

half-year financial report

at 30 june 2014



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

(Italian Legislative Decree 231/01)

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

(*) Appointed with effect from 3 July 2014.

(**) Appointed on 26 May 2014 in place of Giovanni Masini, who resigned.

(***) Members of the Remuneration Committee

(****) Appointed by resolution of the General Meeting of Shareholders held on 28 February 2014









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 it is the intention for such statements to create any type of reliance and/or induce such users to invest in the Company.

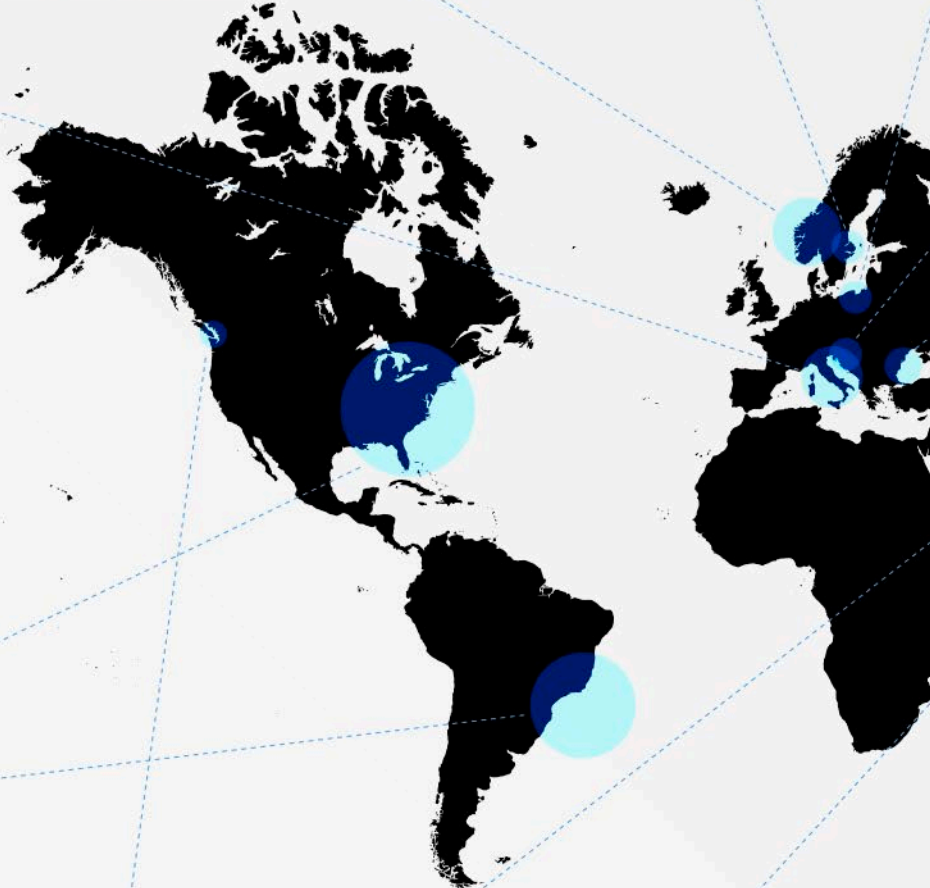
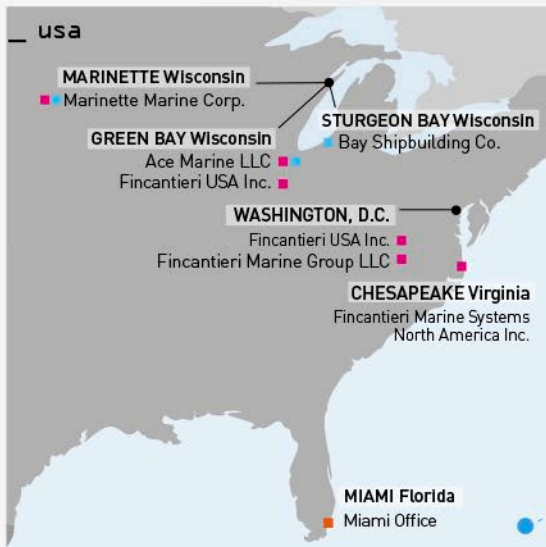


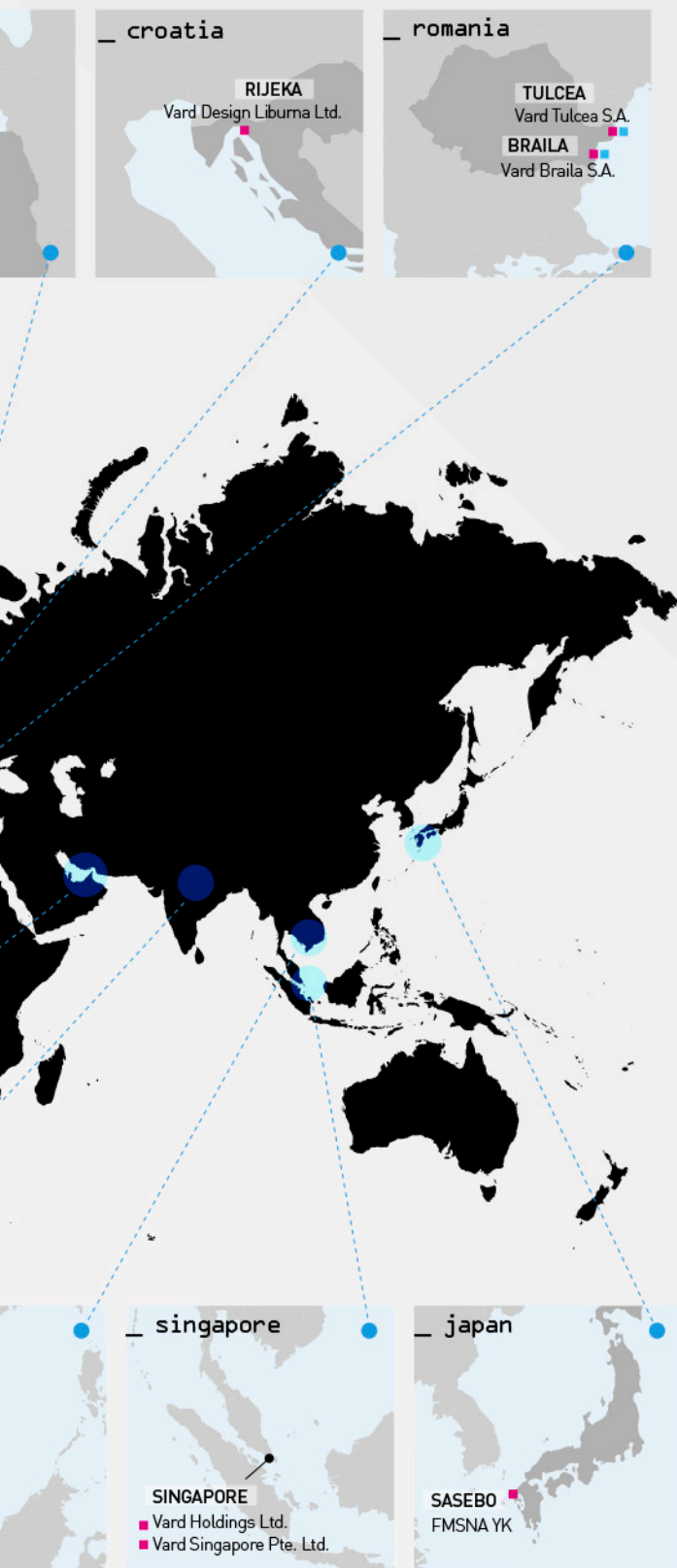
Overview

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

SEGMENTS	SHIPBUILDING					OFFSHORE	EQUIPMENT, SYSTEMS AND SERVICES		OTHER
BUSINESS AREAS									
	Cruise ships	Ferries	Ship repairs and conversions	Naval Vessels	Mega Yachts	Offshore	Equipment and systems	After-sales	
PRODUCT PORTFOLIO	Luxury/niche Upper premium Premium Contemporary	Fast Ferries Cruise ferries Ro-Pax	Repair Refitting Conversion Refurbishment	Aircraft carrier Submarines Destroyers Frigates Corvettes Patrol vessels Amphibious ships Logistic support Special vessels Barge for the transportation of oil and dry cargoes	Luxury yachts >60m	Offshore Support Vessels Construction vessels Drilling vessels	Steam turbines Stabilization, propulsion, dynamic positioning and power generation systems Automation systems Cabins	After-sales services • Integrated logistic support • In-service of warranty service Product lifecycle management Training and assistance	
	FINCANTIERI S.p.A. • Monfalcone • Marghera • Sestri Ponente • Ancona • Castellammare di Stabia • Palermo • Trieste • Integrated naval shipyard Riva Trigoso and Muggiano 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 Participações S.A. Fincantieri Holding BV					Fincantieri Oil&Gas S.p.A. FINCANTIERI S.p.A. Vard Holdings Ltd. Vard Group A.S. • Aukra • Langsten • Brattvaag • Brevik • Søviknes Vard Tulcea S.A. • Tulcea Vard Niterói S.A. • Niterói Vard Promar S.A. • Promar Vard Vung Tau Ltd. • Vung Tau Vard Electro A.S. Vard Design A.S. Vard Piping A.S. Vard Accommodation A.S. Vard Braila S.A. Vard Marine Inc.	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 S.p.A. • Corporate	
COMPANIES AND OPERATING UNITS									

the fincantieri planet





— europe

ITALY

TRIESTE

- HEAD OFFICE
- MERCHANT SHIPS
- SHIP REPAIR AND CONVERSION
- OFFSHORE
- 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

MUGGIANO

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

ROME

- ROME OFFICE

BARI

- ISOTTA FRASCHINI MOTORI S.p.A.

MONFALCONE

- MONFALCONE SHIPYARD

MARGHERA

- MARGHERA SHIPYARD

ANCONA

- ANCONA SHIPYARD

CASTELLAMMARE DI STABIA

- CASTELLAMMARE DI STABIA SHIPYARD

PALERMO

- PALERMO SHIPYARD
- PALERMO DOCK

NORWAY

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

SWEDEN

- STOCKHOLM OFFICE

POLAND

- SEAONICS POLSKA Sp. zo.o.

CROATIA

- VARD DESIGN LIBURNA Ltd.

ROMANIA

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

— asia

INDIA

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

BAHRAIN

- FMSNA MANAMA OFFICE

UAE

- ETIHAD SHIP BUILDING LLC

VIETNAM

- VARD VUNG TAU Ltd.

SINGAPORE

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

JAPAN

- FMSNA YK

— americas

USA

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

CANADA


- VARD MARINE Inc.

BRAZIL

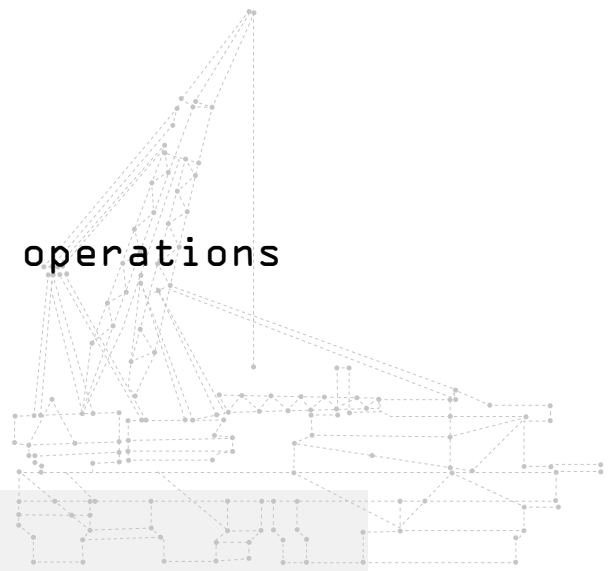
- FINCANTIERI DO BRASIL PARTICIPAÇÕES S.A.
- VARD NITERÓI S.A.
- VARD PROMAR S.A.

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





interim report on operations at 30 june 2014



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Introduction

This half-year report is the first financial communication after the shares of Fincantieri S.p.A., the Parent Company, started to trade on Milan's Electronic Stock Market on 3 July 2014. The initial public offering was completed with the placement of a total of 450 million new shares, for an amount of euro 351 million, of which 89.05% allotted to the general public and 10.95% to institutional investors. The achievement of this milestone represents a fundamental step in allowing the Fincantieri Group to carry on the process of growth profoundly transforming it over the past ten years. In fact, at the start of the 2000s Fincantieri was known as a national operator basically focused on two areas of business, namely cruise ships, with the Carnival Group as the main customer, and naval vessels, with the Italian Navy as the sole customer; now, however, by implementing a growth strategy concentrated on diversification and internationalization, Fincantieri has become a global player, the leader by diversification and the Western world's number one shipbuilder. Over these years, despite a particularly difficult and challenging market environment, the Group has pursued a strategy of diversifying its product and customer portfolio both for cruise ships and naval vessels; at the same time, it has expanded into new areas of business, such as the design and construction of mega-yachts, the design and construction of marine systems and components, ship repairs and conversions and the offshore market.

Since 2008, the Group has managed to anticipate the effects of the global financial crisis and improve its competitive position, by implementing a strategy that combines greater operational efficiency in Italy (thanks to agreements intended to rationalize the production system, with the goal of reducing the Italian workforce by 20% and significantly increasing its flexibility) with enhancement of the Group's technical, economic and financial expertise and expansion into new segments and new geographic markets, mainly through the 2008 acquisition in the USA of Fincantieri Marine Group LLC (which operates in the business of naval and special vessels) and the 2013 acquisition of Norway's VARD Group (listed on the Singapore Stock Exchange and one of the world leaders in the construction of high-end offshore support vessels).

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

Fincantieri operates worldwide in 13 countries across four continents (Europe, North America, South America and Asia), with 21 shipyards located in Italy, Norway, Romania, United States of America, Brazil, and Vietnam plus a joint venture in the United Arab Emirates, and employing a total of more than 20,000 people.

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

Its significant engineering and technological prowess, its strong customer relationships, and its access to a highly specialized and reliable local supplier network are key factors in allowing the Group to

defend its leadership position. Fincantieri is able to implement technologically sophisticated and innovative projects and, thanks to its capability as a system integrator, manages to coordinate complex processes from the earliest stages of concept development through to vessel delivery to the customer. Furthermore, the Group views product and process technological innovation as key to maintaining its leadership position and so invests in research and development, drawing on a series of specialized centers created in partnership with suppliers and leading research institutions and ensuring suitable transfer of know-how and expertise between the various businesses in which it operates.

Fincantieri's business is widely diversified by end markets, geographical exposure and by customer base, with revenues evenly balanced between cruise ship, naval and offshore vessel construction, giving it an edge over less well 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: covering the business areas of cruise ships, naval vessels and other products and services (ferries, mega-yachts and ship repairs and conversions);
- Offshore: covering 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: covering the design and manufacture of high-tech equipment and systems, such as stabilization, propulsion, positioning and power generation systems, marine automation systems, steam turbines and cabins, and the provision of logistical support and after-sales services.

Financial highlights

The first half of 2014 reported the following results:

- Revenue and income of euro 1,983 million (euro 1,894 million in the first half of 2013);
- EBITDA of euro 142 million (euro 140 million in the first half of 2013), with a margin on revenue of 7.1% (7.4% in the first half of 2013);
- Profit/loss before extraordinary and non-recurring income and expenses of euro 48 million (euro 55 million in the first half of 2013), with a margin on revenue of 2.4% (2.9% in the first half of 2013);
- Profit for the period of euro 33 million (euro 33 million in the first half of 2013), with a margin on revenue of 1.6% (1.8% in the first half of 2013);
- Net financial position of negative euro 184 million at 30 June 2014, an increase of euro 29 million since 31 December 2013; this figure does not include construction loans, which are treated as part of working capital;
- Capital expenditure in the first half of 2014 amounting to euro 67 million (euro 127 million in the first half of 2013);
- Free cash flow of negative euro 25 million (negative euro 240 million in the first half of 2013);
- New order intake for a total of euro 3,447 million (a marked increase on the same period in 2013) with a backlog of euro 9,515 million at 30 June 2014.

31.12.2013	Economic data		30.06.2014	30.06.2013
3,811	Revenue and income	Euro/million	1,983	1,894
298	EBITDA	Euro/million	142	140
7.8%	EBITDA margin ^(*)	Percentage	7.1%	7.4%
209	EBIT	Euro/million	93	96
5.5%	EBIT margin ^(**)	Percentage	4.7%	5.1%
137	Profit/loss (+/-) before extraordinary and non-recurring income and expenses	Euro/million	48	55
(80)	Extraordinary and non-recurring income and expenses (+/-)	Euro/million	(21)	(32)
85	Profit for the period	Euro/million	33	33

31.12.2013	Financial data		30.06.2014	30.06.2013
1,365	Net invested capital	Euro/million	1,421	1,038
1,210	Equity	Euro/million	1,237	1,195
(155)	Net financial position	Euro/million	(184)	157

31.12.2013	Other indicators		30.06.2014	30.06.2013
4,998	New orders ^(***)	Euro/million	3,447	1,843
12,900	Order portfolio ^(****)	Euro/million	14,184	10,889
8,068	Order backlog ^(****)	Euro/million	9,515	6,830
5,000	Soft backlog	Euro/million	5,800	n.a.
255	Capital expenditure	Euro/million	67	128
(519)	Free cash flow	Euro/million	(25)	(240)
88	Research and Development costs	Euro/million	49	40
20,389	Employees at the end of the period	Number	21,080	19,865
33	Vessels delivered ^(*****)	Number	15	19

31.12.2013	Ratios		30.06.2014	30.06.2013
15.3%	ROI	Percentage	16.8%	13.8%
7.0%	ROE	Percentage	6.9%	2.9%
0.5	Total debt/Total Equity	Number	0.5	0.3
0.5	Net financial position/EBITDA	Number	0.6	n.a. ^(****)
0.1	Net financial position/Total Equity	Number	0.1	n.a. ^(****)

^(*) Ratio between EBITDA and Revenue and income

^(**) Ratio between EBIT and Revenue and income

^(****) Net of eliminations and consolidation adjustments

^(****) Indicators not presented because the period-end Net financial position presented net cash

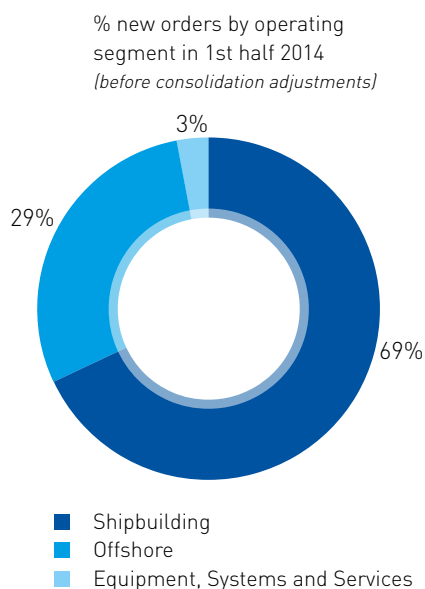
^(*****) Number of vessels over 40 meters long

It is recalled that the first half of 2013 includes the first-time line-by-line consolidation of VARD as from 23 January 2013 and that the figures at 30 June 2013 have been restated after completing the VARD purchase price allocation process and to reflect the reclassifications, made in the 2013 annual consolidated financial statements, for the release of provisions and economic effects of foreign currency derivatives.

The percentages contained in this report have been calculated with reference to amounts expressed in thousands of euros.

GROUP OPERATIONAL PERFORMANCE

New orders



New orders won in the first half of 2014 amounted to euro 3,447 million (euro 1,843 million in the corresponding period of 2013), of which euro 1,735 million secured in the second quarter of 2014.

Of the total new orders (stated before consolidation adjustments), 69% related to the Shipbuilding segment, 29% to the Offshore segment, and 3% to the Equipment, systems and services segment. New orders won by the Parent Company accounted for 59% of the total.

In the first half of 2014 the book-to-bill ratio (between orders received and revenue generated in the period) was equal to 1.74 in revenue (0.97 in the first half of 2013), confirming the Group's prospective growth trend in all its areas of operation. As for the Shipbuilding segment, the trend in new orders indicates a recovery in the cruise ship market, while in the naval vessels market, the Littoral Combat Ship program for the U.S. Navy has continued (with the award of two more options to the subsidiary Marinette Marine Corporation) and demand has recovered for complex vessels for chemical/petroleum transportation in the Great Lakes area. Negotiations have also continued with the Italian Navy for the start of the fleet renewal plan, recently confirmed with the approval in June of the multi-annual Defense program for the three years 2014/2016.

As for the Offshore segment, demand has continued to be high, especially for complex support vessels despite the pressure reported on OSV day rates in the North Sea region.

31.12.2013		Orders analysis (Euro/million)	30.06.2014		30.06.2013	
Amounts	%		Amounts	%	Amounts	%
2,763	55	Fincantieri S.p.A.	2,041	59	987	54
2,235	45	Rest of Group	1,406	41	856	46
4,998	100	Total	3,447	100	1,843	100
3,010	61	Shipbuilding	2,396	69	1,258	68
1,816	36	Offshore	993	29	532	29
205	4	Equipment, Systems and Services	119	3	62	3
(33)	(1)	Consolidation adjustments	(61)	(1)	(9)	-
4,998	100	Total	3,447	100	1,843	100

Order backlog

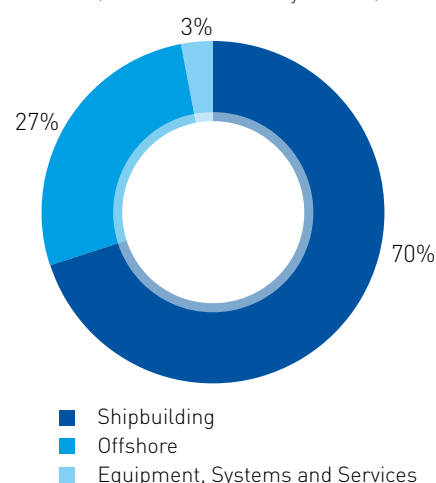
The order backlog, representing the residual value of orders not yet completed, amounted to euro 9,515 million at 30 June 2014 (euro 6,830 million at the end of the first half of 2013), with the order profile extending until 2019.

The growth in backlog reflects the significant increase in orders over the last 12 months. The order backlog represents approximately 2.5 years of work in relation to the revenue generated in 2013.

This increase reflects the Group's ability to finalize contracts under negotiation, contract options and commercial opportunities and to transform them into order backlog.

The composition of the backlog by operating segment has remained fairly stable compared with the same period of 2013.

% order backlog by operating segment in 1st half 2014
(before consolidation adjustments)



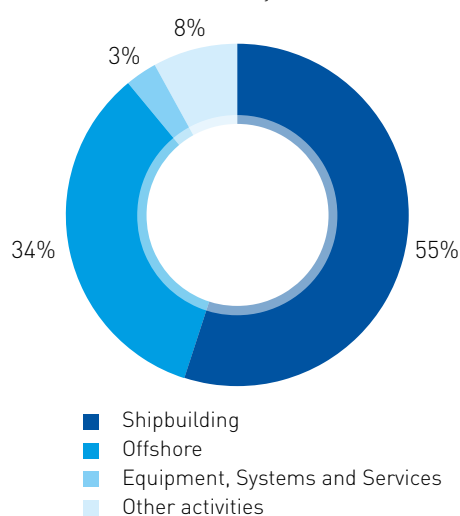
31.12.2013		Backlog analysis (Euro/million)	30.06.2014		30.06.2013	
Amounts	%		Amounts	%	Amounts	%
4,930	61	Fincantieri S.p.A.	6,038	63	4,216	62
3,138	39	Rest of Group	3,477	37	2,614	38
8,068	100	Total	9,515	100	6,830	100
5,345	66	Shipbuilding	6,664	70	4,803	70
2,480	31	Offshore	2,608	27	1,860	27
264	3	Equipment, Systems and Services	304	3	183	3
(21)	-	Consolidation adjustments	(61)	-	(15)	-
8,068	100	Total	9,515	100	6,830	100

In addition, the "soft" backlog, not yet reflected in the order backlog, amounted to approximately euro 5.8 billion at 30 June 2014, representing the value of contract options and letters of intent, of contracts conditional upon obtaining finance, and of contracts being negotiated for the Italian Navy's fleet renewal program.

The following table shows the deliveries scheduled in the main business areas, analyzed by year. With reference to the current year, deliveries completed as at 30 June 2014 are presented along with the total number of deliveries scheduled for the full year 2014.

Scheduled deliveries							
(number)	30.06.14 completed	2014	2015	2016	2017	2018	2019
Cruise ships	1	2	3	7	2	1	
Naval > 40 m.	3	4	7	8	3	3	1
Offshore	11	22	18	13	1		

% capital expenditure by
operating segment in 1st half 2014
(before consolidation adjustments)



Capital expenditure

Capital expenditure during the first half of 2014 amounted to euro 67 million, of which euro 14 million for intangible assets (mainly for development projects) and euro 53 million for property, plant and equipment.

The Parent Company accounted for 60% of the total expenditure.

Capital expenditure represented 3.4% of the Group's revenue in the first half of 2014 compared with 6.7% in the first half of 2013.

Capital expenditure in the first half of 2014 mainly related to the construction of new infrastructure, particularly at the Vard Promar shipyard in Brazil, and technological upgrades to improve production efficiency through greater process automation and to improve safety conditions and environmental respect within the production sites.

There was also continued investment in developing new technologies, particularly with regard to cruise ships, involving overall expenditure of euro 10 million in the first half of 2014 (euro 24 million in the first half of 2013).

31.12.2013		Capital expenditure analysis (Euro/million)	30.06.2014		30.06.2013	
Amounts	%		Amounts	%	Amounts	%
128	50	Fincantieri S.p.A.	40	60	78	61
127	50	Rest of Group	27	40	50	39
255	100	Total	67	100	128	100
136	53	Shipbuilding	37	55	84	65
111	43	Offshore	23	34	42	33
4	2	Equipment, Systems and Services	2	3	1	1
4	2	Other activities	5	8	1	1
255	100	Total	67	100	128	100
37	17	Intangible assets	14	21	26	20
218	83	Property, plant and equipment	53	79	102	80
255	100	Total	67	100	128	100

GROUP FINANCIAL RESULTS

Presented below are the reclassified versions of the income statement, statement of financial position and statement of cash flows and the breakdown of net financial position, used by management to monitor business performance. It is recalled noted that the first half of 2013 includes the first-time line-by-line consolidation of VARD as from 23 January 2013 and that the figures at 30 June 2013 have been restated after completing the VARD purchase price allocation process and to reflect the reclassifications, made in the 2013 annual consolidated financial statements, for the release of provisions and economic effects of foreign currency derivatives.

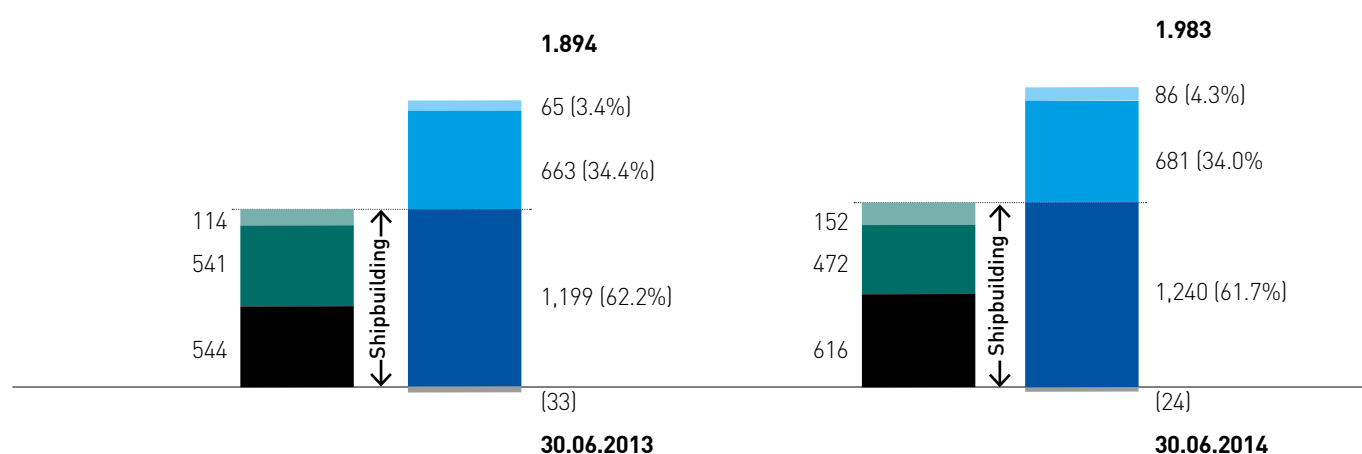
It should be noted that the VARD Group's results in the first half of 2013 benefited from the high margins on certain contracts, mainly acquired during 2011 and 2012 and completed during the period and did not fully reflect the losses on its activities in Brazil that have affected the results in the first half of 2014 and have been only partially offset by using the specific provision recognized at the time of the subsidiary's purchase price allocation. A reconciliation of these reclassified statements to the IFRS statements can be found later on in this report.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

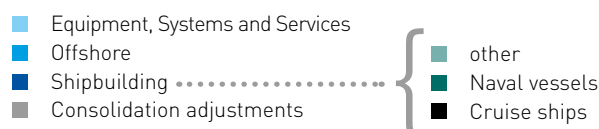
31.12.2013	(Euro/million)	30.06.2014	30.06.2013
3,811	Revenue and income	1,983	1,894
(2,745)	Materials, services and other costs	(1,425)	(1,386)
(752)	Personnel costs	(406)	(369)
(16)	Provisions and impairment	(10)	1
298	EBITDA	142	140
7.8%	EBITDA margin	7.1%	7.4%
(89)	Depreciation and amortization	(49)	(44)
209	EBIT	93	96
5.4%	EBIT margin	4.7%	5.0%
(55)	Finance income/costs (+/-)	(28)	(20)
2	Income/expense (+/-) from investments	1	-
(19)	Income taxes	(18)	(21)
137	Profit/loss (+/-) before extraordinary and non-recurring income and expenses	48	55
109	of which Group	39	42
(80)	Extraordinary and non-recurring income and expenses (+/-)	(21)	(32)
28	Tax effect of extraordinary and non-recurring income and expenses	6	10
85	Profit for the period	33	33
57	of which Group	24	20

Revenue and income in the first half of 2014 amounted to euro 1,983 million, reporting an increase of euro 89 million or 4.7% on the same period in 2013 mainly due to higher volumes in the Cruise Ship business.

During the six months ended 30 June 2014, the Group's export revenue increased to 81% of the total from 79% in the first half of 2013.



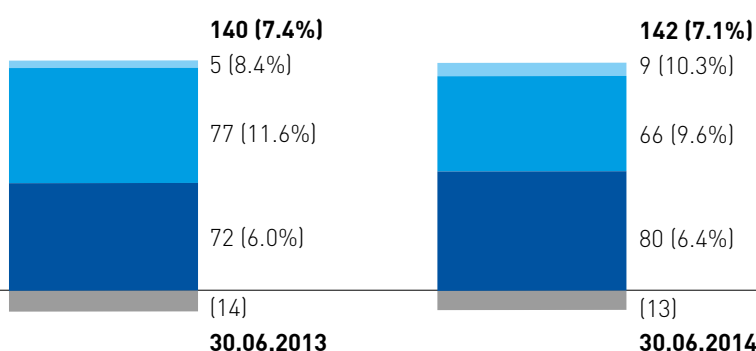
Revenue Analysis



EBITDA came to euro 142 million, in line with the figure recorded in the first half of 2013. It should be noted, however, that the first half of 2013 benefited from the positive effect on "Provisions and impairment" of the high figure released from the product warranty provision, as a result of reviewing this provision particularly for the subsidiary VARD. Provisions and impairment reported a net expense of euro 10 million at 30 June 2014, compared with net income of euro 1 million at 30 June 2013. The **EBITDA margin**, calculated as the ratio of EBITDA to Revenue and income, was 7.1%. In terms of contribution, the Shipbuilding and Equipment, systems and services operating segments posted an increase in profitability over the first half of 2013 which, however, only partially offset the Offshore business decline in margins, which accounted for more than 50% of Group EBITDA in the first six months of 2013. It should be noted that VARD Group's results in the first half of 2013 benefited from certain high margins contracts, mainly acquired during 2011 and 2012 and completed during the period and did not fully reflect the losses on its Brazil operations which influenced first half 2014 results. Such effect has been only partially offset by using the related provision recognized at the time of the subsidiary's purchase price allocation.

EBITDA Analysis

- Equipment, Systems and Services
- Offshore
- Shipbuilding
- Consolidation adjustments



EBIT amounted to euro 93 million in the first half of 2014. The decrease from euro 96 million in the first half of 2013 is mainly due to higher depreciation and amortization charges on the capital expenditure realized. The higher amount of depreciation and amortization, combined with lower margins in the Offshore business, have led to a reduction in the **EBIT margin** (EBIT expressed as a percentage of Revenue and income) in the first half of 2014 compared with the same period of 2013.

Finance income and costs and income and expense from investments: these report a net expense of euro 27 million (euro 20 million at 30 June 2013). The change on the first half of last year is mainly due to the increase in average financing requirements for the growth in working capital and to capital expenditure. Net finance income and costs include euro 9 million in interest expense on the VARD Group's construction loans (euro 9 million in the first half of 2013).

Income taxes: these report a negative balance of euro 18 million in the first half of 2014 compared with euro 21 million in the same period of 2013.

Profit/loss (+/-) before extraordinary and non-recurring income and expenses: this amounts to euro 48 million at 30 June 2014, representing 2.4% of revenue and income (2.9% in the first half of 2013), reflecting the factors described above.

Extraordinary and non-recurring income and expenses: these report euro 21 million in net expenses in the first half of 2014 for events falling outside the normal course of business. The lower amount of these expenses compared with the figure of euro 32 million reported at 30 June 2013 is euro 11 million, most of which reflecting higher asbestos litigation costs (up euro 8 million) that were more than offset by the absence of euro 18 million for the VARD Group's acquisition-related costs recorded in the first half of 2013.

Tax effect of extraordinary and non-recurring income and expenses: taxes relating to extraordinary and non-recurring income and expenses have had a net positive impact of euro 6 million at 30 June 2014.

Profit for the period: the first-half profit for 2014 amounts to euro 33 million, remaining unchanged from the same period of the previous year for the reasons described above.

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30.06.2013 (Euro/ million)	30.06.2014	31.12.2013
570 Intangible assets	548	539
838 Property, plant and equipment	926	897
75 Investments	76	70
(23) Other non-current assets and liabilities	(17)	(14)
(71) Employee benefits	(60)	(60)
1,389 Net fixed capital	1,473	1,432
429 Inventories and advances	475	400
307 Construction contracts and advances from customers	735	757
(425) <i>Construction loans</i>	(607)	(563)
542 Trade receivables	421	344
(1,061) Trade payables	(997)	(911)
(161) Provisions for risks and charges	(133)	(151)
18 Other current assets and liabilities	54	57
(351) Net working capital	(52)	(67)
1,038 Net invested capital	1,421	1,365
1,195 Equity	1,237	1,210
(157) Net financial position	184	155
1,038 Sources of funding	1,421	1,365

The **Reclassified consolidated statement of financial position** reports an increase in Net invested capital at 30 June 2014 of euro 56 million since the end of the previous year, mainly due to the following factors:

- **Net fixed capital:** this has increased by euro 41 million, mainly due to the increase in Property, plant and equipment and Intangible assets because of capital expenditure in the first half of 2014;
- **Net working capital:** this reports a negative balance of euro 52 million, which is broadly in line with the figure at 31 December 2013..

Equity reports an increase of euro 27 million, mainly reflecting the positive contribution of profit for the period (euro 33 million), the reduction for the dividend distribution (euro 10 million), the positive effects on the currency translation reserve of trends in the US dollar and Norwegian krone against the euro (euro 8 million) and lastly the effects (euro 4 million) of corporate actions resulting in the acquisition of all the remaining shares in the subsidiaries Delfi S.r.l. and Seastema S.p.A.

The Parent Company's equity amounted to euro 905 million at 30 June 2014, inclusive of euro 245 million in retained earnings. The strength of the capital structure is confirmed, at Group level, by the positive trend in the ratios between debt (gross and net) and equity. On 3 July 2014, with the start of trading in the Company's shares on Italy's electronic stock market (Mercato Telematico Azionario) organized and managed by Borsa Italiana S.p.A., the Company raised euro 351 million in capital, of which euro 230 million by way of an increase in share capital and euro 121 million by way of share premium.

All the above factors have led to a **Net financial position** of euro 184 million in net debt at period end (net debt of euro 155 million at 31 December 2013).

CONSOLIDATED NET FINANCIAL POSITION

30.06.2013	(Euro/ million)	30.06.2014	31.12.2013
469	Cash and cash equivalents	472	385
55	Current financial receivables	75	52
(54)	Current bank debt	(67)	(35)
(39)	Current portion of bank loans and credit facilities	(38)	(32)
(22)	Other current financial liabilities	(74)	(3)
(115)	Current debt (-)	(179)	(70)
409	Net current cash/debt (+/-)	368	367
29	Non-current financial receivables	15	41
(266)	Non-current bank debt	(257)	(255)
-	Bond	(296)	(296)
(15)	Other non-current financial liabilities	(14)	(12)
(281)	Non-current debt (-)	(567)	(563)
157	Net financial position	(184)	(155)

The above **Consolidated net financial position**, reporting a negative balance of euro 184 million at 30 June 2014, does not include construction loans (see Note 22), since these are treated as part of working capital. The financial requirements resulting from increased activity in the cruise ship business in the period have been offset by the cash collected upon delivery of the Regal Princess cruise ship in May, which helped to keep the Group's net financial position largely stable compared with 31 December 2013.

RECLASSIFIED CONSOLIDATED STATEMENT OF CASH FLOWS

31.12.2013	(Euro/million)	30.06.2014	30.06.2013
(95)	Net cash flows from operating activities	49	58
(424)	Net cash flows from investing activities	(74)	(298)
255	Net cash flows from financing activities	105	26
(264)	Net cash flows for the period	80	(214)
692	Cash and cash equivalents at beginning of period	385	692
(43)	Effects of currency translation difference on opening cash and cash equivalents	7	(9)
385	Cash and cash equivalents at end of period	472	469

31.12.2013	(Euro/milion)	30.06.2014	30.06.2013
(519)	Free cash flow	(25)	(240)

The Reclassified consolidated statement of cash flows reports positive Net cash flows for the period of euro 80 million, reflecting negative *Free cash flow* (the sum of cash flow from operating activities and cash flow from investing activities) of euro 25 million, as offset by euro 105 million in cash flows provided by financing activities.

Cash flows from operating activities include the change in construction loans, whose impact for the purposes of the reclassified statement of cash flows, is reported in the change in net working capital; given the operational nature of construction loans and particularly the fact that these types of loans are obtained and can be used exclusively to finance the contracts to which they refer, management views them in the same way as advances received from customers and so classifies them as part of net working capital.

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 indicators and the strength and efficiency of the capital structure in terms of the relative importance of sources of finance between net debt and equity for the periods ended 30 June 2014 and 2013. The indicators presented in the table are calculated using economic parameters for the 12-month period from 1 July 2012 to 30 June 2013 and from 1 July 2013 to 30 June 2014.

31.12.2013		30.06.2014	30.06.2013
15.3%	ROI	16.8%	13.8%
7.0%	ROE	6.9%	2.9%
0.5	Total debt/Total equity	0.5	0.3
0.5	Net financial position/EBITDA	0.6	n.a. ^(*)
0.1	Net financial position /Total equity	0.1	n.a. ^(*)

^(*) Indicators not presented because the period-end Net financial position presented net cash

The improvement in the profitability indicators, ROI and ROE, compared with the first half of 2013 is mainly due to the change in the arithmetic mean of their respective denominators, namely Net invested capital and Equity.

The indicators of the strength and efficiency of the capital structure at 30 June 2014 are in line with the values reported at 31 December 2013, while they cannot be directly compared with those for the first half of 2013 because the period-end Net financial position was a positive net cash one.

Operational review by segment

SHIPBUILDING

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

31.12.2013	[Euro/million]	30.06.2014	30.06.2013
2,394	Revenue and income ^(*)	1,240	1,199
155	EBITDA ^(*)	80	72
6.5%	EBITDA margin ^(*) ^(**)	6.4%	6.0%
3,010	New orders ^(*)	2,396	1,258
8,695	Order portfolio ^(*)	10,142	7,478
5,345	Order backlog ^(*)	6,664	4,803
137	Capital expenditure	37	84
11	Vessels delivered (number) ^(***)	4	6

^(*) 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 amounted to euro 1,240 million at 30 June 2014 (euro 1,199 million at 30 June 2013), of which euro 616 million from the Cruise Ships business area (euro 544 million at 30 June 2013) and euro 472 million from the Naval Vessels business area (euro 541 million at 30 June 2013). Compared with the first half of 2013 Cruise Ship revenue increased by euro 72 million, with 7 ships under construction at the Group's Italian yards (versus 5 ships in the first half of 2013); this contrasts with a reduction in revenue from the Naval business following recent deliveries of vessels to the Italian Navy and Coast Guard. Other activities reported an increase of euro 38 million.

EBITDA

The segment's EBITDA came to euro 80 million in the first half of 2014, up from euro 72 million in the comparative half year. This improvement is largely attributable to increased volumes and positive trend of the ships under construction. It should be underlined that these results have been

achieved despite the fact that prices for cruise ships currently under production were depressed due to the crisis and despite the Group's underutilization of its capacity in Italy.

New orders

New orders worth euro 2,396 million were secured during the first half of 2014.

In particular, these new orders refer to:

- two new cruise ships (plus one more under option) for MSC Cruises; the new prototype, known as "Seaside", is not only the first ship commissioned from the Group by MSC Cruises, but will also be the largest ever built by Fincantieri, with a cutting-edge specification. The new ships will be 323 meters long with a gross tonnage of 154,000 tons and will accommodate nearly 5,200 passengers in 2,070 cabins;
- one ultra-luxury cruise ship for Seabourn, a Carnival Corporation brand, with delivery scheduled for the second half of 2016 and the contract for which follows on from a letter of intent signed in October 2013. The ship will be approximately 40,350 gross tons and 210 meters long and will be able to accommodate 604 passengers in 302 suites;
- one ultra-luxury cruise ship for an undisclosed customer for delivery in November 2016;
- two ATB (Articulated Tug Barges), comprising two tugs and two barges, for petroleum/chemical transportation, which will be built at the Sturgeon Bay shipyard;
- two more Littoral Combat Ships for the U.S. Navy, respectively the seventh and eighth ships under the contract for ten ships signed in 2010 by the subsidiary FMG;
- a contract for the construction of four more Response Boats Medium (RB-M) for the U.S. Coast Guard;
- the "Renaissance" program for the refitting of four Lirica class ships for MSC Cruises.

Capital expenditure

Capital expenditure on property, plant and equipment in the first half of 2014 was mostly concentrated in the shipyards in Monfalcone, to modernize hull-building technologies, and Marghera, to build new infrastructure and logistical support areas for the outfitting docks. As far as intangible assets were concerned, there was continued expenditure to develop new technologies following product discontinuance in the wake of new regulations and on the large number of new cruise ship prototypes ordered.

Production

The number of ships delivered in the first half of 2014 was as follows:

(number)	Deliveries
Cruise ships	1
Cruise ferries	-
Naval vessels > 40 m long	3
Mega-yachts	-
Naval vessels < 40 m long	17

In particular, the main ships delivered were as follows:

- "Regal Princess", the new flagship of the Princess Cruises fleet, delivered by the Monfalcone shipyard;

- "Ubaldo Diciotti", a patrol boat delivered by the Castellammare di Stabia shipyard to the General Command of the Port Authority Corp for the Italian Coast Guard;
- "Carlo Margottini", the third of a series of Fremm vessels – Multi Mission European Frigates, delivered to the Italian Navy by the Muggiano shipyard;
- "Sikuliaq", a research vessel, delivered to the University of Alaska Fairbanks by the Marinette shipyard.

OFFSHORE

The Offshore operating segment is engaged in the design and construction of support vessels for the oil & gas exploration and production market. Fincantieri operates in this market through the VARD Group, FINCANTIERI S.p.A. and Fincantieri Oil&Gas S.p.A.

The VARD Group also provides its customers with turnkey electrical systems, inclusive of engineering, manufacturing, installation, integration testing and commissioning.

31.12.2013	(Euro/million)	30.06.2014	30.06.2013
1,321	Revenue and income ^(*)	681	663
155	EBITDA ^(*)	66	77
11.8%	EBITDA margin ^(*) ^(**)	9.6%	11.6%
1,816	New orders ^(*)	993	532
3,757	Order portfolio ^(*)	3,575	2,997
2,480	Order backlog ^(*)	2,607	1,860
111	Capital expenditure	23	42
22	Vessels delivered (number) ^(***)	11	13

^(*) Before eliminations between operating segments

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

^(***) Of which 2 before 23 January 2013

Revenue and income

Revenue from the Offshore operating segment amounted to euro 681 million at 30 June 2014, up 2.8% from euro 663 million in the first half of 2013. The change is mainly due to the consolidation of the results of the subsidiary VARD for a full six months in the first half of 2014, as partially offset by the negative effect of changes in the Norwegian krone/ Euro exchange rate.

It should also be noted that the Offshore segment's operating revenue in the first half of 2014 and 2013 included euro 15 million and euro 23 million respectively in utilizations of the part of the provision set up during the VARD Group's purchase price allocation for delays and higher expected costs at its Brazilian shipyards.

EBITDA

The Offshore segment reported EBITDA of euro 66 million at 30 June 2014 compared with euro 77 million in the comparative half year. This change mainly reflects that EBITDA in the first half of 2013 benefited from high margins on certain contracts acquired during 2011 and 2012. In addition, the Norwegian krone/Euro exchange rate (affecting the translation of the VARD Group's financial statements into the presentation currency of the Parent Company's consolidated financial statements) had a negative effect on the absolute value of EBITDA for the period.

New orders

New orders worth euro 993 million were secured during the first half of 2014 in relation to 13 vessels. In detail:

- 1 Diving Support and Construction Vessel for Technip;
- 1 arctic Anchor Handling Tug Supply vessel (AHTS) for Bourbon Offshore;
- 6 Platform Supply Vessels (PSV), of which 2 for Carlotta Offshore Ltd, 2 for Nordic American Offshore Ltd and 2 for Mermaid Marine Australia Ltd;
- 1 Offshore Subsea Construction Vessel (OSCV) for Solstad Offshore, representing the largest order ever won by the VARD Group for a single vessel;
- 2 Offshore Support Vessels (OSV) for Island Offshore;
- 1 Offshore Subsea Construction Vessel (OSCV) for Island Offshore;
- 1 Offshore Construction and Anchor Handling Vessel for Rem Offshore.

The associated order backlog at 30 June 2014 was equal to euro 2,607 million, relating to 43 vessels, of which 27 designed by VARD.

Capital expenditure

Capital expenditure in the first six months mainly related to the completion of activities for the start of production by the Brazilian shipyard of Vard Promar, as well as to projects for increasing automation and production capacity in Romania.

Production

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

A total of 11 vessels were delivered:

3 AHTS (Anchor Handling Tug Supply)

- "Far Sigma" was delivered to Farstad Shipping by the Vard Langsten shipyard (Norway);
- "Far Sirius" was delivered to Farstad Shipping by the Vard Langsten shipyard (Norway);
- "Skandi Urca" was delivered to DOF by the Vard Niterói shipyard (Brazil).

4 PSV (Platform Supply Vessel)

- "Island Dawn" was delivered to Island Offshore by the Vard Brevik shipyard (Norway);
- "Troms Arcturus" was delivered to Troms Offshore by the Vard Aukra shipyard (Norway);
- "Siem Giant" was delivered to Siem Offshore by the Vard Niterói shipyard (Brazil);
- "Island Dragon" was delivered to Island Offshore by the Vard Brevik shipyard (Norway).

3 OSCV (Offshore Subsea Construction Vessel)

- "Island Pride" was delivered to Island Offshore by the Vard Brevik shipyard (Norway);
- "Siem Spearfish" was delivered to Siem Offshore by the Vard Brattvaag shipyard (Norway);
- "Normand Reach" was delivered to Solstad Offshore by the Vard Aukra shipyard (Norway).

1 other vessel

- "Gadus Neptun" was delivered to Havfisk by the Vard Brattvaag shipyard (Norway).

EQUIPMENT, SYSTEMS AND SERVICES

The Equipment, Systems and Services operating segment is engaged in the design and manufacture of systems and components 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..

31.12.2013	(Euro/million)	30.06.2014	30.06.2013
163	Revenue and income ^(*)	86	65
14	EBITDA ^(*)	9	5
8.5%	EBITDA margin ^(*) ^(**)	10.3%	8.4%
205	New orders ^(*)	119	62
550	Order portfolio ^(*)	686	463
264	Order backlog ^(*)	304	183
4	Capital expenditure	2	1
59	Engines produced in workshops (number)	19	18

^(*) 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 32.3% to euro 86 million at 30 June 2014. This increase was primarily due to higher volumes of after-sales service for naval vessels in line with the development prospects for this business.

EBITDA

The segment's EBITDA came to euro 9 million at 30 June 2014 (with a margin of 10.3%), reporting an increase on the figure of euro 5 million in the first half of 2013 (with a margin of 8.4%). This increase was mainly due to higher volumes and the growth in the contribution of after-sales services.

New orders

The Equipment, Systems and Services operating segment secured euro 119 million in new orders during the first half of 2014, mostly comprising:

- 2 propulsion, rudder roll stabilization and positioning systems with retractable azimuth thrusters for the Italian Navy's FREMM program;
- 8 generating sets for the U.S. Navy's LCS program and 3 for the Royal Australian Navy's JHSV program; 2 on-board power generation systems, one for Compagnie du Ponant, a cruise ship customer, and the other for Kangnam Korea, a naval vessels customer;
- 6 propulsion engines for the U.S. Coast Guard program;
- 2 steam turbines, one for the domestic market and one for export;
- 2 entertainment management systems for cruise ships;
- Integrated logistics support services for the 2nd Saettia Stealth ship built for the UAE Navy and the provision of documentation and parts for the 2nd and 3rd U212A submarines of the Italian Navy.

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.

31.12.2013	(Euro/million)	30.06.2014	30.06.2013
	Revenue and income		
(26)	EBITDA	(13)	(14)
n.a.	EBITDA margin	n.a.	n.a.
4	Capital expenditure	5	1

Capital expenditure

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

Other information

LISTING ON THE ITALIAN STOCK MARKET.

During the first half of the year, the Fincantieri Group undertook and successfully completed the process of listing its shares on the Italian stock market (Mercato Telematico Azionario or MTA) organized and managed by Borsa Italiana S.p.A., marking an important milestone in the Group's history.

The process involved a preparatory phase in the months of March, April and May, and the offering period during the month of June.

The main formal steps during the preparatory phase were as follows:

- on 5 May 2014, the shareholders of Fincantieri S.p.A. approved, in ordinary general meeting, the proposal to apply for listing of the Company's shares, and, in extraordinary general meeting, a share capital increase for up to euro 600 million to serve the initial public offering;
- on 6 May 2014, the request for permission to publish the prospectus was filed with Consob (Italy's stock market regulator);
- on 9 May 2014, the application for admission to listing was presented to Borsa Italiana S.p.A.;
- on 28 May 2014, the shareholders voted in general meeting to increase the size of the Board of Directors from 5 to 9 members;
- on 12 June 2014, Borsa Italiana S.p.A. authorized the admission to listing of the Company's shares and Consob approved the prospectus for the initial public offering.

The offering period, lasting from 16 to 27 June 2014 and involving a maximum of 703,980,000 shares, of which up to 600,000,000 from the share capital increase and up to 103,980,000 offered by the selling shareholder, saw management engaged in numerous meetings with investors in the major European and US financial centers.

During this period, characterized by an high number of equity placements in Europe and Italy, by an increase in market volatility and a poor overall performance by equity markets, applications

were received for a total of 578,475,809 shares, of which 69% from the general public, which showed great interest in the Group. Based on the number of applications received, it was decided, by the Board of Directors on 27 June 2014, to reduce the total number of shares placed to 450,000,000, served exclusively from the capital increase, and to fix the price at €0.78 per share.

Upon allotment, a total of 500,000,000 shares were allocated to 55,200 applicants, of which 450,000,000 deriving from the capital increase and 50,000,000 from the exercise of an overallotment option granted by the selling shareholder. Furthermore, under the claw-back provision contained in the Prospectus, a total of 99,262,000 shares were allotted to institutional investors and 400,738,000 shares to the general public, of which 5,650,000 shares to Fincantieri employees residing in Italy. Settlement took place on 3 July 2014, coinciding with the first day of trading of the Company's shares on the MTA, with the proceeds from the capital increase amounting to euro 351 million, of which euro 230 million allocated to share capital and euro 121 million to the share premium reserve. The costs of the listing, excluding fees payable to the underwriters, are estimated at approximately euro 15 million. As at 30 June 2014, these costs have been temporarily recorded in assets.

A statement confirming execution of the capital increase approved by resolution of the Extraordinary Shareholders' Meeting held on 5 May 2014 was formally lodged with the Trieste Company Registry on 3 July 2014. Therefore, the share capital of Fincantieri S.p.A. now amounts to euro 862,980,726 divided into 1,692,119,070 ordinary shares with no par value.

OTHER SIGNIFICANT EVENTS IN THE PERIOD

During the first half of the year Fincantieri acquired 50% of the share capital of Seastema S.p.A. from ABB S.p.A. and 38% and 11% interests in the share capital of Delfi S.r.l. from ISSELnord S.r.l. and Gentes S.r.l. respectively. Following these acquisitions Fincantieri now controls 100% of the share capital in both these companies. During the period Vard Marine Inc. was incorporated in Canada, with all of its share capital owned by Vard Group AS.

As regards institutional relations, it is recalled that in January Fincantieri signed with the Provincial Secretariats of all the trade unions and the individual shipyard trade union representatives, an agreement for the reorganization of the Palermo yard, which follows on from the one signed on 21 December 2011 with the government and national unions, and which establishes important new practices to make work more flexible, essential for achieving the improvements in efficiency and productivity demanded by the altered international environment.

In May, Fincantieri signed a historic settlement agreement in Baghdad with the Iraqi government that paves the way for resolving a dispute between the parties running over twenty years. In return for closing all pending litigation, the agreement also provides for the refurbishment of the two corvettes "Musa Bin Nasir" and "Tariq Bin Ziyad", whose delivery was suspended as a result of the arms embargo imposed on Iraq at the time of the First Gulf War.

In May, Fincantieri presented the market with its PROXIMA project for a revolutionary offshore drillship able to operate effectively at greater depths than comparable vessels. PROXIMA has been developed by integrating the innovative drilling tower designed by Castor Drilling Solution AS. This project has confirmed Fincantieri's strong commitment to developing the offshore market.

KEY EVENTS AFTER THE REPORTING PERIOD ENDED 30.06.2014

Apart from the start of trading in the Company's shares on the Milan Stock Exchange on 3 July, as described in the section on the Listing on the Italian stock market, on 4 July 2014, Vard Holdings Ltd announced the acquisition of STX Canada Marine Inc., a leading provider of marine engineering services in North America. The company, which has about 75 employees, will be fully integrated with Vard Marine Inc..

It is also reported that on 15 July 2014, VARD announced the signing of a contract for the design and construction of a Platform Supply Vessel (PSV) for E.R. Offshore. This vessel will be built at the Vung Tau shipyard in Vietnam.

In July, the American subsidiary FMG, won a contract from Kirby Corporation for the construction of 2 ATB (Articulated Tug Barges) for petroleum/chemical transportation. The two ATBs, comprising two tugs and two barges, will be built at the Sturgeon Bay shipyard.

BUSINESS OUTLOOK

In general, the Group's business performance and prospective higher visibility resulting from the first-half growth in order backlog, point towards an increase in activity in the second half of the year.

In particular, with regard to the Shipbuilding segment, the Cruise Ship business area is enjoying a recovery, as evidenced by the recent order for two new ships by MSC Cruises and by other negotiations in progress, while the Naval Vessels business area expects to see an upturn in new orders and production upon finalization of discussions currently underway in connection with the Italian Navy's fleet renewal plan, recently confirmed with the Defense Committee's approval of the multi-annual Defense program for the three years 2014-2016.

With regard to the Offshore sector, given the general industry trend towards ever more efficient vessels and despite the pressure on offshore vessel charter rates in the North Sea region, we expect to see strong demand in the short and medium term, particularly for highly specialized Offshore Subsea Construction Vessels. After the high value of new orders won in the first half, also thanks to enlargement and internationalization of its customer base, the subsidiary VARD is expecting to see a gradual normalization in the second half of the year. On the operational front, the increase in productivity and production capacity at the Vard Promar yard in Brazil will be critical for meeting production targets at a time of rapid growth that has seen the addition of more than 500 new employees over the past few months.

In the Equipment, Systems and Services segment, the first-half trend in new orders and revenue confirms the expectation of a growth in business on previous years.

TRANSACTIONS WITH THE CONTROLLING COMPANY AND OTHER GROUP COMPANIES

Fincantieri S.p.A. was subject to direction and coordination by Fintecna S.p.A., its principal shareholder, up until 3 July 2014, from which date such direction and coordination has ceased. During the first half of 2014, the Fincantieri Group carried out transactions with Fintecna, its controlling company, and with certain companies in the Fintecna Group, and with Cassa Depositi e Prestiti and certain companies in the Cassa Depositi e Prestiti Group.

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 the "Procedure for Related Party Transactions" with effect from 3 July 2014.

Fincantieri also had dealings with associates, for which the related transactions and balances are not eliminated upon consolidation in accordance with the consolidation method adopted. All the above transactions are always conducted on an arm's length basis.

INFORMATION REGARDING CORPORATE GOVERNANCE

With effect from 3 July 2014, the Company has brought its system of corporate governance into line with the relevant provisions of Italian Legislative Decree no. 58/1998 and subsequent amendments and additions (known as the "Unified Financial Act") and of the Code of Conduct for listed companies approved in December 2011 by the Corporate Governance Committee. Further information can be found in the Corporate Governance section of the website at www.fincantieri.it



Enterprise risk management

The Fincantieri Group is exposed in the normal course of its business activities to various financial and non-financial risk factors, which, if they should materialize, could have an impact on the results of operations and financial condition of the Group. Based on operating performance in the first six months of the year and the macroeconomic context, the risk factors foreseeable for the next six months of 2014 are described below according to their nature.

RISKS RELATING TO OPERATIONAL COMPLEXITY

Description of risk

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

Impact

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

Mitigation

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

RISKS RELATING TO MARKET STRUCTURE

Description of risk

The Fincantieri Group has many years of experience of building cruise ships for Carnival, a U.S. shipowner and key player in the cruise industry, which operates not only through the Carnival line but also through other prestigious lines such as P&O, Princess, Holland America Line, Cunard and Costa Cruises. The special relationship with the Carnival Group is a definite strength for the Fincantieri Group. In the Naval Vessels business area, the bulk of revenue has traditionally come from the Italian Navy, whose demand for new ships is heavily dependent on defense spending

policy. The subsidiary VARD operates in the offshore vessels market, with strong established customer relationships.

The shipbuilding industry in general has been historically characterized by cyclical trends, sensitive to trends in the industries that it serves. The Group's offshore and cruise customers base their investment plans on demand by their own customers; in the case of offshore, the main influence is demand for energy, which in turn drives investment in exploration and production, while in the *cruise* market the main influence is the demand for leisure products.

Impact

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

Mitigation

The Fincantieri Group's policy of diversifying customers in the cruise ship business area, together with optimum joint planning of Carnival's requirements, has made it possible to enlarge the customer base. In the naval vessels business, participation in international projects like the FREMM program between Italy and France, is very important, as is the Group's expansion into the USA, aimed at securing new opportunities to expand production for the defense sector in wider foreign markets. In order to mitigate the impact of the cyclical trend in the shipbuilding industry, in recent years, the Group has pursued a diversification strategy, expanding its business both in terms of products and geographical coverage. Since 2005 the Group has expanded into the businesses of offshore, mega-yachts, marine systems and components, repairs, refitting and after-sales service. In parallel, the Group has expanded its business internationally, including through acquisitions.

RISKS RELATING TO MAINTENANCE OF COMPETITIVENESS IN CORE MARKETS

Description of risk

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

Mitigation

The Group endeavors to maintain competitive position in its business areas by ensuring a high quality, innovative product, and by seeking optimal costs as well as flexible technical and financial

solutions in order to be able to propose more attractive offers than the competition. As far as naval vessels are concerned, efforts are being made to develop international business through an active presence in the defense markets of the USA and other countries without their own domestic shipbuilding industry or, even if there is one, that lack the right technical skills, know-how or infrastructure for vessels of this kind

Description of risk

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

Mitigation

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

Description of risk

The Group's customers may require that contract validity depends on the provision of financing on appropriate terms, in particular through export financing guaranteed by export credit agencies (in the case of Italy, SACE S.p.A.).

Mitigation

The Group supports its commercial efforts with the proposal of appropriate financial solutions, also thanks to the support of export credit agencies.

RISKS RELATING TO CONTRACT MANAGEMENT

Description of risk

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

Impact

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

Mitigation

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

Description of risk

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

Impact

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

Mitigation

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

Description of risk

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

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

Impact

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

Mitigation

The Group maintains a level of committed and uncommitted credit lines and construction loans such as to ensure ample coverage of the working capital needs of its operations.

Description of risk

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

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

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

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

Impact

The lack of available finance for the Group's customers could have a significantly adverse effect on the ability of these customers to comply with the contractual terms of payment or on the possibility of awarding new contracts to the Group.

Mitigation

Fincantieri provides support to shipowners throughout the process of finalizing export finance. In particular, the process for obtaining the issue of an export credit guarantee from SACE is managed in parallel with the process of finalizing the commercial contract, the enforceability of which is often subject to the shipowner's receipt of the SACE commitment to provide an export credit guarantee.

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

RISKS RELATING TO PRODUCTION OUTSOURCING AND SUPPLIER RELATIONSHIPS

Description of risk

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

Impact

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

Mitigation

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

RISKS RELATING TO KNOWLEDGE MANAGEMENT

Description of risk

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

Impact

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

Mitigation

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

RISKS RELATING TO LEGAL AND REGULATORY ENVIRONMENT

Description of risk

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

Impact

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

Mitigation

The Group promotes compliance with all rules, regulations and laws that apply to it and implements and updates suitable prevention control systems for mitigating the risks associated with breach of such rules, regulations and laws. In particular, the Parent Company has fully implemented the provisions of Italian Legislative Decree 81/2009 – "Revised rules governing health and safety at work" (known as the "Safety at Work Act"). Fincantieri has adopted suitable organizational models for preventing breach of these regulations, and sees that such models are reviewed and updated on an ongoing basis. The commitment to pursue and promote principles of environmental sustainability has been reaffirmed in the Parent Company's Environmental Policy document, which binds the Group to maintain regulatory compliance and to monitor working activities to ensure effective observance of the rules and regulations. The subsidiary VARD devotes great attention to minimizing the impact of its activities on the environment, with significant actions in terms of resources allocated, policies and procedures to improve its environmental performance. Fincantieri and VARD have recently started to implement and operate an Environmental Management System at their sites with a view to obtaining certification under UNI EN ISO 14001:2004.

Description of risk

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

Impact

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

Mitigation

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

RISKS RELATING TO COMPUTER SECURITY AND OPERATION OF THE INFORMATION SYSTEM

Description of risk

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

Impact

Computer system failures, loss or corruption of data, including as a result of external attacks, inappropriate IT solutions for the needs of the business, or updates to IT solutions out in line with user needs, could affect the Group's operations by causing errors in the execution of operations, inefficiencies and procedural delays and other disruptions.

Mitigation

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

RISKS RELATING TO EXCHANGE RATES

Description of risk

Currency risk is defined as the uncertainty over income and expenses and receipts/payments caused by fluctuations in the value of shipbuilding contracts or of purchase orders following a change in the exchange rate. Exposure to currency risk arises when shipbuilding contracts are denominated in a foreign currency and, to some extent, when goods and materials are purchased in currencies other than the Euro. This risk also arises when preparing the consolidated financial statements, due to the translation of assets and liabilities of subsidiaries that prepare their financial statements in a functional currency other than the Euro (mainly NOK and USD).

Impact

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

Mitigation

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

RISKS RELATING TO EXISTING DEBT

Description of risk

Some of the Group's loan agreements involve commitments and constraints (such as cross-default clauses and covenants) for the Group that may lead to early repayment of the loans.

Impact

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

Mitigation

The Group constantly monitors its capital and financial structure in order to verify compliance with its covenants. In addition, the Group can prevent the activation of cross-default clauses by promptly providing additional guarantees to the bank.



Alternative non-gaap performance measures

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

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

- EBITDA: this is equal to earnings before taxes, before finance income and costs, before income and expenses from investments and before depreciation and amortization, as reported in the financial statements, adjusted by the following items:
 - company costs for the Extraordinary Wage Guarantee Fund;
 - costs relating to the restructuring plan;
 - provisions for costs and legal expenses associated with lawsuits brought by employees for asbestos-related damages;
 - other expenses or income outside the ordinary course of business due to particularly significant non-recurring events.
- EBIT: this is equal to EBITDA after deducting depreciation and amortization, as reported in the financial statements.
- Profit/loss (+/-) before extraordinary and non-recurring income and expenses: this is equal to profit (loss) for the period before adjustments for non-recurring items or those outside the ordinary course of business, which are reported before the related tax effect.
- Net fixed capital: this is equal to the fixed assets used in the business, which include the following items: Intangible assets, Property, plant and equipment, Investments and Other non-current assets (including the fair value of derivatives classified in non-current Financial assets and non-current Financial liabilities) net of Employee benefits.
- Net working capital: this is equal to capital employed in ordinary operations which includes Inventories and advances, Construction contracts and advances from customers, Construction loans, Trade receivables, Trade payables, Provisions for risks and charges, and Other current assets and liabilities (including Income tax assets, Income tax liabilities, Deferred tax assets and Deferred tax liabilities, as well as the fair value of derivatives classified in current Financial assets and current Financial liabilities).
- Net invested capital: this is equal to the total of Net fixed capital and Net working capital.
- Free cash flow: this is equal to the sum of (i) net cash flows from operating activities, (ii) net cash flows from investing activities and (iii) cash flows arising from the change in construction loans.
- ROI: The Group calculates ROI (Return on investment) as (i) the ratio between EBIT (calculated for the half year on a 12-month basis from 1 July to 30 June) and the arithmetic mean of Net invested capital at the beginning and end of the reporting period, for the value reported at 30 June 2014, and (ii) the ratio between EBIT (calculated for the half year on a 12-month basis from 1 July to 30 June) and Net invested capital at 30 June 2013, for the value reported at 30 June 2013. The method of calculating this ratio for the first half of 2013 has been altered so as to moderate the effects of the first-time consolidation of Vard Holdings with effect from 23 January 2013.
- ROE: The Group calculates ROE (Return on equity) as (i) the ratio between Profit for the period (calculated for the half year on a 12-month basis from 1 July to 30 June) and the arithmetic mean of total Equity at the beginning and end of the reporting period, for the value reported at 30 June 2014, and (ii) the ratio between Profit for the period (calculated for the half year on a 12-month basis from 1 July to 30 June) and total Equity at 30 June 2013, for the value reported at 30 June 2013. The method of calculating this ratio for the first half of 2013 has been altered so as to moderate the effects of the first-time consolidation of Vard Holdings with effect from 23 January 2013.
- Total debt/Total equity: this is the ratio between the Group's total debt and total equity.
- Net financial position/EBITDA: this is the ratio between the Net financial position, as monitored by the Group, and EBITDA.
- Net financial position/Total equity: this is the ratio between the Net financial position, as monitored by the Group, and total equity.



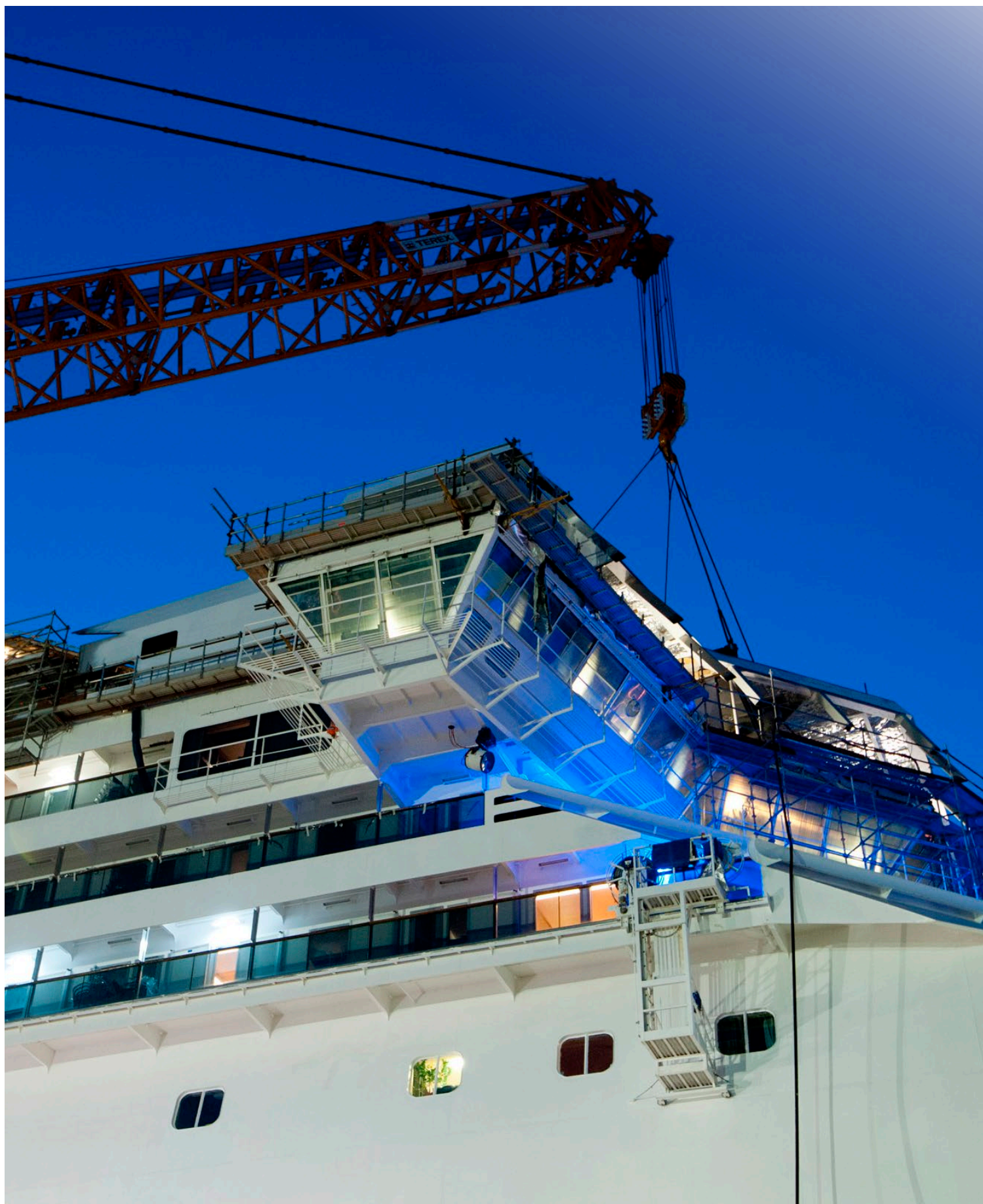
Reconciliation of the reclassified financial statements used in the report on operations with the mandatory IFRS statements

CONSOLIDATED INCOME STATEMENT

	30.06.2014		30.06.2013	
(Euro/million)	Amounts in IFRS statement	Amounts in reclassified statement	Amounts in IFRS statement	Amounts in reclassified statement
A – Revenue		1,983		1,894
Operating revenue	1,962		1,867	
Other revenue and income	21		27	
B - Materials, services and other costs		(1,425)		(1,386)
Materials, services and other costs	(1,427)		(1,399)	
Recl. to I – Extraordinary and non-recurring income and expenses	2		13	
C - Personnel costs		(406)		(369)
Personnel costs	(414)		(377)	
Recl. to I – Extraordinary and non-recurring income and expenses	8		8	
D - Provisions and impairment		(10)		1
Provisions and impairment	(21)		(3)	
Recl. to I – Extraordinary and non-recurring income and expenses	11		4	
E - Depreciation and amortization		(49)		(44)
Depreciation and amortization	(49)		(44)	
F – Finance income and costs		(28)		(20)
Finance income and costs	(28)		(27)	
Recl. to I – Extraordinary and non-recurring income and expenses	-		7	
G - Income/expense (+/-) from investments		1		-
Income/expense (+/-) from investments	1		-	
H - Income taxes		(18)		(21)
Income taxes	(12)		(11)	
Recl. to L - Tax effect of extraordinary and non-recurring income and expenses	(6)		(10)	
I - Extraordinary and non-recurring income and expenses		(21)		(32)
Recl. from B - Materials, services and other costs	(2)		(13)	
Recl. from C - Personnel costs	(8)		(8)	
Recl. from D - Provisions and impairment	(11)		(4)	
Recl. from F – Finance income and costs	-		(7)	
L - Tax effect of extraordinary and non-recurring income and expenses		6		10
Recl. from H – Income taxes for the period	6		10	
Profit for the period		33		33

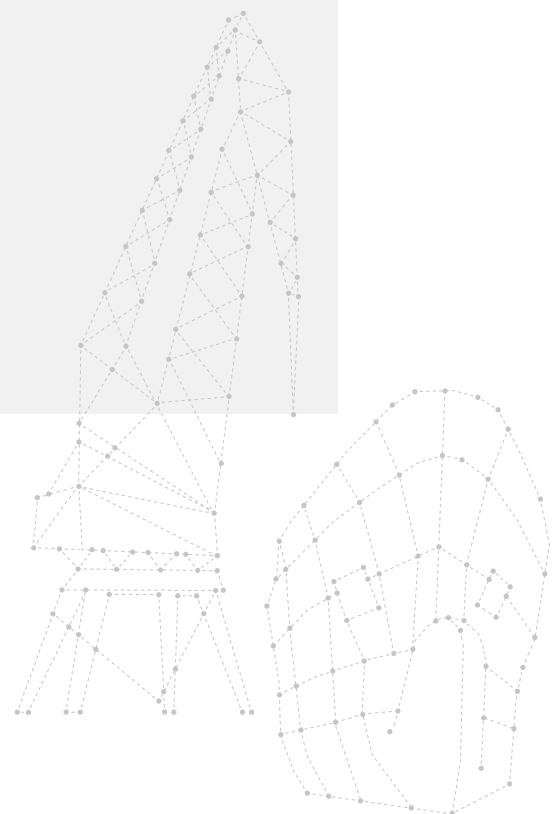
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euro/million)	30.06.2014		31.12.2013	
	Amounts in IFRS statement	Amounts in reclassified statement	Amounts in IFRS statement	Amounts in reclassified statement
A) Intangible assets		548		539
<i>Intangible assets</i>	548		539	
B) Property, plant and equipment		926		897
<i>Property, plant and equipment</i>	926		897	
C) Investments		76		70
<i>Investments</i>	76		70	
D) Other non-current assets and liabilities		(17)		(14)
<i>Derivative assets</i>	17		17	
<i>Other non-current assets</i>	13		17	
<i>Other liabilities</i>	(42)		(47)	
<i>Derivative liabilities</i>	(5)		(1)	
E) Employee benefits		(60)		(60)
<i>Employee benefits</i>	(60)		(60)	
F) Inventories and advances		475		400
<i>Inventories and advances</i>	475		400	
G) Construction contracts and advances from customers		735		757
<i>Construction contracts - assets</i>	1,483		1,531	
<i>Construction contracts - liabilities and advances from customers</i>	(748)		(774)	
H) Construction loans		(607)		(563)
<i>Construction loans</i>	(607)		(563)	
I) Trade receivables		421		344
<i>Trade receivables and other current assets</i>	602		532	
<i>Recl. to N) Other assets</i>	(181)		(188)	
L) Trade payables		(997)		(911)
<i>Trade payables and other current liabilities</i>	(1,211)		(1,129)	
<i>Recl. to N) Other liabilities</i>	214		218	
M) Provisions for risks and charges		(133)		(151)
<i>Provisions for risks and charges</i>	(133)		(151)	
N) Other current assets and liabilities		54		57
<i>Deferred tax assets</i>	151		168	
<i>Income tax assets</i>	47		38	
<i>Derivative assets</i>	57		68	
<i>Recl. from I) Other current assets</i>	181		188	
<i>Deferred tax liabilities</i>	(87)		(88)	
<i>Income tax liabilities</i>	(18)		(30)	
<i>Derivative liabilities and option fair value</i>	(63)		(69)	
<i>Recl. from L) Other current liabilities</i>	(214)		(218)	
NET INVESTED CAPITAL		1,421		1,365
O) Equity		1,237		1,210
P) Net financial position		184		155
SOURCES OF FUNDING		1,421		1,365
Q) Net (assets)/liabilities held for sale				



condensed consolidated interim
financial statements as at
and for the six months ended
30 june 2014

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44	Consolidated statement of financial position
45	Consolidated statement of comprehensive income
46	Consolidated statement of changes in equity
47	Consolidated statement of cash flows



Consolidated statement of financial position

(Euro/000)	Nota	30.06.2014	<i>of which related parties Note 27</i>	31.12.2013	<i>of which related parties Note 27</i>
ASSETS					
NON-CURRENT ASSETS					
Intangible assets	5	547,815		539,332	
Property, plant and equipment	6	926,529		896,545	
Investments accounted for using the equity method	7	66,619		61,647	
Other investments	7	9,107		8,917	
Financial assets	8	69,783	9,504	99,882	8,548
Other assets	9	12,973		17,456	
Deferred tax assets	10	150,948		167,651	
Total non-current assets		1,783,774		1,791,430	
CURRENT ASSETS					
Inventories and advances	11	474,819	420	399,728	
Construction contracts – assets	12	1,482,795		1,530,660	
Trade receivables and other current assets	13	631,567	108,165	558,921	48,808
Income tax assets		47,068		38,817	
Financial assets	14	108,615	241	99,353	4,368
Cash and cash equivalents	15	471,847		384,506	
Total current assets		3,216,711		3,011,985	
TOTAL ASSETS		5,000,485		4,803,415	
EQUITY AND LIABILITIES					
EQUITY	16				
Equity attributable to owners of the parent					
Share capital		633,481		633,481	
Reserves and retained earnings		351,318		334,860	
Total Equity attributable to owners of the parent		984,799		968,341	
Non-controlling interests		252,150		242,225	
Total Equity		1,236,949		1,210,566	
NON-CURRENT LIABILITIES					
Provisions for risks and charges	17	100,227		98,907	
Employee benefits	18	60,053		60,049	
Financial liabilities	19	608,779	18,339	604,727	19,049
Other liabilities	20	42,186		47,600	
Deferred tax liabilities	10	87,211		87,837	
Total non-current liabilities		898,456		899,120	
CURRENT LIABILITIES					
Provisions for risks and charges	17	32,956		51,860	
Construction contracts – liabilities	12	747,836		773,657	
Trade payables and other current liabilities	21	1,224,908	12,933	1,154,718	1,250
Income tax liabilities		17,516		30,220	
Financial liabilities	22	841,864	75,848	683,274	4,424
Total current liabilities		2,865,080		2,693,729	
TOTAL EQUITY AND LIABILITIES		5,000,485		4,803,415	

Consolidated statement of comprehensive income

(Euro/000)	Note	30.06.2014	of which related parties Note 27	30.06.2013	of which related parties Note 27
Operating revenue	23	1,961,596	161,168	1,866,530	189,569
Other revenue and income	23	21,217	1,427	27,036	404
Materials, services and other costs of which non-recurring	24	(1,426,889) (1,717)	(1,154)	(1,399,077) (12,839)	(1,321)
Personnel costs of which non-recurring	24	(413,474) (7,756)		(376,778) (8,103)	
Depreciation and amortization	24	(48,630)		(44,448)	
Provisions and impairment of which non-recurring	24	(21,377) (11,041)		(2,500) (3,516)	
Finance income	25	9,049	196	9,930	
Finance costs of which non-recurring	25	(37,041)	(2,190)	(37,413) (7,511)	(1,481)
Income/expense (+/-) from investments		(342)		(5)	
Share of profit/loss (+/-) of investments accounted for using the equity method		1,051		419	
Income taxes	26	(12,587)		(10,496)	
PROFIT/LOSS (+/-) FOR THE PERIOD (A)		32,573		33,198	
Attributable to owners of the parent		23,255		19,768	
Attributable to non-controlling interests		9,318		13,430	
Basic and diluted earnings/loss (+/-) per share (Euro)		0.01872		0.01591	
Other comprehensive income/losses (+/-), net of tax (OCI)					
Gains/losses (+/-) from remeasurement of employee defined benefit plans	16 - 18	(758)		(230)	
Total gains/losses (+/-) that will not be reclassified to profit or loss, net of tax	16	(758)		(230)	
attributable to non-controlling interests				1	
Effective portion of gains/losses (+/-) on cash flow hedging instruments	16	156		885	
Gains/losses (+/-) arising from changes in OCI of investments accounted for using the equity method					
Exchange gains/losses (+/-) arising on translation of foreign subsidiaries' financial statements					
Exchange gains/losses (+/-) arising on translation of foreign subsidiaries' financial statements	16	8,323		(4,920)	
Total gains/losses (+/-) that may be subsequently reclassified to profit or loss, net of tax	16	8,479		(4,035)	
attributable to non-controlling interests		2,865		(2,824)	
Total other comprehensive income/losses (+/-), net of tax (B)	16	7,721		(4,265)	
attributable to non-controlling interests		2,865		(2,823)	
TOTAL COMPREHENSIVE INCOME/LOSS (+/-) FOR THE PERIOD (A) + (B)		40,294		28,933	
Attributable to owners of the parent		28,111		18,326	
Attributable to non-controlling interests		12,183		10,607	

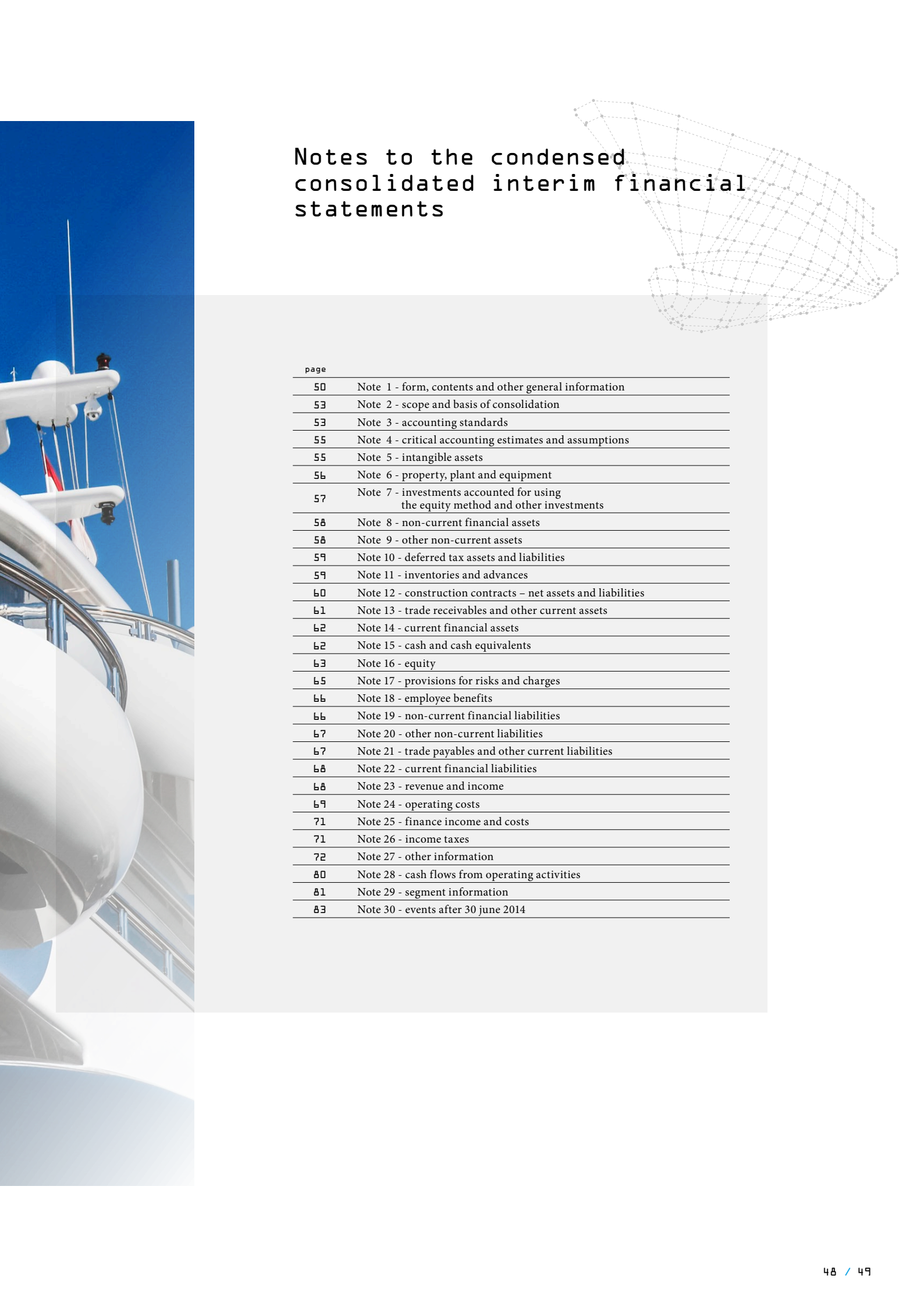
Consolidated statement of changes in equity

(Euro/000)	Nota	Share capital	Reserves and retained earnings (+/-)	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total
01.01.2013	16	633,481	306,045	939,526	17,011	956,537
Business combinations					212,975	212,975
Share capital increase					326	326
Share capital increase – non-controlling interests						
Dividend distribution			(4,000)	(4,000)	(300)	(4,300)
Other changes/roundings			93	93	145	238
Total transactions with owners			(3,907)	(3,907)	213,146	209,239
Profit for the period			19,768	19,768	13,430	33,198
Other components						
Other comprehensive income			(1,442)	(1,442)	(2,823)	(4,265)
Total comprehensive income for the period			18,326	18,326	10,607	28,933
30.06.2013	16	633,481	320,464	953,945	240,764	1,194,709
01.01.2014	16	633,481	334,860	968,341	242,225	1,210,566
Business combinations						
Share capital increase						
Purchase of non-controlling interests			(1,642)	(1,642)	(2,258)	(3,900)
Dividend distribution			(10,000)	(10,000)		(10,000)
Other changes/roundings			(11)	(11)		(11)
Total transactions with owners			(11,653)	(11,653)	(2,258)	(13,911)
Profit for the period			23,255	23,255	9,318	32,573
Other components						
Other comprehensive income			4,856	4,856	2,865	7,721
Total comprehensive income for the period			28,111	28,111	12,183	40,294
30.06.2014	16	633,481	351,318	984,799	252,150	1,236,949

Consolidated statement of cash flows

(Euro/000)	Note	30.06.2014	30.06.2013
NET CASH FLOWS FROM OPERATING ACTIVITIES	28	19,008	87,054
- of which related parties		(48,094)	(24,480)
Investments in:			
- intangible assets		(14,216)	(25,503)
- property, plant and equipment		(52,895)	(101,887)
- equity investments		(2,619)	(2,000)
- cash out for business combination (VARD group), net of cash acquired			(168,707)
Disposals of:			
- intangible assets			2
- property, plant and equipment			369
- equity investments		7	69
Acquisition of interests in subsidiaries		(3,900)	
CASH FLOWS FROM INVESTING ACTIVITIES		(73,623)	(297,657)
Change in non-current loans:			
- proceeds		17,083	74,227
- repayments		(17,158)	(11,348)
Change in non-current financial receivables:			
- proceeds		(2,226)	
- repayments		11,754	546
Change in current bank loans and credit facilities		60,146	40,177
Change in other current financial liabilities/receivables		65,074	(106,314)
Change in receivables for held-for-trading financial instruments		(5)	52
Change in payables for held-for-trading financial instruments		82	(1,074)
Contribution by shareholders			565
CASH FLOWS FROM FINANCING ACTIVITIES		134,750	(3,169)
- of which related parties		73,885	114,299
NET CASH FLOWS FOR THE PERIOD		80,135	(213,772)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		384,506	691,828
Effect of exchange rate changes on cash and cash equivalents		7,206	(9,384)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		471,847	468,672





Notes to the condensed consolidated interim financial statements

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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 legal entity incorporated under Italian law. 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 components.

As at 30 June 2014, 99.355% of the Company's share capital of euro 633,480,725.70 was held by Fintecna S.p.A.; the remainder of share capital was owned by a number of private investors including Citibank, which held 0.644%. It should be noted that the share capital of Fintecna S.p.A. is 100% 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. The Company's registered office is located in Via Genova no. 1, Trieste (Italy).

IFRS CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

The condensed consolidated interim financial statements as at and for the six months ended 30 June 2014 and 2013 restated (the "Condensed Consolidated Interim Financial Statements"), were approved by the Company's Board of Directors on 21 July 2014.

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

BASIS OF PREPARATION

The half-year financial report of the Fincantieri Group as at 30 June 2014 has been prepared in accordance with the provisions of art. 154-ter par. 2 of Italian Legislative Decree no. 58/98 (known as the "Unified Financial Act") 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 information presented is significantly 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 years ended 31 December 2013, 2012 and 2011, prepared in accordance with IFRS (the "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 Consolidated Financial Statements as at 31 December 2013 which should be consulted for more details.

The following table shows the financial assets and liabilities that are measured at fair value at 30 June 2014 and 31 December 2013 according to their level in the fair value hierarchy:

(Euro/000)	30.06.2014			31.12.2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Available-for-sale financial assets						
<i>Equity instruments</i>		6,386	1,203		6,219	1,171
<i>Debt instruments</i>						
Hedging derivatives		43,871			58,079	
Held-for-trading derivatives		12				
Total assets		50,269	1,203		64,298	1,171
Liabilities						
Liabilities at fair value through profit or loss			13,963			13,777
Hedging derivatives		39,207				
Held-for-trading derivatives		101			30,790	
Total liabilities		39,308	13,963		30,790	13,777

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.

Certain circumstances described below have led to the restatement of some of the figures presented in the 2013 half-year financial report.

VARD Group purchase price allocation

The results of the Group for the first half of 2013, included in the condensed consolidated statement of comprehensive income, reflect the effects of the process of measuring the identifiable assets acquired and identifiable liabilities assumed through the acquisition of Vard Holdings Ltd (see the Consolidated Financial Statements for further details).

Classification of release of provisions in the income statement

As from 31 December 2013, releases of provisions for risks and charges and impairment reversals have been classified as a reduction of "Provisions and impairment" and not in "Other revenue and income". In order to align the first half 2013 figures, presented for comparative purposes, the line items "Other revenue and income" and "Provisions and impairment" have been restated accordingly.

Classification of the economic effects of foreign currency derivatives

At 31 December 2013, the Group changed its accounting policy for the treatment of realized gains/losses arising from held-for-trading foreign currency derivatives and from the measurement of such instruments. In particular, such gains and losses have been classified in "Other revenue and income" and "Materials, services and other costs" in order to achieve a better match with the results of the construction contracts for whose currency risk these derivatives are traded.

The following table presents the restated statement of financial position as at 30 June 2013:

(Euro/000)	30.06.2013
ASSETS	
Total non-current assets	1,712,622
Total current assets	2,301,713
TOTAL ASSETS	4,014,335
EQUITY AND LIABILITIES	
Equity attributable to owners of the parent	953,945
Non-controlling interests	240,764
Total Equity	1,194,709
Total non-current liabilities	645,336
Total current liabilities	2,174,290
TOTAL EQUITY AND LIABILITIES	4,014,335

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 Consolidated Financial Statements, except as reported in Note 3.

Vard Marine Inc., a newly incorporated company in Canada, has been consolidated as from 17 March 2014. All of this company's share capital is owned by Vard Group AS. In addition, all of the remaining shares have been acquired in Delfi S.r.l. and Seastema S.p.A., giving the Group 100% control of these subsidiaries.

No significant transactions or unusual events took place during the first half of 2014 or 2013, except as reported in the Condensed Consolidated Interim Financial Statements at 30 June 2014. 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:

	2014		2013	
	6-month average	Closing rate at 30 June	6-month average	Closing rate at 30 June
US Dollar (USD)	1,3726	1,3607	1,3006	1,3124
UAE Dirham (AED)	5,0415	4,9978	4,7770	4,8203
Brazilian Real (BRL)	3,1723	3,0315	2,7664	2,6303
Norwegian Krone (NOK)	8,2890	8,1425	7,6140	7,4790
Indian Rupee (INR)	83,7098	80,4020	73,4980	71,3627
Romanian Leu (RON)	4,4787	4,4030	4,3843	4,3747

Note 3 - accounting standards

The Group's adoption of the international accounting standards and interpretations compulsory from 1 January 2014 (particularly IFRS 10, IFRS 11, IFRS 12 and certain amendments to IAS 32, IAS 36 and IAS 39) has not had any significant impact on the information provided. A description of the recently issued accounting standards can be found in the Consolidated Financial Statements at 31 December 2013 to which reference should be made, while the main IASB pronouncements not yet approved by the European Commission are outlined below.

On 12 November 2009, the IASB issued IFRS 9 – Financial Instruments; this standard has been subsequently amended. The standard, whose effective date has yet to be determined, is the first part of a project aimed at completely replacing IAS 39, and introduces new principles for the classification and measurement of financial assets and liabilities. In particular, the new standard uses a single approach to determine whether a financial asset is measured at amortized cost or fair

value, replacing the many different rules in IAS 39. This approach is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets themselves. In the case of financial liabilities, the main change relates to the accounting treatment of changes in fair value of a financial liability designated at fair value through profit or loss if such changes are due to a change in the credit rating of the liability itself. Under the new standard, such changes must be recognized in "Other comprehensive income and losses" and no longer through profit or loss.

On 20 May 2013, the IASB issued IFRIC 21 – Levies. This interpretation has been issued to identify the accounting treatment for levies, defined as payments to a government body for which the reporting entity does not receive specific goods or services. The interpretation is applicable for annual periods beginning on or after 1 January 2014 and must be applied retrospectively.

On 21 November 2013, the IASB issued the document Defined Benefit Plans: Employee Contributions (Amendments to IAS 19 Employee Benefits). The amendments to IAS 19 allow contributions from employees or third parties, that are independent of the number of years of service, to be treated as a reduction in current service cost rather than attributing them to the period over which service is rendered. This treatment is optional and not mandatory.

On 12 December 2013, the IASB issued the document Annual Improvements to IFRSs 2010 -2012 Cycle. The related improvements have made changes to: (i) IFRS 2, by amending the definition of "vesting condition"; (ii) IFRS 3, by clarifying that contingent consideration classified as an asset or a liability must be measured at fair value at each reporting date; (iii) IFRS 8, mainly by requiring a reporting entity to disclose the judgments made by management in applying the aggregation criteria to operating segments; (iv) the Basis of Conclusions of IFRS 13, by confirming the possibility of being able to measure short-term receivables and payables with no stated interest rate at their invoice amounts, without discounting if the effect of not discounting is immaterial; (v) IAS 16 and IAS 38, by clarifying that when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount; (vi) IAS 24, by specifying that if an entity (or any member of a group of which it is part) provides key management personnel services to the reporting entity (or to the parent of the reporting entity), then it is a related party of the reporting entity. On the same date, the IASB issued the document Annual Improvements to IFRSs 2011-2013 Cycle. The related improvements have made changes to: (i) the Basis of Conclusions of IFRS 1, by clarifying the definition of "existing and currently effective" IFRS for first-time adopters; (ii) IFRS 3, by clarifying that this standard excludes from its scope, the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; (iii) IFRS 13, by clarifying that the scope of the exception defined in paragraph 48 of IFRS 13 includes all contracts accounted for within the scope of IAS 39, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32; (iv) IAS 40, by clarifying the interrelationship between IFRS 3 and IAS 40.

In accordance with the pronouncements made by the IASB, the provisions contained in these documents are effective for annual periods beginning on or after 1 July 2014. However, since these improvements have not yet been endorsed by the European Commission, the effective date of the provisions in question could be deferred to a later date.

On 19 November 2013, the IASB issued the document IFRS 9 - Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39), with the related Basis for Conclusions and Implementation Guidance. These amendments: (i) involve a substantial overhaul of hedge accounting; (ii) allow earlier application compared with other amendments to IFRS 9 of the amendment which requires changes in the fair value of liabilities designated at fair value through profit or loss, comprising gains or losses arising from changes in the entity's credit risk, to be recognized in Other comprehensive income; (iii) remove the 1 January 2015 mandatory effective date of IFRS 9.

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 2013.

Certain valuation processes, particularly the more complex ones, such as the determination of any impairment of non-current assets, are generally carried out in full only when preparing the annual financial statements when all the necessary information is available, except when there are indicators of impairment that require the immediate assessment of any impairment losses.

Note 5 - intangible assets

Movements in this line item are as follows:

(Euro/000)	Goodwill	Customer relationships	Development costs	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Other intangibles	Intangibles in progress and advances to suppliers	Total
- cost	299,813	210,397	26,832	81,229	14,602	6,203	20,047	659,123
- accumulated amortization and impairment losses	-	(25,134)	(12,557)	(77,949)	(723)	(3,428)	-	(119,791)
Net carrying amount at 01.01	299,813	185,263	14,275	3,280	13,879	2,775	20,047	539,332
Movements								
- business combinations								
- additions						332	13,884	14,216
- net disposals								
- reclassifications/ other changes			2,128	10			(2,138)	
- amortization		(9,206)	(948)	(898)	(106)	(263)		(11,421)
- impairment losses								
- exchange rate differences	767	4,678			192	51		5,688
Closing net carrying amount	300,580	180,735	15,455	2,392	13,965	2,895	31,793	547,815
- cost	300,580	215,791	28,993	81,242	14,805	6,645	31,793	679,849
- accumulated amortization and impairment losses	-	(35,056)	(13,538)	(78,850)	(840)	(3,750)	-	(132,034)
Net carrying amount at 30.06	300,580	180,735	15,455	2,392	13,965	2,895	31,793	547,815

Goodwill at 30 June 2014 comprises euro 59 million in relation to the acquisition in 2009 of the Fincantieri Marine Group in the USA and allocated to the Naval cash-generating unit (CGU) within the Shipbuilding operating segment, and euro 242 million in relation to the acquisition of the VARD Group in January 2013 and allocated to the Offshore cash-generating unit (CGU), which represents the entire Offshore operating segment.

Trademarks with indefinite useful lives refer to the names of the U.S. shipyards acquired (namely Marinette and Bayshipbuilding) and are allocated to the CGU representing the American group acquired. In accordance with the provisions of IAS 36, the Company is of the opinion that the conditions exist as at 30 June 2014 to confirm the value of goodwill and the trademark since no signs of impairment have emerged indicating a reduction in their value.

Additions in the first half of 2014 amounted to euro 14,216 thousand, of which euro 10,159 thousand on continued work on projects to develop new technologies following product discontinuance in the wake of new regulations and on the large number of new cruise ship prototypes ordered. The remaining expenditure relates to the development of information systems to support the Group's business.

Additions made during the first half of 2013 came to euro 25,503 thousand, mainly in connection with projects under development.

Note 6 - property, plant and equipment

Movements in this line item are as follows

(Euro/000)	Land and buildings	Leased buildings	Industrial plant, machinery and equipment	Assets under concession	Extraordinary maintenance on leased assets	Other assets	Assets under construction and advances to suppliers	Total
- cost	465,245	1,900	968,264	173,451	25,292	152,898	220,155	2,007,205
- accumulated depreciation and impairment losses	(167,434)	(1,425)	(706,412)	(115,537)	(19,167)	(100,685)	-	(1,110,660)
Net carrying amount at 01.01	297,811	475	261,852	57,914	6,125	52,213	220,155	896,545
Movements								
- business combinations								
- additions	4,205		7,112		2	50	41,213	52,582
- net disposals	(28)		(61)			(1)	(33)	(123)
- reclassifications/ other changes	62,785		66,824	7	29	583	(129,340)	888
- depreciation	(8,225)	(136)	(24,504)	(1,617)	(407)	(2,320)		(37,209)
- impairment losses	(33)							(33)
- capitalized finance costs			22				1,738	1,760
- exchange rate differences	3,349	4	2,549			37	6,180	12,119
Closing net carrying amount	359,864	343	313,794	56,304	5,749	50,562	139,913	926,529
- cost	535,464	1,925	1,045,247	173,458	25,328	153,668	139,913	2,075,003
- accumulated depreciation and impairment losses	(175,600)	(1,582)	(731,453)	(117,154)	(19,579)	(103,106)	-	(1,148,474)
Net carrying amount at 30.06	359,864	343	313,794	56,304	5,749	50,562	139,913	926,529

Capital expenditure additions in the first half of 2014 amount to euro 52,582 thousand and mainly relate to the construction of new infrastructure and technological upgrades to improve production efficiency through greater process automation and to improve safety conditions and environmental respect within the production sites; this expenditure was mostly concentrated on the shipyards in Monfalcone, to modernize hull-building technologies, and Marghera, to build new infrastructure and logistical support areas for the outfitting docks, and on the Vard Promar and Vard Romania shipyards.

Additions made during the first half of 2013 came to euro 101,926 thousand and mainly referred to the shipyards in Monfalcone, Marghera and Sestri and the VARD shipyards in Brazil, Romania and Vietnam.

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
01.01.2014	45,849	15,798	61,647	1,527	7,390	8,917	70,564
Business combinations							
Additions				10		10	10
Revaluations(+) Impairment losses(-)	796	255	1,051				1,051
Disposals				(15)		(15)	(15)
Capital paid into investments	2,618		2,618				2,618
Dividends from investments accounted for using the equity method							
Reclassifications/Other				(3)		(3)	(3)
Exchange rate differences	1,303		1,303		198	198	1,501
30.06.2014	50,566	16,053	66,619	1,519	7,588	9,107	75,726

Note 8 - non-current financial assets

These are analyzed as follows:

(Euro/000)	30.06.2014	31.12.2013
Grants financed by BIIIS	37,481	40,790
Derivative assets	16,638	17,253
Other non-current financial receivables	6,160	33,211
Non-current financial receivables from investee companies	9,504	8,628
NON-CURRENT FINANCIAL ASSETS	69,783	99,882

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

The decrease in "Other non-current financial receivables" is attributable to the reclassification as "Current financial assets" of financial receivables that mature in the first quarter of 2015.

Note 9 - other non-current assets

Other non-current assets are analyzed as follows:

(Euro/000)	30.06.2014	31.12.2013
Other receivables from investee companies		186
Government grants receivable	2,119	2,555
Other receivables	10,854	14,715
OTHER NON-CURRENT ASSETS	12,973	17,456

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 01.01.2014	16,656
Utilizations	
Increases (+)	
Releases (-)	
Total at 30.06.2014	16,656

Note 10 - deferred tax assets and liabilities

Deferred tax assets are analyzed as follows:

(Euro/000)	Total
01.01.2014	167,651
Through income statement	(18,020)
Through equity	200
Other changes	323
Exchange rate differences	794
30.06.2014	150,948

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. Deferred tax is also recognized on the basis of the tax consolidation with CDP which commenced in 2013.

Deferred tax liabilities are analyzed as follows:

(Euro/000)	Total
01.01.2014	87,837
Through income statement	(2,467)
Other changes	(57)
Exchange rate differences	1,898
30.06.2014	87,211

Note 11 - inventories and advances

These are analyzed as follows:

(Euro/000)	30.06.2014	31.12.2013
Raw materials and consumables	179,941	183,348
Work in progress and semi-finished goods	8,221	3,843
Finished products	6,311	6,083
Total inventories	194,473	193,274
Advances to suppliers	280,346	206,454
TOTAL INVENTORIES AND ADVANCES	474,819	399,728

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
01.01.2014	16,131	2,586
Increases	283	
Utilizations	(869)	(28)
Releases	(358)	
Exchange rate differences	2	10
30.06.2014	15,189	2,568

Note 12 - construction contracts – net assets and liabilities

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

	30.06.2014			31.12.2013		
(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	3,513,337	2,050,133	1,463,204	3,383,893	1,868,900	1,514,993
Other contracts for third parties	36,044	16,453	19,591	31,252	15,585	15,667
Total	3,549,381	2,066,586	1,482,795	3,415,145	1,884,485	1,530,660

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

	30.06.2014			31.12.2013		
(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	4,207,412	4,936,064	728,652	3,009,670	3,715,342	705,672
Other contracts for third parties	35,513	39,750	4,237	153,967	165,958	11,991
Advances from customers		14,947	14,947		55,994	55,994
Total	4,242,925	4,990,761	747,836	3,163,637	3,937,294	773,657

Note 13 - trade receivables and other current assets

These are analyzed as follows:

(Euro/000)	30.06.2014	31.12.2013
Trade receivables	421,234	343,684
Receivables from controlling companies (tax consolidation)	12,134	10,210
Government grants receivable	9,973	8,467
Other sundry receivables	87,227	82,522
Indirect tax receivables	31,121	47,473
<i>Firm commitments</i>	29,508	26,564
Accrued income	244	
Prepayments	40,126	40,001
TOTAL TRADE RECEIVABLES AND OTHER CURRENT ASSETS	631,567	558,921

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 insolvency. A provision for interest charged on past due trade receivables has been recognized in a "Provision for past due interest"; the amount of and movements in the total provisions for impairment of receivables are as follows:

(Euro/000)	Provision for impairment of receivables
01.01.2014	41,017
Utilizations	(229)
Increases (+)/Releases (-)	1,065
Exchange rate differences	183
30.06.2014	42,036

"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.

"Prepayments" include some euro 15 million in costs incurred to 30 June 2014 in connection with the share listing completed on 3 July and resulting in the share capital increase described in Notes 16 and 27. In accordance with IAS 32, these costs will be deducted from Equity (Share premium reserve) when recording the share capital increase.

Note 14 - current financial assets

These are analyzed as follows:

(Euro/000)	30.06.2014	31.12.2013
Derivative assets	27,245	40,826
Other receivables	72,920	50,113
Government grants financed by BIIS	6,557	6,436
Accrued interest income	1,893	1,978
TOTAL CURRENT FINANCIAL ASSETS	108,615	99,353

"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).

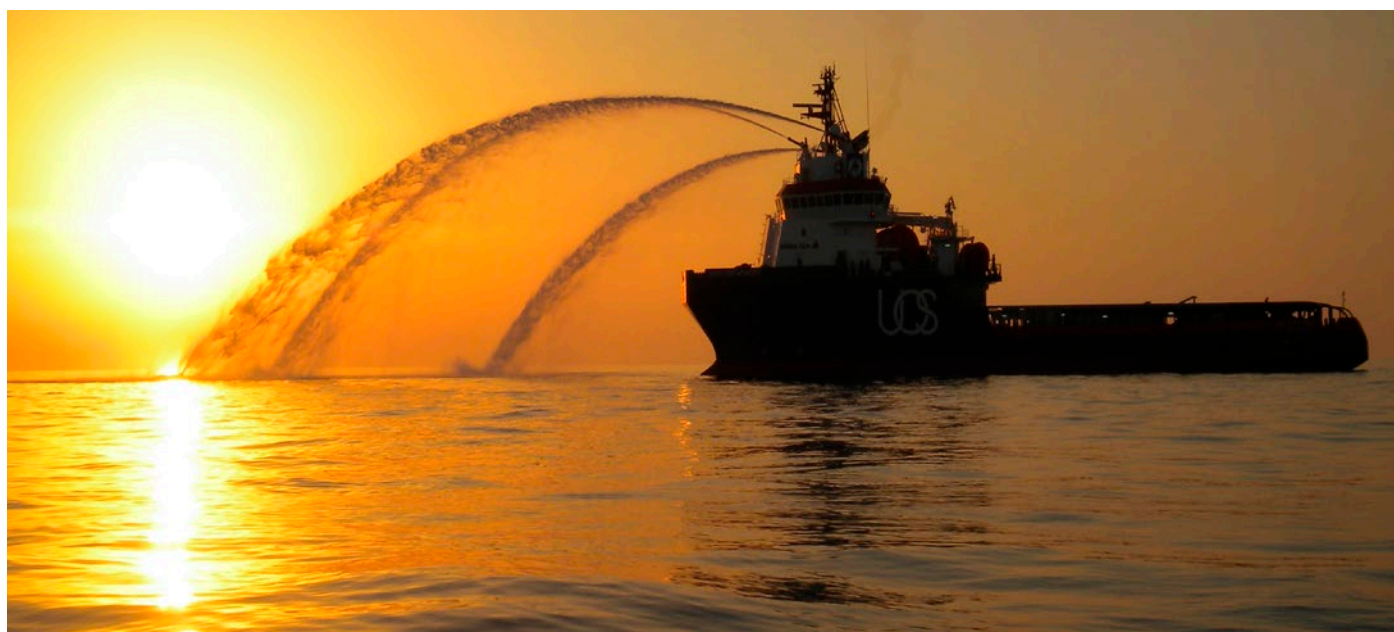
"Other receivables" mainly include interest-bearing receivables from customers.

Note 15 - cash and cash equivalents

These are analyzed as follows:

(Euro/000)	30.06.2014	31.12.2013
Bank and postal deposits	471,540	384,236
Checks	187	149
Cash on hand	120	121
TOTAL CASH AND CASH EQUIVALENTS	471,847	384,506

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



Note 16 - equity

EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT

The composition of equity is analyzed in the following table:

(Euro/000)	30.06.2014	31.12.2013
Attributable to owners of the parent		
Share capital	633,481	633,481
Share premium reserve	71	71
Legal reserve	31,516	29,439
Cash flow hedge reserve	(604)	(760)
Available-for-sale fair value reserve	(226)	(226)
Currency translation reserve	(29,070)	(34,527)
Other reserves and retained earnings	326,376	284,146
Profit/loss (+/-) for the period	23,255	56,717
	984,799	968,341
Attributable to non-controlling interests		
Capital and reserves	267,410	241,356
Available-for-sale fair value reserve	(180)	(180)
Currency translation reserve	(24,398)	(27,352)
Profit/loss (+/-) for the period	9,318	28,401
	252,150	242,225
TOTAL EQUITY	1,236,949	1,210,566

SHARE CAPITAL

The Parent Company's share capital amounts to euro 633,481 thousand, all of which fully paid-in and comprising 1,242,119,070 ordinary shares with no par value. Share capital did not undergo any changes during the periods under review. On 3 July 2014, with the start of trading in the Company's shares on Italy's electronic stock market (*Mercato Telematico Azionario*) organized and managed by Borsa Italiana S.p.A., the Company raised euro 351 million in capital, of which euro 230 million by way of an increase in share capital and euro 121 million by way of share premium. Further information can be found in Note 30 - Events after 30 June 2014.

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 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 2013 is mainly due to comprehensive income for the period attributable to non-controlling interests and to the acquisition of 50% of the share capital of Seastema S.p.A. and 49% of the share capital of Delfi S.r.l., giving the Fincantieri Group 100% control of both these companies.

OTHER COMPREHENSIVE INCOME/LOSSES

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

	30.06.2014			30.06.2013		
(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	215	(59)	156	885		885
Gains/losses (+/-) from remeasurement of employee defined benefit plans	(1,046)	288	(758)	(230)		(230)
Gains/losses (+/-) arising from changes in OCI of investments accounted for using the equity method						
Gains/losses (+/-) arising on translation of financial statements of foreign operations	8,352	(29)	8,323	(840)	(80)	(920)
Total other comprehensive income/losses (+/-)	7,521	200	7,721	(185)	(80)	(265)

(Euro/000)	30.06.2014	31.12.2013
Effective portion of profits/losses (+/-) arising in period on cash flow hedging instruments	(833)	(1,048)
Effective portion of profits/losses (+/-) on cash flow hedging instruments reclassified to income statement	1,048	1,747
Effective portion of profits/losses (+/-) on cash flow hedging instruments	215	699
Tax effect of other components of comprehensive income	(59)	(189)
TOTAL OTHER COMPREHENSIVE INCOME/LOSSES (+/-), NET OF TAXE	156	510

Note 17 - 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
<i>Non-current portion</i>	42,910	37,534	110		18,353	98,907
<i>Current portion</i>	1,426	19,204		4,775	26,455	51,860
01.01.2014	44,336	56,738	110	4,775	44,808	150,767
Business combinations						
Other movements	(232)	(5)			(17,012)	(17,249)
Increases	11,430	10,257			1,102	22,789
Utilizations	(8,439)	(11,817)		(1,841)	(11)	(22,108)
Releases	(132)	(1,414)			(410)	(1,956)
Exchange rate differences	35	368			537	940
30.06.2014	46,998	54,127	110	2,934	29,014	133,183
<i>Non-current portion</i>	45,770	36,140	110		18,207	100,227
<i>Current portion</i>	1,228	17,987		2,934	10,807	32,956

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 business reorganization provision refers to the residual amount for the Reorganization Plan started in 2011 with the agreement of the main trade unions, aimed at addressing the issue of surplus staff.

The provision for other risks and charges includes provisions for environmental clean-up costs and provisions for 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.

"Other movements" refer to the reclassification of provisions for risks related to construction contracts as a reduction in the gross value of such contracts.

Note 18 - employee benefits

Movements in this line item are as follows:

(Euro/000)	30.06.2014	31.12.2013
Opening balance	60,486	70,757
Business combinations		4,597
Interest cost	892	2,200
Actuarial gains/losses (-/+)	1,047	(1,152)
Utilizations for benefits and advances paid	(2,108)	(12,899)
Staff transfers and other movements	9	(2,740)
Exchange rate differences	9	(277)
Closing balance	60,335	60,486
Plan assets	(282)	(437)
Closing balance	60,053	60,049

Note 19 - non-current financial liabilities

These are analyzed as follows:

(Euro/000)	30.06.2014	31.12.2013
Bond	296,460	296,095
Bank loans and credit facilities - non-current portion	256,849	254,670
Loans from BIIS - non-current portion	37,481	40,790
Finance lease obligations	390	544
Financial liabilities for the acquisition of equity investments	11,770	11,770
Derivative liabilities	4,545	858
Other financial liabilities	1,284	
TOTAL NON-CURRENT FINANCIAL LIABILITIES	608,779	604,727

"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", whose value has remained unchanged during the half year, 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.

"Bank loans and credit facilities - non-current portion" at 30 June 2014 also include two disbursements received in April and June for a total of euro 9 million as the final drawdown of the subsidized loan under Law 908/55, already outstanding at 31 December 2013, granted by Banca Mediocredito del Friuli Venezia Giulia S.p.A for capital expenditure at the Monfalcone shipyard.

Note 20 - other non-current liabilities

These are analyzed as follows:

(Euro/000)	30.06.2014	31.12.2013
Capital grants	28,610	30,014
Other liabilities	13,576	17,586
TOTAL OTHER NON-CURRENT LIABILITIES	42,186	47,600

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

Note 21 - trade payables and other current liabilities

These are analyzed as follows:

(Euro/000)	30.06.2014	31.12.2013
Payables to suppliers	996,462	910,538
Social security payables	39,245	28,028
Other payables for deferred employee remuneration	61,574	64,572
Other payables	86,745	98,209
Indirect tax payables	20,916	20,700
<i>Firm commitments</i>	14,106	25,166
Accrued expenses	5,764	7,504
Deferred income	96	1
TOTAL TRADE PAYABLES AND OTHER CURRENT LIABILITIES	1,224,908	1,154,718

"Social security payables" include amounts due to INPS (the Italian social security authorities) for employer and employee contributions on June wages and salaries and contributions on end-of-period wage adjustments.

"Other payables" include employee income tax withholdings payable to the Italian tax authorities, sundry payables for insurance premiums, advances received against research grants, amounts payable to employee supplementary pension funds and security deposits received.

"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 22 - current financial liabilities

These are analyzed as follows:

(Euro/000)	30.06.2014	31.12.2013
Bank loans and credit facilities - current portion	29,647	29,717
Loans from BIIS - current portion	6,557	6,436
Bank loans and credit facilities – Construction loans	607,156	562,791
Bank credit facilities repayable on demand	66,776	35,134
Payables to Fintecna	220	184
Payables to joint ventures	74,208	2,535
Finance lease obligations - current portion	292	276
<i>Fair value of options on equity investments</i>	13,963	13,777
Other financial liabilities	123	
Derivative liabilities	34,763	29,932
Accrued interest expense	8,159	2,492
TOTAL CURRENT FINANCIAL LIABILITIES	841,864	683,274

"Payables to joint ventures" relate to the balance on the intercompany current account with Orizzonte Sistemi Navali.

"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 half year 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 23 - Revenue and income

These are analyzed as follows:

(Euro/000)	30.06.2014	30.06.2013
Operating revenue	1,961,596	1,866,530
Other revenue and income	21,217	27,036
TOTAL REVENUE AND INCOME	1,982,813	1,893,566

Note 24 - operating costs

MATERIALS, SERVICES AND OTHER COSTS

Materials, services and other costs are analyzed as follows:

(Euro/000)	30.06.2014	30.06.2013
Raw materials and consumables	(1,025,843)	(980,390)
Services	(365,930)	(423,242)
Leases and rentals	(18,891)	(19,856)
Change in inventories of raw materials and consumables	(5,768)	2,099
Change in work in progress	420	
Change in inventories of finished products	1,000	(117)
Other operating costs	(22,260)	(4,836)
Total materials, services and other costs	(1,437,272)	(1,426,342)
Capitalization of internal costs	10,383	27,265
TOTAL OPERATING COSTS	(1,426,889)	(1,399,077)

PERSONNEL COSTS

(Euro/000)	30.06.2014	30.06.2013
Personnel costs:		
- wages and salaries	(296,320)	(276,246)
- social security	(93,887)	(90,270)
- costs for defined contribution plans	(15,642)	(17,041)
- other personnel costs	(9,933)	(12,961)
Personnel costs capitalized in fixed assets	2,308	19,740
Total personnel costs	(413,474)	(376,778)

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

HEADCOUNT

The Fincantieri Group had 21,080 employees at 30 June 2014, broken down as follows:

(number)	30.06.2014	30.06.2013
Employees at period end:		
Total at period end	21,080	19,865
- of whom in Italy	7,737	7,945
- of whom in Parent Company	7,431	7,650
- of whom in VARD	11,207	9,990
Average number of employees	20,797	19,620
- of whom in Italy	7,688	7,965
- of whom in Parent Company	7,383	7,673
- of whom in VARD	11,040	9,604

Orizzonte Sistemi Navali had 83 employees at 30 June 2014, compared with 84 employees at 30 June 2013.

DEPRECIATION AND AMORTIZATION, PROVISIONS AND IMPAIRMENT

(Euro/000)	30.06.2014	30.06.2013
Depreciation and amortization:		
- amortization of intangible assets	(11,421)	(10,478)
- depreciation of property, plant and equipment	(37,209)	(33,970)
Total depreciation and amortization	(48,630)	(44,448)
Provisions and impairment:		
- impairment of receivables	(1,803)	(2,386)
- increases in provisions for risks and charges	(22,236)	(20,548)
- other impairment losses	(33)	(35)
- release of provisions and impairment reversals	2,695	20,469
Total provisions and impairment	(21,377)	(2,500)

A breakdown of "Depreciation and amortization" expense is provided in Notes 5 and 6.

Details of "Provisions and impairment" can be found in Notes 13 and 17.

Note 25 - finance income and costs

These are analyzed as follows:

(Euro/000)	30.06.2014	30.06.2013
FINANCE INCOME		
Interest and other income from financial assets	2,182	2,137
Income from derivative financial instruments	281	576
Bank interest and fees and other income	3,362	3,408
Foreign exchange gains	3,224	3,809
Total finance income	9,049	9,930
FINANCE COSTS		
Interest and fees charged by related parties	(1,191)	(1,072)
Expenses from derivative financial instruments	(27)	(294)
Interest on employee benefit plans	(829)	(1,005)
Interest and fees on bonds	(5,944)	
Interest and fees on construction loans	(9,095)	(9,028)
Bank interest and fees and other expense	(14,288)	(19,895)
Foreign exchange losses	(5,667)	(6,119)
Total finance costs	(37,041)	(37,423)
TOTAL FINANCE INCOME AND COSTS	(27,992)	(27,483)

Note 26 - income taxes

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

Note 27 - other information

NET FINANCIAL POSITION

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

(Euro/000)	30.06.2014	31.12.2013
A. Cash	307	270
B. Other cash equivalents	471,540	384,236
C. Held-for-trading securities		
D. Cash and cash equivalents (A)+(B)+(C)	471,847	384,506
E. Current financial receivables	74,813	52,091
- of which related parties	240	12,916
F. Current bank debt	(66,776)	(35,134)
G. Current portion of non-current debt	(38,026)	(32,393)
- of which related parties	(1,640)	(1,602)
H. Other current financial liabilities	(74,623)	(2,811)
- of which related parties	(74,208)	(2,535)
I. Current debt (F)+(G)+(H)	(179,425)	(70,338)
J. Net current debt (D)+(E)+(I)	367,235	366,259
K. Non-current financial receivables	15,664	41,839
- of which related parties	9,504	8,548
L. Non-current bank debt	(256,849)	(254,670)
- of which related parties	(6,569)	(7,279)
M. Bond	(296,460)	(296,095)
N. Other non-current financial liabilities	(13,444)	(12,314)
- of which related parties	(11,770)	(11,770)
O. Non-current debt (L)+(M)+(N)	(566,753)	(563,079)
P. Net non-current debt (K)+(O)	(551,089)	(521,240)
Q. Net financial position (J)+(P)	(183,854)	(154,981)

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

(Euro/000)	30.06.2014	31.12.2013
Net financial position	(183,854)	(154,981)
Non-current financial receivables	(15,664)	(41,839)
Construction loans	(607,156)	(562,791)
Net financial position as per ESMA recommendation	(806,674)	(759,611)

SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

As required by CONSOB Resolution no. 15519 of 27 July 2006, the following table summarizes those items of income and expense arising from non-recurring events or transactions that have been charged to income in the first half of 2014 and 2013, presented before tax effects, according to the income statement line items in which they have been classified:

(Euro/000)		30.06.2014	30.06.2013
Description	Income statement line		
Costs associated with the "Extraordinary Wage Guarantee Fund"	Personnel costs	6,435	7,179
Costs relating to restructuring plans	Materials, services and other costs	463	1,238
	Personnel costs	1,321	924
Provisions for costs and legal expenses associated with asbestos-related lawsuits	Materials, services and other costs	929	474
	Provisions and impairment	11,041	3,516
Other non-recurring income and expenses	Materials, services and other costs	325	11,127
	Finance costs		7,511
Total extraordinary and non-recurring income and expenses		20,514	31,969

At 30 June 2013, other non-recurring income and expenses included euro 18,387 thousand in costs pertaining to the VARD Group's acquisition.

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 six months of 2014.

RELATED PARTY TRANSACTIONS

Intragroup transactions, transactions with Fintecna and its subsidiaries, with Cassa Depositi e Prestiti and its subsidiaries, and with other related parties, 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 figures for related party transactions and balances are reported in the following tables:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION				30.06.2014			
(Euro/000)	Non-current financial assets	Current financial assets	Advances (*)	Trade receivables and other assets	Non-current financial liabilities	Current financial liabilities	Trade payables and other current liabilities
FINTECNA S.p.A.						[220]	[9,936]
CASSA DEPOSITI E PRESTITI S.p.A.				12,134	[6,569]	[1,420]	[551]
TOTAL CONTROLLING COMPANIES	-	-	-	12,134	[6,569]	[1,640]	[10,487]
ORIZZONTE SISTEMI NAVALI S.p.A.				78,349		[74,208]	[2,376]
ETIHAD SHIP BUILDING LLC			420	1,108			
TOTAL JOINT VENTURES	-	-	420	79,457	-	[74,208]	[2,376]
BRIDGE EIENDOM AS	528						
ISLAND OFFSHORE LNG AS	1,232						
REM SUPPLY AS	655	24					
OLYMPIC GREEN ENERGY KS	1,290	190					
DOF ICEMAN AS	5,703						
TOTAL ASSOCIATES	9,408	214	-	-	-	-	-
FINTECNA IMMOBILIARE S.r.l.				3,250			
TIRRENIA DI NAVIGAZIONE S.p.A.				10,774			[6]
ENI S.p.A.							[32]
HORIZON SAS				2,456			[1]
SIMEST S.p.A.					[11,770]		
MINISTERO DELLE ECONOMIE E DELLE FINANZE							[31]
SACE							
SACE BT							
POSTE ITALIANE S.p.A.							
ANSALDO ENERGIA S.p.A.				94			
BREVIK TECHNOLOGY AS		27					
KLOSTERØYA VEST HOLDING AS	96						
TOTAL OTHER RELATED PARTIES	96	27	-	16,574	[11,770]	-	[70]
TOTAL RELATED PARTIES	9,504	241	420	108,165	[18,339]	[75,848]	[12,933]
TOTAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION	69,783	108,615	280,346	631,567	[608,779]	[841,864]	[1,224.908]
% on consolidated statement of financial position	14%	0%	0%	17%	3%	9%	1%

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

**CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**
31.12.2013

(Euro/migliaia)	Non-current financial assets	Current financial assets	Advances (*)	Trade receivables and other assets	Non-current financial liabilities	Current financial liabilities	Trade payables and other current liabilities
FINTECNA S.p.A.						(184)	(128)
CASSA DEPOSITI E PRESTITI S.p.A.				10,210	(7,279)	(1,418)	(569)
TOTAL CONTROLLING COMPANIESE	-	-	-	10,210	(7,279)	(1,602)	(697)
ORIZZONTE SISTEMI NAVALI S.p.A.				20,475		(2,535)	(201)
ETIHAD SHIP BUILDING LLC				422			(240)
TOTAL JOINT VENTURES	-	-	-	20,897		(2,535)	(441)
BRIDGE EIENDOM AS	641						
BREVIK TECHNOLOGY AS		26					
ISLAND OFFSHORE LNG AS		4,089					
REM SUPPLY AS	1,172						
OLYMPIC GREEN ENERGY KS	1,256	253					
DOF ICEMAN AS	5,479						
TOTAL ASSOCIATES	8,548	4,368	-	-	-	-	-
QUADRIFOGLIO PALERMO S.r.l.				3,250			
TIRRENIA DI NAVIGAZIONE S.p.A.				10,760			
ENI S.p.A.				85			(80)
HORIZON SAS				3,423			(1)
SIMEST S.P.A.					(11,770)		
MINISTERO DELLE ECONOMIE E DELLE FINANZE							(31)
SACE						(252)	
SACE BT						(35)	
POSTE ITALIANE S.p.A.							
ANSALDO ENERGIA S.p.A.				183			
TOTAL OTHER RELATED PARTIES	-	-	-	17,701	(11,770)	(287)	(112)
TOTAL RELATED PARTIES	8,548	4,368	-	48,808	(19,049)	(4,424)	(1,250)
TOTAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION	99,882	99,353	206,454	558,921	(604,727)	(683,274)	(1,154,718)
% on consolidated statement of financial position	9%	4%	0%	9%	3%	1%	0%

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

**CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**
30.06.2014

(Euro/000)	Operating revenue	Other revenue and income	Materials, services and other costs	Finance income	Finance costs
FINTECNA S.p.A.					(132)
CASSA DEPOSITI E PRESTITI S.p.A.					(22)
TOTAL CONTROLLING COMPANIES	-	-	-	-	(154)
ORIZZONTE SISTEMI NAVALI S.p.A.	161,096	732	(72)		(1,059)
ETIHAD SHIP BUILDING LLC	13	675	(320)		
TOTAL JOINT VENTURES	161,109	1,407	(392)	-	(1,059)
BRIDGE EIENDOM AS					
ISLAND OFFSHORE LNG AS				22	
REM SUPPLY AS				27	
OLYMPIC GREEN ENERGY KS				36	
DOF ICEMAN AS				111	
TOTAL ASSOCIATES	-	-	-	196	-
FINTECNA IMMOBILIARE S.r.l.					
TIRRENIA DI NAVIGAZIONE S.p.A.	19				
ENI S.p.A.			(283)		
HORIZON SAS		20			
SIMEST S.p.A.			(348)		
MINISTRY OF ECONOMY AND FINANCE					
SACE					(402)
SACE BT					(575)
POSTE ITALIANE S.p.A.			(11)		
ANSALDO ENERGIA S.p.A.	40		(120)		
TOTAL OTHER RELATED PARTIES	59	20	(762)	-	(977)
TOTAL RELATED PARTIES	161,168	1,427	(1,154)	196	(2,190)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	1,961,596	21,217	(1,426,889)	9,049	(37,041)
<i>% on consolidated statement of comprehensive income</i>	8%	7%	0%	2%	6%

**CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**
30.06.2013

(Euro/000)	Operating revenue	Other revenue and income	Materials, services and other costs	Finance income	Finance costs
FINTECNA S.p.A.			(18)		
CASSA DEPOSITI E PRESTITI S.p.A.					(8)
TOTAL CONTROLLING COMPANIES	-	-	(18)	-	(8)
ORIZZONTE SISTEMI NAVALI S.p.A.	189,360	404	(71)		(1,070)
ETIHAD SHIP BUILDING LLC	42		(481)		
TOTAL JOINT VENTURES	189,402	404	(552)	-	(1,070)
BRIDGE EIENDOM AS					
ISLAND OFFSHORE LNG AS					
REM SUPPLY AS					
OLYMPIC GREEN ENERGY KS					
DOF ICEMAN AS					
TOTAL ASSOCIATES					
FINTECNA IMMOBILIARE S.r.l.					
TIRRENIA DI NAVIGAZIONE S.p.A.	13				
ENI S.p.A.			(400)		
HORIZON SAS	94				
SIMEST S.p.A.			(348)		
MINISTRY OF ECONOMY AND FINANCE					
SACE					(266)
SACE BT					(137)
POSTE ITALIANE S.p.A.			(3)		
ANSALDO ENERGIA S.p.A.	60				
TOTAL OTHER RELATED PARTIES	167	-	(751)	-	(403)
TOTAL RELATED PARTIES	189,569	404	(1,321)	-	(1,481)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	1,866,530	27,036	(1,399,077)	9,930	(37,413)
<i>% on consolidated statement of comprehensive income</i>	<i>10%</i>	<i>1%</i>	<i>0%</i>	<i>0%</i>	<i>4%</i>

BASIC AND DILUTED EARNINGS/LOSS PER SHARE

Basic earnings/loss per share, which coincide with diluted earnings/loss per share, are calculated as follows:

		30.06.2014	30.06.2013
Profit/loss (+/-) attributable to owners of the parent	Euro/000	23,255	19,768
Weighted average number of shares outstanding	Number	1,242,119,070	1,242,119,070
Basic and diluted earnings/loss (+/-) per share	Euro	0.01872	0.01591

There are no differences between basic and diluted earnings per share as there were no potential dilutive shares at the period-end reporting dates.

LITIGATION

The following is an update on the status of litigation since that described in the Notes to the Consolidated Financial Statements for 2013:

Foreign litigation

With reference to the "Iraq" dispute, described in the notes to the consolidated financial statements at 31 December 2013, the talks initiated in 2011 for an out-of-court settlement of the dispute, led to the signing on 15 May 2014, by Fincantieri and the Iraqi government, of a settlement agreement that defines the terms for ending the dispute.

This agreement establishes that in exchange for entering into a Refurbishment Contract, under which Fincantieri will perform work to return the two corvettes delivered to the Iraqi Navy to working condition, the Iraqi government will commission Fincantieri, under the Combat System Contract, to replace the now technologically obsolete combat system of these two corvettes with a more modern one.

Under the settlement agreement, all the outstanding disputes will be extinguished once the Refurbishment Contract reaches a certain stage of completion (expected within a year of this contract's effective date), at which point Fincantieri will renounce all further claims to its outstanding receivable balance.

As a result of the out-of-court settlement reached above, the appeal filed by Iraq before the Court of Paris against the arbitration award in the Company's favor has been suspended at the joint request of the parties.

The Court of Appeal in Patras, Greece, has overturned the first-instance sentence (excluding Fincantieri's liability), and recognized the Company's tort and defective product liability, condemning it, as a result, jointly and severally with the other defendants, to pay a total of Euro 1,364 thousand, from which the amounts already paid by Minoan Lines under an earlier precautionary action can presumably be deducted. Fincantieri intends to appeal against that sentence before the Greek Court of Cassation. Prior to the sentence by the Patras Court of Appeal, this risk had been considered remote.

Italian litigation

Customer credit recovery

As a result of the settlement agreement signed with Saipem in 2013, this case was officially closed at the hearing on 20 May 2014 for reasons of abandonment.

Other litigation

Other litigation includes: i) claims against government bodies for environmental expenses, including disputes with the City of Ancona and disputes with the Ministry of the Environment involving the shipyards in Muggiano and Castellammare; ii) appeals against claims by social security authorities, including litigation against INPS for non-payment of contributions by contractors and sub-contractors; iii) disputes involving provisional convictions in criminal prosecutions, including the dispute with the Castellano heirs.

TAX POSITION

National tax consolidation

Fincantieri S.p.A., Fincantieri Oil & Gas S.p.A. and Isotta Fraschini Motori S.p.A. take part in the national tax consolidation of Cassa Depositi e Prestiti S.p.A.

Audits and assessments

Fincantieri

At the beginning of 2014, a routine audit was started of tax year 2011 and is still in progress.

Foreign Group companies

Routine tax audits are in progress at some of the Group's foreign companies.



Note 28 – cash flows from operating activities

These are analyzed as follows:

(Euro/000)	30.06.2014	30.06.2013
Profit/loss (+/-) for the period	32,573	33,198
Depreciation and amortization	48,630	44,448
Gains/losses (-/+) from disposal of property, plant and machinery	(458)	(59)
Revaluation/impairment (-/+) of intangible assets and equity investments	(1,018)	(186)
Increases/releases of provisions for risks and charges	20,833	611
Interest on employee benefits	892	1,024
Interest income	(5,544)	(5,545)
Interest expense	30,518	29,994
Income taxes for the period	12,587	10,496
Gross cash flows from operating activities	139,013	113,981
CHANGES IN WORKING CAPITAL		
- inventories	(71,908)	32,492
- construction contracts	59,224	87,558
- trade receivables	(76,488)	(235,091)
- other current assets and liabilities	(8,545)	(9,444)
- other non-current assets and liabilities	(511)	1,677
- advances from customers	(41,160)	(2,239)
- trade payables	79,105	181,427
Cash flows from working capital	78,730	170,361
Dividends paid		(4,300)
Interest income received	5,752	5,050
Interest expense paid	(25,497)	(27,712)
Income taxes paid	(15,183)	(6,275)
Utilization of provisions for risks and charges	(22,857)	(44,358)
Utilization of provisions for employee benefits	(1,937)	(5,712)
NET CASH FLOWS FROM OPERATING ACTIVITIES	19,008	87,054
- of which related parties	(48,094)	(24,480)

Note 29 – 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 ships for the cruise ships, ferries, naval defense and mega-yachts markets, as well as in ship conversion and repair activities. Production is carried out at the Group's Italian shipyards and, in the case of vessels intended for the American market, at its U.S. shipyards. The Offshore operating segment is engaged in the design and construction of support vessels for the oil & gas exploration and production market, including the provision of services and production of electronic systems, power and automation solutions, pipe systems, electrical installations and accommodation for such support vessels. Fincantieri operates in this market primarily through the VARD Group.

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

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

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

The results of the operating segments at 30 June 2014 and 30 June 2013 are reported in the following pages.

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

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

Details of "Extraordinary and non-recurring income and expenses" (gross of the tax effect of euro 5,640 thousand) can be found in the relevant table in Note 27.

	30.06.2013				
(Euro/000)	Shipbuilding	Offshore	Equipment, Systems and Services	Other activities	Group
Segment revenue	1,199,280	662,665	65,109		1,927,054
Intersegment elimination	(9,773)		(23,703)		(33,476)
Revenue (*)	1,189,507	662,665	41,406	-	1,893,578
EBITDA	71,589	76,914	5,473	(14,308)	139,668
EBITDA margin	6.0%	11.6%	8.4%		7.4%
Depreciation and amortization					(44,448)
Finance income					9,930
Finance costs					(37,413)
Income/(expense) from investments					(5)
Share of profit of investments accounted for using the equity method					419
Income taxes					(10,496)
Extraordinary and non-recurring income and expenses					(24,458)
Profit/loss (+/-) for the period					33,198

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

Details of "Extraordinary and non-recurring income and expenses" (gross of the tax effect of euro 7,991 thousand) can be found in the relevant table in Note 27; finance costs include euro 7,511 thousand (gross of the tax effect of euro 2,066 thousand) in non-recurring expenses relating to the acquisition of VARD, reported in the table of non-recurring expenses in Note 27.

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

(Euro/million)	30.06.2014	31.12.2013
Italy	545	540
Other countries	382	357
Total Property, plant and equipment	927	897

Capital expenditure in the first half of 2014 on Intangible assets and Property, plant and equipment amounted to euro 67 million, of which euro 41 million relating to Italy and the remainder to other countries.

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

(Euro/milioni)	30.06.2014		30.06.2013	
	Revenue and income	%	Revenue and income	%
Italy	370	19%	388	21%
Other countries	1,613	81%	1,506	79%
Total Revenue and income	1,983		1,894	

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

(Euro/million)	30.06.2014		30.06.2013	
	Revenue and income	%	Revenue and income	%
Customer 1	463	23%	499	26%
Customer 2	227	11%	265	14%
Total Revenue and income	1,983		1,894	

Note 30 – events after 30 june 2014

On 3 July 2014, Fincantieri S.p.A. successfully concluded its listing on the Mercato Telematico Azionario (Italy's electronic stock market) organized and managed by Borsa Italiana S.p.A.; details of this operation can be found in the section entitled "Listing on the Italian stock market" in the Report on Operations. A statement confirming execution of the capital increase approved by resolution of the Extraordinary Shareholders' Meeting held on 5 May 2014 was formally lodged with the Trieste Company Registry on 3 July 2014. Therefore, the share capital of Fincantieri S.p.A. now amounts to euro 862,980,726 divided into 1,692,119,070 ordinary shares with no par value. On 4 July 2014, Vard Holdings Ltd announced the acquisition of STX Canada Marine Inc., a leading provider of marine engineering services in North America. The company, which has about 75 employees, will be fully integrated with Vard Marine Inc..

On 15 July 2014, VARD announced the signing of a contract for the design and construction of a Platform Supply Vessel (PSV) for E.R. Offshore. This vessel will be built at the Vung Tau shipyard in Vietnam.

In July, the American subsidiary FMG, won a contract from Kirby Corporation for the construction of 2 ATB (Articulated Tug Barges) for petroleum/chemical transportation. The two ATBs, comprising two tugs and two barges, will be built at the Sturgeon Bay shipyard.



Companies included in the scope of consolidation

COMPANY NAME						
Principal activity	Registered office		Share capital	[%] interest held		% consolidated by Group
Subsidiaries consolidated line-by-line						
BACINI DI PALERMO S.p.A. Dry-dock management	Palermo (IT)	Euro	1,032,000.00	100.00	Fincantieri S.p.A.	100.00
CENTRO PER GLI STUDI DI TECNICA NAVALE CETENA S.p.A. Ship research and experimentation	Genova (IT)	Euro	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 (IT)	Euro	21,000,000.00	100.00	Fincantieri S.p.A.	100.00
FINCANTIERI HOLDING B.V. Holding company for foreign investments	Amsterdam (NL)	Euro	9,529,384.54	100.00	Fincantieri S.p.A.	100.00
FINCANTIERI MARINE SYSTEMS NORTH AMERICA Inc. Sale and after-sale services relating to mechanical products	Delaware Corporation based in Chesapeake (VI - USA)	USD	501,000.00	100.00	Fincantieri Holding B.V.	100.00
FMSNA YK	Sasebo SHI – Nagasaky-ken	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)	Euro	260,000.00	99.89	Fincantieri S.p.A.	99.89
ISOTTA FRASCHINI MOTORI S.p.A. Design, construction, sale and after-sale services relating to fast medium-duty diesel engines	Bari	Euro	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 (IT)	Euro	1,032,000.00	100.00	Fincantieri S.p.A.	100.00
DELFI S.r.l. Technical and logistics engineering	Follo (La Spezia)	Euro	400,000.00	100.00	Fincantieri S.p.A.	100.00
SEASTEMA S.p.A. Design and development of integrated automation systems	Genova (IT)	Euro	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		% consolidated 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	600,000.00	80.00 20.00	Fincantieri S.p.A. Fincantieri Holding B.V.	100.00
FINCANTIERI INDIA Pte. Ltd.	India	INR	10,500,000.00	99.00 1.00	Fincantieri Holding B.V. Fincantieri S.p.A.	100.00
Subsidiaries consolidated line-by-line after change in scope of consolidation						
VARD HOLDINGS Ltd. Holding company	Singapore	SGD	932,200,000.00	55.63	Fincantieri Oil & Gas S.p.A.	55.63
VARD GROUP AS Shipbuilding	Norway	NOK	100,000.00	100.00	Vard Holdings Ltd.	55.63
VARD ELECTRO AS Electrical / automation installation	Norway	NOK	1,000,000.00	100.00	Vard Group AS	55.63
VARD RO HOLDING S.r.l. Holding company	Romania	NOK	148,129,000.00	100.00	Vard Group AS	55.63
VARD NITERÓI SA Shipbuilding	Brazil	USD	176,782,000.00	99.99 0.01	Vard Group AS Vard Electro Brazil (Instalações Elétricas) Ltda.	55.63
VARD PROMAR SA Shipbuilding	Brazil	USD	135,031,000.00	50.50	Vard Group AS	28.09
ESTALEIRO QUISSAMÃ Ltda. Project development	Brazil	NOK	1,101,000.00	50.50	Vard Group AS	28.09
VARD SINGAPORE Pte. Ltd. Sales and holding company	Singapore	USD	6,000,000.00	100.00	Vard Group AS	55.63
VARD DESIGN AS Design and engineering	Norway	NOK	4,000,000.00	100.00	Vard Group AS	55.63
VARD ACCOMMODATION AS Accommodation installation	Norway	NOK	500,000.00	100.00	Vard Group AS	55.63
VARD PIPING AS Pipe installation	Norway	NOK	100,000.00	100.00	Vard Group AS	55.63
VARD BREVIK HOLDING AS Holding company	Norway	NOK	5,810,000.00	100.00	Vard Group AS	5.63
SEAONICS AS Offshore handling systems	Norway	NOK	20,000,000.00	51.00	Vard Group AS	28.37
SEAONICS POLSKA SP. Z O.O. Engineering services	Polonia	NOK	228,000.00	100.00	Seaonics AS	28.37

COMPANY NAME						
Principal activity	Registered office	Share capital		[%] interest held		% consolidated by Group
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	NOK	20,000.00	51.00	Vard Design AS	28.37
VARD ELECTRO TULCEA S.r.l. Installazioni elettriche	Romania	Euro	8,968,000.00	99.96	Vard Electro AS	55.61
VARD ELECTRO BRAZIL (INSTALAÇÕES ELETRICAS) LTDA. Electrical installation	Brazil	NOK	9,225,000.00	99.00 1.00	Vard Electro AS Vard Group AS	55.63
VARD ELECTRO BRAILA S.r.l. Electrical installation	Romania	NOK	82,000.00	100.00	Vard Electro AS	55.63
VARD ELECTRICAL INSTALLATION AND ENGINEERING (INDIA) Pte. Ltd. Electrical installation	India	INR	810,000.00	99.00 1.00	Vard Electro AS Vard Tulcea SA	55.63
BREVIK PHILADELPHIA Dormant	USA	NOK	-	100.00	Vard Electro AS	55.63
VARD TULCEA SA Shipbuilding	Romania	NOK	577,085,000.00	99.44	Vard RO Holding S.r.l.	55.32
VARD BRAILA SA Shipbuilding	Romania	NOK	586,319,000.00	94.12 5.88	Vard RO Holding S.r.l. Vard Group AS	55.63
VARD ENGINEERING CONSTANTA S.r.l. Engineering	Romania	NOK	2,560,000.00	70.00 30.00	Vard RO Holding S.r.l. Vard Braila S.A.	55.63
VARD VUNG TAU Ltd. Shipbuilding	Vietnam	USD	8,000,000.00	100.00	Vard Singapore Pte. Ltd.	55.63
VARD ACCOMMODATION TULCEA S.r.l. Accommodation installation	Romania	Euro	793,000.00	98.18 1.82	Vard Accommodation AS Vard Electro Tulcea S.r.l.	55.63
MULTIFAG AS Onshore industrial services and installation	Norway	NOK	20,000,000.00	100.00	Vard Brevik Holding AS	55.63
VARD BREVIK SUPPORT AS Dormant	Norway	NOK	100,000.00	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
RONOR AS Dormant	Norway	NOK	1,800,000.00	100.00	Vard Brevik Holding AS	55.63
VARD SHIP REPAIR BRAILA SA Ship repair	Romania	RON	12,879,100.00	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
JOHANGARDEN AS Real estate	Norway	NOK	1,000,000.00	100.00	Vard Electro AS	55.63
VARD MARINE INC. Ship design and marine engineering	Canada	CAD	50,000.00	100.00	Vard Group AS	55.63

COMPANY NAME						
Principal activity	Registered office	Share capital		[%] interest held		% consolidated by Group
Joint ventures consolidated using the equity method						
ORIZZONTE SISTEMI NAVALI S.p.A. Management of contracts to supply large naval vessels	Genova (IT)	Euro	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
Associates consolidated using the equity method						
CASTOR DRILLING SOLUTION AS Offshore drilling technology	Norway	NOK	196,082.00	34.00	Seaonics AS	9.65
OLYMPIC SUBSEA KS Shipping	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 Shipping	Norway	NOK	13,295,000.00	40.00	Vard Group AS	22.25
MOKSTER SUPPLY KS Shipping	Norway	NOK	120,000,000.00	36.00	Vard Group AS	20.03
ISLAND OFFSHORE LNG AS Shipping	Norway	NOK	6,500,000.00	30.00	Vard Group AS	16.69
ISLAND OFFSHORE LNG KS Shipping	Norway	NOK	310,400,000.00	27.00	Vard Group AS	15.02
REM SUPPLY AS Shipping	Norway	NOK	265,000,000.00	26.66	Vard Group AS	14.83
OLYMPIC GREEN ENERGY KS Shipping	Norway	NOK	125,000,000.00	30.00	Vard Group AS	16.69
DOF ICEMAN AS Shipping	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



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

1. The undersigned Giuseppe Bono, in his capacity as Chief Executive Officer, and Carlo Gainelli, as Manager Responsible for Preparing Financial Reports of FINCANTIERI S.p.A. ("Fincantieri"), with reference to the requirements of art. 154-bis, paragraphs 3 and 4, of Italian Legislative Decree 58 dated 24 February 1998, hereby represent:
 - the suitability in relation to the business's organization and,
 - the effective application,of the administrative and accounting processes for the preparation of the condensed consolidated half-year financial statements at 30 June 2014, during the first half of 2014.
2. The adequacy of the administrative and accounting processes for preparing the condensed consolidated half-year financial statements at 30 June 2014 has been evaluated on the basis of a procedure established by Fincantieri in compliance with the Internal Control - Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission, which is the generally accepted standard model internationally.

Following the acquisition of the Vard Group, a program has been defined to standardize the framework model for identifying reporting risks and for testing the controls that mitigate these risks. This program will enable the Vard Group to be included in the audit plan developed according to Fincantieri's established model of control.
3. The undersigned also represent that:
 - 3.1 the condensed consolidated half-year financial statements at 30 June 2014:
 - a) have been prepared in accordance with the International Financial Reporting Standards endorsed by the European Union under Regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002;
 - b) correspond to the underlying accounting records and books of account;
 - c) are able to give a true and fair view of the assets, liabilities, financial position and results of operations of the issuer and the group of companies included in the consolidation.
 - 3.2 the report on operations includes a fair review of the important events taking place in the first six months of the year and their impact on the condensed consolidated half-year financial statements, together with a description of the principal risks and uncertainties to which the Group is exposed.

21 July 2014

chief executive officer
Giuseppe Bono

manager responsible
for preparing financial reports
Carlo Gainelli



independent auditors' report on the review
of the condensed consolidated interim financial statements
as at and for the three months ended 30 June 2014



**AUDITORS' REPORT ON THE REVIEW OF CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014**

To the Shareholders of
Fincantieri SpA

- 1 We have reviewed the condensed consolidated interim financial statements of Fincantieri SpA and its subsidiaries (Fincantieri Group) as of 30 June 2014, which comprise the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes. The directors of Fincantieri SpA are responsible for the preparation of the condensed consolidated interim financial statements in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union. Our responsibility is to issue this report based on our review.
- 2 We conducted our review in accordance with the criteria for a review recommended by Consob, the national stock exchange commission, with resolution n°10867 of 31 July 1997. The review consisted principally of inquiries of company personnel about the information reported in the condensed consolidated interim financial statements and about the consistency of the accounting principles utilized therein as well as the application of analytical review procedures on the data contained in the above mentioned consolidated financial statements. The limited review excluded certain auditing procedures such as compliance testing and verification and validation tests of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, unlike the audit on the annual consolidated financial statements, we do not express a professional audit opinion on the condensed consolidated interim financial statements.

Regarding the comparative data of the consolidated financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 21 March 2014; the data relating to the condensed consolidated interim financial statements of the prior period have been reviewed by us for the purposes of the issuance of this report.

- 3 Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of the Fincantieri Group as of 30 June 2014 have not been prepared, in all material respects, in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union.

Trieste, 23 July 2014

PricewaterhouseCoopers SpA

Signed by

Alessandro Mazzetti
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

PricewaterhouseCoopers SpA

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FINCANTIERI

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Company subject to direction and coordination by Fintecna S.p.A. until 3 July 2014

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