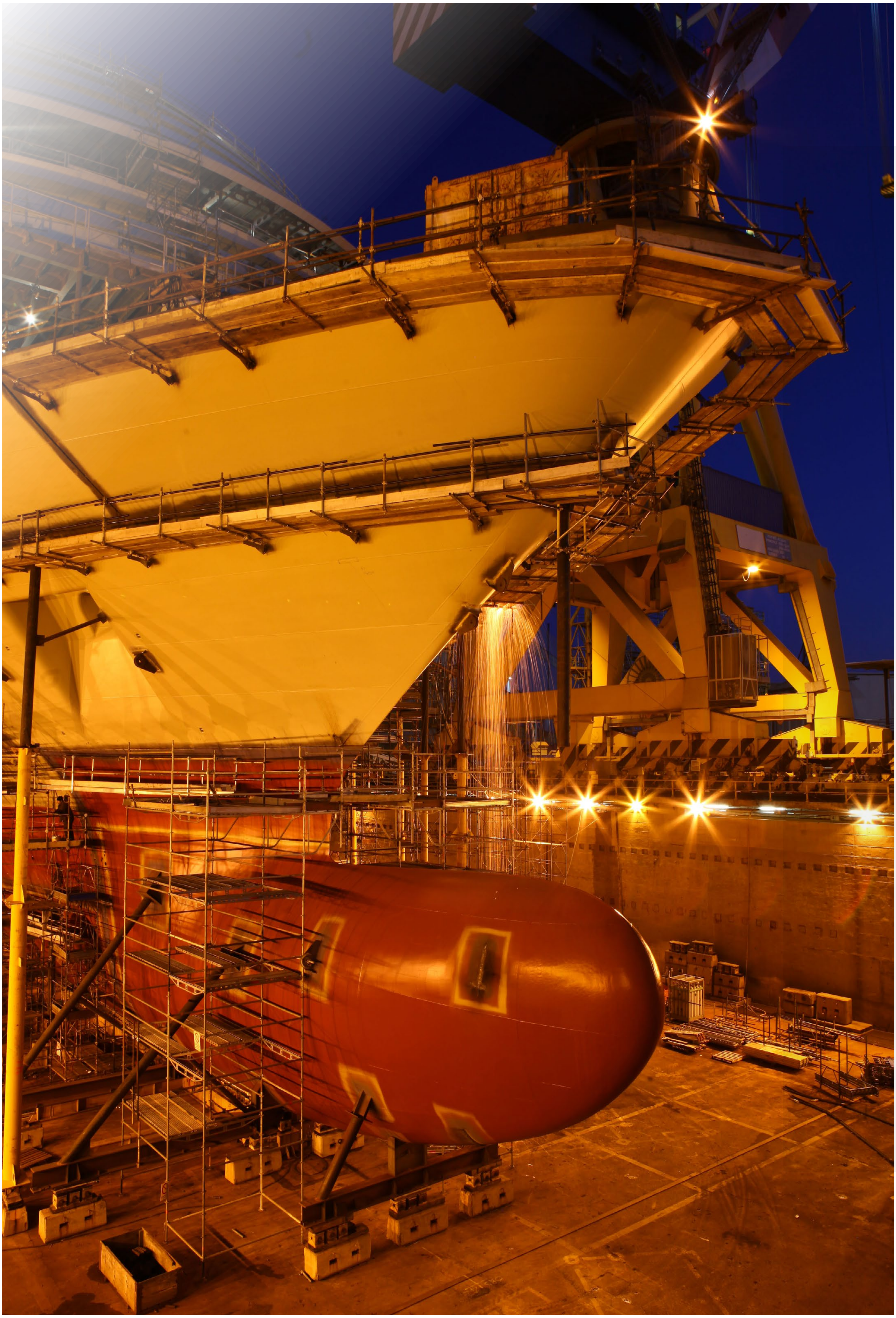
interim management report

at 30 september 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)

(*) Resigned as a Director on 9 November 2015

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.

DISCLAIMER

Forecast data and information must be regarded as forward-looking statements and therefore, not being based on simple historical facts, contain, by their nature, an element of risk and uncertainty because they also depend on the occurrence of future events and developments outside the Company's control. Actual results could therefore be materially different from those expressed in forward-looking statements. Forward-looking statements refer to the information available at the date of their publication; FINCANTIERI S.p.A undertakes no obligation to revise, update or correct its forward-looking statements after such date, other than in the circumstances strictly required by applicable regulations. The forward-looking statements provided do not constitute and shall not be considered by users of the financial statements as advice for legal, accounting, tax or investment purposes nor is it the intention for such statements to create any type of reliance and/or induce such users to invest in the Company.

Overview

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

SEGMENTS

BUSINESS AREAS

PRODUCT PORTFOLIO

COMPANIES AND OPERATING UNITS

SHIPBUILDING





Cruise ships	Ferries	Ship repairs and conversions	Naval Vessels	Mega Yacht
Luxury/niche	Fast Ferries	Repair	Aircraft carrier	Luxury Yacht >60m
Upper premium	Cruise Ferries	Refitting	Submarines	
Premium	Ro-Pax	Conversion	Destroyers	
Contemporary	Hi-tech Ferries	Refurbishment	Frigates	
			Corvettes	
			Patrol vessels	
			Amphibious ships	
			Logistic support	
			Special vessels	
			Barges	

FINCANTIERI S.p.A.
- Monfalcone
- Marghera
- Sestri Ponente
- Ancona
- Castellammare di Stabia
- Palermo
- Trieste
- Integrated Naval Shipyard Riva Trigoso and 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

Fincantieri (Shanghai) Trading Co. Ltd.

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.

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	After-sales
Steam turbines	After-sales services: • Integrated logistic support • In-service of warranty service
Stabilization, propulsion, dynamic positioning and power generation systems	Product lifecycle management
Automation systems	Training and assistance
Electrical and electronic systems	

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.

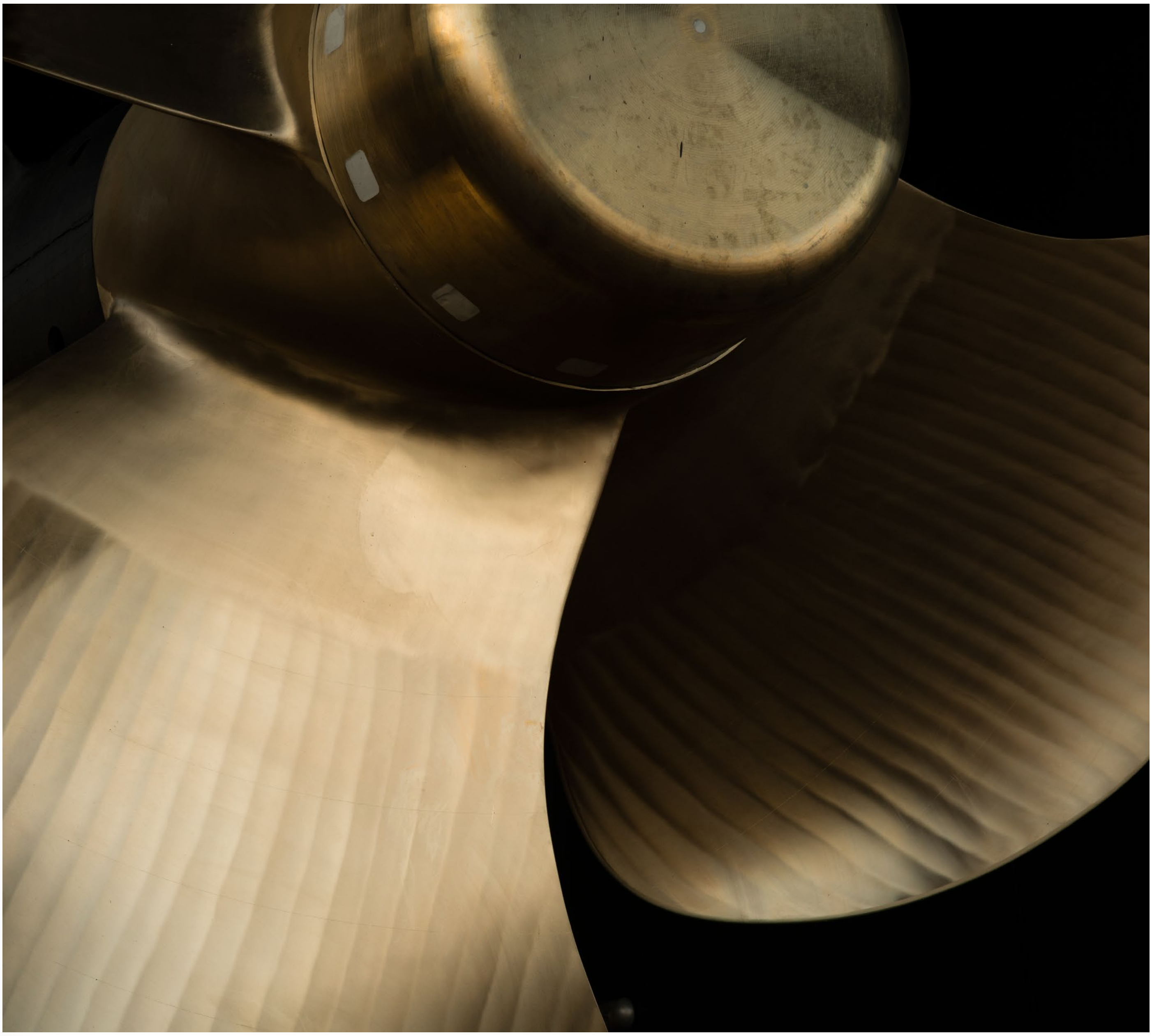
FINCANTIERI SI S.P.A.

OTHER

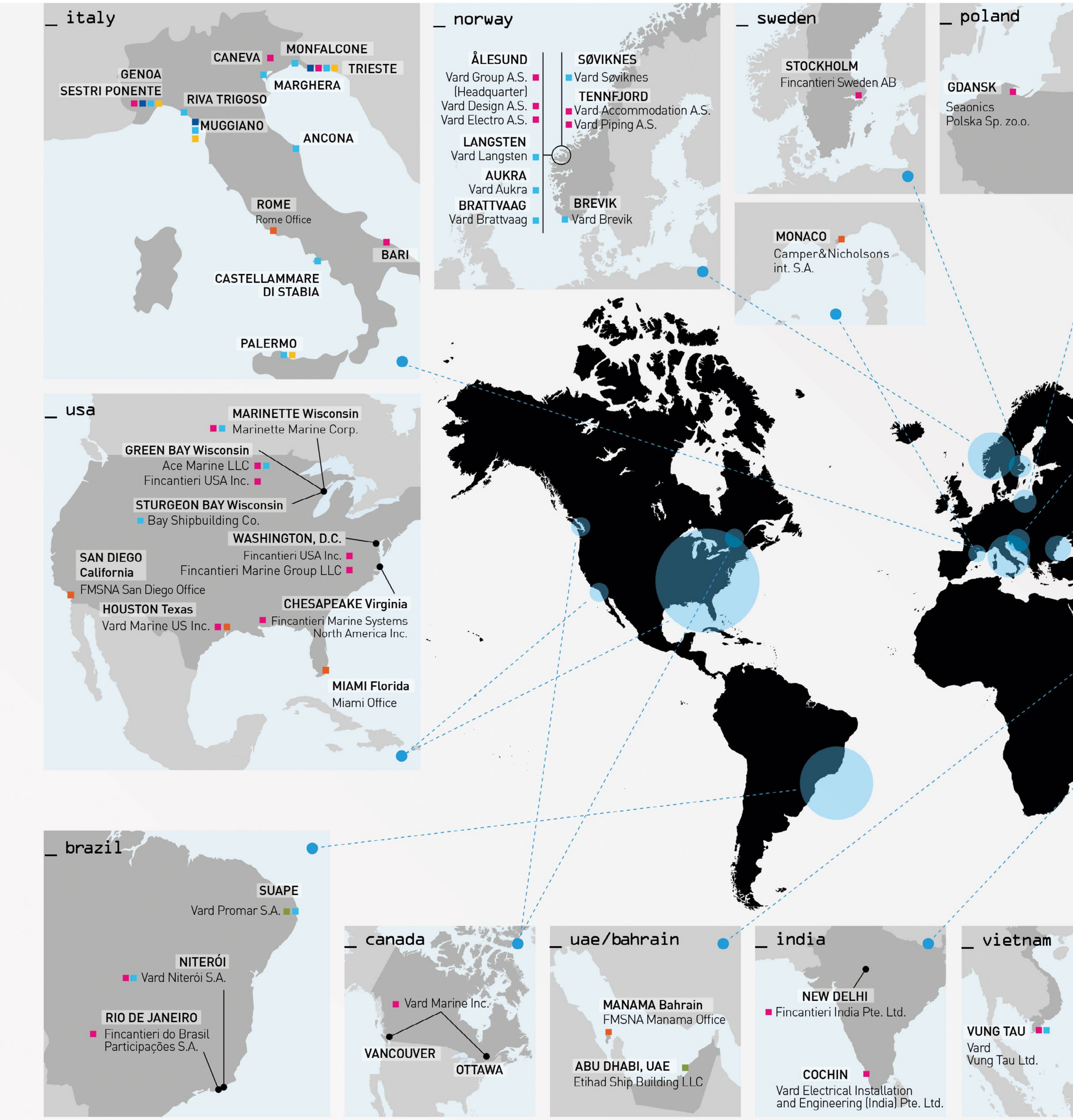
FINCANTIERI S.p.A.
- Corporate

Fincantieri's business is widely diversified by end markets, geographical exposure and by client 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:

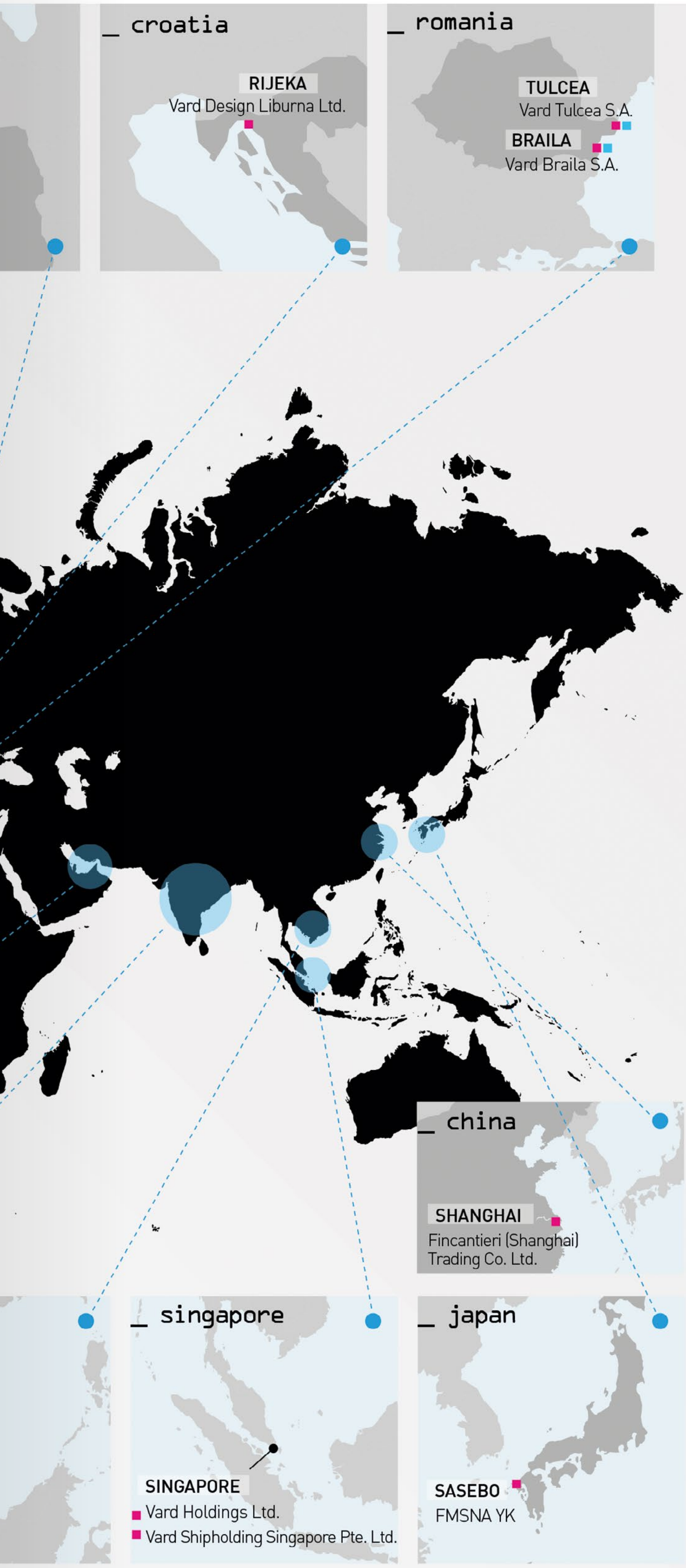
- Shipbuilding: encompassing the business units that build cruise ships and naval vessels and offer other products and services (ferries, mega-yachts and ship repairs and conversions);
- Offshore: encompassing the design and construction of high-end offshore support vessels by its subsidiary Vard Holdings 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



List of the main Group companies.



_ europe

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
- FINCANTIERI SWEDEN AB

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

CHINA
- FINCANTIERI (SHANGHAI) TRADING Co. Ltd.

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 SHIPHOLDING 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
- FMSNA 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 september 2015

Introduction

In the first nine months of 2015, Fincantieri has been engaged in managing a particularly challenging order book, which includes a large number of new prototypes currently under design and construction, with 2 cruise ship prototypes already delivered in 2015 and another 4 due for delivery in 2016.

As stated in the 2015 Half-Year Financial Report, the vessels currently under construction, spread over a very large number of different clients, were ordered during the global financial crisis and therefore reflect severe price depression. Furthermore, the costs of these ships are being impacted not only by a backlog not yet permitting full capacity utilization of the Italian production facilities but also by the need to rebuild, including through direct intervention with more critical suppliers, a subcontractor network already seriously undermined by the years of global financial and economic crisis.

The exceptional number of new prototype ships simultaneously in the design phase, never recorded before, has also led to an overload on the engineering facilities, without proper support from the subcontractor network seriously undermined during the crisis. For new prototypes due for delivery from March 2016 on, this overload became particularly evident during the third quarter of 2015, given the typical business dynamics implying high cost concentration in the outfitting phase over the last months of construction.

Consequently, given the significant extra costs involved in managing such issues affecting prototype ships, the EBITDA margin of the Shipbuilding segment was heavily penalized during the quarter concerned.

In order to solve the issues described above, Fincantieri is undertaking a series of actions, such as the implementation of a task force to manage the large number of engineering modifications in the production phase that are compromising programs and the efficiency of operational structures.

Moreover, due to the deteriorating crisis in the Offshore segment and the absence of sufficient specialized resources in its own network, Fincantieri has developed important synergies in recent months with VARD's Romanian operations, both by using in Italy a large number of their production and design personnel and by building directly in Romania certain hull parts for the Italian shipyards.

In view of the above, Fincantieri will continue with improvement programs already started in order to guarantee, in the medium term, the necessary strengthening of competencies and business competitiveness, in particular through i) the revision of the existing technical engineering systems ii) the enhancement of the processes and of production planning, a matter of urgency because of the complexity engendered by the increase in volumes and dimension of ships, and iii) the introduction of highly qualified resources.

It should also be noted in this regard that, for the purposes of ensuring due efficiency in managing this major 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. In fact, only through participation of the entire organization in operational processes will it be possible to efficiently manage the huge order backlog the Company is going to face in the near

future. The achievement of such objectives will therefore be one of the conditions for managing the significant competitive challenges ahead.
It should be noted that while Fincantieri is expensing in full the costs of prototypes under construction, it is still waiting to receive grants for maritime industry research and innovation, allocated under the 2014 Stability Law and subsequently re-presented in the 2015 Stability Law for a reduced amount.
As a result of the factors just described, FINCANTIERI S.p.A. is reporting a positive EBITDA of euro 2 million in the first nine months of 2015 and a loss for the period of euro 57 million, after euro 21 million in finance costs and euro 28 million in non-recurring and extraordinary items, of which euro 22 million for asbestos-related lawsuits brought by personnel.
On the commercial front, foundations were laid in the first nine months 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 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. In particular, one is a repeat ship while the other four are very large, the biggest ships ever built by Fincantieri to date and whose contract finalization requires due time for the detailed definition of technical and scheduling aspects. The agreement also includes options for additional ship builds in the coming years. Accordingly, Fincantieri will take steps in coming months to verify the technical feasibility and economic and financial sustainability of the program as a whole.
In the same period, Fincantieri expanded its client base 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, during the first nine months of the year firm orders were placed for 8 naval vessels under the Italian Navy's fleet renewal program (6 multi-purpose offshore patrol vessels, 1 logistics support vessel and 1 multi-purpose amphibious unit) 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 client has also awarded the American shipyard a priced option for an additional ship.
Following these extraordinary commercial successes, as at 30 September 2015 the Group could count on an expected total backlog worth approximately euro 19.8 billion, of which some euro 11.6 billion in order backlog (the residual value of firm orders not yet completed) and euro 8.2 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), a large part of which Fincantieri believes it can convert into firm orders by the close of financial year 2015. The significant value of soft backlog translates into an expected order book of approximately euro 26 billion.
As regards the Offshore operating segment and specifically the subsidiary VARD, the global market situation remains extremely depressed due to the steep decline in oil prices, which reached their lowest level in 6 years during the last quarter, causing a general scaling back of investment plans and introduction of cost-cutting programs by the majority of clients. In response to this situation not only has the subsidiary initiated programs to reorganize its operations, in particular at its shipyards in Romania and Norway, with the aim of achieving a structural reduction in the cost base, but also

actions have been stepped up to develop synergies with the Italian cruise ship business, like those described earlier. The first nine months of 2015 also featured continued operational difficulties with the business in Brazil, partly as a result of the current difficult political and economic situation in this South American country. Although negotiations are underway with the client Transpetro to revise the program for the construction of six LPG carriers, the costs reflected in the subsidiary's current financial results are estimated on the basis of the existing contract. These problems have led to another revision during the third quarter of the estimated costs to complete the subsidiary's Brazilian orders, with a total impact on Offshore segment EBITDA of around euro 45 million.
VARD's result for the period was also affected by the recognition in its income statement of euro 44 million in unrealized foreign exchange losses, primarily reflecting the Brazilian Real's devaluation against the US Dollar over the course of 2015 and having no monetary impact in the period.
Given all of the above, VARD has reported a negative EBITDA of Euro 13 million and a loss of euro 127 million for the first nine months of the year.
In light of the subsidiary's poor operating performance in Brazil, a detailed action plan is being developed to find a definitive solution to the problems encountered in this South American country, involving evaluation of all the possible different operational options to ensure the business's medium-term sustainability. As reported earlier, significant synergies between VARD and Fincantieri have already been implemented during the year on the production and design front, and an increasing use of the VARD Romanian operations is being examined not only to support the Italian shipyards but also for a structural increase in the Group's cruise ship production capacity, with obvious benefits expected for both companies.
At the consolidated level, the Group has recorded a positive EBITDA of euro 6 million, and a net loss attributable to the Group of euro 96 million, or euro 195 million including non-controlling interests.
The Group's Net financial position, which does not include construction loans, reports a net debt balance of euro 506 million at 30 September 2015 (euro 44 million in net cash at 31 December 2014). The change in Net financial position is due to growth in funding requirements for the period's capital expenditure of euro 106 million and for increased activities in the cruise ship business, and partly to working capital absorbed by VARD for certain orders, scheduled for delivery in the first half of 2016. With reference to cruise ships, the terms of payment involve receipt of most of the price upon delivery. This means that the working capital employed is particularly high in the last few months of construction. Since the Group's production schedule involves the delivery of four cruise ships in the first half of 2016, this will consequently result in a considerable volume of receipts.
It is also reported that the Parent Company has 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 been drawn down by euro 88 million at 30 September 2015.
In light of the above, as soon as the current commercial negotiations are finalized and the related production schedules decided, the Company will draw up a business plan setting out its short and medium-term financial objectives. This plan will include solutions for the critical areas mentioned above, as well as actions to develop more synergies between Fincantieri and VARD and pursue the strategy of bringing critical components and systems in-house. The plan will also show how the growth in production volumes arising from the large order backlog will affect absorption of the Company's fixed costs and how the Group's new production structure and pursuit of strategic options will contribute to capturing new business opportunities offered by the market. The plan will also describe all the conditions for achieving an economic and financial performance that ensures the right return for shareholders.

Financial highlights

The first nine months of 2015 have reported the following results:

- Revenue and income of euro 3,032 million (euro 2,935 million in the first nine months of 2014), up 3.3% on the prior year equivalent period;
- EBITDA of euro 6 million (euro 207 million in the first nine months of 2014),with a margin on revenue of 0.2%. Of this reduction, euro 99 million is due to the Shipbuilding operating segment, mainly in connection with the cruise ships business, and euro 105 million is due to the Offshore operating segment, mainly because of weak operating performance by VARD's Brazilian shipyards;
- Profit/(loss) before extraordinary and non-recurring income and expenses of euro 169 million in loss (profit of euro 68 million in the same period last year). This result includes the recognition of euro 44 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 loss of euro 73 million (profit of euro 67 million in the same period of 2014);
- Loss for the period of euro 195 million (profit of euro 43 million in the first nine months of 2014). The Group share of this result is a loss of euro 96 million at 30 September 2015, compared with a profit of euro 42 million in the first nine months of 2014;
- Net financial position of negative euro 506 million at 30 September 2015, mainly due to the growth in funding requirements for increased activities in the cruise ship business and partly due to working capital absorption by the subsidiary VARD. Net financial position excludes construction loans, which amounted to euro 995 million at 30 September 2015;
- Capital expenditure in the first nine months of 2015 of euro 106 million (euro 110 million in the same period of 2014);
- Free cash flow of negative euro 523 million (negative euro 419 million in the first nine months of 2014). Investing and operating activities absorbed euro 117 million and euro 406 million in funds respectively;
- Construction loans of euro 995 million at 30 September 2015 (euro 847 million at 31 December 2014 all relating to VARD), of which euro 907 million relating to VARD and euro 88 million to the Parent Company;
- Order backlog at 30 September 2015 of euro 11.6 billion, with a soft backlog of euro 8.2 billion;
- Period-end headcount decreased from 21,689 employees at 31 December 2014 (of whom 7,706 in Italy) to 20,868 at 30 September 2015 (of whom 7,733 in Italy). This is due to a reduction in the number of resources employed at the VARD yards, primarily 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.

31.12.2014	Economic data		30.09.2015	30.09.2014
4,399	Revenue and income	Euro/million	3,032	2,935
297	EBITDA	Euro/million	6	207
6.8%	EBITDA *margin* (*)	%	*0.2%*	*7.1%*
198	EBIT	Euro/million	(74)	132
4.5%	EBIT *margin* (**)	%	*(2.4)%*	*4.5%*
87	Profit/(loss) before extraordinary and non-recurring income and expenses	Euro/million	(169)	68
(44)	Extraordinary and non-recurring income and (expenses)	Euro/million	(34)	(35)
55	Profit/(loss) for the period	Euro/million	(195)	43
67	Group share of profit/(loss) for the period	Euro/million	(96)	42

31.12.2014	Financial data		30.09.2015	30.09.2014
1,486	Net invested capital	Euro/million	1,881	1,839
1,530	Equity	Euro/million	1,375	1,601
44	Net financial position	Euro/million	(506)	(238)

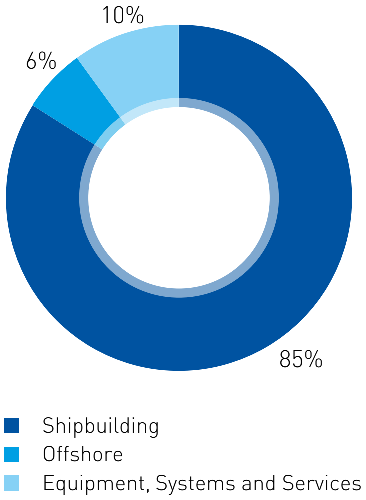
31.12.2014	Altri indicatori		30.09.2015	30.09.2014
5,639	Order intake (***)	Euro/million	4,852	4,247
15,019	Order book (***)	Euro/million	17,605	14,590
9,814	Order backlog (***)	Euro/million	11,558	9,472
5.0	Soft backlog	Euro/billion	8.2	5.7
162	Capital expenditure	Euro/million	106	110
(124)	Free cash flow	Euro/million	(523)	(419)
101	Research and Development costs	Euro/million	68	74
21,689	Employees at the end of the period	Number	20,868	21,746
25	Vessels delivered (****)	Number	18	21

31.12.2014	*Ratios*		30.09.2015	30.09.2014
13.9%	ROI	%	(0.5)%	12.8%
4.0%	ROE	%	(12.2)%	5.3%
0.4	Total debt/Total equity	Number	0.6	0.4
n.a.	Net financial position/EBITDA	Number	n.s.	0.8
n.a.	Net financial position/Total equity	Number	0.4	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
n.s. not significant
The percentages contained in this report have been calculated with reference to amounts expressed in thousands of euros.

GROUP OPERATIONAL PERFORMANCE

% order intake by operating segment in 9M 2015



Order intake

New orders received during the first nine months of 2015 amounted to euro 4,852 million (euro 4,247 million in the corresponding period of 2014), of which euro 682 million received in the third quarter of 2015, and of which 85% relating to Shipbuilding.

The book-to-bill ratio (between orders received and revenue generated in the period) was equal to 1.6 at 30 September 2015 (1.5 at 30 September 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. In particular, one is a repeat ship while the other four are very large, the biggest ships ever built by Fincantieri to date and whose contract finalization requires due time for the detailed definition of technical and scheduling aspects. 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. Accordingly, Fincantieri will take steps in coming months to verify the technical feasibility and economic and financial sustainability of the program as a whole.

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 September has been included in the soft backlog.

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 nine months of 2015 was very limited, amounting to euro 299 million (for three OSCVs, one Stern trawler and one Coastal fishing vessel), compared with euro 1,081 million in the same period of 2014.

During the first nine months of 2015, the Equipment, Systems and Services segment finalized euro 473 million in new orders, partly in connection with the Italian Navy's fleet renewal program and the contract with the Bangladesh

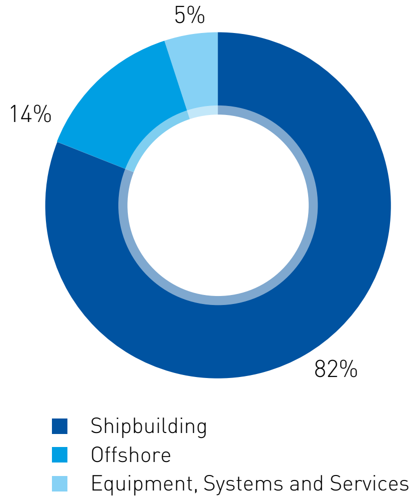
Coast Guard to supply four Italian Navy "Minerva" class corvettes upgraded and converted into Offshore Patrol Vessels (OPV) and the related integrated logistics support services.
Overall, foundations have been laid in the period for the conclusion of major agreements which will ensure ever increasing visibility for the Group's prospective revenues and have taken the soft backlog to euro 8.2 billion, complementing the considerable level of order intake.

31.12.2014		**Order intake analysis** *(Euro/million)*	30.09.2015		30.09.2014	
Amounts	%		Amounts	%	Amounts	%
3,936	70	FINCANTIERI S.p.A.	4,155	86	2,641	62
1,703	30	Rest of Group	697	14	1,606	38
5,639	**100**	**Total**	**4,852**	**100**	**4,247**	**100**
4,400	78	Shipbuilding	4,148	85	3,086	73
1,131	20	Offshore	299	6	1,081	25
204	4	Equipment, Systems and Services	473	10	168	4
(96)	(2)	Consolidation adjustments	(68)	(1)	(88)	(2)
5,639	**100**	**Total**	**4,852**	**100**	**4,247**	**100**

Order backlog

The order backlog, representing the residual value of orders not yet completed, amounted to euro 11,558 million at 30 September 2015 (euro 9,472 million at the end of September 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 2.6 years of work in relation to revenue generated in 2014, with most of it in the Shipbuilding segment, which accounts for 82% of the Group's total order backlog.
It is also reported that in 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 September 2015.

% order backlog by segment at 30 September 2015



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

31.12.2014		Backlog analysis *(Euro/million)*	30.09.2015		30.09.2014	
Amounts	%		Amounts	%	Amounts	%
6,877	70	FINCANTIERI S.p.A.	9,027	78	6,141	65
2,937	30	Rest of Group	2,531	22	3,331	35
9,814	**100**	**Total**	**11,558**	**100**	**9,472**	**100**
7,465	76	Shipbuilding	9,437	82	6,797	72
2,124	22	Offshore	1,589	14	2,433	26
300	3	Equipment, Systems and Services	634	5	327	3
(75)	(1)	Consolidation adjustments	(102)	(1)	(85)	(1)
9,814	**100**	**Total**	**11,558**	**100**	**9,472**	**100**

The 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, amounted to approximately euro 8.2 billion at 30 September 2015, compared with euro 5.7 billion at 30 September 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)*	30.09.2015	30.09.2014
Amounts		Amounts	Amounts
5.0	**Group total**	**8.2**	**5.7**

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 September 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 clients 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. With reference to naval vessels, it is reported that: delivery of the "Pietro Venuti" submarine, the third in the U212A "Todaro" class, originally scheduled for the last quarter of 2015, has been postponed to 2016; delivery of the LCS7, expected at the end of 2015 in advance of the contractual delivery date, has also been postponed to 2016.

In the Offshore segment, VARD has adjusted production schedules as a consequence of variation orders for several projects in the first half of the year, leading to extended delivery dates and resulting in an improved workload balance at the yards. In addition to the above, during the third quarter VARD extended the delivery dates of the ships under construction at the Group's Brazilian yards.

Deliveries

(number)	***30.09.15 completed***	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**Beyond**
Cruise ships	3	3	5	5	4			
Naval > 40 m.	3	5	11	8	3	3	1	8
Offshore	11	13	18	9	2			

Capital expenditure

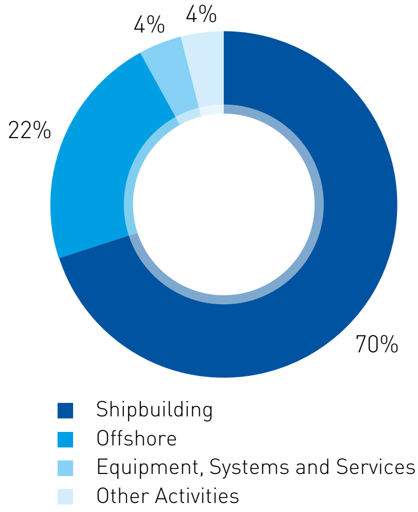
Capital expenditure totaled euro 106 million in the first nine months of 2015, of which euro 18 million for Intangible assets (including euro 12 million for development projects) and euro 88 million for Property, plant and equipment. The Parent Company accounted for 67% of this total expenditure.

Capital expenditure represented 3.5% of the Group's revenue in the first nine months of 2015 compared with 3.7% in the first nine months of 2014.

Capital expenditure in the first nine months of 2015 mainly related to the construction of new infrastructure, and to upgrades of hull-building technology and logistical support structures in order to improve production efficiency through greater process automation, to support production volumes, 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 9M 2015



31.12.2014		Capital expenditure analysis *(Euro/million)*	30.09.2015		30.09.2014	
Amounts	%		Amounts	%	Amounts	%
98	60	FINCANTIERI S.p.A.	71	67	68	62
64	40	Rest of Group	35	33	42	38
162	**100**	**Total**	**106**	**100**	**110**	**100**
98	61	Shipbuilding	74	70	66	60
47	29	Offshore	24	22	36	33
5	3	Equipment, Systems and Services	4	4	3	3
12	7	Other activities	4	4	5	4
162	**100**	**Total**	**106**	**100**	**110**	**100**
38	23	Intangible assets	18	17	20	18
124	77	Property, plant and equipment	88	83	90	82
162	**100**	**Total**	**106**	**100**	**110**	**100**

GROUP FINANCIAL RESULTS

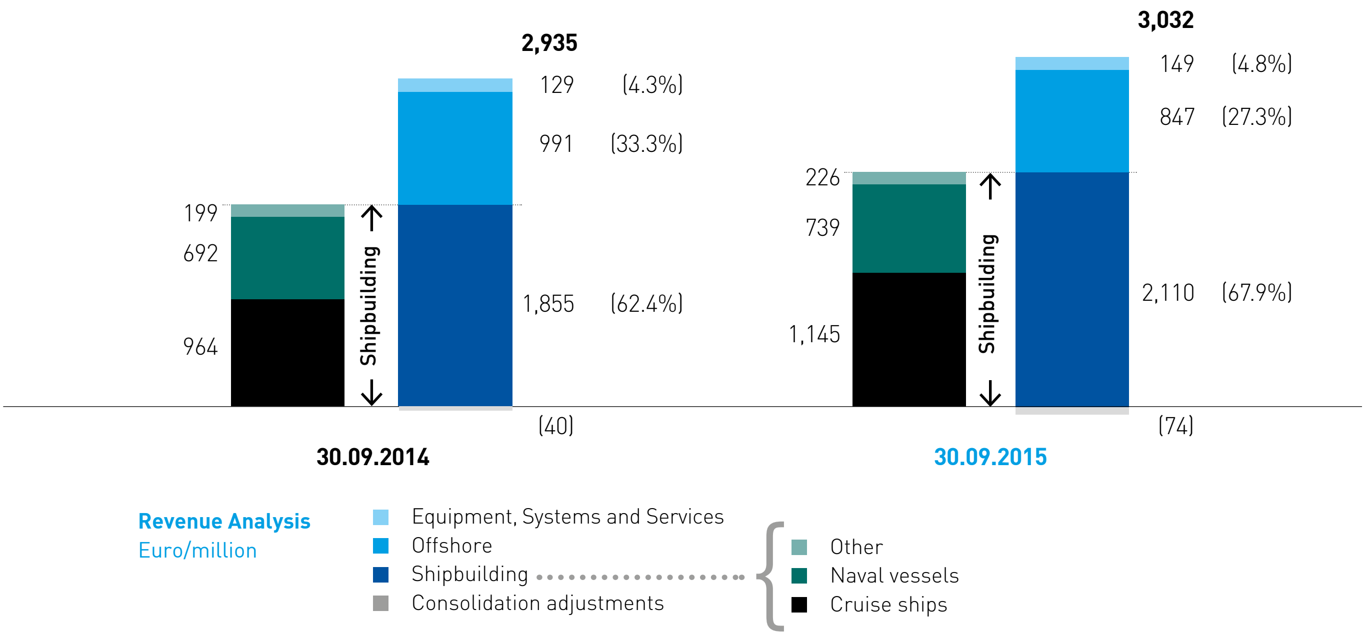
Presented below are the reclassified consolidated versions of the income statement, statement of financial position and statement of cash flows and the breakdown of consolidated net financial position, used by management to monitor business performance. Please note that "Provisions and impairment" have been changed to "Provisions" and report increases and releases of provisions for risks and provisions for the impairment of assets other than intangible assets and property, plant and equipment, whose impairment is recorded in "Depreciation, amortization and impairment" (previously "Depreciation and amortization"). This descriptive change has not involved any reclassifications of the comparative figures.

A reconciliation of these reclassified statements to the IFRS statements can be found later on in this report.

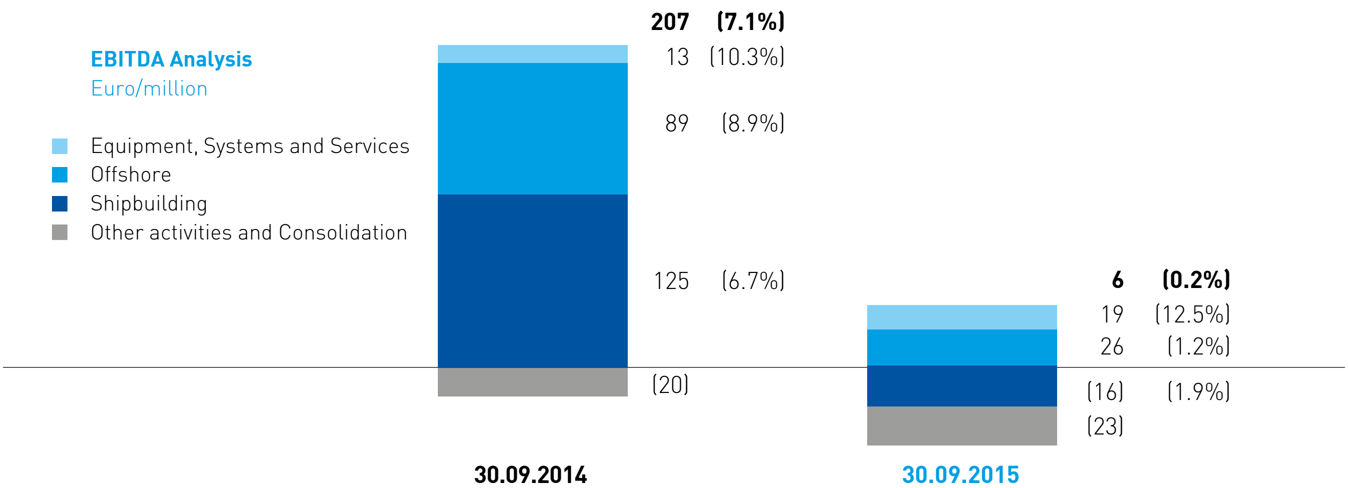
RECLASSIFIED CONSOLIDATED INCOME STATEMENT

31.12.2014	(Euro/million)	30.09.2015	30.09.2014
4,399	**Revenue and income**	**3,032**	**2,935**
(3,234)	Materials, services and other costs	(2,368)	(2,105)
(843)	Personnel costs	(658)	(617)
(25)	Provisions	-	(6)
297	**EBITDA**	**6**	**207**
6.8%	***EBITDA margin***	***0.2%***	***7.1%***
(99)	Depreciation, amortization and impairment	(80)	(75)
198	**EBIT**	**(74)**	**132**
4.5%	***EBIT margin***	***(2.4)%***	***4.5%***
(66)	Finance income/(costs)	(109)	(50)
6	Income/(expense) from investments	-	2
(51)	Income taxes	14	(16)
87	**Profit/(loss) before extraordinary and non-recurring income and expenses i**	**(169)**	**68**
99	*of which attributable to Group*	*(73)*	*67*
(44)	Extraordinary and non-recurring income and (expenses)	(34)	(35)
12	Tax effect of extraordinary and non-recurring income and expenses	8	10
55	**Profit/(loss) for the period**	**(195)**	**43**
67	Group share of profit/(loss) for the period	(96)	42

Revenue and income in the first nine months of 2015 amounted to euro 3,032 million, reporting an increase of euro 97 million (or 3.3%) on the same period of 2014. This change reflects, on the one hand, an increase in Shipbuilding revenue, particularly by the cruise ship business, which accounted for 38% of the Group's total revenue for the period (33% in the same period of 2014), and on the other, a decrease in Offshore revenue.
The Group's export revenue accounted for 85% of the total in the first nine months of 2015, up from 81% in the corresponding period of 2014.



EBITDA was a positive euro 6 million at 30 September 2015, with an **EBITDA margin** of 0.2%. Of the year-on-year reduction in nine-month EBITDA, euro 99 million is due to the Shipbuilding operating segment, mainly in connection with the cruise ships business, and euro 105 million is due to the Offshore operating segment, mainly because of weak operating performance by VARD's Brazilian shipyards. In addition, the Offshore segment's nine-month profitability in 2014 had benefited from euro 35 million in utilizations from the provision for risks on contracts in Brazil, recognized at the time of the VARD Group's acquisition and which had been utilized by 31 December 2014.



EBIT was a negative euro 74 million in the first nine months of 2015 compared with a positive euro 132 million in the first nine months of 2014. In addition to the factors discussed earlier, the change in this performance measure reflects an increase of euro 5 million in depreciation and amortization charges in the period. Accordingly, the **EBIT margin** (EBIT expressed as percentage of Revenue and income) was a negative 2.4% at 30 September 2015.

Finance income and costs reported a net expense of euro 109 million (euro 50 million at 30 September 2014). The increase on the same period last year is mainly attributable to the recognition at 30 September 2015 of euro 44 million in unrealized foreign exchange losses (hence without a corresponding monetary impact) on certain currency balances recorded by companies within the VARD Group (versus euro 9 million in the prior year equivalent period), to higher finance costs for construction loans (euro 28 million at 30 September 2015 versus euro 19 million in the same period a year ago) and the recognition of euro 3 million in realized foreign exchange losses (versus euro 3 million in exchange gains at 30 September 2014).

Income taxes reported a net positive balance of euro 14 million in the first nine months of 2015 (versus a net negative balance of euro 16 million in the same period of 2014) and mostly refers to deferred tax assets recognized by the Parent Company on realized losses and on provisions made in the period; with reference to the VARD Group's Brazilian subsidiaries, the result for the period includes losses for which no deferred tax assets have been recognized.

Profit/(loss) before extraordinary and non-recurring income and expenses reported a loss of euro 169 million at 30 September 2015, of which euro 44 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 loss of euro 73 million compared with a profit of euro 67 million at 30 September 2014.

Extraordinary and non-recurring income and expenses reported euro 34 million in net expenses at 30 September 2015 and included costs relating to claims under asbestos-related lawsuits (euro 22 million), charges for business reorganization plans mainly relating to VARD (euro 9 million) and company costs for Italy's Extraordinary Wage Guarantee Fund (euro 3 million).

Tax effect of extraordinary and non-recurring income and expenses was a net positive euro 8 million at 30 September 2015.

Profit/(loss) for the period was a loss of euro 195 million for the first nine months of 2015, for the reasons described above. The Group share of this result was a loss of euro 96 million, compared with a profit of euro 42 million in the same period last year.

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30.09.2014	(Euro/million)	30.09.2015	31.12.2014
558	Intangible assets	504	508
951	Property, plant and equipment	958	959
75	Investments	65	60
(40)	Other non-current assets and liabilities	(43)	(48)
(58)	Employee benefits	(57)	(62)
1,486	**Net fixed capital**	**1,427**	**1,417**
481	Inventories and advances	456	388
1,049	Construction contracts and client advances	1,726	1,112
(584)	Construction loans	(995)	(847)
350	Trade receivables	500	610
(896)	Trade payables	(975)	(1,047)
(126)	Provisions for risks and charges	(116)	(129)
79	Other current assets and liabilities	(165)	(18)
353	**Net working capital**	**431**	**69**
	Assets held for sale and related liabilities	**23**	
1,839	**Net invested capital**	**1,881**	**1,486**
863	Share capital	863	863
490	Reserves and retained earnings attributable to the Group	360	447
248	Non-controlling interests in equity	152	220
1,601	**Equity**	**1,375**	**1,530**
238	**Net financial position**	**506**	**(44)**
1,839	**Sources of funding**	**1,881**	**1,486**

The **Reclassified consolidated statement of financial position** reports an increase in Net invested capital at 30 September 2015 of euro 395 million since December 2014, mainly due to the following factors:

- **Net fixed capital** presents an overall increase of euro 10 million since 31 December 2014. The main changes include an increase of euro 5 million in Investments (of which euro 5 million due to the acquisition of a joint interest in the Camper & Nicholsons International group) and an increase of euro 5 million in Other non-current assets and liabilities (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 431 million (euro 69 million at 31 December 2014). In detail: the growth in production volumes has led to increases in both Inventories and advances (by euro 68 million) and Construction contracts (by euro 614 million); Trade receivables have decreased by euro 110 million, while Trade payables have declined by euro 72 million; lastly, Other current assets and liabilities report a negative change of euro 147 million mainly reflecting the negative impact of 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 client advances and so classifies them as part of Net working capital. Of the total construction loans reported at 30 September 2015, euro 907 million refer to the VARD Group, while the remaining euro 88 million relate to the Parent Company, which has finalized a construction loan with a leading international bank, capped at euro 150 million, for the purpose of financing cruise ship construction.
- **Assets held for sale and associated liabilities** mainly report the value of the ship built by the VARD Group at the Vard Vung Tau yard in Vietnam, the contract for which was terminated after the company that had ordered it filed for bankruptcy. In September 2015, pending its sale, this ship was chartered to DOF through Vard Shipholding Singapore Pte. Ltd., a newly-formed wholly-owned subsidiary company.

Equity reports a decrease of euro 155 million, mainly reflecting the loss for the period (euro 195 million) and positive effects on the currency translation reserve (euro 35 million).

Net financial position reports euro 506 million in net debt at 30 September 2015 (euro 44 million in net cash at 31 December 2014). This amount does not include construction loans.

CONSOLIDATED NET FINANCIAL POSITION

30.09.2014	(Euro/million)	30.09.2015	31.12.2014
364	**Cash and cash equivalents**	**170**	**552**
25	**Current financial receivables**	**58**	**82**
(31)	Current bank debt	(163)	(32)
(40)	Current portion of bank loans and credit facilities	(56)	(47)
(75)	Other current financial liabilities	(13)	(1)
(146)	**Current debt**	**(232)**	**(80)**
243	**Net current cash/(debt)**	**(4)**	**554**
80	**Non-current financial receivables**	**97**	**90**
(251)	Non-current bank debt	(299)	(290)
(297)	Bonds	(297)	(297)
(13)	Other non-current financial liabilities	(3)	(13)
(561)	**Non-current debt**	**(599)**	**(600)**
(238)	**Net financial position**	**(506)**	**44**

The above **Consolidated net financial position**, which excludes construction loans, presents a net debt balance of euro 506 million (euro 44 million in net cash at 31 December 2014). The change in Net financial position is due to the growth in funding requirements for increased activities in the cruise ship business, with four vessels due for delivery in the first half of 2016, and partly to working capital absorbed by VARD for certain orders, also scheduled for delivery in the first half of 2016.

RECLASSIFIED CONSOLIDATED STATEMENT OF CASH FLOWS

31.12.2014	(Euro/million)	30.09.2015	30.09.2014
33	Net cash flows from operating activities	(406)	(300)
(157)	Net cash flows from investing activities	(117)	(119)
303	Net cash flows from financing activities	149	388
179	**Net cash flows for the period**	**(374)**	**(31)**
385	**Cash and cash equivalents at beginning of period**	**552**	**385**
(12)	Effects of currency translation difference on opening cash and cash equivalents	(8)	10
552	**Cash and cash equivalents at end of period**	**170**	**364**

31.12.2014	(Euro/million)	30.09.2015	30.09.2014
(124)	**Free cash flow**	**(523)**	**(419)**

The **Reclassified consolidated statement of cash flows** reports negative **Net cash flows** for the period of euro 374 million (versus a net negative euro 31 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 523 million, and euro 149 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 September 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 October 2014 to 30 September 2015 and from 1 October 2013 to 30 September 2014.

31.12.2014		30.09.2015	30.09.2014
13.9%	ROI	(0.5)%	12.8%
4.0%	ROE	(12.2)%	5.3%
0.4	Total debt/Total equity	0.6	0.4
n.a.	Net financial position/EBITDA	n.s.	0.8
n.a.	Net financial position /Total equity	0.4	0.1

n.a. not applicable
n.s. not significant

ROI and ROE at 30 September 2015 have been affected by the negative results for the period and so are not immediately comparable with those at 30 September 2014 and 31 December 2014.
The indicators of the strength and efficiency of the capital structure at 30 September 2015 compared with those at 30 September 2014 report an increase, both for the reduction in equity, due to the loss for the period, and for the increase in gross and net debt, due to the absorption of financial resources needed to cope with the growth in production volumes. 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)	30.09.2015	30.09.2014
2,704	Revenue and income (*)	2,110	1,855
195	EBITDA (*)	26	125
7.2%	EBITDA *margin* (*) (**)	*1.2%*	*6.7%*
4,400	Order intake (*)	4,148	3,086
10,945	Order book (*)	13,817	10,549
7,465	Order backlog (*)	9,437	6,797
98	Capital expenditure	74	66
7	Vessels delivered (number) (***)	7	5

(*) 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 13.7% to euro 2,110 million at 30 September 2015 (euro 1,855 million at 30 September 2014), of which euro 1,145 million from the cruise ships business unit (euro 964 million at 30 September 2014) and euro 739 million from the naval vessels business unit (euro 692 million at 30 September 2014). Compared with the first nine months of 2014, cruise ship production volumes increased, with 11 ships under construction at the Group's Italian yards (of which 3 delivered in the period) versus 8 ships under construction at 30 September 2014; the impact on revenue was partially weakened by the adverse effects on working capital of revised cost estimates to complete orders due for delivery in 2016 and thereafter. The growth in revenue from the naval vessels business was thanks to a larger contribution by the FMG Group, which also benefited from the positive trend in the USD/Euro rate, in contrast with weak activity in Italy pending the start of work on the Italian Navy's fleet renewal program, expected in early 2016. Revenue from other activities climbed to euro 226 million from euro 199 million at 30 September 2014, mainly thanks to growth in revenue from repairs and conversions.

EBITDA

The segment's EBITDA was a positive euro 26 million at 30 September 2015, with a margin of 1.2%. As mentioned in previous quarterly reports, Fincantieri is currently engaged in managing a particularly challenging order book, which includes a large number of new prototypes currently under design or construction for a great number of diverse clients, with 2 cruise ship prototypes already handed over in 2015 and another 4 due for delivery in 2016.

The exceptional number of new prototype ships simultaneously in the design phase, never recorded before and spread over a large number of clients, has also led to an overload on the engineering facilities, without proper support from the subcontractor network seriously undermined during the crisis. For new prototypes due for delivery from March 2016 on, this overload became particularly evident during the third quarter of 2015, given the typical business dynamics implying high cost concentration in the outfitting phase over the last months of construction. Furthermore, it is worth recalling that the margins on these vessels, ordered during the global financial crisis, reflect severely depressed prices and that the current order backlog does not yet allow the capacity of the Italian production facilities to be fully utilized. Consequently, given the significant extra costs involved in managing such issues affecting prototype ships, the EBITDA margin of the Shipbuilding segment was heavily penalized during the quarter concerned.

In order to solve the issues described above, Fincantieri is undertaking a series of actions, such as the implementation of a task force to manage the large number of engineering modifications in the production phase that are compromising programs and the efficiency of operational structures. Moreover, due to the deteriorating crisis in the Offshore segment and the absence of sufficient specialized resources in its own network, Fincantieri has developed important synergies in recent months with VARD's Romanian operations, both by using in Italy a large number of their production and design personnel and by building directly in Romania certain hull parts for the Italian shipyards.

Fincantieri will continue with improvement programs already started in order to guarantee, in the medium term, the necessary strengthening of competencies and business competitiveness, in particular through i) the revision of existing technical engineering systems, ii) the enhancement of the processes and of production planning, a matter of urgency because of the complexity engendered by the increase in volumes and dimension of ships, and iii) the introduction of highly qualified personnel.

It should also be noted that while Fincantieri is expensing in full the costs of prototypes under construction, it is still waiting to receive grants for maritime industry research and innovation, allocated under the 2014 Stability Law and subsequently re-presented in the 2015 Stability Law for a reduced amount.

Order intake

New order intake of euro 4,148 million in the first nine 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 ten 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 first quarter 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 nine 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 upgrading 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 nine months of 2015 is analyzed as follows:

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

In particular, the main deliveries were:

- "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;
- two barges, delivered by the Group's American shipyards to Moran Towing.

In addition, during the first nine months of 2015 the Palermo yard handed over the "MSC Sinfonia" and "MSC Opera", the second and third of the four MSC ships included in the "Renaissance" program.

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 and Fincantieri Oil&Gas S.p.A..
The VARD Group also provides its clients with turnkey electrical systems, inclusive of engineering, manufacturing, installation, integration testing and commissioning.

31.12.2014	(Euro/milion)	30.09.2015	30.09.2014
1,580	Revenue and income (*)	847	991
108	EBITDA (*)	(16)	89
6.8%	*EBITDA margin* (*) (**)	*(1.9)%*	*8.9%*
1,131	Order intake (*)	299	1,081
3,623	Order book (*)	2,975	3,564
2,124	Order backlog (*)	1,589	2,433
47	Capital expenditure	24	36
18	Vessels delivered (number)	11	16

(*) Before eliminations between operating segments

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

Revenue and income

In an extremely depressed global market due to the steep decline in oil prices, triggering a general downsizing of investment plans and introduction of cost-cutting programs by the majority of clients, revenue from the Offshore operating segment came to euro 847 million at 30 September 2015, down 14.5% from euro 991 million in the first nine months of 2014 due to weakened activity at some European yards and the negative impact of changes in the Norwegian krone/Euro exchange rate (euro 55 million). It should also be noted that the Offshore segment's operating revenue in the first nine months of 2014 included euro 35 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's EBITDA was a negative euro 16 million at 30 September 2015, versus a positive euro 89 million in the first nine months of 2014, with the margin dropping from 8.9% in the first nine months of 2014 to -1.9% in the first nine months of 2015. This deterioration is the result of weak operating performance by VARD's Brazilian operations. In particular, operations in Romania are seeing a gradual reduction in the volume of activity after completing hull-building activities for several large projects, with measures to reduce the workforce proceeding accordingly. The goal is nonetheless to preserve the more important skills, including by developing synergies with other Group businesses with high workloads. Accordingly, a significant number of designers are currently being used by the Shipbuilding segment in support of operations in Italy. In Norway, the workload is still generally satisfactory but temporary layoffs are already being used for a provisional reduction in the workforce. In Brazil, where the difficult political and economic context continues to be a problem, the Niterói yard has revised the estimated completion costs for the last two vessels, rescheduling their delivery to the first half of 2016. As for the new Promar shipyard, the progress of the program to build six LPG carriers for Transpetro has not been satisfactory since the work involved and its complexity is much greater than originally expected. This is why the delivery dates have been rescheduled and additional extra costs have been recorded. The revision of the costs and programs has also led to delays for the 2 PLSV (pipelay support vessels) under construction.

Order intake

New order intake amounted to euro 299 million in the first nine months of 2015, In detail:

- 3 Offshore Subsea Construction Vessels (OSCV), one for Kreuz Subsea and two for Topaz Energy and Marine, a new client based in Dubai;
- 1 Stern trawler for a new Canadian client;
- 1 Coastal fishing vessel for Brevik AS.

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 1,589 million at 30 September 2015, relating to 31 vessels, of which 18 of VARD's own design, ensuring a good volume of activity until 2017.

It is also reported that in March 2015, the VARD Group terminated the contracts for the construction of two vessels after the companies that had ordered them from the Vard Vung Tau yard in Vietnam filed for bankruptcy. The value of these orders has been excluded from the backlog. In September 2015 the first of the two vessels was transferred, upon completion, to Vard Shipholding Singapore Pte. Ltd., a newly-formed wholly-owned subsidiary company. Pending its sale, this vessel has since been chartered to DOF, while the other vessel, still under completion, is recorded in inventories.

Capital expenditure

Capital expenditure in the first nine 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

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

(number)	Deliveries
AHTS	1
PSV (including MRV)	4
OSCV	3
Other	3

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 Troms Offshore (Tidewater group) 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 (Tidewater group) by the Vard Vung Tau shipyard (Vietnam).

3 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);
- "Far Sentinel" was delivered to Farstad Shipping by the Vard Langsten shipyard (Norway).

3 Others

- "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);
- "Oscar Niemeyer", an LPG carrier, was delivered to Transpetro by the Vard Promar shipyard (Brazil).

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)	30.09.2015	30.09.2014
192	Revenue and income (*)	149	129
21	EBITDA (*)	19	13
11.1%	*EBITDA margin (*) (**)*	*12.5%*	*10.3%*
204	Order intake (*)	473	168
663	Order book (*)	1,083	721
300	Order backlog (*)	634	327
5	Capital expenditure	4	3
53	Engines produced in workshops (number)	26	32

(*) 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 15.5% year-on-year to euro 149 million at 30 September 2015. This improvement was primarily due to higher volumes of both after-sales services for naval vessels and sales of ship automation systems, in line with the development prospects for this business.

EBITDA

The segment's EBITDA came to euro 19 million at 30 September 2015, with an improvement in EBITDA margin to 12.5% from 10.3% in the first nine months of 2014, mainly reflecting the greater contribution of after-sales support services for both naval vessels and propulsion systems.

Order intake

New order intake for Equipment, Systems and Services amounted to euro 473 million during the first nine months of 2015, mostly comprising:

- provision of Integrated Logistic Support (ILS) and In Service Support (ISS) for the LSS, LHD and PPA Naval Law contracts for the Italian Navy and provision of ILS for the Algerian Navy's BDSL ship;
- supply of complete package of ship systems for the 9th Fremm and 10th LSS for the Italian Navy;
- contracts to upgrade corvettes to OPV (Offshore Patrol Vessels) for the Bangladesh Coast Guard and the Amerigo Vespucci, a tall ship owned by the Italian Navy;
- complete revamping of a steam power generation plant and supply of a steam turbine for A2A, an Italian client;
- 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 and 3 thruster positioning systems for the BAM II Series and Seabourn orders;
- 3 turbine generators, including one for Carnival, and 1 mechanical drive turbine;
- after-sales services and spare parts for programs of the US Navy and US Coast Guard, for programs of the Italian Navy, for cruise clients and other smaller clients.

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)	30.09.2015	30.09.2014
-	Revenue and income	1	-
(27)	EBITDA	(23)	(19)
n.a.	*EBITDA margin*	*n.a.*	*n.a.*
12	Capital expenditure	4	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 enterprise management software.

Other information

MARKET CAPITALIZATION

The market capitalization of Fincantieri, at the closing price on 30 September 2015, was approximately euro 1.2 billion. In terms of stock liquidity, around 250.4 million shares were traded from the start of the year to 30 September 2015, with a daily average trading volume in the period of around 1.3 million shares.

31.12.2014			30.09.2015	30.09.2014
0.70	Average share price in the period	Euro	0.74	0.70 (**)
0.77	Share price at period end	Euro	0.68	0.66
1,692	Number of shares outstanding at period end	Million	1,692	1,692
1,300	Market capitalization (*)	Euro/million	1,151	1,113

(*) Number of shares outstanding multiplied by reference share price at period end.
(**) Average share price from the listing date (3 July 2014) to 30 September 2014.

The process ended on 30 September 2015 of allotting bonus shares to entitled shareholders, as indicated in 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 allotment of bonus shares, made available by the Selling Shareholder Fintecna S.p.A., has involved a total of 14,735,406 ordinary shares, of which 14,272,716 shares allotted to the general public and 462,690 shares to Fincantieri employees.
As a result of the allotment of bonus shares by the Selling Shareholder Fintecna S.p.A., Fincantieri's free float at 30 September 2015 amounted to 28.4% of its share capital.

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.
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 development 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 formed 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 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.
In order to secure its presence in the Chinese market, during the month of July Fincantieri 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 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 S.r.l., an Italian-registered company 100% of whose shares owned by Vard Electro AS. The new company will supply turnkey electrical systems to other companies in the Fincantieri Group.
On 6 August 2015, Fincantieri Marine Group LLC, Fincantieri's American subsidiary, and Gibbs & Cox, Inc., the leading independent naval engineering and design firm in North America,

announced a joint research and development initiative in the field of commercial and military vessels. The strategic alliance will focus on developing innovative concepts for commercial and military vessels with particular attention to affordability and production efficiency. These projects will find applications both in the United States and international marketplaces.

During the month of August, as part of an international cooperation program with the United Arab Emirates, Fincantieri held training courses at the Genoa headquarters of its subsidiary CETENA, a center for naval and maritime field research, for students of the Higher Colleges of Technology and Khalifa University of Science, Technology and Research. Both these universities are located in Abu Dhabi and are among the most prestigious in the entire region. The aim of this initiative was to raise awareness of Italian excellence in the marine sector in its various aspects (naval, cruise, mega-yachts) and strengthen ties with leading UAE universities that have been opening up, in recent years, to the marine field.

During the 2015 Monaco Yacht Show, held in the Principality of Monaco, Fincantieri, the leading western shipbuilding group, and Pininfarina, standard-bearer of Italian design for the past 85 years, presented "Ottantacinque", a concept for a latest-generation luxury mega-yacht. "Ottantacinque" will be a cutting-edge mega-yacht, 85 meters long and 2,460 gross tons, with 5 decks, each of which featuring high-tech solutions and exclusive interiors.

On 22 September 2015, Vard Holdings Limited announced the incorporation Vard Shipholding Singapore Pte. Ltd. in Singapore. The new company, 100% owned by Vard Holdings Limited, will manage the charter of a Platform Supply Vessel ("PSV"), owned by the company and built at the Vard Vung Tau shipyard in Vietnam. At the same time Vard Holdings Limited announced that a contract had been secured to charter the PSV to DOF.

On 27 September 2015, Vard Holdings Limited announced that a contract had been secured for the construction of two Offshore Subsea Construction Vessels ("OSCV") for Topaz Energy and Marine, a new Dubai-based client.

KEY EVENTS AFTER THE REPORTING PERIOD ENDED 30.09.2015

On 15 October 2015, Fincantieri announced that VARD had issued a Profit Warning regarding its financial results for the third quarter and full year 2015 due to operational challenges at its Brazilian shipyards combined with the negative trend in the Brazilian economic and political environment.

On 16 October 2015, LCS 5 ("Milwaukee") was handed over at a ceremony at the FMG Group's Marinette Marine shipyard in the United States. Milwaukee belongs to the "Freedom" class in the LCS program, awarded in 2010 to Marinette under the partnership between Fincantieri and Lockheed Martin, number one in the United States defense sector. The program involves the supply of a new generation of multi-purpose mid-size innovative vessels, suitable for use in different types of missions.

On 30 October 2015, "Seven Seas Explorer", the first super-luxury cruise ship that Fincantieri is building for Regent Seven Seas Cruises, was launched at the shipyard in Sestri Ponente. Interior fitting has now begun, with the ship sheduled for delivery in summer 2016.

On 9 November 2015, Mr. Andrea Mangoni tendered his resignation as Director of the Board and General Manager of Fincantieri. The Company is unaware of the reasons for this resignation.

BUSINESS OUTLOOK

In the Shipbuilding segment, not only is the Company engaged in activities needed to finalize agreements for major new cruise ship orders, it is also focusing on actions needed to manage the major increase in engineering and production volumes, as described earlier. However, Shipbuilding margins in the fourth quarter will continue to be affected by the low profitability of cruise ships currently under construction. As for the naval vessels business, the remainder of the year will continue to be characterised by reduced production volumes, with the first vessel in the Italian Navy's fleet renewal program entering production early in 2016.

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 in line with market demands, also by introducing variable bonuses linked to company financial performance. In fact, only through participation of the entire organization in operational processes will it be possible to efficiently manage the huge order backlog the Company is going to face in the near future. 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 client expectations.

As for the Offshore segment, the rest of 2015 will be characterized by a persistently negative global market environment, particularly as regards the North Sea. Accordingly, VARD is focusing on new geographical areas, outside the traditional domestic market, and on niche markets, like specialized offshore vessels and specialized ships for the fishing and aquaculture industries, which will partly offset the decrease in new orders in its core segments. In parallel, the subsidiary will concentrate its efforts on pursuing the actions needed to turn around the Brazilian yards of Niterói and Promar and on implementing actions to improve efficiency and cut costs at the European yards in order to tailor its production capacity to the different market scenarios, by adjusting the size of the workforce while preserving the core competencies needed to capture the opportunities arising once recovery sets in. Furthermore, in light of the subsidiary's poor operating performance in Brazil, a detailed action plan is being developed to find a definitive solution to the problems encountered in this South American country, involving evaluation of all the possible different operational options to ensure the business's medium-term sustainability. As reported earlier, significant synergies between VARD and Fincantieri have already been implemented during the year on the production and design front, and an increasing use of the VARD Romanian operations is being examined not only to support the Italian shipyards but also for a structural increase in the Group's cruise ship production capacity, with obvious benefits expected for both companies.

The Equipment, Systems and Services segment can expect to see further growth in volumes during the remainder of 2015, resulting from the Group's strategies of diversification and of bringing in-house critical components and systems, with confirmation of the positive margin trend recorded 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.

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, amortization and impairment, 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, amortization and recurring impairment (this excludes impairment of goodwill, intangible assets and property, plant and equipment recognized as a result of impairment tests).
- 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 client advances, 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 October - 30 September) 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 October - 30 September) 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 October - 30 September).
- 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: 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

(Euro/million)	30.09.2015 Amounts in IFRS statement	30.09.2015 Amounts in reclassified statement	30.09.2014 Amounts in IFRS statement	30.09.2014 Amounts in reclassified statement
A – Revenue		**3,032**		**2,935**
Operating revenue	2,991		2,885	
Other revenue and income	41		50	
B - Materials, services and other costs		**(2,368)**		**(2,105)**
Materials, services and other costs	(2,371)		(2,110)	
Recl. to I – Extraordinary and non-recurring income and expenses	3		6	
C - Personnel costs		**(658)**		**(617)**
Personnel costs	(667)		(628)	
Recl. to I – Extraordinary and non-recurring income and expenses	9		11	
D – Provisions				**(6)**
Provisions	(22)		(24)	
Recl. to I – Extraordinary and non-recurring income and expenses	22		18	
E – Depreciation, amortization and impairment		**(80)**		**(75)**
Depreciation, amortization and impairment	(80)		(75)	
F – Finance income and (costs)		**(109)**		**(50)**
Finance income and costs	(109)		(50)	
G - Income/(expense) from investments				**2**
Income/(expense) from investments			2	
H - Income taxes		**14**		**(16)**
Income taxes	22		(6)	
Recl. to I – Extraordinary and non-recurring income and expenses	(8)		(10)	
I - Extraordinary and non-recurring income and expenses		**(34)**		**(35)**
Recl. from B - Materials, services and other costs	(3)		(6)	
Recl. from C - Personnel costs	(9)		(11)	
Recl. from D - Provisions	(22)		(18)	
L- Tax effect of extraordinary and non-recurring income and expenses		**8**		**10**
Recl. from H – Income taxes	8		10	
Profit/(loss) for the period		**(195)**		**43**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30.09.2015		31.12.2014	
(Euro/million)	Amounts in IFRS statement	Amounts in reclassified statement	Amounts in IFRS statement	Amounts in reclassified statement
A) Intangible assets		**504**		**508**
Intangible assets	504		508	
B) Property, plant and equipment		**958**		**959**
Property, plant and equipment	958		959	
C) Investments		**65**		**60**
Investments	65		60	
D) Other non-current assets and liabilities		**(43)**		**(48)**
Derivative assets			1	
Other non-current assets	11		15	
Other liabilities	(47)		(46)	
Derivative liabilities	(7)		(18)	
E) Employee benefits		**(57)**		**(62)**
Employee benefits	(57)		(62)	
F) Inventories and advances		**456**		**388**
Inventories and advances	456		388	
G) Construction contracts and client advances		**1,726**		**1,112**
Construction contracts - assets	2,246		1,649	
Construction contracts – liabilities and client advances	(520)		(537)	
H) Construction loans		**(995)**		**(847)**
Construction loans	(995)		(847)	
I) Trade receivables		**500**		**610**
Trade receivables and other current assets	787		975	
Recl. to N) Other assets	(287)		(365)	
L) Trade payables		**(975)**		**(1,047)**
Trade payables and other current liabilities	(1,160)		(1,277)	
Recl. to N) Other liabilities	185		230	
M) Provisions for risks and charges		**(116)**		**(129)**
Provisions for risks and charges	(116)		(129)	
N) Other current assets and liabilities		**(165)**		**(18)**
Deferred tax assets	166		141	
Income tax assets	56		55	
Derivative assets	38		47	
Recl. from I) Other current assets	287		365	
Deferred tax liabilities	(80)		(84)	
Income tax liabilities	(9)		(25)	
Derivative liabilities and option fair value	(438)		(287)	
Recl. from L) Other current liabilities	(185)		(230)	
O) Net assets/(liabilities) held for sale	23	**23**		
NET INVESTED CAPITAL		**1,881**		**1,486**
P) Equity		**1,375**		**1,530**
Q) Net financial position		**506**		**(44)**
SOURCES OF FUNDING		**1,881**		**1,486**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condensed consolidated interim financial statements as at and for the nine months ended 30 september 2015

Consolidated statement of financial position

(Euro/000)	Note	30.09.2015	*of which related parties Note 29*	31.12.2014	*of which related parties Note 29*
ASSETS					
NON-CURRENT ASSETS					
Intangible assets	5	504,007		508,643	
Property, plant and equipment	6	958,139		958,517	
Investments accounted for using the equity method	7	57,704		52,796	
Other investments	7	7,493		7,683	
Financial assets	8	124,323	*6,923*	124,480	*7,147*
Other assets	9	10,661	*566*	14,705	*972*
Deferred tax assets	10	166,011		140,914	
Total non-current assets		**1,828,338**		**1,807,738**	
CURRENT ASSETS					
Inventories and advances	11	455,977	*1,451*	388,467	*842*
Construction contracts – assets	12	2,245,996		1,649,278	
Trade receivables and other current assets	13	787,165	*161,139*	975,051	*104,992*
Income tax assets	14	55,032		54,532	
Financial assets	15	103,171	*1,656*	136,693	*1,396*
Cash and cash equivalents	16	169,888		552,285	
Total current assets		**3,817,229**		**3,756,306**	
ASSETS HELD FOR SALE	17	**23,208**		**-**	
TOTAL ASSETS		**5,668,775**		**5,564,044**	
EQUITY AND LIABILITIES					
EQUITY	18				
Equity attributable to owners of the parent					
Share capital		862,981		862,981	
Reserves and retained earnings		360,004		447,036	
Total Equity attributable to owners of the parent		**1,222,985**		**1,310,017**	
Non-controlling interests		151,979		219,875	
Total Equity		**1,374,964**		**1,529,892**	
NON-CURRENT LIABILITIES					
Provisions for risks and charges	19	102,251		108,621	
Employee benefits	20	57,013		62,141	
Financial liabilities	21	633,486	*9,223*	652,918	*17,625*
Other liabilities	22	46,632		45,506	
Deferred tax liabilities	10	79,884		84,277	
Total non-current liabilities		**919,266**		**953,463**	
CURRENT LIABILITIES					
Provisions for risks and charges	19	13,872		19,864	
Construction contracts – liabilities	12	519,845		536,601	
Trade payables and other current liabilities	23	1,160,017	*15,385*	1,277,425	*14,981*
Income tax liabilities		8,789		25,178	
Financial liabilities	24	1,672,022	*14,831*	1,221,621	*1,762*
Total current liabilities		**3,374,545**		**3,080,689**	
TOTAL EQUITY AND LIABILITIES		**5,668,775**		**5,564,044**	

Consolidated statement of comprehensive income

(Euro/000)	Note	30.09.2015	*of which related parties Note 29*	30.09.2014	*of which related parties Note 29*
Operating revenue	25	2,991,183	*290,580*	2,884,551	*231,292*
Other revenue and income	25	40,895	*1,076*	50,068	*2,449*
Materials, services and other costs *of which non-recurring*	26 *29*	(2,371,542) *(3,488)*	*(29,922)*	(2,110,130) *(5,575)*	*(13,503)*
Personnel costs *of which non-recurring*	26 *29*	(666,728) *(8,997)*		(628,402) *(11,287)*	
Depreciation, amortization and impairment *of which non-recurring*	26 *29*	(80,324)		(74,654)	
Provisions *of which non-recurring*	26 *29*	(21,796) *(21,556)*		(24,270) *(18,375)*	
Finance income	27	44,092	*261*	16,594	*258*
Finance costs	27	(153,152)	*(982)*	(66,899)	*(3,234)*
Income/(expense) from investments		(378)		(277)	
Share of profit/(loss) of investments accounted for using the equity method		392		2,568	
Income taxes	28	22,823		(6,624)	
PROFIT/(LOSS) FOR THE PERIOD (A)		**(194,535)**		**42,525**	
Attributable to owners of the parent		*(96,028)*		*41,524*	
Attributable to non-controlling interests		*(98,507)*		*1,001*	
Basic earnings/(loss) per share (Euro)	29	(0.05675)		0.02986	
Diluted earnings/(loss) per share (Euro)	29	(0.05675)		0.02974	

Other comprehensive income/(losses), net of tax (OCI)					
Gains/(losses) from remeasurement of employee defined benefit plans	18 - 20	2,709		(1,138)	
Total gains/(losses) that will not be reclassified to profit or loss, net of tax ***attributable to non-controlling interests***	18	**2,709**		**(1,138)**	
Effective portion of gains/(losses) on cash flow hedging instruments	18	157		232	
Gains/(losses) arising from changes in OCI of investments accounted for using the equity method		-		(2,420)	
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	18	34,893		24,343	
Total gains/(losses) that may be subsequently reclassified to profit or loss, net of tax ***attributable to non-controlling interests***	18	**35,050** ***28,763***		**22,155** ***5,826***	
Total other comprehensive income/(losses), net of tax (B) ***attributable to non-controlling interests***	18	**37,759** ***28,763***		**21,017** ***5,826***	
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD (A) + (B)		**(156,776)**		**63,542**	
Attributable to owners of the parent		*(87,032)*		*56,715*	
Attributable to non-controlling interests		*(69,744)*		*6,827*	

Consolidated statement of changes in equity

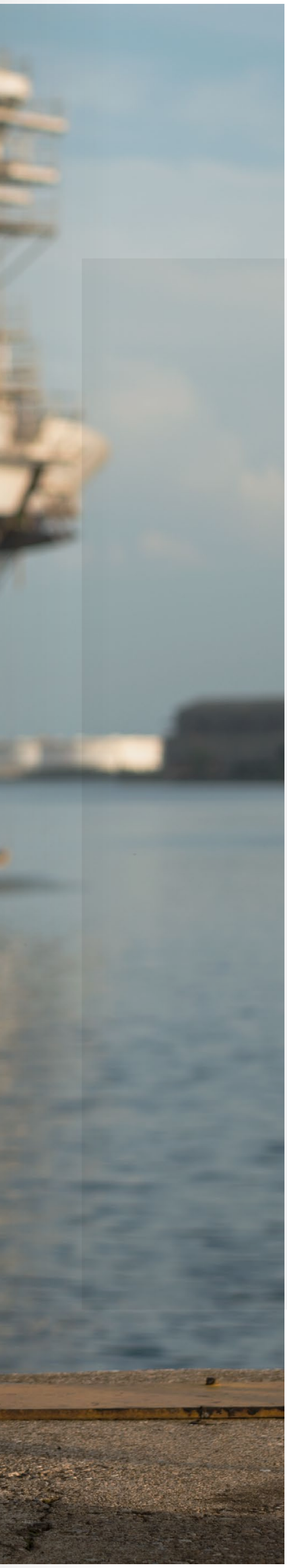
(Euro/000)	Note	Share capital	Reserves and retained earnings	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	**Total**
01.01.2014	18	**633,481**	**334,860**	**968,341**	**242,225**	**1,210,566**
Business combinations						
Share capital increase		229,500	110,302	339,802	1,103	340,905
Acquisition of non-controlling interests			(1,642)	(1,642)	(2,258)	(3,900)
Dividend distribution			(10,000)	(10,000)		(10,000)
Other changes/roundings			(7)	(7)		(7)
Total transactions with owners		***229,500***	***98,653***	***328,153***	***(1,155)***	***326,998***
Profit/(Loss) for the period			41,524	41,524	1,001	42,525
Other components						
OCI for the period			15,191	15,191	5,826	21,017
Total comprehensive income for the period			***56,715***	***56,715***	***6,827***	***63,542***
30.09.2014	18	**862,981**	**490,228**	**1,353,209**	**247,897**	**1,601,106**
01.01.2015	18	**862,981**	**447,036**	**1,310,017**	**219,875**	**1,529,892**
Business combinations					1,857	1,857
Share capital increase						
Acquisition of non-controlling interests						
Dividend distribution						
Other changes/roundings					(9)	(9)
Total transactions with owners		***-***	***-***	***-***	***1,848***	***1,848***
Profit/(Loss) for the period			(96,028)	(96,028)	(98,507)	(194,535)
Other components						
OCI for the period			8,996	8,996	28,763	37,759
Total comprehensive income for the period		***-***	***(87,032)***	***(87,032)***	***(69,744)***	***(156,776)***
30.09.2015	18	**862,981**	**360,004**	**1,222,985**	**151,979**	**1,374,964**

Consolidated statement of cash flows

(Euro/000)	Note	30.09.2015	30.09.2014
NET CASH FLOWS FROM OPERATING ACTIVITIES *- of which related parties*	30	**(576,103)** *(55,946)*	**(305,107)** *(82,802)*
Investments: - intangible assets		(17,693)	(20,104)
- property, plant and equipment		(88,565)	(89,699)
- equity investments		(6,486)	(2,633)
- business combinations, net of cash acquired		(5,134)	(7,414)
Disposals: - intangible assets		134	10
- property, plant and equipment		274	836
- equity investments			41
CASH FLOWS FROM INVESTING ACTIVITIES		**(117,470)**	**(118,963)**
Change in non-current loans: - disbursements		154,495	11,145
- repayments		(150,261)	(15,093)
Change in non-current financial receivables: - disbursements		(7,778)	(24,439)
- repayments		2,388	14,881
Change in current bank loans and credit facilities: - disbursements		728,343	253,539
- repayments		(431,670)	(254,778)
Change in other financial liabilities/receivables		26,530	65,135
Change in receivables for held-for-trading financial instruments			7
Change in payables for held-for-trading financial instruments		(3,309)	5,587
Contribution by shareholders			1,103
Parent Company capital increase			339,802
Acquisition of non-controlling interests			(3,900)
CASH FLOWS FROM FINANCING ACTIVITIES *- of which related parties*		**318,738** *4,631*	**392,989** *71,593*
NET CASH FLOWS FOR THE PERIOD		**(374,835)**	**(31,081)**

CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**552,285**	**384,506**
Effect of exchange rate changes on cash and cash equivalents		(7,562)	10,606
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**169,888**	**364,031**


Holland America Line



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 September 2015, 71.6% of the Company's share capital of euro 862,980,725.70 was held by Fintecna S.p.A. (72.5% at 30 June 2015); 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 nine months ended 30 September 2015 (the "Condensed Consolidated Interim Financial Statements"), were approved by the Company's Board of Directors on 10 November 2015.

The current interim management report is not subject to statutory audit.

BASIS OF PREPARATION

The Interim Management Report of the Fincantieri Group as at 30 September 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 September 2015 and 31 December 2014 according to their level in the fair value hierarchy:

	30.09.2015			31.12.2014		
(Euro/000)	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets Available-for-sale financial assets						
Equity instruments			6,383		5,750	952
Debt instruments						
Hedging derivatives		38,023			48,248	
Held-for-trading derivatives						
Total assets		**38,023**	**6,383**		**53,998**	**952**
Liabilities						
Financial liabilities at fair value through profit or loss			16,960			15,649
Hedging derivatives		417,990			276,797	
Held-for-trading derivatives		10,229			13,538	
Total liabilities		**428,219**	**16,960**		**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.

Please note, with reference to the Statement of Comprehensive Income, that "Depreciation and amortization" has been changed to "Depreciation, amortization and impairment", which reports depreciation, amortization and impairment of Intangible assets and Property, plant and equipment, and "Provisions and impairment" has been changed to "Provisions", which reports increases and releases of provisions for risks and of provisions for the impairment of assets other than Intangible assets and Property, plant and equipment. This descriptive change has not involved any reclassifications of the comparative figures.

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.

The scope of consolidation includes the following companies incorporated during the first nine months of 2015:

- Vard Contracting AS incorporated by Vard Group AS in Norway. The new company, 100% owned by Vard Group AS, will perform various shipbuilding services in support of the VARD Group;
- Fincantieri (Shanghai) Trading Co. Ltd., based in Shanghai and 100% owned by FINCANTIERI S.p.A. The new company will be responsible for developing the business in the Chinese market;
- Vard Electro Italy S.r.l., 100% owned by Vard Electro AS and based in Italy. The new company will supply turnkey electrical systems to other companies in the Fincantieri Group;
- Fincantieri Sweden AB, based in Stockholm and 100% owned by FINCANTIERI S.p.A. The new company will be responsible for sales, maintenance and after-sales service in relation to the equipment and systems business;
- Vard Shipholding Singapore Pte. Ltd., based in Singapore. The new company, 100% owned by Vard Holdings Limited, will manage the charter of a Platform Supply Vessel ("PSV"), owned by the company and built at the Vard Vung Tau shipyard in Vietnam.

The following acquisitions also took place:

- 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 current 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 nine months of 2015 or of 2014, except as reported in the Condensed Consolidated Interim Financial Statements as at and for the nine months ended 30 September 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:

	30.09.2015		31.12.2014		30.09.2014	
	Average rate	Closing rate	Average rate	Closing rate	Average rate	Closing rate
US Dollar (USD)	1.1144	1.1203	1.3285	1.2141	1.3549	1.2583
UAE Dirham (AED)	4.0912	4.1126	4.8796	4.4594	4.9764	4.6216
Brazilian Real (BRL)	3.5257	4.4808	3.1211	3.2207	3.1028	3.0821
Norwegian Krone (NOK)	8.8174	9.5245	8.3544	9.0420	8.2761	8.1190
Indian Rupee (INR)	70.8549	73.4805	81.0406	76.7190	82.2624	77.8564
Romanian Leu (RON)	4.4414	4.4176	4.4437	4.4828	4.4471	4.4102
Chinese Yuan (CNY)	6.9641	7.1206	8.1857	7.5358	8.3544	7.7262
Swedish Krona (SEK)	9.3709	9.4083	9.0985	9.3930	9.0405	9.1465

Note 3 - accounting standards

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

As better described in the interim report on operations, the VARD Group terminated the contracts for the construction of two vessels during the period, one of which, pending its sale, has been chartered to DOF since September 2015 through Vard Shipholding Singapore Pte. Ltd., a newly-formed wholly-owned subsidiary, while the other, still under completion, is recorded in inventories. As from the current reporting date, the chartered vessel has been classified under "Assets held for sale", accounted for as follows:

Assets held for sale

These report non-current assets (or disposal groups) whose carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets (or disposal groups) held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

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	Client relationships	Develop-ment costs	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Other intangibles	Intangibles in progress and advances 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	3,348			4,877				8,225
- additions			2,158	957	110	689	13,779	17,693
- net disposals			(134)					(134)
- reclassifications/ other changes			11,977	1,684	22		(13,683)	
- amortization		(13,172)	(4,349)	(2,352)	(173)	(1,054)		(21,100)
- exchange rate differences	(4,962)	(5,160)	(72)	(362)	1,231	5		(9,320)
Closing net carrying amount	**263,583**	**138,729**	**41,568**	**10,600**	**17,023**	**6,518**	**25,986**	**504,007**
- cost	263,583	192,634	54,587	94,226	18,335	12,710	25,986	662,061
- accumulated amortization and impairment losses		(53,905)	(13,019)	(83,626)	(1,312)	(6,192)		(158,054)
Net carrying amount at 30.09.2015	**263,583**	**138,729**	**41,568**	**10,600**	**17,023**	**6,518**	**25,986**	**504,007**

"Goodwill" amounts to euro 263,583 thousand at 30 September 2015, of which euro 71 million allocated to the FMG Group cash-generating unit (CGU) within the Shipbuilding operating segment, and euro 193 million to the VARD Group CGU within the Offshore operating segment. The increase of euro 3,348 thousand is due to the VARD Group's acquisition during the period of ICD Software AS, described in more detail in Note 2. This acquisition has also involved the addition of euro 4,877 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 16,513 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 September 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.

Capital expenditure additions in the first nine months of 2015 amounted to euro 17,693 thousand (euro 20,104 thousand at 30 September 2014), of which euro 12,399 thousand (euro 13,821 thousand at 30 September 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 uder costruction and advaces 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			229					229
- additions	6,455		13,476	58	355	1,291	66,930	88,565
- net disposals	(422)		(499)		(1)	(38)	(400)	(1,360)
- reclassifications/ other changes	(9)		6,629	60	2,164	994	(9,838)	-
- depreciation	(11,038)	(292)	(40,695)	(2,610)	(791)	(3,799)		(59,225)
- impairment losses			(538)					(538)
- exchange rate differences	(12,152)	69	(14,729)		2	237	(1,476)	(28,049)
Closing net carrying amount	**355,813**	**572**	**339,144**	**55,883**	**7,426**	**52,143**	**147,158**	**958,139**
- cost	549,374	2,900	1,111,961	177,437	28,292	156,583	147,158	2,173,705
- accumulated depreciation and impairment losses	(193,561)	(2,328)	(772,817)	(121,554)	(20,866)	(104,440)		(1,215,566)
Net carrying amount at 30.09.2015	**355,813**	**572**	**339,144**	**55,883**	**7,426**	**52,143**	**147,158**	**958,139**

Capital expenditure additions of euro 88,565 thousand in the first nine months of 2015 mainly relate to the continuation of projects started in 2014 at the Marinette and Sturgeon Bay yards in the United States, to the start of work on upgrading hull-building technology and logistical support, particularly at the Monfalcone, Sestri and Ancona 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 nine months of 2014 amounted to euro 89,698 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 upgrade 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	1,348	4,987	**6,335**	130	21	**151**	**6,486**
Revaluations/ (Impairment losses)	457	(59)	**398**				**398**
Exchange rate differences	(1,825)		**(1,825)**		(341)	**(341)**	**(2,166)**
30.09.2015	36,113	21,591	**57,704**	1,111	6,382	**7,493**	**65,197**

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.

Nota 8 - non-current financial assets

These are analyzed as follows:

(Euro/000)	**30.09.2015**	**31.12.2014**
Grants financed by BIIS	27,177	34,110
Derivative assets	57	504
Other non-current financial receivables	90,012	82,719
Non-current financial receivables from investee companies	7,077	7,147
NON-CURRENT FINANCIAL ASSETS	**124,323**	**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)	30.09.2015	31.12.2014
Other receivables from investee companies	566	972
Government grants receivable	1,692	2,011
Other receivables	8,403	11,722
OTHER NON-CURRENT ASSETS	**10,661**	**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)	(552)
Total at 30.09.2015	**16,104**

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	(716)
Through profit or loss	26,128
Through equity	(1,082)
Impairment losses	
Through other comprehensive income	
Other changes	
Exchange rate differences	767
30.09.2015	**166,011**

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, since 2013, in the tax consolidation with CDP by the Parent Company and its subsidiaries Fincantieri Oil&Gas S.p.A. and Isotta Fraschini Motori S.p.A..

Movements in deferred tax liabilities are analyzed as follows:

(Euro/000)	Total
01.01.2015	**84,277**
Business combinations	
Through profit or loss	(862)
Through equity	(5,233)
Impairment losses	
Through other comprehensive income	
Other changes	718
Exchange rate differences	984
30.09.2015	**79,884**

Note 11 - inventories and advances

These are analyzed as follows:

(Euro/000)	30.09.2015	31.12.2014
Raw materials and consumables	205,446	178,137
Work in progress and semi-finished goods	26,104	12,972
Finished products	6,408	6,191
Merchandise		
Total inventories	**237,958**	**197,300**
Advances to suppliers	218,019	191,167
TOTAL INVENTORIES AND ADVANCES	**455,977**	**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	2,051	
Utilizations	(1,181)	(1)
Releases	(128)	
Exchange rate differences	19	71
30.09.2015	**14,603**	**2,730**

Note 12 - construction contracts – net assets and liabilities

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

	30.09.2015			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	4,977,597	2,745,004	2,232,593	3,459,144	1,819,107	1,640,037
Other contracts for third parties	30,573	17,170	13,403	19,755	10,514	9,241
Total	**5,008,170**	**2,762,174**	**2,245,996**	**3,478,899**	**1,829,621**	**1,649,278**

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

	30.09.2015			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	3,769,978	4,263,844	493,866	4,819,305	5,318,735	499,430
Other contracts for third parties	130,320	137,847	7,527	154,843	164,038	9,195
Client advances		18,452	18,452		27,976	27,976
Total	**3,900,298**	**4,420,143**	**519,845**	**4,974,148**	**5,510,749**	**536,601**

Note 13 - trade receivables and other current assets

These are analyzed as follows:

(Euro/000)	30.09.2015	31.12.2014
Trade receivables	500,112	610,140
Receivables from controlling companies (tax consolidation)	3,462	23,443
Government grants receivable	14,661	14,111
Other sundry receivables	62,931	90,831
Indirect tax receivables	29,972	42,639
Firm commitments	154,055	157,802
Accrued income	21,374	35,750
Prepayments	598	335
TOTAL TRADE RECEIVABLES AND OTHER CURRENT ASSETS	**787,165**	**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 provisions for impairment of receivables are as follows:

(Euro/000)	Provision for impairment of trade receivables	Provision for past due interest	Provision for impairment of other receivables	**Total**
01.01.2015	**34,618**	**63**	**6,282**	**40,963**
Business combinations				
Utilizations	(2,611)		(47)	(2,658)
Increases/(Releases)	318		190	508
Exchange rate differences	374			374
Through other comprehensive income				
30.09.2015	**32,699**	**63**	**6,425**	**39,187**

"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 analysed as follows:

(Euro/000)	**30.09.2015**	**31.12.2014**
Receivables for Italian corporate income taxation (IRES)	48,466	46,825
Receivables for Italian regional tax on productive activities (IRAP)	2,960	2,318
Foreign tax receivables	3,606	5,389
TOTAL INCOME TAX ASSETS	**55,032**	**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 30.09.2015	**2,042**

Note 15 - current financial assets

These are analyzed as follows:

(Euro/000)	30.09.2015	31.12.2014
Derivative assets	37,966	47,744
Other receivables	57,924	79,419
Government grants financed by BIIS	6,933	6,680
Accrued interest income	348	2,426
Prepaid interest and other financial expense		424
TOTAL CURRENT FINANCIAL ASSETS	**103,171**	**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 period.

Note 16 - cash and cash equivalents

These are analyzed as follows:

(Euro/000)	30.09.2015	31.12.2014
Bank and postal deposits	169,775	552,178
Checks		
Cash on hand	113	107
TOTAL CASH AND CASH EQUIVALENTS	**169,888**	**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 - assets held for sale

This line item, amounting to euro 23,208 thousand, mainly refers to a ship built by the VARD Group at the Vard Vung Tau yard in Vietnam, the contract for which was subsequently terminated after the company that had ordered it filed for bankruptcy. In September 2015, pending its sale, this ship was chartered to DOF through Vard Shipholding Singapore Pte. Ltd., a newly-formed wholly-owned subsidiary company.

Note 18 - equity

EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT

The composition of equity is analyzed in the following table:

(Euro/000)	30.09.2015	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	(37)	(194)
Available-for-sale fair value reserve	(226)	(226)
Currency translation reserve	(75,267)	(81,401)
Other reserves and retained earnings	387,671	319,907
Profit/(loss) for the period	(96,028)	66,935
	1,222,985	**1,310,017**
Attributable to non-controlling interests		
Capital and reserves	257,439	267,953
Available-for-sale fair value reserve	(180)	(180)
Currency translation reserve	(6,773)	(36,243)
Profit/(loss) for the period	(98,507)	(11,655)
	151,979	**219,875**
TOTAL EQUITY	**1,374,964**	**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 ended on 31 August 2015, as specified in 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 were made available by the Selling Shareholder Fintecna S.p.A. to subscribers who had been allotted Shares under the Italian Public Offering, and had 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 had remained deposited with a Bookrunner or other authorized intermediaries participating in the centralized management system of Monte

Titoli S.p.A.. The allotment of the bonus shares took place on 30 September 2015 and, as a result of the applications received, a total of 14,735,406 ordinary shares were allotted, of which 14,272,716 to the general public and 462,690 to Fincantieri employees.

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 1,857 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:

	30.09.2015			30.09.2014		
(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	211	(54)	157	320	(88)	232
Gains/(losses) from remeasurement of employee defined benefit plans	3,737	(1,028)	2,709	(1,570)	432	(1,138)
Gains/(losses) arising from changes in OCI of investments accounted for using the equity method			-	(2,420)		(2,420)
Gains/(losses) arising on translation of financial statements of foreign operations	29,660	5,233	34,893	24,389	(46)	24,343
Total other comprehensive income/(losses)	**33,608**	**4,151**	**37,759**	**20,719**	**298**	**21,017**

(Euro/000)	30.09.2015	31.12.2014
Effective portion of profits/(losses) arising in period on cash flow hedging instruments	(37)	(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	**211**	**800**
Tax effect for other components of comprehensive income	**(54)**	**(234)**
TOTAL OTHER COMPREHENSIVE INCOME/(LOSSES), NET OF TAX	**157**	**566**

Note 19 - 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					22	22
Increases	20,573	15,659		1,633	620	38,485
Utilizations	(16,396)	(16,963)			(263)	(33,622)
Releases		(15,215)			(1,562)	(16,777)
Exchange rate differences	(33)	133		(121)	(449)	(470)
30.09.2015	**46,976**	**38,908**	**111**	**1,512**	**28,616**	**116,123**
Non-current portion	*45,926*	*30,495*	*111*		*25,719*	*102,251*
Current portion	*1,050*	*8,413*		*1,512*	*2,897*	*13,872*

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 8,474 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.

Note 20 - employee benefits

Movements in this line item are as follows:

(Euro/000)	30.09.2015	31.12.2014
Opening balance	**62,220**	**60,486**
Business combinations		
Interest cost	992	1,925
Actuarial (gains)/losses	(3,126)	7,717
Utilizations for benefits and advances paid	(3,737)	(7,677)
Staff transfers and other movements	730	(222)
Exchange rate differences	(3)	(9)
Closing balance	**57,076**	**62,220**
Plan assets	**(63)**	**(79)**
Closing balance	**57,013**	**62,141**

Note 21 - non-current financial liabilities

These are analyzed as follows:

(Euro/000)	30.09.2015	31.12.2014
Bond	297,411	296,835
Bank loans and credit facilities - non-current portion	299,002	290,364
Loans from BIIS - non-current portion	27,177	34,110
Liabilities to other lenders	2,591	1,040
Finance lease obligations	33	310
Financial liabilities for the acquisition of equity investments		11,770
Derivative liabilities	7,272	18,489
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**633,486**	**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.

With reference to "Bank loans and credit facilities - non-current portion", during the first nine months 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, the Parent Company has obtained three more medium/long-term loans, the first for euro 35 million, repayable in 7 semi-annual installments starting from December 2015 until final maturity in December 2018, the second for euro 25 million, repayable in 6 semi-annual installments from December 2016 to June 2019, and the third for euro 15 million, repayable in 6 semi-annual instalments from June 2015 to December 2018, all of which used to make an early repayment of the outstanding balance of euro 60 million on an existing medium/long-term loan. 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 22 - other non-current liabilities

These are analyzed as follows:

(Euro/000)	30.09.2015	31.12.2014
Capital grants	29,357	28,282
Other liabilities	17,275	17,224
TOTAL OTHER NON-CURRENT LIABILITIES	**46,632**	**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 23 - trade payables and other current liabilities

These are analyzed as follows:

(Euro/000)	30.09.2015	31.12.2014
Payables to suppliers	975,310	1,046,825
Social security payables	32,864	29,574
Other payables for deferred employee remuneration	71,214	65,004
Other payables	42,450	79,269
Indirect tax payables	10,427	20,494
Firm commitments	20,946	27,397
Accrued expenses	5,880	8,838
Deferred income	926	24
TOTAL TRADE PAYABLES AND OTHER CURRENT LIABILITIES	**1,160,017**	**1,277,425**

"Social security payables" include amounts due to INPS (the Italian social security authorities) for employer and employee contributions on September 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, 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 24 - current financial liabilities

These are analyzed as follows:

(Euro/000)	30.09.2015	31.12.2014
Bank loans and credit facilities - current portion	45,101	44,707
Loans from BIIS - current portion	6,933	6,680
Bank loans and credit facilities - Construction loans	995,056	847,454
Other short-term bank debt	98,000	
Liabilities to other lenders - current portion	346	290
Bank credit facilities repayable on demand	64,885	31,962
Financial liabilities for the acquisition of equity investments	11,770	
Payables to joint ventures	911	337
Finance lease obligations - current portion	375	337
Fair value of options on equity investments	16,960	15,649
Derivative liabilities	420,947	271,846
Accrued interest expense	10,738	2,359
TOTAL CURRENT FINANCIAL LIABILITIES	**1,672,022**	**1,221,621**

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 been drawn down by euro 88 million at 30 September 2015, with the remainder of "Bank loans and credit facilities - Construction loans" at this date referring to construction loans drawn down by the VARD Group.

"Other short-term bank debt" at 30 September 2015 reflects committed lines drawn down by the Parent Company (euro 55 million) and hot money (euro 43 million), while "Bank credit facilities repayable on demand" mainly refer to the drawdown of revocable lines of credit by different companies in the VARD Group.

"Financial liabilities for the acquisition of equity investments" have been reclassified from non-current financial liabilities (see Note 21).

"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 25 - revenue and income

These are analyzed as follows:

(Euro/000)	30.09.2015	30.09.2014
Operating revenue	**2,991,183**	**2,884,551**
Other revenue and income		
Gains on disposal	149	479
Sundry revenue and income	34,211	35,275
Government grants	6,535	14,314
Total other revenue and income	**40,895**	**50,068**
TOTAL REVENUE AND INCOME	**3,032,078**	**2,934,619**

Operating revenue includes euro 225 million for the "Change in construction contracts" in the first nine months of 2015 (euro 1,311 million in the first nine months of 2014).

Note 26 - operating costs

MATERIALS, SERVICES AND OTHER COSTS

Materials, services and other costs are analyzed as follows:

(Euro/000)	30.09.2015	30.09.2014
Raw materials and consumables	(1,644,259)	(1,544,957)
Services	(649,991)	(502,211)
Leases and rentals	(33,152)	(29,024)
Change in inventories of raw materials and consumables	22,767	8,362
Change in work in progress	233	617
Change in inventories of finished products	2,313	6,837
Other operating costs	(79,397)	(62,712)
Total materials, services and other costs	**(2,381,486)**	**(2,123,088)**
Capitalization of internal costs	**9,944**	**12,958**
TOTAL OPERATING COSTS	**(2,371,542)**	**(2,110,130)**

PERSONNEL COSTS

(Euro/000)	30.09.2015	30.09.2014
Personnel costs:		
- wages and salaries	(476,228)	(449,081)
- social security	(144,175)	(140,136)
- costs for defined contribution plans	(25,674)	(24,314)
- other personnel costs	(23,096)	(19,441)
Personnel costs capitalized in fixed assets	2,445	4,570
Total personnel costs	**(666,728)**	**(628,402)**

"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 20,868 employees at 30 September 2015, broken down as follows:

(number)	30.09.2015	30.09.2014
Employees at period end:		
Total at period end	20,868	21,746
- of whom in Italy	7,733	7,718
- of whom in Parent Company	7,303	7,409
- of whom in VARD	10,869	11,819
Average number of employees	21,488	20,998
- of whom in Italy	7,699	7,679
- of whom in Parent Company	7,293	7,374
- of whom in VARD	11,561	11,215

DEPRECIATION, AMORTIZATION AND IMPAIRMENT AND PROVISIONS

(Euro/000)	30.09.2015	30.09.2014
Depreciation and amortization:		
- amortization of intangible assets	(21,103)	(17,213)
- depreciation of property, plant and equipment	(59,221)	(57,441)
Impairment:		
- impairment of goodwill		
- impairment of intangible assets		
- impairment of property, plant and equipment		
Total depreciation, amortization and impairment	**(80,324)**	**(74,654)**
Provisions:		
- other impairment losses	(538)	(50)
- impairment of receivables	(1,069)	(2,318)
- increases in provisions for risks and charges	(38,078)	(37,423)
- release of provisions and impairment reversals	17,889	15,521
Total provisions	**(21,796)**	**(24,270)**

A breakdown of depreciation and amortization expense is provided in Notes 5 and 6.
Details of provisions can be found in Notes 9, 13 and 19.

Note 27 - finance income and costs

These are analyzed as follows:

(Euro/000)	30.09.2015	30.09.2014
FINANCE INCOME		
Interest and other income from financial assets	2,398	3,233
Income from derivative financial instruments	11	303
Interest/actuarial gains on employee benefit plans		
Bank interest and fees and other income	3,950	5,745
Foreign exchange gains	37,733	7,313
Total finance income	**44,092**	**16,594**
FINANCE COSTS		
Interest and fees charged by related parties	(982)	(1,595)
Expenses from derivative financial instruments	(8,139)	(71)
Interest on employee benefit plans	(710)	(1,243)
Interest and fees on bonds	(8,990)	(8,965)
Interest and fees on construction loans	(27,504)	(18,597)
Bank interest and fees and other expense	(22,818)	(22,526)
Foreign exchange losses	(84,009)	(13,902)
Total finance costs	**(153,152)**	**(66,899)**
TOTAL FINANCE INCOME AND COSTS	**(109,060)**	**(50,305)**

"Finance income" includes euro 1,022 thousand (euro 703 thousand in the first nine months 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 28 - 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 29 - other information

NET FINANCIAL POSITION

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

(Euro/000)	30.09.2015	31.12.2014
A. Cash	113	107
B. Other cash equivalents	169,775	552,178
C. Held-for-trading securities		
D. Cash and cash equivalents (A)+(B)+(C)	**169,888**	**552,285**
E. Current financial receivables	**58,272**	**82,269**
- of which related parties	*1,656*	*1,396*
F. Current bank debt	(162,885)	(31,962)
G. Current portion of non-current debt	(55,839)	(47,071)
- of which related parties	*(2,150)*	*(1,425)*
H. Other current financial liabilities	(13,402)	(959)
- of which related parties	*(12,681)*	*(337)*
I. Current debt (F)+(G)+(H)	**(232,126)**	**(79,992)**
J. Net current debt (D)+(E)+(I)	**(3,966)**	**554,562**
K. Non-current financial receivables	**97,089**	**89,866**
- of which related parties	***6,923***	***7,147***
L. Non-current bank debt	(299,002)	(290,364)
- of which related parties	*(9,223)*	*(5,855)*
M. Bond	(297,411)	(296,835)
N. Other non-current financial liabilities	(2,624)	(13,120)
- of which related parties		*(11,770)*
O. Non-current debt (L)+(M)+(N)	**(599,037)**	**(600,319)**
P. Net non-current debt (K)+(O)	**(501,948)**	**(510,453)**
Q. Net financial position (J)+(P)	**(505,914)**	**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)	30.09.2015	31.12.2014
Net financial position	**(505,914)**	**44,109**
Non-current financial receivables	(97,089)	(89,866)
Construction loans	(995,056)	(847,454)
Net financial position as per ESMA recommendation	**(1,598,059)**	**(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 nine months of 2015 and of 2014; these amounts, presented before tax effects, have been classified in the following line items:

(Euro/000)		30.09.2015	30.09.2014
Description	**Income statement line**		
Costs associated with the "Extraordinary Wage Guarantee Fund"	Personnel costs	3,005	8,573
Costs relating to reorganization plans	Materials, services and other costs	1,721	901
	Personnel costs	5,992	2,714
	Provisions	1,633	
Provisions for costs and legal expenses associated with asbestos-related lawsuits	Materials, services and other costs	1,762	1,618
	Provisions	19,923	18,376
Other non-recurring income and expenses	Materials, services and other costs	6	3,056
Total extraordinary and non-recurring income and expenses		**34,042**	**35,238**

Extraordinary and non-recurring income and expenses are presented before tax effects of euro 8,487 thousand at 30 September 2015 (euro 9,790 thousand at 30 September 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 nine months 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 nine months ended 30 September 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	**30.09.2015**							
(Euro/000)	Non-current financial assets	Current financial assets	Ad-vances (*)	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.				298				
CASSA DEPOSITI E PRESTITI S.p.A.				3,462		(9,223)	(2,150)	(28)
TOTAL CONTROLLING COMPANIES				**3,760**		**(9,223)**	**(2,150)**	**(28)**
ORIZZONTE SISTEMI NAVALI S.p.A.				125,906			(911)	(2,443)
ETIHAD SHIP BUILDING LLC				12,391				(506)
TOTAL JOINT VENTURES				**138,297**			**(911)**	**(2,949)**
BRIDGE EIENDOM AS	451							
REM SUPPLY AS	560	6						
OLYMPIC GREEN ENERGY KS		1,323						
DOF ICEMAN AS	5,912							
BREVIK TECHNOLOGY AS		314						
CSS DESIGN					566			
OLYMPIC CHALLENGER KS		13						
CASTOR DRILLING SOLUTION AS								
TOTAL ASSOCIATES	**6,923**	**1,656**			**566**			
CDP IMMOBILIARE S.r.l.**				3,250				
TIRRENIA DI NAVIGAZIONE S.p.A.				10,760				
SIMEST S.p.A.							(11,770)	(290)
SACE S.p.A.								
PENSION FUND FOR SENIOR MANAGERS OF FINCANTIERI S.p.A.								(825)
COMETA NATIONAL PENSION FUND								(2,665)
OTHER								(48)
TOTAL CDP GROUP				**14,010**			**(11,770)**	**(3,828)**
HORIZON SAS				968				
FINMECCANICA GROUP			1,451	2,077				(7,445)
ENI GROUP				836				(1,084)
ENEL GROUP				348				
OTHER COMPANIES CONTROLLED BY MINISTRY OF ECONOMY AND FINANCE				843				(51)
TOTAL OTHER RELATED PARTIES			**1,451**	**5,072**				**(8,580)**
TOTAL RELATED PARTIES	**6,923**	**1,656**	**1,451**	**161,139**	**566**	**(9,223)**	**(14,831)**	**(15,385)**
TOTAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION	124,323	103,171	218,019	787,165	10,661	(633,486)	(1,672,022)	(1,160,017)
% on consolidated statement of financial position	*6%*	*2%*	*1%*	*20%*	*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			
OLYMPIC CHALLENGER KS								
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)
ENEL GROUP								
OTHER COMPANIES CONTROLLED BY MINISTRY OF ECONOMY AND FINANCE								
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	30.09.2015				
(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.			(85)		(78)
TOTAL CONTROLLING COMPANIES			**(85)**		**(78)**
ORIZZONTE SISTEMI NAVALI S.p.A.	284,604	570	(16)		(437)
ETIHAD SHIP BUILDING LLC	3,842	401	(851)		
TOTAL JOINT VENTURES	**288,446**	**971**	**(867)**		**(437)**
BREVIK TECHNOLOGY AS				4	
REM SUPPLY AS				27	
OLYMPIC GREEN ENERGY KS				72	
DOF ICEMAN AS				158	
TOTAL ASSOCIATES				**261**	
TIRRENIA DI NAVIGAZIONE S.p.A.					
SIMEST S.p.A.			(696)		
SACE S.p.A.					(147)
SACE BT S.p.A.					(320)
PENSION FUND FOR SENIOR MANAGERS OF FINCANTIERI S.p.A.			(2,836)		
COMETA NATIONAL PENSION FUND			(5,947)		
FONDO STRATEGICO ITALIANO S.p.A.		9			
OTHER			(96)		
TOTAL CDP GROUP		**9**	**(9,575)**		**(467)**
HORIZON SAS		32			
FINMECCANICA GROUP	220	9	(12,229)		
ENI GROUP	389	55	(7,052)		
ENEL GROUP	336				
OTHER COMPANIES CONTROLLED BY MINISTRY OF ECONOMY AND FINANCE	1,189		(114)		
TOTAL OTHER RELATED PARTIES	**2,134**	**96**	**(19,395)**		
TOTAL RELATED PARTIES	**290,580**	**1,076**	**(29,922)**	**261**	**(982)**
TOTAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	2,991,183	40,895	(2,371,542)	44,092	(153,152)
% on consolidated statement of comprehensive income	*10%*	*3%*	*1%*	*1%*	*1%*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30.09.2014				
(Euro/000)	Operating revenue	Other revenue and income	Materials, services and other costs	Finance income	Finance costs
FINTECNA S.p.A.		249	(26)		(132)
CASSA DEPOSITI E PRESTITI S.p.A.			(2)		(32)
TOTAL CONTROLLING COMPANIES		**249**	**(28)**		**(164)**
ORIZZONTE SISTEMI NAVALI S.p.A.	231,211	1,494	(108)		(1,463)
ETIHAD SHIP BUILDING LLC	18	675	(1,532)		
TOTAL JOINT VENTURES	**231,229**	**2,169**	**(1,640)**		**(1,463)**
BREVIK TECHNOLOGY AS					
REM SUPPLY AS				35	
OLYMPIC GREEN ENERGY KS				54	
DOF ICEMAN AS				169	
TOTAL ASSOCIATES				**258**	
TIRRENIA DI NAVIGAZIONE S.p.A.	20				
SIMEST S.p.A.			(522)		
SACE S.p.A.					(607)
SACE BT S.p.A.					(1,000)
PENSION FUND FOR SENIOR MANAGERS OF FINCANTIERI S.p.A.			(2,717)		
COMETA NATIONAL PENSION FUND			(5,328)		
OTHER			(79)		
TOTAL CDP GROUP	**20**		**(8,646)**		**(1,607)**
HORIZON SAS		31			
FINMECCANICA GROUP	43		(2,631)		
ENI GROUP			(539)		
OTHER COMPANIES CONTROLLED BY MINISTRY OF ECONOMY AND FINANCE			(19)		
TOTAL OTHER RELATED PARTIES	**43**	**31**	**(3,189)**		
TOTAL RELATED PARTIES	**231,292**	**2,449**	**(13,503)**	**258**	**(3,234)**
TOTAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	2,884,551	50,068	(2,110,130)	16,594	(66,899)
% on consolidated statement of comprehensive income	*8%*	*5%*	*1%*	*2%*	*5%*

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 nine months 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.

In addition, in August 2015 Cassa Depositi e Prestiti S.p.A. granted Fincantieri S.p.A. a revolving credit line, undrawn at the current reporting date, for a maximum amount of euro 100 million to finance research, development and innovation programs forming part of shipyard technological upgrades.

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 and to the receipt of euro 3,724 thousand for the first tranche of the subsidized loan relating to the "Ecomos" technological innovation project.

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

During the first nine months of 2015, Directors, Statutory Auditors, General Managers and other Key Management Personnel were paid a total of euro 5,051 thousand in remuneration, of which euro 3,328 thousand classified in personnel costs and euro 1,723 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		**30.09.2015**	**30.09.2014**
Profit/(loss) attributable to owners of the parent	Euro/000	(96,028)	41,524
Weighted average number of shares outstanding	Number	1,692,119,070	1,390,470,718
Basic/Diluted Earnings/(Loss) Per Share	**Euro**	**(0.05675)**	**0.02986**

Diluted earnings per share are the same as basic earnings per share since there is no dilution.

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 until the end of 2015 in order to overcome the current stalemate primarily 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 of GBP 2.3 million. 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 the arbitration awards in Italy. In July 2015, Fincantieri 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, at the start of February 2015 Fincantieri duly 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 (which, as erroneously recognized by the Arbitration Panel, places a latent constraint on Fincantieri's freedom to do business); however, following the first hearing (in October 2015), the judge ordered a new summons to be sent, noting that the documentation received from the notifications office in the British Virgin Islands was not sufficient to ascertain the successful outcome of the previous summons. This obligation has therefore been complied with and the first hearing has been scheduled for the end of July 2016. The favorable opinion expressed by our lawyers about these court cases 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 and subsequently postponed to the end of August 2015, should occur by the end of October 2015.

Italian litigation

Client credit recovery

In March 2015, we received a fifth distribution of around euro 530 thousand from the special administration of Micoperi S.p.A., followed by another euro 22 thousand in August. 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;
- in September 2015, notices of conclusion of preliminary investigations were served not only on the former shipyard manager of Monfalcone and three other employees under investigation for violation of art. 19, letter f), and art. 71 of Italian Legislative Decree no. 81/2008 (respectively concerning breach of management obligations and failure to provide suitable personal protective equipment) and in general of art. 2087 of the Italian Civil Code (failure to adopt suitable measures to protect worker health), but also on the Company itself, under art. 25-septies, par. 1, of Italian Legislative Decree no. 231/2001, in connection with an accident on 24 November 2009 at the Monfalcone shipyard involving an employee, resulting in a sprained shoulder for a year.

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 been largely 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 30 – cash flows from operating activities

These are analyzed as follows:

(Euro/000)	30.09.2015	30.09.2014
Profit/(loss) for the period	(194,535)	42,525
Depreciation and amortization	80,325	74,654
(Gains)/losses from disposal of property, plant and machinery	1,087	(421)
(Revaluation)/impairment of intangible assets and equity investments	140	(2,518)
Increases/(releases) of provisions for risks and charges	21,708	20,488
Capitalized interest expense		2,522
Interest on employee benefits	991	1,343
Interest income	(6,348)	(8,978)
Interest expense	60,294	51,653
Income taxes	(22,823)	6,624
Unrealized foreign exchange losses	41,919	
Gross cash flows from operating activities	**(17,242)**	**187,892**
CHANGES IN WORKING CAPITAL		
- inventories	(76,111)	(77,277)
- construction contracts	(541,848)	(195,340)
- trade receivables	112,111	2,698
- other current assets and liabilities	111,274	(9,739)
- other non-current assets and liabilities	(1,470)	(617)
- client advances	(11,210)	(31,267)
- trade payables	(74,527)	(28,979)
Cash flows from working capital	**(499,023)**	**(152,629)**
Dividends received		
Dividends paid		(10,000)
Interest income received	7,351	8,814
Interest expense paid	(50,337)	(45,749)
Income taxes paid	1,888	(29,745)
Utilization of provisions for risks and charges and for employee benefits	(35,982)	(75,798)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**(576,103)**	**(305,107)**
- of which related parties	*(55,946)*	*(82,802)*

Nota 31 – 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 products sold.

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, amortization and impairment, (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 September 2015 and 30 September 2014 are reported in the following pages:

	30.09.2015				
(Euro/000)	Shipbuilding	Offshore	Equipment, Systems and Services	Other Activities	Group
Segment revenue	**2,109,755**	**846,771**	**149,279**	**832**	**3,106,637**
Intersegment elimination	(21,781)	(11,554)	(40,456)	(768)	(74,559)
Revenue (*)	**2,087,974**	**835,217**	**108,823**	**64**	**3,032,078**
EBITDA	**25,975**	**(16,106)**	**18,652**	**(22,467)**	**6,054**
EBITDA margin	***1.2%***	***(1.9)%***	***12.5%***		***0.2%***
Depreciation, amortization and impairment					(80,324)
Finance income					44,092
Finance costs					(153,152)
Income/(expense) from investments					(378)
Share of profit/(loss) of investments accounted for using the equity method					392
Income taxes					22,823
Extraordinary and non-recurring income and expenses					(34,042)
Profit/(loss) for the period					**(194,535)**

(*) 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" can be found in the relevant table in Note 29.

	30.09.2014				
(Euro/000)	Shipbuilding	Offshore	Equipment, Systems and Services	Other Activities	Group
Segment revenue	**1,854,784**	**990,757**	**129,265**		**2,974,806**
Intersegment elimination	(5,836)		(34,351)		(40,187)
Revenue (*)	**1,848,948**	**990,757**	**94,914**		**2,934,619**
EBITDA	**124,618**	**88,503**	**13,363**	**(19,429)**	**207,055**
EBITDA *margin*	***6.7%***	***8.9%***	***10.3%***		***7.1%***
Depreciation, amortization and impairment					(74,654)
Finance income					16,594
Finance costs					(66,899)
Income/(expense) from investments					(277)
Share of profit/(loss) of investments accounted for using the equity method					2,568
Income taxes					(6,624)
Extraordinary and non-recurring income and expenses					(35,238)
Profit/(loss) for the period					**42,525**

(*) 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" can be found in the relevant table in Note 29.

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

(Euro/million)	30.09.2015	31.12.2014
Italy	589	566
Other countries	369	393
Total Property, plant and equipment	**958**	**959**

Capital expenditure in the first nine months of 2015 on Intangible assets and Property, plant and equipment amounted to euro 106 million, of which euro 76 million in Italy and the remainder in other countries.

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

(Euro/million)	30.09.2015		30.09.2014	
	Revenue and income	%	Revenue and income	%
Italy	460	15%	545	19%
Other countries	2,572	85%	2,390	81%
Total Revenue and income	**3,032**		**2,935**	

The following table shows those clients 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)	30.09.2015		30.09.2014	
	Revenue and income	%	Revenue and income	%
Client 1	652	22%	699	24%
Client 2	336	11%	324	11%
Total Revenue and income	**3,032**		**2,935**	

Note 32 – events after 30 september 2015

On 15 October 2015, Fincantieri announced that VARD had issued a Profit Warning regarding its financial results for the third quarter and full year 2015 due to operational challenges at its Brazilian shipyards combined with the negative trend in the Brazilian economic and political environment.
On 16 October 2015, LCS 5 ("Milwaukee") was handed over at a ceremony at the FMG Group's Marinette Marine shipyard in the United States. Milwaukee belongs to the "Freedom" class in the LCS program, awarded in 2010 to Marinette under the partnership between Fincantieri and Lockheed Martin, number one in the United States defense sector. The program involves the supply of a new generation of multi-role mid-size innovative vessels, suitable for use in different types of missions.
On 30 October 2015, "Seven Seas Explorer", the first super-luxury cruise ship that Fincantieri is building for Regent Seven Seas Cruises, was launched at the shipyard in Sestri Ponente. Interior fitting has now begun, with the ship scheduled for delivery in summer 2016.
On 9 November 2015, Mr. Andrea Mangoni tendered his resignation as Director of the Board and General Manager of Fincantieri. The Company is unaware of the reasons for this resignation.

Companies included in the scope of consolidation

COMPANY NAME Principal activity	Registered office	Share capital		(%) interest held		% con-solidated by Group
SUBSIDIARIES CONSOLIDATED LINE-BY-LINEE						
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. Marine 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-sales 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 Servicing and sale of spare parts	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-sales services relating to fast medium-duty diesel enginesa	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. Design, technical support and marketing	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
FINCANTIERI SWEDEN AB Sale, maintenance and after-sales service for a series of systems, equipment and related activities	Sweden	SEK	5,000,000.00	100.00	Fincantieri S.p.A.	100.00
FINCANTIERI (SHANGHAI) TRADIND Co. Ltd Engineering design, consulting and development	China	RMB	3,500,000.00	100.00	Fincantieri 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 Shipbuildingi	Norway	NOK	100,000.00	100.00	Vard Holdings Ltd.	55.63
VARD SHIPHOLDING SINGAPORE Pte. Ltd. Charter of boats, ships and barges	Singapore	USD	1.00	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 ELECTRO ITALY S.r.l. Installation, production, sale and assistance for electrical equipment and parts	Genoa (Italy)	EUR	200,000.00	100.00	Vard Electro 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	272,783,790.00	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

COMPANY NAME Principal activity	**Registered office**	**Share capital**		**(%) interest held**		**% con-solidated by Group**
VARD SINGAPORE Pte. Ltd. Holding company	Singapore	USD	6,000,000.00	100.00	Vard Group AS	55.63
VARD DESIGN AS Design and engineeringa	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	51.00	Vard Group AS	28.37
VARD SEAONICS HOLDING AS Holding company	Norway	NOK	30,000.00	100.00	Vard Group AS	55.63
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
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	Brasile	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 Tulcea SA	55.63
VARD TULCEA SA Shipbuilding	Romania	RON	151,606,459.00	99.99	Vard RO Holding S.r.l.	55.63
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. Ingegneria	Romania	RON	1,408,000.00	70.00 30.00	Vard RO Holding S.r.l. Vard Braila SA	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

COMPANY NAME Principal activity	**Registered office**	**Share capital**		**(%) interest held**		**% consolidated by Group**
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. Design and engineering	Canada	CAD	12,783,700.00	100.00	Vard Group AS	55.63
VARD MARINE US INC. Design and 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
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

COMPANY NAME Principal activity	Registered office	Share capital		(%) interest held		% con-solidated by Group
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	34.07	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/British Virgin Islands	GBP	100.00	31.00	Vard Marine Inc.	17.25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management representation on the interim management report at 30 september 2015 by the manager responsible for preparing financial reports pursuant to art. 154-bis, par. 2 of italian legislative decree no. 58/98 as amended

The undersigned Carlo Gainelli, as the Manager Responsible for Preparing Financial Reports of FINCANTIERI S.p.A. ("Fincantieri") represents, in accordance with the provisions of art. 154-bis, par. 2 of Italian Legislative Decree no. 58/1998, as amended, that the Interim Management Report at 30 September 2015 corresponds to the underlying accounting records and books of account.

10 November 2015

manager responsible for
preparing financial reports

Carlo Gainelli

FINCANTIERI

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