A. (hereinafter "Fincantieri", the "Company" or the "Parent Company" and, together with its subsidiaries, the "Group" or the "Fincantieri Group") is a public limited company with its registered office in Via Genova no. 1, Trieste (Italy), and listed on the Italian Stock Exchange. The Group is one of the world's top players in the shipbuilding industry and one of the most diversified globally, offering design and construction services for high value-added products such as cruise ships, naval vessels, ferries, mega-yachts, offshore vessels, and marine systems and equipment.

As at 30 June 2015, 72.5% of the Company's share capital of euro 862,980,725.70 was held by Fintecna S.p.A.; the remainder of share capital was spread between a number of private investors, none of whom held significant interests of 2% or above. It should be noted that 100% of the share capital of Fintecna S.p.A. is owned by Cassa Depositi e Prestiti S.p.A. (hereinafter also referred to as "CDP"), 80.1% of whose share capital is in turn owned by Italy's Ministry of Economy and Finance.

IFRS CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In 2007 Fincantieri took up the option permitted by Italian Legislative Decree 38 dated 28 February 2005, governing the exercise of the options contained in article 5 of European Regulation no.1606/2002 concerning international accounting standards.

Therefore, starting from the year ended 31 December 2007, the consolidated financial statements of the Fincantieri Group have been prepared in compliance with IFRS, meaning all the International Financial Reporting Standards, all the International Accounting Standards ("IAS"), and all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") previously known as the Standing Interpretations Committee ("SIC"), which, at the reporting date of the consolidated financial statements, have been endorsed by the European Union in accordance with the procedure laid down in Regulation (EC) no. 1606/2002 of the European Parliament and European Council dated 19 July 2002.

The condensed consolidated interim financial statements as at and for the six months ended 30 June 2015 (the "Condensed Consolidated Interim Financial Statements"), were approved by the Company's Board of Directors on 21 July 2015.

PricewaterhouseCoopers S.p.A., the firm appointed to perform the statutory audit of the separate financial statements of the Parent Company and its main subsidiaries, has performed a limited review of the Condensed Consolidated Interim Financial Statements.

BASIS OF PREPARATION

The Half-Year Financial Report of the Fincantieri Group as at 30 June 2015 has been prepared in accordance with the provisions of art. 154-ter par. 2 of Italian Legislative Decree no. 58/98 (known as the "Consolidated Law on Finance") and subsequent amendments and additions.

The Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 - Interim Financial Reporting. IAS 34 allows the preparation of financial statements in a "condensed" format, in which the minimum level of disclosure is less than that required by the IFRSs, as long as the reporting entity has previously published a complete set of financial statements prepared in accordance with IFRS. Since the contents of the Condensed Consolidated Interim Financial Statements are presented in a condensed format, they must be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2014, prepared in accordance with IFRS (the "2014 Consolidated Financial Statements").

With regard to the main financial risks to which the Group is exposed - credit risk, liquidity risk and market risk (in particular currency, interest rate and commodity price risk) - the management of these financial risks is the responsibility of the Parent Company which decides, in close collaboration with its operating units, whether and how to hedge these risks. There have been no significant changes in the major financial risks faced compared with those described in the 2014 Consolidated Financial Statements which should be consulted for more details. The following table shows the financial assets and liabilities that are measured at fair value at 30 June 2015 and 31 December 2014 according to their level in the fair value hierarchy:

(Euro/000)	30.06.2015			31.12.2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Available-for-sale financial assets						
Equity instruments			6,895		5,750	952
Debt instruments						
Hedging derivatives		29,350			48,248	
Held-for-trading derivatives						
Total assets		**29,350**	**6,895**		**53,998**	**952**
Liabilities						
Financial liabilities at fair value through profit or loss			16,981			15,649
Hedging derivatives		341,168			276,797	
Held-for-trading derivatives		14,865			13,538	
Total liabilities		**356,033**	**16,981**		**290,335**	**15,649**

PRESENTATION OF FINANCIAL STATEMENTS

The Group presents its statement of financial position using a "non-current/current" distinction, its statement of comprehensive income using a classification based on the nature of expenses, and its statement of cash flows using the indirect method.

Note 2 - Scope and basis of consolidation

As previously stated, the scope and basis of consolidation adopted for the preparation of the Condensed Consolidated Interim Financial Statements are in line with those used to prepare the 2014 Consolidated Financial Statements, except as reported in Note 3.

In addition to the incorporation of Vard Contracting AS, the following changes in the scope of consolidation took place during the first half of 2015:

- on 21 May 2015, FINCANTIERI S.p.A. signed an agreement to acquire a joint interest in the Camper & Nicholsons International group, a global leader in all luxury yachting activities. The acquisition has involved the subscription to a reserved capital increase for euro 4.9 million (representing 17.63% of the capital of Camper & Nicholsons International S.A.) and the simultaneous signing of two call and put options with the minority shareholder, at an agreed exercise price of euro 9.2 million, over its remaining shares to bring the Fincantieri interest to 50%. The purchase price allocation process was still in progress at the half-year reporting date.
- on 24 June 2015, the Group acquired through Seaonics AS (a 51% subsidiary of VARD Group AS), 100% of the ICD Software Group specialized in developing automation and control system software for the offshore and marine sectors. The acquisition date book value of the net assets acquired is approximately euro 1.4 million. The allocation of purchase price, estimated provisionally, is being finalized. The higher price paid over net asset value is approximately euro 9 million.

No significant transactions or unusual events took place during the first half of 2015 or of 2014, except as reported in the Condensed Consolidated Interim Financial Statements as at and for the six months ended 30 June 2015. It is also noted that the Group's business is not subject to seasonal trends.

Translation of the financial statements of foreign operations

The exchange rates used to translate the financial statements of Group companies with a "functional currency" other than the Euro are as follows:

	30.06.2015		31.12.2014		30.06.2014	
	Average rate	Closing rate	Average rate	Closing rate	Average rate	Closing rate
US Dollar (USD)	1.1158	1.1189	1.3285	1.2141	1.3726	1.3607
UAE Dirham (AED)	4.0967	4.1075	4.8796	4.4594	5.0415	4.9978
Brazilian Real (BRL)	3.3102	3.4699	3.1211	3.2207	3.1723	3.0315
Norwegian Krone (NOK)	8.6483	8.7910	8.3544	9.0420	8.2890	8.1425
Indian Rupee (INR)	70.1244	71.1873	81.0406	76.7190	83.7098	80.4020
Romanian Leu (RON)	4.4479	4.4725	4.4437	4.4828	4.4787	4.4030

Note 3 - Accounting standards

The Group has not adopted early any accounting standards and interpretations whose application is not mandatory from 1 January 2015.

Note 4 - Critical accounting estimates and assumptions

A full description of the use of accounting estimates can be found in the Consolidated Financial Statements at 31 December 2014.
Certain valuation processes, particularly the more complex ones, such as the determination of any impairment of non-current assets, are generally carried out in full only when preparing the annual financial statements when all the necessary information is available, except when there are indicators of impairment that require the immediate assessment of any impairment losses.

Note 5 - Intangible assets

Movements in this line item are as follows:

(Euro/000)	Goodwill	Customer relationships	Develop-ment costs	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Other intangibles	Intangibles in progress and ad-vances to suppliers	**Total**
- cost	265,197	199,317	40,912	87,115	16,920	11,782	25,890	647,133
- accumulated amortization and impairment losses		(42,256)	(8,924)	(81,319)	(1,087)	(4,904)		(138,490)
Net carrying amount at 01.01.2015	**265,197**	**157,061**	**31,988**	**5,796**	**15,833**	**6,878**	**25,890**	**508,643**
Movements - business combinations	3,414			4,972				8,386
- additions			1,770	294	71	591	9,279	12,005
- net disposals			(102)					(102)
- reclassifications/ other changes			12,955	322	21		(13,298)	
- amortization		(8,942)	(2,815)	(1,581)	(112)	(749)		(14,199)
- impairment losses								
- exchange rate differences	11,194	5,412	20	(81)	1,297	159		18,001
Closing net carrying amount	**279,805**	**153,531**	**43,816**	**9,722**	**17,110**	**6,879**	**21,871**	**532,734**
- cost	279,805	206,444	55,588	92,592	18,387	12,736	21,871	687,423
- accumulated amortization and impairment losses		(52,913)	(11,772)	(82,870)	(1,277)	(5,857)		(154,689)
Net carrying amount at 30.06.2015	**279,805**	**153,531**	**43,816**	**9,722**	**17,110**	**6,879**	**21,871**	**532,734**

Goodwill amounts to euro 279,805 thousand at 30 June 2015, of which euro 71 million allocated to the FMG Group cash-generating unit (CGU) within the Shipbuilding operating segment, and euro 209 million to the VARD Group CGU within the Offshore operating segment. The increase of euro 3,414 thousand is due to the VARD Group's acquisition during the six-month period of ICD Software AS, described in more detail in Note 2. This acquisition has also involved the addition of euro 4,972 thousand to "Industrial patents and intellectual property rights". The purchase price allocation process is still in progress.
“Concession, licenses, trademarks and similar rights” include euro 16,534 thousand for trademarks with indefinite useful lives, reflecting the expectation for their use.
Following indicators of impairment, in accordance with the provisions of IAS 36, the Group has verified that the conditions exist as at 30 June 2015 to confirm the value of goodwill, the trademark with an indefinite useful life and other intangible assets recognized as a result of business combinations.
Additions in the first half of 2015 amounted to euro 12,005 thousand (euro 14,216 thousand at 30 June 2014), of which euro 8,930 thousand (euro 10,159 thousand at 30 June 2014), for continued work not only on projects to develop new technologies for products made obsolete by the introduction of new regulations but also on the large number of new cruise ship prototypes in the order book. The rest of the expenditure relates to the development of information systems to support the Group's business.

Note 6 - Property, plant and equipment

Movements in this line item are as follows:

(Euro/000)	Land and buildings	Leased buildings	Industrial plant, machinery and equipment	Assets under concession	Extraordinary maintenance on leased assets	Other assets	Assets under construction and advances to suppliers	**Total**
- cost	555,607	2,676	1,121,377	177,368	25,760	154,418	91,942	2,129,148
- accumulated depreciation and impairment losses	(182,628)	(1,881)	(746,106)	(118,993)	(20,063)	(100,960)		(1,170,631)
Net carrying amount at 01.01.2015	**372,979**	**795**	**375,271**	**58,375**	**5,697**	**53,458**	**91,942**	**958,517**
Movements - business combinations			233					233
- additions	3,852		9,334	58	7	695	41,724	55,670
- net disposals	(399)		(71)			(11)	(13)	(494)
- reclassifications/ other changes	(982)		2,461	60	154	385	(2,077)	1
- depreciation	(7,498)	(194)	(27,243)	(1,740)	(557)	(2,570)		(39,802)
- impairment losses	(28)		(549)					(577)
- exchange rate differences	3,544	70	440		2	249	(247)	4,058
Closing net carrying amount	**371,468**	**671**	**359,876**	**56,753**	**5,303**	**52,206**	**131,329**	**977,606**
- cost	563,823	2,904	1,132,178	177,485	25,953	155,574	131,329	2,189,246
- accumulated depreciation and impairment losses	(192,355)	(2,233)	(772,302)	(120,732)	(20,650)	(103,368)		(1,211,640)
Net carrying amount at 30.06.2015	**371,468**	**671**	**359,876**	**56,753**	**5,303**	**52,206**	**131,329**	**977,606**

Capital expenditure additions of euro 55,670 thousand in the first half of 2015 mainly relate to the continuation of projects started in 2014 at the Marghera yard in Italy and the Marinette and Sturgeon Bay yards in the United States, to the start of work on modernizing hull-building technology and logistical support at the Sestri and Monfalcone yards in Italy, to the final stages of construction of the Vard Promar yard in Brazil, and to technology upgrade projects at the yards in Romania and Vietnam. Capital expenditure additions in the first half of 2014 amounted to euro 52,582 thousand and mainly related to the construction of new infrastructure and technological upgrades to improve production efficiency through greater process automation and to improve safety conditions and environmental respect within the production sites; this expenditure was mostly concentrated on the shipyards in Monfalcone, to modernize hull-building technologies, and Marghera, to build new infrastructure and logistical support areas for the outfitting docks, and on the Vard Promar and Vard Romania shipyards.

Note 7 - Investments accounted for using the equity method and other investments

These are analyzed as follows:

(Euro/000)	Associates	Joint ventures	**Total investments accounted for using the equity method**	Other companies carried at cost	Other companies carried at fair value	**Total other investments**	**Total**
01.01.2015	36,133	16,663	**52,796**	981	6,702	**7,683**	**60,479**
Business combinations							
Additions	1,232	4,987	**6,219**	131		**131**	**6,350**
Revaluations/ (Impairment losses)	480	300	**780**				**780**
Disposals							
Capital paid into investments							
Dividends from investments accounted for using the equity method							
Reclassifications/ Other							
Exchange rate differences	1,052		**1,052**		191	**191**	**1,243**
30.06.2015	38,897	21,950	**60,847**	1,112	6,893	**8,005**	**68,852**

With regard to investments in joint ventures, reference should be made to Note 2 concerning the acquisition by FINCANTIERI S.p.A. in May 2015 of a joint interest in the Camper & Nicholsons International group, a global leader in all luxury yachting activities.

Note 8 - Non-current financial assets

These are analyzed as follows:

(Euro/000)	30.06.2015	31.12.2014
Grants financed by BIIS	30,675	34,110
Derivative assets	5,802	504
Other non-current financial receivables	91,744	82,719
Non-current financial receivables from investee companies	7,602	7,147
NON-CURRENT FINANCIAL ASSETS	**135,823**	**124,480**

"Derivative assets" represent the reporting-date fair value of derivatives with a maturity of more than 12 months (Level 2).

Note 9 - other non-current assets

Other non-current assets are analyzed as follows:

(Euro/000)	30.06.2015	31.12.2014
Other receivables from investee companies	568	972
Government grants receivable	1,856	2,011
Other receivables	9,364	11,722
OTHER NON-CURRENT ASSETS	**11,788**	**14,705**

Other non-current assets are all stated net of the related provision for impairment.

The following table presents the amount of and movements in the provision for impairment of other non-current receivables:

(Euro/000)	Provision for impairment of other receivables
Total at 01.01.2015	**16,656**
Utilizations	
Increases/(Releases)	(530)
Total at 30.06.2015	**16,126**

Note 10 - Deferred tax assets and liabilities

Movements in deferred tax assets are analyzed as follows:

(Euro/000)	Total
01.01.2015	**140,914**
Business combinations	(730)
Through profit or loss	(12,743)
Through equity	1,623
Impairment losses	
Through other comprehensive income	
Other changes	(20)
Exchange rate differences	1,788
30.06.2015	**130,832**

Deferred tax assets have been recognized on items for which the tax is likely to be recovered against forecast future taxable income of Group companies. The recognition of deferred tax is also supported by participation in the tax consolidation with CDP commencing in 2013.

Movements in deferred tax liabilities are analyzed as follows:

(Euro/000)	Total
01.01.2015	**84,277**
Business combinations	
Through profit or loss	(4,000)
Through equity	(441)
Impairment losses	
Through other comprehensive income	
Other changes	
Exchange rate differences	4,514
30.06.2015	**84,350**

Note 11 - Inventories and advances

These are analyzed as follows:

(Euro/000)	30.06.2015	31.12.2014
Raw materials and consumables	207,606	178,137
Work in progress and semi-finished goods	38,194	12,972
Finished products	7,706	6,191
Total inventories	**253,506**	**197,300**
Advances to suppliers	207,713	191,167
TOTAL INVENTORIES AND ADVANCES	**461,219**	**388,467**

Inventories and advances are stated net of relevant provisions for impairment. The following table presents the amount of and movements in such provisions for impairment:

(Euro/000)	Provision for impairment - raw materials	Provision for impairment – finished products
01.01.2015	**13,842**	**2,660**
Increases	827	
Utilizations	(261)	(1)
Releases	(107)	
Exchange rate differences	19	72
30.06.2015	**14,320**	**2,731**

Note 12 - Construction contracts – net assets and liabilities

"Construction contracts - net assets" are analyzed as follows:

	30.06.2015			**31.12.2014**		
(Euro/000)	Construction contracts – gross	Invoices issued and provision for future losses	Construction contracts - net assets	Construction contracts – gross	Invoices issued and provision for future losses	Construction contracts - net assets
Shipbuilding contracts	5,169,152	3,260,727	1,908,425	3,459,144	1,819,107	1,640,037
Other contracts for third parties	36,553	13,098	23,455	19,755	10,514	9,241
Total	**5,205,705**	**3,273,825**	**1,931,880**	**3,478,899**	**1,829,621**	**1,649,278**

"Construction contracts – net liabilities" are analyzed as follows:

	30.06.2015			**31.12.2014**		
(Euro/000)	Construction contracts – gross	Invoices issued and provision for future losses	Construction contracts - net liabilities	Construction contracts – gross	Invoices issued and provision for future losses	Construction contracts - net liabilities
Shipbuilding contracts	3,931,616	4,275,518	343,902	4,819,305	5,318,735	499,430
Other contracts for third parties	128,895	133,034	4,139	154,843	164,038	9,195
Advances from customers		18,177	18,177		27,976	27,976
Total	**4,060,511**	**4,426,729**	**366,218**	**4,974,148**	**5,510,749**	**536,601**

Note 13 - Trade receivables and other current assets

These are analyzed as follows:

(Euro/000)	**30.06.2015**	**31.12.2014**
Trade receivables	432,225	610,140
Receivables from controlling companies (tax consolidation)	2,082	23,443
Government grants receivable	14,725	14,111
Other sundry receivables	102,476	90,831
Indirect tax receivables	25,940	42,639
Firm commitments	*138,911*	*157,802*
Accrued income	25,269	35,750
Prepayments	595	335
TOTAL TRADE RECEIVABLES AND OTHER CURRENT ASSETS	**742,223**	**975,051**

The above receivables are shown net of provisions for the impairment of receivables. These provisions relate to receivables that are no longer considered fully recoverable, including those involving legal action and judicial and out-of-court proceedings in cases of debtor default. A provision for interest charged on past due trade receivables has been recognized in a "Provision for past due interest".

The amount of and movements in the total provisions for impairment of receivables are as follows:

(Euro/000)	Provision for impairment of receivables
01.01.2015	**40,963**
Business combinations	
Utilizations	(3,252)
Increases/(Releases)	878
Exchange rate differences	
Through other comprehensive income	210
30.06.2015	**38,799**

"Firm commitments" reflect the fair value of hedged items in fair value hedges used by the Group to hedge currency risk arising on construction contracts in currencies other than the functional currency.

Note 14 - Income tax assets

These are analyzed as follows:

(Euro/000)	30.06.2015	31.12.2014
Receivables for Italian corporate income taxation (IRES)	49,838	46,825
Receivables for Italian regional tax on productive activities (IRAP)	2,516	2,318
Foreign tax receivables	4,821	5,389
TOTAL INCOME TAX ASSETS	**57,175**	**54,532**

The amount and movements in the provision for impairment of income tax assets are as follows:

(Euro/000)	Provision for impairment of income tax assets
Total at 1.1.2015	**4,342**
Increases/(Releases)	(2,300)
Other changes	
Total at 30.06.2015	**2,042**

Note 15 - Current financial assets

These are analyzed as follows:

(Euro/000)	30.06.2015	31.12.2014
Derivative assets	23,548	47,744
Other receivables	57,270	79,419
Government grants financed by BIIS	6,805	6,680
Accrued interest income	1,186	2,426
Prepaid interest and other financial expense		424
TOTAL CURRENT FINANCIAL ASSETS	**88,809**	**136,693**

"Derivative assets" represent the reporting-date fair value of derivatives with a maturity of less than 12 months. The fair value of derivative financial instruments has been calculated considering market parameters and using widely accepted measurement techniques (Level 2). "Other receivables" include interest-bearing financial receivables, the reduction in which mainly reflects amounts collected during the six-month period.

Note 16 - Cash and cash equivalents

These are analyzed as follows:

(Euro/000)	30.06.2015	31.12.2014
Bank and postal deposits	405,840	552,178
Cash on hand	118	107
TOTAL CASH AND CASH EQUIVALENTS	**405,958**	**552,285**

Almost all of the period-end cash and cash equivalents refers to the balance on current accounts held with a number of banks.

Note 17 - Equity

EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT

The composition of equity is analyzed in the following table:

(Euro/000)	30.06.2015	31.12.2014
Attributable to owners of the parent		
Share capital	862,981	862,981
Share premium reserve	110,499	110,499
Legal reserve	33,392	31,516
Cash flow hedge reserve	(5,910)	(194)
Available-for-sale fair value reserve	(226)	(226)
Currency translation reserve	(49,755)	(81,401)
Other reserves and retained earnings	387,675	319,907
Profit/(loss) for the period	12,489	66,935
	1,351,145	**1,310,017**
Attributable to non-controlling interests		
Capital and reserves	256,605	267,953
Available-for-sale fair value reserve	(180)	(180)
Currency translation reserve	(12,338)	(36,243)
Profit/(loss) for the period	(31,440)	(11,655)
	212,647	**219,875**
TOTAL EQUITY	**1,563,792**	**1,529,892**

SHARE CAPITAL

The share capital of FINCANTIERI S.p.A. amounts to euro 862,980,726, fully paid-in, divided into 1,692,119,070 ordinary shares with no par value.
The application period for the allocation of bonus shares to entitled shareholders commenced on 4 July 2015, as indicated at the paragraph 5.2.3.4 of the Initial Italian Public Offering Prospectus for the listing of its ordinary shares on the Electronic Stock Market (MTA), organized and managed by Borsa Italiana S.p.A.
The bonus shares will be made available by the Selling Shareholder Fintecna S.p.A. and will be reserved to subscribers who were allotted Shares under the Italian Public Offering, and have held full and continuous ownership of such shares for twelve months from the Settlement Date (i.e. from 3 July 2014), provided that the shares have remained deposited with a Bookrunner or other authorized intermediaries participating in the centralized management system of Monte Titoli S.p.A

SHARE PREMIUM RESERVE

This reserve has been recorded as a result of the capital increase accompanying the Company's listing on the Italian Electronic Stock Market on 3 July 2014. Listing costs of euro 11,072 thousand (net of tax effects) referring to the capital increase have been accounted for as a deduction from the share premium reserve, in compliance with IAS 32.

CASH FLOW HEDGE RESERVE

The cash flow hedge reserve reports the change in the effective portion of derivative hedging instruments measured at fair value.

CURRENCY TRANSLATION RESERVE

The currency translation reserve reflects exchange differences arising from the translation into Euro of financial statements of foreign operations prepared in currencies other than the Euro.

OTHER RESERVES AND RETAINED EARNINGS

These mainly comprise: i) surplus earnings after making allocations to the legal reserve and distributions in the form of shareholder dividends; ii) actuarial gains and losses on employee benefit plans.

NON-CONTROLLING INTERESTS

The change compared with 31 December 2014 is mostly due to comprehensive income for the period attributable to non-controlling interests. The remainder of euro 1,893 thousand reflects an increase in non-controlling interests following the VARD Group's acquisition of ICD Software AS during the period, as better described in Note 2.

OTHER COMPREHENSIVE INCOME/LOSSES

The amount of other comprehensive income/losses, presented in the statement of comprehensive income, is as follows:

	30.06.2015			30.06.2014		
(Euro/000)	Gross amount	Tax (expense)/ benefit	Net amount	Gross amount	Tax (expense)/ benefit	Net amount
Effective portion of profits/(losses) on cash flow hedging instruments	(8,366)	2,650	(5,716)	215	(59)	156
Gains/(losses) from remeasurement of employee defined benefit plans	3,737	(1,028)	2,709	(1,046)	288	(758)
Gains/(losses) arising from changes in OCI of investments accounted for using the equity method						
Gains/(losses) arising on translation of financial statements of foreign operations	53,529	441	53,970	8,352	(29)	8,323
Total other comprehensive income/ (losses)	**48,900**	**2,063**	**50,963**	**7,521**	**200**	**7,721**

(Euro/000)	30.06.2015	31.12.2014
Effective portion of profits/(losses) arising in period on cash flow hedging instruments	(8,614)	(248)
Effective portion of profits/(losses) on cash flow hedging instruments reclassified to profit or loss	248	1,048
Effective portion of profits/(losses) on cash flow hedging instruments	**(8,366)**	**800**
Tax effect for other components of comprehensive income	**2,650**	**(234)**
TOTAL OTHER COMPREHENSIVE INCOME/(LOSSES), NET OF TAX	**(5,716)**	**566**

Note 18 - Provisions for risks and charges

These are analyzed as follows:

(Euro/000)	Litigation	Product warranty	Agent indemnity benefit	Business reorganization	Other risks and charges	**Total**
Non-current portion	*41,726*	*40,357*	*111*		*26,427*	*108,621*
Current portion	*1,106*	*14,937*			*3,821*	*19,864*
01.01.2015	**42,832**	**55,294**	**111**	**-**	**30,248**	**128,485**
Business combinations						
Other movements					23	23
Increases	8,957	11,508			742	21,207
Utilizations	(11,059)	(12,553)			(61)	(23,673)
Releases		(14,237)			(1,417)	(15,654)
Exchange rate differences	40	711			546	1,297
30.06.2015	**40,770**	**40,723**	**111**	**-**	**30,081**	**111,685**
Non-current portion	*39,632*	*30,843*	*111*		*26,671*	*97,257*
Current portion	*1,138*	*9,880*			*3,410*	*14,428*

The main component of the "Litigation" provision relates to precautionary provisions for claims brought by employees, authorities or third parties for damages arising from asbestos exposure. The remainder of the litigation provision relates to lawsuits with employees and suppliers and to other legal proceedings.
The "Product warranty" provision relates to the estimated cost of carrying out work under contractual guarantee after vessel delivery. The warranty period normally lasts for 1 or 2 years after delivery, but in some cases it may be longer.
The provision for "Other risks and charges" includes euro 9,131 thousand for environmental clean-up costs, while the remainder relates to various kinds of disputes, mostly of a contractual, technical or fiscal nature, which might be settled at the Group's expense either in or out of court.

Nota 19 - Employee benefits

Movements in this line item are as follows:

(Euro/000)	30.06.2015	31.12.2014
Opening balance	**62,220**	**60,486**
Business combinations		
Interest cost	465	1,925
Actuarial (gains)/losses	(3,737)	7,717
Utilizations for benefits and advances paid	(1,656)	(7,677)
Staff transfers and other movements	882	(222)
Exchange rate differences	4	(9)
Closing balance	**58,178**	**62,220**
Plan assets	(86)	(79)
Closing balance	**58,092**	**62,141**

Note 20 - Non-current financial liabilities

These are analyzed as follows:

(Euro/000)	30.06.2015	31.12.2014
Bond	297,216	296,835
Bank loans and credit facilities - non-current portion	294,548	290,364
Loans from BIIS - non-current portion	30,675	34,110
Liabilities to other lenders	963	1,040
Finance lease obligations	130	310
Financial liabilities for the acquisition of equity investments	-	11,770
Derivative liabilities	7,255	18,489
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**630,787**	**652,918**

"Derivative liabilities" represent the reporting-date fair value of derivatives with a maturity of more than 12 months (Level 2).

"Financial liabilities for the acquisition of equity investments", which reflect the fair value (Level 3) of a put option held by the minority shareholders of Fincantieri USA under which they have the option to sell their shareholding to Fincantieri at a fixed price, have been reclassified to current financial liabilities at 30 June 2015.

With reference to "Bank loans and credit facilities - non-current portion", during the first half of 2015, the Parent Company repaid in advance two loans of euro 30 million each, originally due to mature in March 2017, and at the same time it obtained a new loan for euro 65 million repayable in a single installment in May 2017.

In addition, during the second quarter the Parent Company obtained two more medium/long-term loans, one for Euro 35 million, repayable in 7 semi-annual installments starting from December 2015 until final maturity in December 2018, and the other for Euro 25 million, repayable in 6 semi-annual installments from December 2016 to June 2019, both intended for the early repayment of an existing medium/long-term loan during the first few days of the second half of the year.

These operations are part of a broader strategy to bring the Group's cost of debt into line with the current favorable market conditions.

Note 21 - Other non-current liabilities

These are analyzed as follows:

(Euro/000)	30.06.2015	31.12.2014
Capital grants	29,067	28,282
Other liabilities	17,246	17,224
TOTAL OTHER NON-CURRENT LIABILITIES	**46,313**	**45,506**

"Capital grants" mainly comprise deferred income associated with grants for property, plant and equipment and innovation grants which will be released to income in future years to match the related depreciation/amortization of these assets.

Note 22 - Trade payables and other current liabilities

These are analyzed as follows:

(Euro/000)	30.06.2015	31.12.2014
Payables to suppliers	1,016,962	1,046,825
Social security payables	37,615	29,574
Other payables for deferred employee remuneration	76,149	65,004
Other payables	73,402	79,269
Indirect tax payables	15,239	20,494
Firm commitments	12,294	27,397
Accrued expenses	6,894	8,838
Deferred income	427	24
TOTAL TRADE PAYABLES AND OTHER CURRENT LIABILITIES	**1,238,982**	**1,277,425**

"Social security payables" include amounts due to INPS (the Italian social security authorities) for employer and employee contributions on June's wages and salaries and contributions on end-of-period wage adjustments. This balance also includes the 2015 premium due to INAIL, Italy's provider of national insurance against occupational injury and illness, which is being paid in instalments.
"Other payables" include employee income tax withholdings payable to tax authorities, sundry payables for insurance premiums and insurance claims, advances received against research grants, amounts payable to employee supplementary pension funds and various liabilities for disputes in the process of being financially settled.
"Firm commitments" reflect the fair value of hedged items in fair value hedges used by the Group to hedge currency risk arising on construction contracts in currencies other than the functional currency.

Note 23 - Current financial liabilities

These are analyzed as follows:

(Euro/000)	30.06.2015	31.12.2014
Bank loans and credit facilities - current portion	102,819	44,707
Loans from BIIS - current portion	6,805	6,680
Bank loans and credit facilities - Construction loans	868,012	847,454
Liabilities to other lenders - current portion	25,537	290
Bank credit facilities repayable on demand	41,784	31,962
Financial liabilities for the acquisition of equity investments	11,770	
Payables to joint ventures	742	337
Finance lease obligations - current portion	380	337
Fair value of options on equity investments	16,981	15,649
Derivative liabilities	348,778	271,846
Accrued interest expense	7,856	2,359
TOTAL CURRENT FINANCIAL LIABILITIES	**1,431,464**	**1,221,621**

"Bank loans and credit facilities - current portion" include medium/long-term debt classified in non-current financial liabilities at 31 December 2014 and scheduled for early repayment during the second half of 2015.

On 29 June 2015, the Parent Company finalized a construction loan with a leading international bank, capped at euro 150 million, for the purpose of financing cruise ship construction. This loan had not been drawn down at 30 June 2015 and so "Bank loans and credit facilities - Construction loans" at this date refer exclusively to construction loans drawn down by the VARD Group.
"Financial liabilities for the acquisition of equity investments" have been reclassified from non-current financial liabilities (see Note 20).
"Fair value of options on equity investments" (Level 3) relates to the option held by minority shareholders of the Fincantieri Marine Group, exercisable from 1 January 2014. This amount has remained unchanged during the period except for exchange rate differences.
The fair value of derivative financial instruments has been calculated considering market parameters and using widely accepted measurement techniques (Level 2).

Note 24 - Revenue and income

These are analyzed as follows:

(Euro/000)	30.06.2015	30.06.2014
Operating revenue	**2,179,221**	**1,961,596**
Other revenue and income		
Gains on disposal	22	484
Sundry revenue and income	36,777	15,784
Government grants	4,036	4,949
Total other revenue and income	**40,835**	**21,217**
TOTAL REVENUE AND INCOME	**2,220,056**	**1,982,813**

Operating revenue includes the effects of the Change in construction contacts amounting to euro 738 million in the first half of 2015 (euro 1,318 million in the first half of 2014).

Note 25 - Operating costs

MATERIALS, SERVICES AND OTHER COSTS

Materials, services and other costs are analyzed as follows:

(Euro/000)	30.06.2015	30.06.2014
Raw materials and consumables	(1,069,480)	(1,025,843)
Services	(514,346)	(365,930)
Leases and rentals	(22,035)	(18,891)
Change in inventories of raw materials and consumables	22,676	(5,768)
Change in work in progress	79	420
Change in inventories of finished products	3,832	1,000
Other operating costs	(66,028)	(22,260)
Total materials, services and other costs	**(1,645,302)**	**(1,437,272)**
Capitalization of internal costs	**5,220**	**10,383**
TOTAL OPERATING COSTS	**(1,640,082)**	**(1,426,889)**

PERSONNEL COSTS

(Euro/000)	30.06.2015	30.06.2014
Personnel costs:		
- wages and salaries	(335,541)	(296,320)
- social security	(98,512)	(93,887)
- costs for defined contribution plans	(17,031)	(15,642)
- other personnel costs	(12,449)	(9,933)
Personnel costs capitalized in fixed assets	2,070	2,308
Total personnel costs	**(461,463)**	**(413,474)**

"Personnel costs" represent the total cost incurred for employees, including wages and salaries, employer social security contributions, gifts and travel allowances.

HEADCOUNT

The Fincantieri Group had 21,553 employees at 30 June 2015, broken down as follows:

(number)	30.06.2015	30.06.2014
Employees at period end:		
Total at period end	21,553	21,080
- of whom in Italy	7,780	7,737
- of whom in Parent Company	7,377	7,431
- of whom in VARD	11,495	11,207
Average number of employees	21,718	20,797
- of whom in Italy	7,699	7,688
- of whom in Parent Company	7,303	7,383
- of whom in VARD	11,799	11,040

DEPRECIATION AND AMORTIZATION, PROVISIONS AND IMPAIRMENT

(Euro/000)	30.06.2015	30.06.2014
Depreciation and amortization:		
- amortization of intangible assets	(14,199)	(11,421)
- depreciation of property, plant and equipment	(39,802)	(37,209)
Total depreciation and amortization	**(54,001)**	**(48,630)**
Provisions and impairment:		
- other write-downs		
- impairment of receivables	(465)	(1,803)
- increases in provisions for risks and charges	(20,775)	(22,236)
- other impairment losses	(577)	(33)
- release of provisions and impairment reversals	15,769	2,695
Total provisions and impairment	**(6,048)**	**(21,377)**

A breakdown of "Depreciation and amortization" expense is provided in Notes 5 and 6.
Details of "Provisions and impairment" can be found in Notes 9,13 and 18.

Note 26 - Finance income and costs

These are analyzed as follows:

(Euro/000)	30.06.2015	30.06.2014
FINANCE INCOME		
Interest and other income from financial assets	1,576	2,182
Income from derivative financial instruments		281
Bank interest and fees and other income	2,920	3,362
Foreign exchange gains	20,874	3,224
Total finance income	**25,370**	**9,049**
FINANCE COSTS		
Interest and fees charged by related parties	(396)	(1,191)
Expenses from derivative financial instruments	(6,541)	(27)
Interest on employee benefit plans	(434)	(829)
Interest and fees on bonds	(5,960)	(5,944)
Interest and fees on construction loans	(18,383)	(9,095)
Bank interest and fees and other expense	(15,055)	(14,288)
Foreign exchange losses	(40,654)	(5,667)
Total finance costs	**(87,423)**	**(37,041)**
TOTAL FINANCE INCOME AND COSTS	**(62,053)**	**(27,992)**

"Finance income" includes euro 703 thousand (euro 826 thousand in the first half of 2014) in interest formally paid by the Italian State to the Parent Company, but effectively paid to Banca Infrastrutture Innovazione e Sviluppo (with an equal amount recognized as finance expense), under the structure in place to disburse government grants.
"Foreign exchange gains and losses" include net unrealized losses (without a corresponding monetary impact) mainly on certain currency balances recorded by VARD Group subsidiaries.

Note 27 - Income taxes

Income taxes have been calculated on the basis of the result for the period. Deferred income taxes are analyzed in Note 10.

Note 28 - Other information

NET FINANCIAL POSITION

The consolidated net financial position as monitored by the Group is presented below.

(Euro/000)	30.06.2015	31.12.2014
A. Cash	118	107
B. Other cash equivalents	405,840	552,178
C. Held-for-trading securities		
D. Cash and cash equivalents (A)+(B)+(C)	**405,958**	**552,285**
E. Current financial receivables	**58,456**	**82,269**
- of which related parties	*1,448*	*1,396*
F. Current bank debt	(41,784)	(31,962)
G. Current portion of non-current debt	(110,680)	(47,071)
- of which related parties	*(2,097)*	*(1,425)*
H. Other current financial liabilities	(38,424)	(959)
- of which related parties	*(12,512)*	*(337)*
I. Current debt (F)+(G)+(H)	**(190,888)**	**(79,992)**
J. Net current debt (D)+(E)+(I)	**273,526**	**554,562**
K. Non-current financial receivables	**99,346**	**89,866**
- of which related parties	***7,449***	***7,147***
L. Non-current bank debt	(294,548)	(290,364)
- of which related parties	*(9,224)*	*(5,855)*
M. Bond	(297,216)	(296,835)
N. Other non-current financial liabilities	(1,093)	(13,120)
- of which related parties	*-*	*(11,770)*
O. Non-current debt (L)+(M)+(N)	**(592,857)**	**(600,319)**
P. Net non-current debt (K)+(O)	**(493,511)**	**(510,453)**
Q. Net financial position (J)+(P)	**(219,985)**	**44,109**

For the purposes of complying with Consob Communication no. DEM/6064293/2006, the following table reconciles the above net financial position with the disclosure recommended by the European Securities and Markets Authority (ESMA).

(Euro/000)	30.06.2015	31.12.2014
Net financial position	**(219,985)**	**44,109**
Non-current financial receivables	(99,346)	(89,866)
Construction loans	(868,012)	(847,454)
Net financial position as per ESMA recommendation	**(1,187,343)**	**(893,211)**

SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

As required by CONSOB Resolution no. 15519 of 27 July 2006, the following table summarizes the income and expenses arising from non-recurring events or transactions that have been recorded in profit or loss in the first half of 2015 and of 2014; these amounts, presented before tax effects, have been classified in the following line items:

(Euro/000)		30.06.2015	30.06.2014
Description	**Income statement line**		
Costs associated with the "Extraordinary Wage Guarantee Fund"	Personnel costs	1,939	6,435
Costs relating to reorganization plans	Materials, services and other costs	2,951	463
	Personnel costs	851	1,321
Provisions for costs and legal expenses associated with asbestos-related lawsuits	Materials, services and other costs	969	929
	Provisions and impairment	8,959	11,041
Other non-recurring income and expenses	Materials, services and other costs	3	325
Total extraordinary and non-recurring income and expenses		**15,672**	**20,514**

Extraordinary and non-recurring income and expenses are presented before tax effects of euro 3,860 thousand at 30 June 2015 (euro 5,640 thousand at 30 June 2014).

ATYPICAL AND/OR UNUSUAL TRANSACTIONS

In accordance with the disclosures required by Consob Communication no. DEM/6064293 dated 28 July 2006, it is reported that no atypical and/or unusual transactions were carried out during the first half of 2015.

RELATED PARTY TRANSACTIONS

Intragroup transactions, transactions with Fintecna and its subsidiaries, with Cassa Depositi e Prestiti and its subsidiaries, with companies controlled by Italy's Ministry of Economy and Finance, and with other related parties in general, do not qualify as either atypical or unusual, since they fall within the normal course of business of the Fincantieri Group and are conducted on an arm's length basis. The statement of comprehensive income disclosures for the six months ended 30 June 2014 have been restated to include transactions with companies controlled by Italy's Ministry of Economy and Finance.

The figures for related party transactions and balances are reported in the following tables:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION				**30.06.2015**				
(Euro/000)	Non-current financial assets	Current financial assets	Advances (*)	Trade receivables and other current assets	Trade receivables and other non-current assets	Non-current financial liabilities	Current financial liabilities	Trade payables and other current liabilities
FINTECNA S.p.A.				244				
CASSA DEPOSITI E PRESTITI S.p.A.				2,082		(9,224)	(2,097)	(60)
TOTAL CONTROLLING COMPANIES				**2,326**		**(9,224)**	**(2,097)**	**(60)**
ORIZZONTE SISTEMI NAVALI S.p.A.				44,673			(742)	(2,294)
ETIHAD SHIP BUILDING LLC				7,060				(342)
TOTAL JOINT VENTURES				**51,733**			**(742)**	**(2,636)**
BRIDGE EIENDOM AS	489							
REM SUPPLY AS	607	13						
OLYMPIC GREEN ENERGY KS		1,393						
DOF ICEMAN AS	6,353							
BREVIK TECHNOLOGY AS		42						
CSS DESIGN					568			
CASTOR DRILLING SOLUTION AS								
TOTAL ASSOCIATES	**7,449**	**1,448**			**568**			
CDP IMMOBILIARE S.r.l.(**)				3,250				
TIRRENIA DI NAVIGAZIONE S.p.A.				10,760				
SIMEST S.p.A.							(11,770)	(116)
SACE S.p.A.								
PENSION FUND FOR SENIOR MANAGERS OF FINCANTIERI S.p.A.								(1,597)
COMETA NATIONAL PENSION FUND								(1,743)
OTHER								(28)
TOTAL CDP GROUP				**14,010**			**(11,770)**	**(3,484)**
HORIZON SAS				1,928				
FINMECCANICA GROUP			2,032	1,998				(5,627)
ENI GROUP				1,023				(1,165)
ENEL GROUP				404				
COMPANIES CONTROLLED BY MINISTRY OF ECONOMY AND FINANCE								
TOTAL OTHER RELATED PARTIES			**2,032**	**5,353**				**(6,792)**
TOTAL RELATED PARTIES	**7,449**	**1,448**	**2,032**	**73,422**	**568**	**(9,224)**	**(14,609)**	**(12,972)**
TOTAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION	135,823	88,809	207,713	742,223	11,788	(630,787)	(1,431,464)	(1,238,982)
% on consolidated statement of financial position	*5%*	*2%*	*1%*	*10%*	*5%*	*1%*	*1%*	*1%*

(*) "Advances" are classified in "Inventories and advances", as detailed in Note 11.

(**) Formerly Fintecna Immobiliare S.r.l.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	**31.12.2014**							
(Euro/000)	Non-current financial assets	Current financial assets	Advances (*)	Trade receivables and other current assets	Trade receivables and other non-current assets	Non-current financial liabilities	Current financial liabilities	Trade payables and other current liabilities
FINTECNA S.p.A.				244				
CASSA DEPOSITI E PRESTITI S.p.A.				23,489		(5,855)	(1,425)	(27)
TOTAL CONTROLLING COMPANIES				**23,733**		**(5,855)**	**(1,425)**	**(27)**
ORIZZONTE SISTEMI NAVALI S.p.A.				53,684			(337)	(3,597)
ETIHAD SHIP BUILDING LLC				7,331				(610)
TOTAL JOINT VENTURES				**61,015**			**(337)**	**(4,207)**
BRIDGE EIENDOM AS	476							
REM SUPPLY AS	590							
OLYMPIC GREEN ENERGY KS		1,356						
DOF ICEMAN AS	5,852							
BREVIK TECHNOLOGY AS		40						
CSS DESIGN					972			
CASTOR DRILLING SOLUTION AS	116							
TOTAL ASSOCIATES	**7,034**	**1,396**			**972**			
CDP IMMOBILIARE S.r.l.(**)				3,250				
TIRRENIA DI NAVIGAZIONE S.p.A.				10,760				
SIMEST S.p.A.						(11,770)		(467)
SACE S.p.A.								(257)
PENSION FUND FOR SENIOR MANAGERS OF FINCANTIERI S.p.A.								(999)
COMETA NATIONAL PENSION FUND								(2,848)
PECOL S.r.l.(***)			40					(830)
BOAT S.p.A.(***)								(550)
OTHER	113							(75)
TOTAL CDP GROUP	**113**		**40**	**14,010**		**(11,770)**		**(6,026)**
HORIZON SAS				1,928				(1)
FINMECCANICA GROUP			802	1,852				(4,065)
ENI GROUP				2,454				(655)
COMPANIES CONTROLLED BY MINISTRY OF ECONOMY AND FINANCE				6				
TOTAL OTHER RELATED PARTIES			**802**	**6,234**				**(4,721)**
TOTAL RELATED PARTIES	**7,147**	**1,396**	**842**	**104,992**	**972**	**(17,625)**	**(1,762)**	**(14,981)**
TOTAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION	124,480	136,693	191,167	975,051	14,705	(652,918)	(1,221,621)	(1,277,425)
% on consolidated statement of financial position	*6%*	*1%*	*0%*	*11%*	*7%*	*3%*	*0%*	*1%*

(*) "Advances" are classified in "Inventories and advances", as detailed in Note 11.

(**) Formerly Fintecna Immobiliare S.r.l.

(***) From the present report no longer treated as related parties.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30.06.2015				
(Euro/000)	Operating revenue	Other revenue and income	Materials, services and other costs	Finance income	Finance costs
FINTECNA S.p.A.					
CASSA DEPOSITI E PRESTITI S.p.A.			(57)		(25)
TOTAL CONTROLLING COMPANIES			**(57)**		**(25)**
ORIZZONTE SISTEMI NAVALI S.p.A.	208,812	442	(2)		(9)
ETIHAD SHIP BUILDING LLC	797	291	(688)		
TOTAL JOINT VENTURES	**209,609**	**733**	**(690)**		**(9)**
BREVIK TECHNOLOGY AS				1	
REM SUPPLY AS				20	
OLYMPIC GREEN ENERGY KS				32	
DOF ICEMAN AS				108	
TOTAL ASSOCIATES				**161**	
TIRRENIA DI NAVIGAZIONE S.p.A.					
SIMEST S.p.A.			(345)		
SACE S.p.A.					(147)
SACE BT S.p.A.					(215)
PENSION FUND FOR SENIOR MANAGERS OF FINCANTIERI S.p.A.			(1,931)		
COMETA NATIONAL PENSION FUND			(3,254)		
FONDO STRATEGICO ITALIANO S.p.A.		9			
OTHER			(49)		
TOTAL CDP GROUP		**9**	**(5,579)**		**(362)**
HORIZON SAS					
FINMECCANICA GROUP	164	2	(6,470)		
ENI GROUP	124	37	(2,362)		
ENEL GROUP	331				
COMPANIES CONTROLLED BY MINISTRY OF ECONOMY AND FINANCE					
TOTAL OTHER RELATED PARTIES	**619**	**39**	**(8,832)**		
TOTAL RELATED PARTIES	**210,228**	**781**	**(15,158)**	**161**	**(396)**
TOTAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	2,179,221	40,835	(1,640,082)	25,370	(87,423)
% on consolidated statement of comprehensive income	*10%*	*2%*	*1%*	*1%*	*0%*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30.06.2014				
(Euro/000)	Operating revenue	Other revenue and income	Materials, services and other costs	Finance income	Finance costs
FINTECNA S.p.A.					(132)
CASSA DEPOSITI E PRESTITI S.p.A.					(22)
TOTAL CONTROLLING COMPANIES					**(154)**
ORIZZONTE SISTEMI NAVALI S.p.A.	161,096	732	(72)		(1,059)
ETIHAD SHIP BUILDING LLC	13	675	(320)		
TOTAL JOINT VENTURES	**161,109**	**1,407**	**(392)**		**(1,059)**
BREVIK TECHNOLOGY AS					
ISLAND OFFSHORE LNG AS				22	
REM SUPPLY AS				27	
OLYMPIC GREEN ENERGY KS				36	
DOF ICEMAN AS				111	
TOTAL ASSOCIATES				**196**	
TIRRENIA DI NAVIGAZIONE S.p.A.	19				
SIMEST S.p.A.			(348)		
SACE S.p.A.					(402)
SACE BT S.p.A.					(575)
PENSION FUND FOR SENIOR MANAGERS OF FINCANTIERI S.p.A.			(1,053)		
COMETA NATIONAL PENSION FUND			(2,713)		
OTHER			(44)		
TOTAL CDP GROUP	**19**		**(4,158)**		**(977)**
HORIZON SAS		20			
FINMECCANICA GROUP	40		(120)		
ENI GROUP			(283)		
COMPANIES CONTROLLED BY MINISTRY OF ECONOMY AND FINANCE			(11)		
TOTAL OTHER RELATED PARTIES	**40**	**20**	**(414)**		
TOTAL RELATED PARTIES	**161,168**	**1,427**	**(4,964)**	**196**	**(2,190)**
TOTAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	1,961,596	21,217	(1,426,889)	9,049	(37,041)
% on consolidated statement of comprehensive income	*8%*	*7%*	*0%*	*2%*	*6%*

Among the transactions falling under art. 13, par. 3 (c) of the Consob Regulations concerning related party transactions, it is reported that during the first half of 2015 FINCANTIERI S.p.A. signed four Indemnity and Guarantee Agreements with SACE S.p.A. to cover the breach of obligations under export credit insurance policies with a total maximum payout of euro 1,764 million.

FINCANTIERI S.p.A. has also entered into an Indemnity and Guarantee Agreement and two Exporter Indemnity Agreements with SACE S.p.A. and SIMEST S.p.A. as standard operations of less importance.

Cassa Depositi e Prestiti S.p.A. has also granted two loans to the Ministry of Infrastructure and Transport, with interest payable by the State, in respect of our supply of two patrol boats to this Ministry.

It is reported that the increase in financial liabilities with Cassa Depositi e Prestiti S.p.A. is due to the receipt of euro 4,752 thousand for the second tranche of the subsidized loan relating to the "Superpanamax" technological innovation project.

Remuneration paid to Directors, Statutory Auditors, General Managers and other Key Management Personnel

During the first half of 2015, Directors, Statutory Auditors, General Managers and other Key Management Personnel were paid a total of euro 3,861 thousand in remuneration, of which euro 2,420 thousand classified in personnel costs and euro 1,441 thousand in the cost of services.

BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE

The basic assumptions for calculating basic and diluted Earnings/(Loss) Per Share are as follows:

Basic/Diluted Earnings/(Loss) Per Share		**30.06.2015**	**30.06.2014**
Profit/(loss) attributable to owners of the parent	Euro/000	12,489	23,255
Weighted average number of shares outstanding	Number	1,692,119,070	1,242,119,070
Basic/Diluted Earnings/(Loss) Per Share	**Euro**	**0.00738**	**0.01872**

Diluted earnings per share are the same as basic earnings per share since no dilution will arise from the free shares allotted at the time of the IPO because these will be provided by the shareholder Fintecna S.p.A. (see Note 17).

LITIGATION

The following is an update on the status of litigation described in the Notes to the 2014 Consolidated Financial Statements:

Foreign litigation

With reference to the "Iraq" dispute, described in detail in the Notes to the Consolidated Financial Statements at 31 December 2014, the resumption of contact, including through the Italian Embassy in Baghdad, has resulted in a series of meetings in Baghdad (from 24 to 29 May 2015), organized with the purpose of definitive signature of the two operating agreements - namely the Refurbishment Contract and Combat System Contract - already negotiated in July 2014 and in execution of the Settlement Agreement defining the terms for ending the dispute. Although the Iraqi Government has confirmed its intention of signing the operating contracts in completion of this deal, it has requested and received from Fincantieri an extension to the existing agreements to overcome the current stalemate mainly arising from the internal political situation. The prudent approach already adopted therefore remains confirmed.

As regards the "Serene" dispute, it is reported that in late March 2015, as part of a separate ruling (elicited by the shipowner), the arbitration tribunal expressed an opinion on the costs of the proceedings, finding that these should be borne by Fincantieri, for an amount that is still under review by the High Court in London. In view of the incidental nature of this ruling to the arbitration award, the favorable opinion expressed by Fincantieri's outside legal counsel as to the positive outcome to this dispute is considered to extend to this matter as well. In addition, in June 2015, the Court of Appeal in Trieste "recognized" the validity of arbitration awards in Italy. Fincantieri, in July 2015, has lodged its opposition to this decision with the same Court of Appeal in order to have the awards confirmed as contrary to domestic and international public order, as well as to enforce the revocation of the awards themselves for procedural fraud. At the same time, Fincantieri has validly filed a verification action with the specialized industrial property division of the Court of Venice, aimed at confirming that the shipowner is not the owner of any intellectual property rights (determining a latent constraint on Fincantieri's freedom to do business); the shipowner has failed to appear before this court within the required term, with the resulting lapse in time limits provided in law. The favorable opinion expressed by our lawyers about the lawsuits filed remains confirmed.

As regards the "Yuzwa" dispute, talks relating to the two Fincantieri exclusion requests for lack of jurisdiction have been postponed as a result of the plaintiff's request to conduct jurisdictional discovery by obtaining additional documentation on Fincantieri's links with the states of California and Florida and with other parties. Fincantieri has opposed this request, rejecting its relevance and necessity. The Florida and California courts issued rulings in Fincantieri's favor on 20 April and 24 April 2015 respectively. Proceedings are continuing to ascertain jurisdiction.
With reference to the dispute for the recovery of the "Neuman Esser" receivable, the publication of the arbitration award, originally due in mid-November 2014, should occur by the end of August 2015.

Italian litigation

Customer credit recovery

In March 2015, we received a fifth distribution of around euro 530 thousand from the special administration of Micoperi S.p.A. The receivable has been prudently written down in full; additional, future receipts cannot be ruled out.

Criminal prosecutions under Italian Legislative Decree 231/2001

With reference to the criminal prosecutions brought under Italian Legislative Decree 231/2001 in the Court of Gorizia, described in detail in the Notes to the 2014 Consolidated Financial Statements, it is reported as follows:

- as regards the investigations into the management of process residues and waste at the Monfalcone shipyard, the Court of Gorizia instructed, under an order dated 21 May 2015, the seizure of some areas and buildings, duly executed by the Environmental Operations Task Force of the Italian Military Police on 29 June 2015. Following the entry into force of Legislative Decree 92 of 4 July 2015, the Gorizia Prosecutor's Office subsequently ordered the release of the shipyard's seized areas on 6 July 2015;
- with reference to the accident at the Monfalcone shipyard on 13 December 2010, the public prosecutor has filed an appeal with Italy's Supreme Court against the ruling made on 18 December 2014, under which it was declared that there was no reason to proceed against the members of the Board of Directors, the Oversight Board and the General Managers.

TAX POSITION

The following is an update on the situation described in the Notes to the 2014 Consolidated Financial Statements:

Disputes

Controlled foreign companies (CFC) application for exemption

The application for the income of the subsidiary Vard Holdings Ltd, resident in Singapore, to be exempted from the tax transparency rules applying to foreign controlled companies has been rejected; this decision is being contested.

Audits and assessments

Fincantieri

A tax audit of fiscal year 2011, conducted in 2014, has mostly been completed. Some matters are still pending, with no conclusions yet reached in their regard. Corresponding provisions have been recognized for the currently quantifiable risks.

Cetena

A tax audit of fiscal year 2012 has been completed with only minor matters arising, all of which already agreed.

Foreign Group companies

With reference to the assessment notified to the subsidiary Vard Niterói S.A. (Brazil) at the end of an audit initiated in 2012, concerning the deduction of costs for goods and services purchased abroad, the subsidiary has presented an appeal to the second-instance administrative commission against the ruling by the first-instance administrative commission which had rejected the appeal.

Note 29 – Cash flows from operating activities

These are analyzed as follows:

(Euro/000)	**30.06.2015**	**30.06.2014**
Profit/(loss) for the period	(18,951)	32,573
Depreciation and amortization	54,001	48,630
(Gains)/losses from disposal of property, plant and machinery	403	(458)
(Revaluation)/impairment of intangible assets and equity investments	(204)	(1,018)
Increases/(releases) of provisions for risks and charges	5,553	20,833
Capitalized interest expense		
Interest on employee benefits	465	892
Interest income	(4,496)	(5,544)
Interest expense	39,794	30,518
Income taxes	15,737	12,587
Unrealized foreign exchange losses	15,334	
Gross cash flows from operating activities	**107,636**	**139,013**
CHANGES IN WORKING CAPITAL		
- inventories	(67,292)	(71,908)
- construction contracts	(331,802)	59,224
- trade receivables	182,485	(76,488)
- other current assets and liabilities	47,131	(8,545)
- other non-current assets and liabilities	3,619	(511)
- advances from customers	(11,503)	(41,160)
- trade payables	(43,744)	79,105
Cash flows from working capital	**(113,470)**	**78,730**
Dividends received		
Dividends paid		
Interest income received	5,380	5,752
Interest expense paid	(32,255)	(25,497)
Income taxes paid	1,526	(15,183)
Utilization of provisions for risks and charges and for employee benefits	(24,429)	(24,794)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**(163,248)**	**19,008**
- of which related parties	*28,755*	*(48,094)*

Note 30 – Segment information

Management has identified the following operating segments which reflect the model used to manage and control the business sectors in which the Group operates:

- Shipbuilding;
- Offshore;
- Equipment, Systems and Services;
- Other activities.

The Shipbuilding operating segment is engaged in the design and construction of cruise ships, ferries, naval defense vessels and mega-yachts, as well as in ship repair and conversion activities. Production is carried out at the Group's Italian shipyards and, in the case of vessels intended for the American market, at its American shipyards.

The Offshore operating segment is engaged in the design and construction of support vessels for the oil & gas exploration and production market, including the provision of services and production of electronic systems, power and automation solutions, pipe systems, electrical installations and accommodation for such support vessels. Fincantieri operates in this market primarily through the VARD Group.

The Equipment, Systems and Services operating segment is engaged in the manufacture of mechanical products and the provision of after-sales services for ships delivered.

Other activities primarily refer to the cost of activities by corporate headquarters, which are not allocated to other operating segments.

The Group evaluates the performance of its operating segments and the allocation of financial resources on the basis of revenue and EBITDA, defined as Profit/(loss) for the period adjusted for the following items: (i) Income taxes, (ii) Share of profit/(loss) of investments accounted for using the equity method, (iii) Income/(expense) from investments, (iv) Finance costs, (v) Finance income, (vi) Depreciation and amortization, (vii) costs associated with the "Extraordinary Wage Guarantee Fund", (viii) costs relating to reorganization plans, (ix) provisions for costs and legal expenses associated with lawsuits brought by employees for asbestos-related damages, and (x) other expenses or income outside the ordinary course of business arising from non-recurring events.

The results of the operating segments at 30 June 2015 and 30 June 2014 are reported in the following pages:

	30.06.2015				
(Euro/000)	Shipbuilding	Offshore	Equipment, Systems and Services	Other Activities	Group
Segment revenue	**1,554,965**	**625,566**	**95,090**	**579**	**2,276,200**
Intersegment elimination	(16,781)	(7,454)	(31,469)	(440)	(56,144)
Revenue [*]	**1,538,184**	**618,112**	**63,621**	**139**	**2,220,056**
EBITDA	**103,305**	**28,865**	**11,356**	**(15,391)**	**128,135**
EBITDA margin	***6.6%***	***4.6%***	***11.9%***		***5.8%***
Depreciation and amortization					(54,001)
Finance income					25,370
Finance costs					(87,423)
Income/(expense) from investments					(404)
Share of profit/(loss) of investments accounted for using the equity method					781
Income taxes					(15,737)
Extraordinary and non-recurring income and expenses					(15,672)
Profit/(loss) for the period					**(18,951)**

[*] Revenue: Sum of "Operating revenue" and "Other revenue and income" reported in the consolidated statement of comprehensive income.

Details of "Extraordinary and non-recurring income and expenses" (gross of the tax effect of euro 3,860 thousand) can be found in the relevant table in Note 28.

	30.06.2014				
(Euro/000)	Shipbuilding	Offshore	Equipment, Systems and Services	Other Activities	Group
Segment revenue	**1,239,835**	**681,451**	**85,697**		**2,006,983**
Intersegment elimination	(2,965)		(21,205)		(24,170)
Revenue (*)	**1,236,870**	**681,451**	**64,492**		**1,982,813**
EBITDA	**79,931**	**65,740**	**8,794**	**(12,878)**	**141,587**
EBITDA margin	***6.4%***	***9.6%***	***10.3%***		***7.1%***
Depreciation and amortization					(48,630)
Finance income					9,049
Finance costs					(37,041)
Income/(expense) from investments					(341)
Share of profit/(loss) of investments accounted for using the equity method					1,050
Income taxes					(12,587)
Extraordinary and non-recurring income and expenses					(20,514)
Profit/(loss) for the period					**32,573**

(*) Revenue: Sum of "Operating revenue" and "Other revenue and income" reported in the consolidated statement of comprehensive income.

Details of "Extraordinary and non-recurring income and expenses" (gross of the tax effect of euro 5,640 thousand) can be found in the relevant table in Note 28.

The following table shows a breakdown of Property, plant and equipment in Italy and other countries:

(Euro/million)	30.06.2015	31.12.2014
Italy	577	566
Other countries	400	393
Total Property, plant and equipment	**977**	**959**

The following table shows a breakdown of revenue and income between Italy and other countries, according to customer country of residence:

(Euro/million)	30.06.2015		30.06.2014	
	Revenue and income	%	Revenue and income	%
Italy	350	16%	370	19%
Other countries	1,870	84%	1,613	81%
Total Revenue and income	**2,220**		**1,983**	

The following table shows those customers whose revenue (defined as revenue plus change in inventories) accounted for more than 10% of the Group's Revenue and income in each reporting period:

(Euro/million)	30.06.2015		30.06.2014	
	Revenue and income	%	Revenue and income	%
Customer 1	445	20%	463	23%
Customer 2	233	10%	227	11%
Total Revenue and income	**2,220**		**1,983**	

Note 31 – Events after 30 June 2015

On 1 July 2015, Fincantieri announced that the order for a new ultra-luxury cruise ship secured in the first half of 2014 is for the client Silversea Cruises. The unit will be named "Silver Muse" and is due for delivery in April 2017.

In order to secure its presence in the Chinese market, during the month of July Fincantieri has established a Shanghai-based subsidiary in China, under the name of Fincantieri (Shanghai) Trading Co. Ltd. Forming part of Fincantieri's international expansion strategy, the aim is to capture the important business opportunities offered by the Chinese market in several sectors, such as cruise ships, repairs and conversions, offshore and marine systems and equipment.

On 3 July 2015, Fincantieri was awarded a contract with the Bangladesh Coast Guard (BCG) for the supply of four Italian Navy "Minerva" class corvettes to be upgraded and converted into Offshore Patrol Vessels (OPV) and for the provision of the related integrated logistics support services. These vessels, which will be decommissioned by the Italian Navy and replaced by new ones under the fleet renewal program, have been remised by the Italian Navy through a reselling contract executed by the Central Unit of Naval Armament (NAVARM) and Fincantieri.

On 4 July 2015, in the presence of the Minister of Justice, Andrea Orlando, the Fincantieri shipyard in Muggiano (La Spezia) hosted the launching ceremony for the "Romeo Romei" submarine, the last of the four U212A "Todaro" class sister vessels ordered from Fincantieri by the Central Unit of Naval Armament (NAVARM) for the Italian Navy.

On 21 July 2015, Vard Holdings Limited (55.63% controlled by Fincantieri) announced the incorporation of Vard Electro Italy Srl, an Italian-registered company 100% owned by Vard Electro AS. The main business of the new subsidiary will be to deliver turn-key electrical solutions to other parts of the Fincantieri Group.

Companies included in the scope of consolidation

COMPANY NAME Principal activity	Registered office	Share capital		(%) interest held		% consolidated by Group
Subsidiaries consolidated line-by-line						
BACINI DI PALERMO S.p.A. Dry-dock management	Palermo (Italy)	EUR	1,032,000.00	100.00	Fincantieri S.p.A	100.00
CENTRO PER GLI STUDI DI TECNICA NAVALE CETENA S.p.A. Ship research and experimentation	Genoa (Italy)	EUR	1,000,000.00	71.10 15.00	Fincantieri S.p.A. Seaf S.p.A.	86.10
FINCANTIERI OIL & GAS S.p.A. Holding company	Trieste (Italy)	EUR	21,000,000.00	100.00	Fincantieri S.p.A.	100.00
FINCANTIERI HOLDING B.V. Holding company for foreign investments	Amsterdam (Netherlands)	EUR	9,529,384.54	100.00	Fincantieri S.p.A.	100.00
FINCANTIERI MARINE SYSTEMS NORTH AMERICA Inc. Sale and after-sale services relating to mechanical products	Delaware Corporation based in Chesapeake (VI - USA)	USD	501,000.00	100.00	Fincantieri Holding B.V.	100.00
FMSNA YK	Sasebo SHI – Nagasaky-ken (Japan)	JPY	3,000,000.00	100.00	Fincantieri Marine Systems North America Inc.	100.00
GESTIONE BACINI LA SPEZIA S.p.A. Dry-dock management	Muggiano (La Spezia) (Italy)	EUR	260,000.00	99.89	Fincantieri S.p.A.	99.89
ISOTTA FRASCHINI MOTORI S.p.A. Design, construction, sale and after-sale services relating to fast medium-duty diesel engines	Bari (Italy)	EUR	3,300,000.00	100.00	Fincantieri S.p.A.	100.00
SOCIETÀ PER L'ESERCIZIO DI ATTIVITÀ FINANZIARIE SEAF S.p.A. Financial support for Group companies	Trieste (Italy)	EUR	6,032,000.00	100.00	Fincantieri S.p.A.	100.00
DELFI S.r.l. Technical and logistics engineering	Follo (La Spezia) (Italy)	EUR	400,000.00	100.00	Fincantieri S.p.A.	100.00
SEASTEMA S.p.A. Design and development of integrated automation systems	Genoa (Italy)	EUR	300,000.00	100.00	Fincantieri S.p.A.	100.00
FINCANTIERI USA Inc. Holding company	Delaware Corporation based in Wilmington (DE - USA)	USD	1,029.75	86.02	Fincantieri S.p.A.	100.00
FINCANTIERI MARINE GROUP HOLDINGS Inc. Holding company	Delaware Corporation based in Green Bay (WI - USA)	USD	1,027.97	87.44	Fincantieri USA Inc.	87.44
FINCANTIERI MARINE GROUP LLC. Ship building and repair	Nevada LLC based in Marinette (WI – USA)	USD	1,000.00	100.00	Fincantieri Marine Group Holdings Inc.	87.44

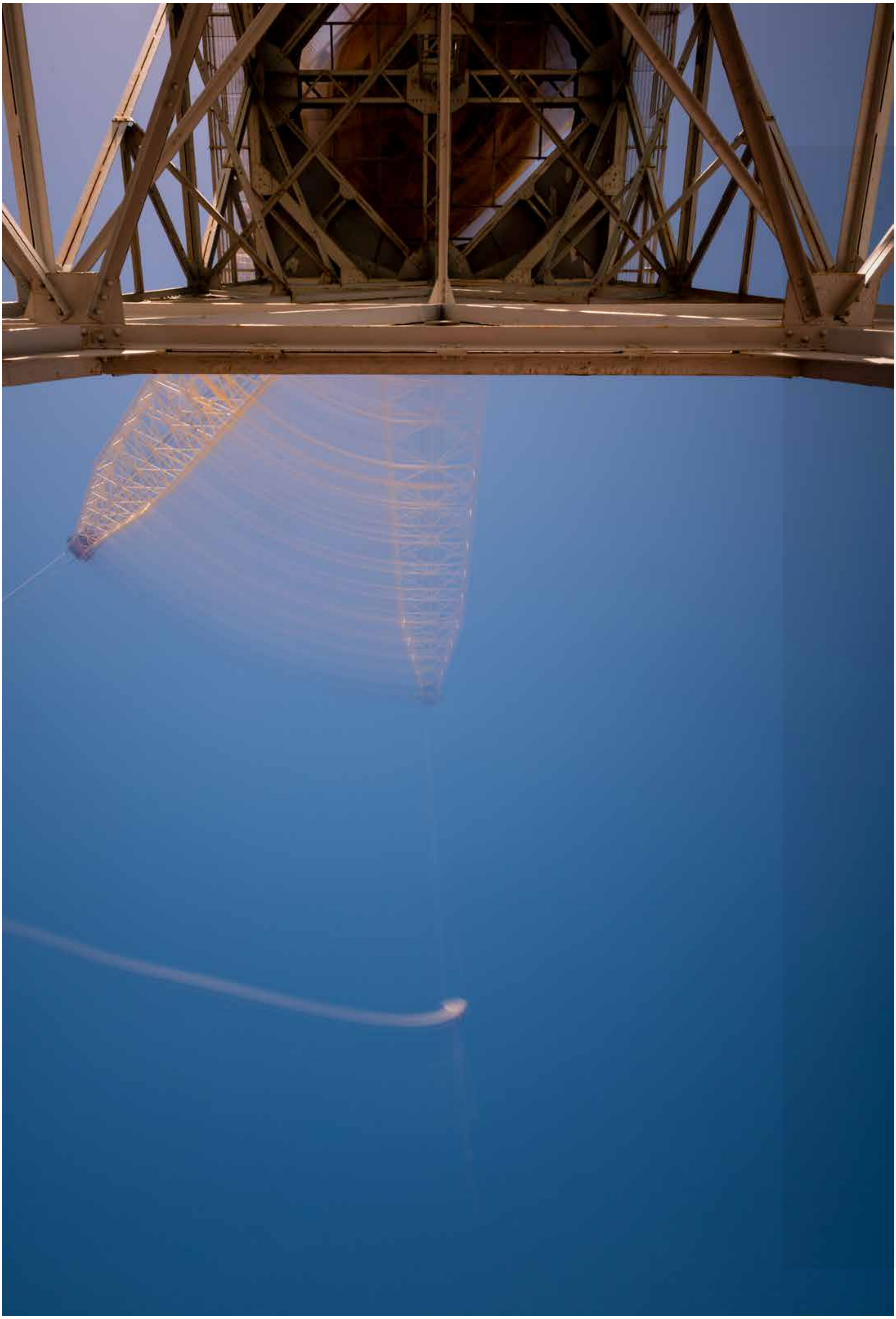
COMPANY NAME Principal activity	Registered office		Share capital	(%) interest held		% con-solidated by Group
MARINETTE MARINE CORPORATION Ship building and repair	Wisconsin (WI – USA)	USD	400,000.00	100.00	Fincantieri Marine Group LLC.	87.44
ACE MARINE LLC. Building of small aluminum ships	Wisconsin (WI – USA)	USD	1,000.00	100.00	Fincantieri Marine Group LLC.	87.44
FINCANTIERI DO BRASIL PARTICIPAÇÕES SA Holding company	Brazil	BRL	1,310,000.00	80.00 20.00	Fincantieri S.p.A. Fincantieri Holding B.V.	100.00
FINCANTIERI INDIA Pte. Ltd.	India	INR	10,500,000.00	99.00 1.00	Fincantieri Holding B.V. Fincantieri S.p.A.	100.00
MARINE INTERIORS S.p.A. Ship interiors	Trieste (Italy)	EUR	5,120,000.00	100.00	Seaf S.p.A.	100.00
FINCANTIERI SI S.p.A.* Electric, electronic and electromechanical industrial solutions	Trieste (Italy)	EUR	500,000.00	100.00	Seaf S.p.A.	100.00
VARD HOLDINGS Ltd. Holding company	Singapore	SGD	932,200,000.00	55.63	Fincantieri Oil & Gas S.p.A.	55.63
VARD GROUP AS Shipbuilding	Norway	NOK	100,000.00	100.00	Vard Holdings Ltd.	55.63
VARD ELECTRO AS Electrical / automation installation	Norway	NOK	1,000,000.00	100.00	Vard Group AS	55.63
VARD RO HOLDING S.r.l. Holding company	Romania	RON	82,573,830.00	100.00	Vard Group AS	55.63
VARD NITERÓI SA Shipbuilding	Brazil	BRL	219,383,790.00	99.99 0.01	Vard Group AS Vard Electro Brazil (Instalaçoes Eletricas) Ltda.	55.63
VARD PROMAR SA Shipbuilding	Brazil	BRL	57,600,000.00	50.50	Vard Group AS	28.09
ESTALEIRO QUISSAMÃ Ltda. Project development	Brazil	BRL	400,000.00	50.50	Vard Group AS	28.09
VARD SINGAPORE Pte. Ltd. Holding company	Singapore	USD	6,000,000.00	100.00	Vard Group AS	55.63
VARD DESIGN AS Design and engineering	Norway	NOK	4,000,000.00	100.00	Vard Group AS	55.63
VARD ACCOMMODATION AS Accommodation installation	Norway	NOK	500,000.00	100.00	Vard Group AS	55.63
VARD PIPING AS Pipe installation	Norway	NOK	100,000.00	100.00	Vard Group AS	55.63
VARD BREVIK HOLDING AS Holding company	Norway	NOK	5,810,000.00	100.00	Vard Group AS	55.63
SEAONICS AS Offshore handling systems	Norway	NOK	20,000,000.00	5.00	Vard Group AS	28.37
SEAONICS POLSKA SP. Z O.O. Engineering services	Poland	PLN	50,000.00	100.00	Seaonics AS	28.37
AAKRE EIGENDOM AS Real estate	Norway	NOK	100,000.00	100.00	Vard Group AS	55.63

COMPANY NAME Principal activity	Registered office		Share capital	(%) interest held		% con-solidated by Group
VARD DESIGN LIBURNA Ltd. Design and engineering	Croatia	HRK	20,000.00	51.00	Vard Design AS	28.37
VARD ELECTRO TULCLEA S.r.l. Electrical installation	Romania	RON	4,149,525.00	99.96	Vard Electro AS	55.61
VARD ELECTRO BRAZIL (INSTALAÇÕES ELETRICAS) LTDA. Electrical installation	Brazil	BRL	3,000,000.00	99.00 1.00	Vard Electro AS Vard Group AS	55.63
VARD ELECTRO BRAILA S.r.l. Electrical installation	Romania	RON	45,000.00	100.00	Vard Electro AS	55.63
VARD ELECTRICAL INSTALLATION AND ENGINEERING (INDIA) Pte. Ltd. Electrical installation	India	INR	7,000,000.00	99.00 1.00	Vard Electro AS Vard Electro Tulcea S.r.l.	55.63
VARD TULCEA SA Shipbuilding	Romania	RON	151,606,459.00	99.99	Vard RO Holding S.r.l.	55.32
VARD BRAILA SA Shipbuilding	Romania	RON	165,862,177.50	94.12 5.88	Vard RO Holding S.r.l. Vard Group AS	55.63
VARD ENGINEERING CONSTANTA S.r.l. Engineering	Romania	RON	1,408,000.00	70.00 30.00	Vard RO Holding S.r.l. Vard Braila S.A.	55.63
VARD VUNG TAU Ltd. Shipbuilding	Vietnam	USD	8,000,000.00	100.00	Vard Singapore Pte. Ltd.	55.63
VARD ACCOMMODATION TULCEA S.r.l. Accommodation installation	Romania	RON	436,000.00	99.77 0.23	Vard Accommodation AS Vard Electro Tulcea S.r.l.	55.63
MULTIFAG AS Onshore industrial services and installation	Norway	NOK	20,000,000.00	100.00	Vard Brevik Holding AS	55.63
VARD ENGINEERING BREVIK AS Design and engineering	Norway	NOK	105,000.00	70.00	Vard Brevik Holding AS	38.94
VARD OFFSHORE BREVIK AS Offshore industrial services and installation	Norway	NOK	100,000.00	100.00	Vard Brevik Holding AS	55.63
VARD SHIP REPAIR BRAILA SA Ship repair	Romania	RON	7,798,340.00	68.58 31.42	Vard Braila SA Vard Brevik Holding AS	55.63
BREVIK ELEKTRO AS Onshore Electrical installation	Norway	NOK	100,000.00	100.00	Multifag AS	55.63
VARD MARINE INC. Ship design and marine engineering	Canada	CAD	12,783,700.00	100.00	Vard Group AS	55.63
VARD MARINE US INC. Ship design and marine engineering	Texas (TX – USA)	USD	10,000.00	100.00	Vard Marine Inc.	55.63
VARD ENGINEERING GDANSK Sp. Z.o.o. Offshore design and engineering	Poland	PLN	50,000.00	100.00	Vard Engineering Brevik AS	38.94
VARD CONTRACTING AS Various shipbuilding services	Norway	NOK	3,000,000.00	100.00	Vard Group AS	55.63
ICD SOFTWARE AS Automation and control system software	Norway	NOK	419,500.00	100.00	Seaonics AS	28.37
ICD POLSKA sp. z o.o. Automation and control system software	Poland	PLN	50,000.00	100.00	ICD Software AS	28.37
ICD INDUSTRIES ESTONIA OÜ Automation and control system software	Estonia	EUR	2,700.00	100.00	ICD Software AS	28.37
SIA ICD INDUSTRIES LATVIA Automation and control system software	Latvia	EUR	33,164.00	100.00	ICD Software AS	28.37

COMPANY NAME Principal activity	Registered office		Share capital	(%) interest held		% con-solidated by Group
FASTER IMAGING AS Software house	Norway	NOK	500,000.00	100.00	ICD Software AS	28.37
INDUSTRIAL CONTROL DESIGN AS Automation and control system software	Norway	NOK	30,000.00	100.00	ICD Software AS	28.37

Joint ventures consolidated using the equity method						
ORIZZONTE SISTEMI NAVALI S.p.A. Management of contracts to supply large naval vessels	Genoa (Italy)	EUR	20,000,000.00	51.00	Fincantieri S.p.A.	51.00
ETIHAD SHIP BUILDING LLC. Design, production and sale of civilian and naval ships	Arab Emirates	AED	2,500,000.00	35.00	Fincantieri S.p.A.	35.00
CAMPER & NICHOLSON INTERNATIONAL SA Luxury yachting broker Various services relating to luxury yachts	Luxembourg	EUR	940,850.00	17.63	Fincantieri S.p.A.	17.63

Associates consolidated using the equity method						
CASTOR DRILLING SOLUTION AS Offshore drilling technology	Norway	NOK	196,082.00	34.00	Seaonics AS	9.65
OLYMPIC CHALLENGER KS Shipowner	Norway	NOK	84,000,000.00	35.00	Vard Group AS	19.47
BRIDGE EIENDOM AS Real estate	Norway	NOK	3,100,000.00	50.00	Vard Brevik Holding AS	27.82
BREVIK TECHNOLOGY AS Holding of technology licenses and patents	Norway	NOK	45,000.00	34.00	Vard Brevik Holding AS	18.91
MOKSTER SUPPLY AS Shipowner	Norway	NOK	13,295,000.00	40.00	Vard Group AS	22.25
MOKSTER SUPPLY KS Shipowner	Norway	NOK	120,000,000.00	36.00	Vard Group AS	20.03
REM SUPPLY AS Shipowner	Norway	NOK	305,000,000.00	26.66	Vard Group AS	14.83
OLYMPIC GREEN ENERGY KS Shipowner	Norway	NOK	125,000,000.00	30.00	Vard Group AS	16.69
DOF ICEMAN AS Shipowner	Norway	NOK	23,600,000.00	50.00	Vard Group AS	27.82
TAKLIFT AS Floating cranes	Norway	NOK	2,450,000.00	25.47	Vard Brevik Holding AS	14.17
DAMECO AS Maintenance services	Norway	NOK	606,000.00	34.00	Vard Offshore Brevik AS	18.91
CSS DESIGN LIMITED Design and engineering	GB/Isle of Man	GBP	100,000.00	31.00	Vard Marine Inc.	17.25



management representation on the condensed consolidated half-year financial statements pursuant to art. 81-ter of consob regulation 11971 dated 14 may 1999 and subsequent amendments and additions

1. The undersigned Giuseppe Bono, in his capacity as Chief Executive Officer, and Carlo Gainelli, as Manager Responsible for Preparing Financial Reports of FINCANTIERI S.p.A. ("Fincantieri"), with reference to the requirements of art. 154-bis, paragraphs 3 and 4, of Italian Legislative Decree 58 dated 24 February 1998, hereby represent:
   - the suitability in relation to the business's organization and,
   - the effective application,

   of the administrative and accounting processes for the preparation of the condensed consolidated half-year financial statements at 30 June 2015, during the first half of 2015.
2. The adequacy of the administrative and accounting processes for preparing the condensed consolidated half-year financial statements at 30 June 2015 has been evaluated on the basis of a procedure established by Fincantieri in compliance with the Internal Control - Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission, which is the generally accepted standard model internationally.

   With reference to the Vard Group, an audit plan is in the process of being approved which, like last year, includes tests on the controls over the financial reporting process and involving a wider scope regarding processes and subsidiaries than in the previous year.
3. The undersigned also represent that:

3.1 the condensed consolidated half-year financial statements at 30 June 2015:

a) have been prepared in accordance with the International Financial Reporting Standards endorsed by the European Union under Regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002;

b) correspond to the underlying accounting records and books of account;

c) are able to give a true and fair view of the assets, liabilities, financial position and results of operations of the issuer and the group of companies included in the consolidation.

3.2 the report on operations includes a fair review of the important events taking place in the first six months of the year and their impact on the condensed consolidated half-year financial statements, together with a description of the principal risks and uncertainties to which the Group is exposed.

21 July 2015

Chief executive officer	Manager responsible for preparing financial reports
Giuseppe Bono	Carlo Gainelli

REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the Shareholders of
Fincantieri SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Fincantieri SpA and its subsidiaries (the Fincantieri Group) as of 30 June 2015, comprising the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes. The directors of Fincantieri SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) 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 consolidated condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of the Fincantieri Group as of 30 June 2015 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Trieste, 24 July 2015

PricewaterhouseCoopers SpA

Signed by

Alessandro Mazzetti
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

PricewaterhouseCoopers SpA

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