

# FINANCIAL STATEMENTS OF THE YEAR

## General company information

### Database data

*Company name:* TECHBAU SPA

*Registered office:* PIAZZA GIOVINE ITALIA, 3 - MILAN (MI) 20123

*Share capital:* 9.698.833

*Share capital fully paid up:* Yes

*Chamber of Commerce Code:*

*VAT No:* 06336690968

*Tax ID No:* 06336690968

*Economic & Administrative Index No:*

*Legal status:* Joint stock corporation

*Primary activity sector (ATECO):* 412000

*Company in liquidation:* no

*Company with sole shareholder:* yes

*Company subject to management and coordination:* no

*Name of company or entity exercising management and coordination:*

*Member of a group:* yes

*Name of parent company:* TECHBAU HOLDING Srl

*Country of parent company:* ITALY

*Registration number within registry of cooperative companies:*

# Balance sheet

|   | 30-06-2018 | 30-06-2017 |
|---|------------|------------|
| <b>Balance sheet</b>                                  |            |            |
| <b>Assets</b>   |            |            |
| <b>B) Fixed assets</b>                                |            |            |
| <b>I - Intangible fixed assets</b>                    |            |            |
| 1) Start-up and expansion costs                       | -          | 1,288      |
| 3) Industrial patent and intellectual property rights | 1,382      | 3,978      |
| 5) Goodwill   | -          | 125,661    |
| <b>Total intangible fixed assets</b>                  | 1,382      | 130,927    |
| <b>II - Tangible fixed assets</b>                     |            |            |
| 3) industrial and commercial equipment                | 890,260    | 907,559    |
| <b>Total tangible fixed assets</b>                    | 890,260    | 907,559    |
| <b>III - Financial fixed assets</b>                   |            |            |
| 1) Equity investments in                              |            |            |
| a) Subsidiaries                                       | 405,100    | 46,500     |
| b) Associates   | 520,000    | 25,000     |
| <b>Total equity investments</b>                       | 925,100    | 71,500     |
| 2) receivables  |            |            |
| a) Due from subsidiaries                              |            |            |
| Due within next year                                  | 528,674    | -          |
| <b>Total receivables due from subsidiaries</b>        | 528,674    | -          |
| d-bis) Due from others                                |            |            |
| Due within next year                                  | 35,011     | 19,906     |
| <b>Total receivables due from others</b>              | 35,011     | 19,906     |
| <b>Total receivables</b>                              | 563,685    | 19,906     |
| <b>Total financial fixed assets</b>                   | 1,488,785  | 91,406     |
| <b>Total fixed assets (B)</b>                         | 2,380,427  | 1,129,892  |
| <b>C) Current assets</b>                              |            |            |
| <b>I - Inventories</b>                                |            |            |
| 3) Work in progress to order                          | 47,688,122 | 72,900,384 |

|  | 30-06-2018         | 30-06-2017         |
|--|--------------------|--------------------|
| 5) advances  | 1,229,920          | 2,193,500          |
| <b>Total inventories</b>                                 | <b>48,918,042</b>  | <b>75,093,884</b>  |
| <b>II - Receivables</b>                                  |                    |                    |
| 1) Due from customers                                    |                    |                    |
| Due within next year                                     | 11,574,422         | 14,567,838         |
| <b>Total receivables due from customers</b>              | <b>11,574,422</b>  | <b>14,567,838</b>  |
| 2) Due from subsidiaries                                 |                    |                    |
| Due within next year                                     | 512                | -                  |
| <b>Total receivables due from subsidiaries</b>           | <b>512</b>         | <b>-</b>           |
| 3) Due from associates                                   |                    |                    |
| Due within next year                                     | 2,277,031          | -                  |
| <b>Total receivables due from associates</b>             | <b>2,277,031</b>   | <b>-</b>           |
| 5-bis) tax receivables                                   |                    |                    |
| Due within next year                                     | 715,731            | 290,567            |
| <b>Total tax receivables</b>                             | <b>715,731</b>     | <b>290,567</b>     |
| 5-ter) prepaid taxes                                     | 114,983            | 114,983            |
| 5-quater) due from others                                |                    |                    |
| Due within next year                                     | 4,150              | 18,113             |
| <b>Total receivables due from others</b>                 | <b>4,150</b>       | <b>18,113</b>      |
| <b>Total receivables</b>                                 | <b>14,686,829</b>  | <b>14,991,501</b>  |
| <b>III – Financial assets which are not fixed assets</b> |                    |                    |
| 6) Other securities                                      | 3,351,704          | 2,559,117          |
| <b>Total financial assets which are not fixed assets</b> | <b>3,351,704</b>   | <b>2,559,117</b>   |
| <b>IV – Liquid funds</b>                                 |                    |                    |
| 1) Bank and postal deposits                              | 31,745,002         | 47,890,012         |
| 3) Cash and cash valuables                               | 13,641             | 5,654              |
| <b>Total liquid funds</b>                                | <b>31,758,643</b>  | <b>47,895,666</b>  |
| <b>Total current assets (C)</b>                          | <b>98,715,218</b>  | <b>140,540,168</b> |
| D) Accruals and deferrals                                | 255,738            | 783,967            |
| <b>Total assets</b>                                      | <b>101,351,383</b> | <b>142,454,027</b> |
| <b>Liabilities</b>                                       |                    |                    |

|   | 30-06-2018 | 30-06-2017 |
|---|------------|------------|
| <b>A) Shareholders' equity</b>                          |            |            |
| <b>I – Share capital</b>                                | 9,698,833  | 9,698,833  |
| <b>II – Share premium reserve</b>                       | 759,852    | 759,852    |
| <b>IV – Legal reserve</b>                               | 340,721    | 148,198    |
| <b>VI – Other reserves, distinctly specified</b>        |            |            |
| <b>Extraordinary reserve</b>                            | 1,896,404  | 782,845    |
| <b>Miscellaneous other reserves</b>                     | 1          | 1          |
| <b>Total other reserves</b>                             | 1,896,405  | 782,846    |
| <b>IX – Profit (loss) of the year</b>                   | 5,515,021  | 3,850,472  |
| <b>Total shareholders' equity</b>                       | 18,210,832 | 15,240,201 |
| <b>C) Employee termination indemnities</b>              | 33,607     | 40,970     |
| <b>D) Payables</b>                                      |            |            |
| <b>4) Payables due to banks</b>                         |            |            |
| <b>Due within next year</b>                             | 1,837,563  | 1,755,418  |
| <b>Due after next year</b>                              | -          | 18,000,000 |
| <b>Total payables due to banks</b>                      | 1,837,563  | 19,755,418 |
| <b>5) Payables due to other providers of finance</b>    |            |            |
| <b>Due within next year</b>                             | 7,390,000  | 7,390,000  |
| <b>Total payables due to other providers of finance</b> | 7,390,000  | 7,390,000  |
| <b>6) Advances</b>                                      |            |            |
| <b>Due within next year</b>                             | 37,653,753 | 56,865,663 |
| <b>Total advances</b>                                   | 37,653,753 | 56,865,663 |
| <b>7) Payables due to suppliers</b>                     |            |            |
| <b>Due within next year</b>                             | 33,846,791 | 34,871,218 |
| <b>Total payables due to suppliers</b>                  | 33,846,791 | 34,871,218 |
| <b>9) Payables due to subsidiaries</b>                  |            |            |
| <b>Due within next year</b>                             | 12,695     | 2,510,118  |
| <b>Total payables due to subsidiaries</b>               | 12,695     | 2,510,118  |
| <b>12) Tax payables</b>                                 |            |            |
| <b>Due within next year</b>                             | 1,432,851  | 5,117,327  |
| <b>Total tax payables</b>                               | 1,432,851  | 5,117,327  |

|   | <b>30-06-2018</b> | <b>30-06-2017</b> |
|---|-------------------|-------------------|
| <b>13) Payables due to social security institutions</b>   |                   |                   |
| <b>Due within next year</b>                               | 329,584           | 207,347           |
| <b>Total payables due to social security institutions</b> | 329,584           | 207,347           |
| <b>14) Other payables</b>                                 |                   |                   |
| <b>Due within next year</b>                               | 603,707           | 455,765           |
| <b>Total other payables</b>                               | 603,707           | 455,765           |
| <b>Total payables</b>                                     | 83,106,944        | 127,172,856       |
| <b>Total liabilities</b>                                  | 101,351,383       | 142,454,027       |

# Income statement

|   | 30-06-2018         | 30-06-2017         |
|---|--------------------|--------------------|
| <b>Income statement</b>   |                    |                    |
| <b>A) Total revenues</b>  |                    |                    |
| 1) Revenues from sales and services   | 138,072,445        | 90,430,771         |
| 3) Change in contract work in progress                                      | (25,212,261)       | 48,459,418         |
| 5) Other revenues and proceeds  |                    |                    |
| Other   | 6,271,666          | 717,368            |
| Total other revenues and proceeds   | 6,271,666          | 717,368            |
| <b>Total revenues</b>   | <b>119,131,850</b> | <b>139,607,557</b> |
| <b>B) Cost of production</b>  |                    |                    |
| 6) for raw and ancillary materials, consumables and goods                   | 41,752,043         | 66,699,107         |
| 7) for services   | 62,395,168         | 61,263,682         |
| 8) for use of third party assets  | 1,391,433          | 963,155            |
| 9) for personnel  |                    |                    |
| a) salaries and wages   | 3,415,602          | 2,489,426          |
| b) social security charges  | 939,148            | 643,386            |
| c) termination indemnities  | 193,095            | 141,326            |
| e) other costs  | 9,687              | 3,978              |
| Total personnel costs   | 4,557,532          | 3,278,116          |
| 10) amortization/depreciation and write-downs                               |                    |                    |
| a) Amortization of intangible fixed assets                                  | 129,538            | 141,762            |
| b) Depreciation of tangible fixed assets                                    | 275,752            | 257,947            |
| d) Write-down of receivables included under current assets and liquid funds | 73,145             | 276,797            |
| Total amortization/depreciation and write-downs                             | 478,435            | 676,506            |
| 14) other operating charges   | 339,860            | 707,333            |
| <b>Total cost of production</b>   | <b>110,914,471</b> | <b>133,587,899</b> |
| <b>Difference between total revenues and cost of production (A - B)</b>     | <b>8,217,379</b>   | <b>6,019,658</b>   |
| <b>C) Financial proceeds and charges</b>                                    |                    |                    |
| 16) ) other financial proceeds  |                    |                    |
| c) securities booked under current assets which are not equity investments  | -                  | 24,715             |

|  | 30-06-2018 | 30-06-2017 |
|--|------------|------------|
| <b>d) proceeds other than the above</b>  |            |            |
| <b>other</b>   | 93,497     | 38,356     |
| <b>Total proceeds other than the above</b>   | 93,497     | 38,356     |
| <b>Total other financial proceeds</b>  | 93,497     | 63,071     |
| <b>17) interest and other financial charges</b>                                      |            |            |
| <b>Due to subsidiaries</b>   | -          | 9,021      |
| <b>other</b>   | 578,567    | 339,505    |
| <b>Total interest and other financial charges</b>                                    | 578,567    | 348,526    |
| <b>17-bis) exchange rate gains and losses</b>  | 7,802      | (85,967)   |
| <b>Total financial proceeds and charges (15 + 16 - 17 + - 17-bis)</b>                | (477,268)  | (371,422)  |
| <b>D) Value adjustments of financial assets and liabilities</b>                      |            |            |
| <b>18) Revaluations</b>  |            |            |
| <b>c) of securities booked under current assets which are not equity investments</b> | 4,725      | 17,774     |
| <b>Total revaluations</b>  | 4,725      | 17,774     |
| <b>19) Write-downs</b>   |            |            |
| <b>c) of securities booked under current assets which are not equity investments</b> | 7,551      | -          |
| <b>Total write-downs</b>   | 7,551      | -          |
| <b>Total value adjustments of financial assets and liabilities (18 - 19)</b>         | (2,826)    | 17,774     |
| <b>Result before taxes (A - B + - C + - D)</b>                                       | 7,737,285  | 5,666,010  |
| <b>20) Income taxes of the year: current, deferred and prepaid</b>                   |            |            |
| <b>Current taxes</b>   | 2,222,264  | 1,168,315  |
| <b>Deferred and prepaid taxes</b>  | -          | 647,223    |
| <b>Total income taxes of the year: current, deferred and prepaid</b>                 | 2,222,264  | 1,815,538  |
| <b>21) Profit (loss) of the year</b>   | 5,515,021  | 3,850,472  |

## Cashflow statement, indirect method

|  | 30-06-2018       | 30-06-2017       |
|--|------------------|------------------|
| Cashflow statement, indirect method  |                  |                  |
| <b>A) Cash flows from operating activities (indirect method)</b>   |                  |                  |
| Profit (loss) of the year  | 5,515,021        | 3,850,472        |
| Income taxes   | 2,222,264        | 1,815,538        |
| Payable (receivable) taxes   | 485,070          | 285,455          |
| (Dividends)  | 0                | 0                |
| (Capital gains)/Losses from the disposal of assets   | (551,267)        | (312,205)        |
| <b>1) Profit (loss) of the year before income taxes, interest, dividends and capital gains/losses from disposals</b>     | <b>7,671,089</b> | <b>5,639,262</b> |
| Adjustments to non-monetary items which do not have an offsetting item in net working capital                            |                  |                  |
| Allocations to funds   | 266,240          | 418,123          |
| Amortization/depreciation of fixed assets  | 405,290          | 399,709          |
| Write-downs for impairment   | 0                | 0                |
| Value adjustments of financial assets and liabilities of derivative financial instruments that do not involve cash flows | 0                | 0                |
| Other increase(decrease) adjustment for non-monetary items   | (5)              | (99,097)         |
| <b>Total adjustments for non-monetary items which do not have offsetting items in net working capital</b>                | <b>671,525</b>   | <b>718,735</b>   |
| <b>2) Cash flow before changes in net working capital</b>  | <b>8,342,614</b> | <b>6,357,997</b> |
| Changes in net working capital   |                  |                  |
| Decrease/(Increase) in inventories   | 26,175,842       | (71,339,765)     |
| Decrease/(Increase) in receivables due from customers  | 642,728          | (7,608,865)      |
| Increase/(decrease) in payables due to suppliers   | (3,519,020)      | 23,501,990       |
| Decrease/(Increase) in accrued income and deferred charges   | 528,229          | (545,392)        |
| Increase/(Decrease) in accrued liabilities and deferred income   | 0                | 0                |
| Other decreases/(Other increases) in net working capital   | (23,037,408)     | 56,688,273       |
| <b>Total changes in net working capital</b>  | <b>790,371</b>   | <b>696,241</b>   |
| <b>3) Cash flow after changes in net working capital</b>   | <b>9,132,985</b> | <b>7,054,238</b> |
| Other adjustments  |                  |                  |
| Interest collected/(paid)  | 93,497           | 29,335           |
| (Income taxes paid)  | (2,222,264)      | (1,168,315)      |

|  | 30-06-2018          | 30-06-2017        |
|--|---------------------|-------------------|
| Collected dividends                                    | 0                   | 0                 |
| (Use of funds)   | (200,458)           | (140,609)         |
| Other inflows/(payments)                               | -                   | 24,715            |
| Total other adjustments                                | (2,329,225)         | (1,254,874)       |
| <b>Cash flows from operating activities (A)</b>        | <b>6,803,760</b>    | <b>5,799,364</b>  |
| <b>B) Cash flows from investment activities</b>        |                     |                   |
| <b>Tangible fixed assets</b>                           |                     |                   |
| (Investments)  | (476,734)           | (919,703)         |
| Divestments  | 268,822             | 0                 |
| <b>Intangible fixed assets</b>                         |                     |                   |
| (Investments)  | 0                   | (719)             |
| Divestments  | 7                   | 0                 |
| <b>Financial fixed assets</b>                          |                     |                   |
| (Investments)  | (1,397,379)         | (46,000)          |
| Divestments  | (5,052)             | 4,456,973         |
| <b>Short-term financial assets</b>                     |                     |                   |
| (Investments)  | (795,412)           | 0                 |
| Divestments  | 0                   | 0                 |
| (Acquisition of company branches net of liquid funds)  | 0                   | 0                 |
| Sale of company branches net of liquid funds           | 0                   | 0                 |
| <b>Cash flows from investment activities (B)</b>       | <b>(2,405,748)</b>  | <b>3,490,552</b>  |
| <b>C) Cash flows from financing activities</b>         |                     |                   |
| <b>Third party means</b>                               |                     |                   |
| Increase/(Decrease) in short-term payables to banks    | (305)               | 530               |
| Acquisition of financing                               | 1,837,313           | 26,521,863        |
| (Reimbursement of financing)                           | (19,754,863)        | 0                 |
| <b>Own means</b>                                       |                     |                   |
| Sale/(Purchase) of treasury shares                     | (44,392)            | -                 |
| (Dividends and advances on paid dividends)             | (2,500,000)         | (1,750,633)       |
| <b>Cash flows from financing activities (C)</b>        | <b>(20,462,247)</b> | <b>24,771,760</b> |
| <b>Increase (decrease) in liquid funds (A ± B ± C)</b> | <b>(16,137,023)</b> | <b>34,061,676</b> |

|  | <b>30-06-2018</b> | <b>30-06-2017</b> |
|--|-------------------|-------------------|
| <b>Liquid funds at the start of the year</b>       |                   |                   |
| <b>Bank and postal deposits</b>                    | 47,890,011        | 13,830,072        |
| <b>Checks</b>                                      | 0                 | 0                 |
| <b>Cash in hand</b>                                | 5,654             | 3,918             |
| <b>Total liquid funds at the start of the year</b> | 47,895,666        | 13,833,990        |
| <b>Liquid funds at the end of the year</b>         |                   |                   |
| <b>Bank and postal deposits</b>                    | 31,745,002        | 47,890,012        |
| <b>Cash in hand</b>                                | 13,641            | 5,654             |
| <b>Total liquid funds at the end of the year</b>   | 31,758,643        | 47,895,666        |

# Explanatory notes, initial part

## EXPLANATORY NOTES

### STRUCTURE AND CONTENT OF THE FINANCIAL STATEMENTS

The financial statements for the year ended 31/12/2018 - composed of the Balance Sheet, Income Statement, Cash Flow Statement and Explanatory Notes – are consistent with the results of the regularly kept accounting records and were drawn up in compliance with the provisions set out in Articles 2423 and 2423-bis of the Italian Civil Code as well as with the accounting principles and accounting recommendations drawn up by the Italian Accounting Body (O.I.C., “Organismo Italiano di Contabilità”).

Its structure complies with that outlined by the Italian Civil Code in articles 2424 and 2425, in accordance with the assumptions laid down by Art. 2423-ter, while the Explanatory Notes, which are part and parcel of the financial statements of the year, comply with the provisions of Articles 2427, 2427-bis as well as all other provisions that refer to it

The entire document, in the parts of which it is composed, has been drawn up to provide a truthful and correct representation of the Company's financial situation as well as of the economic result for the year while providing, where necessary, additional information that is complementary to this purpose.

Pursuant to Art. 2423-ter, the amount for the previous year is specified for each item.

The structure and composition of the financial statements of the year were amended by Legislative Decree 139/2015 (implementation of Directive 34/2013) which also updated certain valuation criteria. The Italian Accounting Body (O.I.C.) has therefore revised the accounting principles in force by issuing, in 2016, the updated versions of the latter

Pursuant to and by effect of Art. 2423 paragraph 4 of the Italian Civil Code, it should be noted that no derogation was applied with respect to the valuation criteria established by the law and applied in previous years.

The valuation of the various items was made in accordance with the principle of prudence and with the perspective of continued operations. In particular, the adopted criteria took into account the perspective of a going concern: with reference to the new O.I.C. no. 11 (Financial statements, purposes and postulates) relative to the "prospective evaluation of the company's ability to continue to be a functioning economic system with the purpose of production of income for a reasonable period of time (12 months)", no significant uncertainties emerged in relation to business continuity.

As a result of the rounding up of amounts in units of euro, it may occur that - in some statements containing detailed data - the sum of the details differs from the amount shown in the total row.

These Explanatory Notes were drafted in compliance with the constraints imposed by the XBRL taxonomy that is currently in force.

## **Explanatory notes, assets**

In this section of the Explanatory Notes - in compliance with the structure dictated by the XBRL taxonomy and in accordance with the provisions of Article 2427 of the Italian Civil Code - commentary is provided on the items which, in the financial statements for the year ended 30/06/2018, compose the assets of the Balance Sheet.

### **Receivables due from shareholders for payments still due**

#### **A) RECEIVABLES DUE FROM SHAREHOLDERS FOR PAYMENTS STILL DUE**

There are no receivables due from shareholders for payments still due.

### **Fixed assets**

#### **Intangible fixed assets**

##### **B) I - INTANGIBLE FIXED ASSETS**

Intangible fixed assets are booked under assets following approval from the Board of Statutory Auditors, if necessary, and at their purchase cost decreased by the relative amortization which is calculated by taking into account the long-term usefulness of the assets themselves as well as for a period not exceeding five years.

Goodwill, although acquired with consideration, requires a special note to clarify its booking in the financial statements. As is known, it was acquired (with consideration) at a price of € 4.2 million and subjected, over various years, to progressive write-downs for a total of € 1,472,000; in addition, this item was amortized over the years in accordance with plans that were deemed suitable at the time by the Directors of the Company and, finally, the net value of the intangible asset in question, as of 30/06/2013, was € 628,304. At the time of preparation of these financial statements, the aforementioned value – which, as a result of subsequent amortization, was cancelled - was valued in relation to forecasted profits of the industrial plan in progress and by taking into account elements ascribable to the goodwill item and valued by the plan itself; it was considered suitable. On the basis of these parameters as well as qualitative assessments, it was deemed correct and prudent to confirm the net value of goodwill and to parameterize its amortization on the basis of the value as of 30/06/2013 as well as on a straight-line basis over a period of five years.

## Movements in intangible fixed assets

|   |          |
|---|----------|
| <b>Movements in intangible fixed assets</b> |          |
| Balance as of 30/06/2018                    | 1,382    |
| Balance as of 30/06/2017                    | 130,927  |
| Change                                      | -129,545 |

The table below reports movements in intangible fixed assets during the year.

|  | Start-up and expansion costs | Development costs | Industrial patent and intellectual property rights | Auth., licenses, trademarks and similar rights | Goodwill  | Int. Assets in progress and advances | Other intangible assets | Total intangible assets |
|--|------------------------------|-------------------|--|--|-----------|--------------------------------------|-------------------------|-------------------------|
| <b>Value at start of year</b>                                  |                              |                   |  |  |           |                                      |                         |                         |
| <b>Cost</b>  | 277,736                      | -                 | 215,444  | -  | 2,728,000 | -                                    | -                       | 3,221,180               |
| <b>Revaluations</b>  | -                            | -                 | -  | -  | -         | -                                    | -                       | 0                       |
| <b>Amortization (Provisions for amortization)</b>              | 276,448                      | -                 | 211,465  | -  | 2,602,339 | -                                    | -                       | 3,090,252               |
| <b>Write-downs</b>   | -                            | -                 | -  | -  | -         | -                                    | -                       | 0                       |
| <b>Book value</b>  | 1,288                        | -                 | 3,978  | -  | 125,661   | -                                    | -                       | 130,927                 |
| <b>Changes during the year</b>                                 |                              |                   |  |  |           |                                      |                         |                         |
| <b>Increases for acquisitions</b>                              | 0                            | 0                 | 0  | 0  | 0         | 0                                    | 0                       | 0                       |
| <b>Reclassifications (of book value)</b>                       | -                            | -                 | -  | -  | -         | -                                    | -                       | 0                       |
| <b>Decreases for disposals and divestments (of book value)</b> | 0                            | 0                 | 0  | 0  | 0         | 0                                    | 0                       | 0                       |
| <b>Revaluations during the year</b>                            | -                            | -                 | -  | -  | -         | -                                    | -                       | 0                       |
| <b>Amort. of the year</b>                                      | 1,288                        | 0                 | 2,596  | 0  | 125,661   | 0                                    | 0                       | 129,545                 |

|  | Start-up and expansion costs | Development costs | Industrial patent and intellectual property rights | Auth., licenses, trademarks and similar rights | Goodwill  | Int. Assets in progress and advances | Other intangible assets | Total intangible assets |
|--|------------------------------|-------------------|--|--|-----------|--------------------------------------|-------------------------|-------------------------|
| Write-downs during the year                | -                            | -                 | -  | -  | -         | -                                    | -                       | 0                       |
| Other changes                              | 0                            | 0                 | 0  | 0  | 0         | 0                                    | 0                       | 0                       |
| Total changes                              | (1,288)                      | 0                 | (2,596)  | 0  | (125,661) | 0                                    | 0                       | (129,545)               |
| Value at year end                          |                              |                   |  |  |           |                                      |                         |                         |
| Cost                                       | 277,736                      | -                 | 215,444  | -  | 2,728,000 | -                                    | -                       | 3,221,180               |
| Revaluations                               | -                            | -                 | -  | -  | -         | -                                    | -                       | 0                       |
| Amortization (Provisions for amortization) | 277,736                      | -                 | 214,062  | -  | 2,728,000 | -                                    | -                       | 3,219,798               |
| Write-downs                                | -                            | -                 | -  | -  | -         | -                                    | -                       | 0                       |
| Book value                                 | -                            | -                 | 1,382  | -  | -         | -                                    | -                       | 1,382                   |

## Tangible fixed assets

### B) II - TANGIBLE FIXED ASSETS

Tangible fixed assets are booked at their purchase cost, adjusted by appropriate depreciation and any write-downs that took account of the technical and economic wear and tear over time.

Maintenance costs have been fully booked to the income statement in the financial year in which they were sustained.

## Movements of tangible fixed assets

### Movements of tangible fixed assets

|                          |         |
|--------------------------|---------|
| Balance as of 30/06/2018 | 890,260 |
| Balance as of 30/06/2017 | 907,559 |
| Change                   | -17,299 |

The following table reports movements in tangible fixed assets during the year.

|  | Land and buildings | Plants and machinery | Industrial and commercial equipment | Other tangible fixed assets | Tangible assets in progress and advances | Total tangible fixed assets |
|--|--------------------|----------------------|-------------------------------------|-----------------------------|--|-----------------------------|
| <b>Value at the start of the year</b>                          |                    |                      |                                     |                             |  |                             |
| <b>Cost</b>  | -                  | -                    | 1,628,536                           | -                           | -  | 1,628,536                   |
| <b>Revaluations</b>  | -                  | -                    | -                                   | -                           | -  | 0                           |
| <b>Depreciation (provisions for depr.)</b>                     | -                  | -                    | 720,977                             | -                           | -  | 720,977                     |
| <b>Write-downs</b>   | -                  | -                    | -                                   | -                           | -  | 0                           |
| <b>Book value</b>  | -                  | -                    | 907,559                             | -                           | -  | 907,559                     |
| <b>Changes during the year</b>                                 |                    |                      |                                     |                             |  |                             |
| <b>Increases for acquisitions</b>                              | 0                  | 0                    | 340,362                             | 0                           | 0  | 340,362                     |
| <b>Reclassifications (of book value)</b>                       | -                  | -                    | -                                   | -                           | -  | 0                           |
| <b>Decreases for disposals and divestments (of book value)</b> | 0                  | 0                    | 218,282                             | 0                           | 0  | 218,282                     |
| <b>Revaluations during the year</b>                            | -                  | -                    | -                                   | -                           | -  | 0                           |
| <b>Depreciation during the year</b>                            | 0                  | 0                    | 275,752                             | 0                           | 0  | 275,752                     |
| <b>Write-downs during the year</b>                             | -                  | -                    | -                                   | -                           | -  | 0                           |
| <b>Other changes</b>   | 0                  | 0                    | 136,373                             | 0                           | 0  | 136,373                     |
| <b>Total changes</b>   | 0                  | 0                    | (17,299)                            | 0                           | 0  | (17,299)                    |
| <b>Value at year end</b>                                       |                    |                      |                                     |                             |  |                             |
| <b>Cost</b>  | -                  | -                    | 1,750,616                           | -                           | -  | 1,750,616                   |
| <b>Revaluations</b>  | -                  | -                    | -                                   | -                           | -  | 0                           |
| <b>Depreciation</b>  | -                  | -                    | 860,356                             | -                           | -  | 860,356                     |

|                        | Land and buildings | Plants and machinery | Industrial and commercial equipment | Other tangible fixed assets | Tangible assets in progress and advances | Total tangible fixed assets |
|------------------------|--------------------|----------------------|-------------------------------------|-----------------------------|--|-----------------------------|
| (provisions for depr.) |                    |                      |                                     |                             |  |                             |
| Write-downs            | -                  | -                    | -                                   | -                           | -  | 0                           |
| Book value             | -                  | -                    | 890,260                             | -                           | -  | 890,260                     |

## Finance lease operations

### FINANCE LEASE OPERATIONS

No finance lease operations are currently underway.

## Financial fixed assets

### B) III - FINANCIAL FIXED ASSETS

#### 1 – Equity investments

##### Equity investments in subsidiaries

Equity investments in the companies LOGI-TECH SRL, ARP SRL, EDILMALPENSA SRL, VIGEVANO RETAIL PARK SRL, GALLARATE SVILUPPO SRL, TB02 SRL, and TB04 SRL are valued according to their purchase or underwriting cost (increased by capital contribution payments).

##### Equity investments in associates

Equity investments in the company MTM HOTELS SRL are valued according to their purchase or underwriting cost (increased by capital contribution payments).

#### 2 - Receivables

Non-current receivables (represented by security deposits and by financing to subsidiaries) are valued on an analytical basis and booked according to their estimated realizable value, equal to the nominal value

## Movements in financial fixed assets

|                          |           |
|--------------------------|-----------|
| Balance as of 30/06/2018 | 1,488,785 |
| Balance as of 30/06/2017 | 91,406    |
| Change                   | 1,397,379 |

## Movements in equity investments, other securities and financial derivative non-current assets

The following table reports movements in financial fixed assets (equity investments, other securities and financial derivative assets) during the course of the year.

|  | Equity investments in subsidiaries | Equity investments in affiliated companies | Equity investments in parent companies | Equity investments in companies subject to control by parent companies | Equity investments in other companies | Total Equity investments | Other securities | Financial derivative assets |
|--|------------------------------------|--|--|--|---------------------------------------|--------------------------|------------------|-----------------------------|
| <b>Value at start of year</b>                      |                                    |  |  |  |                                       |                          |                  |                             |
| <b>Cost</b>  | 46,500                             | 25,000                                     | -                                      | -  | -                                     | 71,500                   | -                | -                           |
| <b>Book value</b>                                  | 46,500                             | 25,000                                     | -                                      | -  | -                                     | 71,500                   | -                | -                           |
| <b>Changes in the year</b>                         |                                    |  |  |  |                                       |                          |                  |                             |
| <b>Increases for acquisitions</b>                  | 358,600                            | 500,000                                    | -                                      | -  | -                                     | 858,600                  | -                | -                           |
| <b>Decreases for disposals (of the book value)</b> | -                                  | 5,000                                      | -                                      | -  | -                                     | 5,000                    | -                | -                           |
| <b>Total changes</b>                               | 358,600                            | 495,000                                    | 0                                      | 0  | 0                                     | 853,600                  | 0                | 0                           |
| <b>Value at year end</b>                           |                                    |  |  |  |                                       |                          |                  |                             |
| <b>Cost</b>  | 405,100                            | 520,000                                    | -                                      | -  | -                                     | 925,100                  | -                | -                           |
| <b>Book value</b>                                  | 405,100                            | 520,000                                    | -                                      | -  | -                                     | 925,100                  | -                | -                           |

The changes reflect the following transactions for the purchase and sale of equity investments:

- purchase of 39% of the equity investment held in Logi-Tech Srl;
- underwriting of 100% of the share capital of the company Vigevano Retail Park Srl;
- underwriting of 100% of the share capital of the company TB02 Srl;
- partial underwriting of the share capital of the company Gallarate Sviluppo Srl up to 52% of the share capital;
- underwriting of 100% of the share capital of the company TB04 Srl

In addition, the following loans were made and recognized as an increase in the cost of the

equity investments:

- € 300,000 for Edilmalpensa Srl
- € 500,000 for the company MTM Hotels Srl

## Change and expiration of non-current receivables

The following table of XBRL taxonomy distinctly specifies- for each item – the totals of non-current receivables.

|   | Value at start of year | Change in the year | Value at year end | Quota expiring within the year |
|---|------------------------|--------------------|-------------------|--------------------------------|
| Non-current receivables due from subsidiaries                                     | -                      | 528,674            | 528,674           | 528,674                        |
| Non-current receivables due from associates                                       | -                      | 0                  | -                 | -                              |
| Non-current receivables due from parent companies                                 | -                      | 0                  | -                 | -                              |
| Non-current receivables due from companies subject to control by parent companies | -                      | 0                  | -                 | -                              |
| Non-current receivables due from others   | 19,906                 | 15,105             | 35,011            | 35,011                         |
| <b>Total non-current receivables</b>  | <b>19,906</b>          | <b>543,779</b>     | <b>563,685</b>    | <b>563,685</b>                 |

The increase reflects the financing granted to subsidiaries.

## Details on non-current equity investments in subsidiaries

### EQUITY INVESTMENTS IN SUBSIDIARIES

In compliance with the provisions of Art. 2427 paragraph 1 n. 5 of the Italian Civil Code, details are given below regarding the equity investments held directly or indirectly in subsidiaries based on the situation existing on the date of the most recently approved financial statements.

| Name          | City, if in Italy, or foreign country | Tax ID (for Italian companies) | Share capital in Euro | Profit (loss) of the last year in Euro |         | Shareholders' equity in euro | Quota in euro | Quota in % | Book value or corresponding receivable |
|---------------|---------------------------------------|--------------------------------|-----------------------|--|---------|------------------------------|---------------|------------|--|
| LOGI-TECH SRL | Milan                                 | 01922050032                    | 20,000                | 20,000                                 | (4,689) | 46,066                       | 18,000        | 90.00%     | 33,300                                 |

| Name                     | City, if in Italy, or foreign country | Tax ID (for Italian companies) | Share capital in Euro | Profit (loss) of the last year in Euro |         | Shareholders' equity in euro | Quota in euro | Quota in % | Book value or corresponding receivable |
|--------------------------|---------------------------------------|--------------------------------|-----------------------|--|---------|------------------------------|---------------|------------|--|
| ARP SRL                  | Milan                                 | 09877310962                    | 20,000                |  | (1,781) | 18,219                       | 20,000        | 100.00%    | 20,000                                 |
| EDILMALPENSA SRL         | Milan                                 | 05634280969                    | 90,000                | 25,174,832                             |         | 716,370                      | 72,000        | 80.00%     | 301,000                                |
| VIGEVANO RETAIL PARK SRL | Milan                                 | 10144390969                    | 10,000                |  | (917)   | 9,083                        | 10,000        | 100.00%    | 10,000                                 |
| GALLARATE SVILUPPO SRL   | Milan                                 | 10144410965                    | 40,000                |  | (1,481) | 38,519                       | 20,800        | 52.00%     | 20,800                                 |
| TB02 SRL                 | Milan                                 | 10144400966                    | 10,000                |  | (917)   | 9,083                        | 10,000        | 100.00%    | 10,000                                 |
| TB04 SRL                 | Milan                                 | 10396080961                    | 10,000                |  | -       | -                            | 10,000        | 100.00%    | 10,000                                 |
| <b>Total</b>             |                                       |                                |                       |  |         |                              |               |            | 405,100                                |

All shareholdings in subsidiaries are directly owned.

## Details on non-current equity investments in associates

### EQUITY INVESTMENTS IN ASSOCIATES

In compliance with the provisions of Art. 2427 paragraph 1 n. 5 of the Italian Civil Code, details are given below regarding the equity investments held directly or indirectly in associates based on the situation existing on the date of the most recently approved financial statements.

| Name           | City, if in Italy, or foreign country | Tax ID (for Italian companies) | Share capital in Euro | Profit (loss) of the last year in Euro | Shareholders' equity in euro | Quota in euro | Quota in % | Book value or corresponding receivable |
|----------------|---------------------------------------|--------------------------------|-----------------------|--|------------------------------|---------------|------------|--|
| MTM HOTELS SRL | Torri del Benaco (VR)                 | 04239940234                    | 20,000                | 408,412                                | 1,397,461                    | 6,000         | 30.00%     | 520,000                                |
| <b>Total</b>   |                                       |                                |                       |  |                              |               |            | 520,000                                |

All shareholdings in associates are directly owned

## **Subdivision of non-current receivables by geographical area**

### **Subdivision of non-current receivables by geographical area**

There are no non-current receivables due from foreign entities.

## **Non-current receivables relative to repurchase transactions**

### **Non-current receivables relative to repurchase transactions**

Non receivables of this type exist.

## **Value of financial fixed assets**

### **Value of financial fixed assets**

In compliance with the provisions of Art. 2427-bis paragraph 1, n. 2 of the Italian Civil Code, it should be noted that there are no financial fixed assets recorded at an amount higher than their fair value.

## **Current assets**

### **C) CURRENT ASSETS**

In accordance with the format dictated by the XBRL taxonomy, the valuation criteria and the movements relative to each of the items that comprise current assets are reported below.

## **Inventories**

### **C) I - INVENTORIES**

Contract work in progress includes both contracts that are completed in one year as well as orders of more than one year; the valuation criterion that was adopted was therefore that of cost (expenses incurred), as explicitly provided for by fiscal regulations (Article 2, paragraph 6 of Consolidated Income Tax Income 917/1986). This was considered more prudent for the purposes of the book value. As a result, we have not adjusted this value by decreasing it by the amounts of received advances (state of work progress) given that they are not comparable with each other.

### **Change in inventories**

Inventories are recorded in the financial statements for a total amount of 48,918,042 Euro.

The following table shows the details of the changes which occurred during the year.

|  | Value at year start | Change       | Value at year end |
|--|---------------------|--------------|-------------------|
| <b>Raw &amp; ancillary materials and consumables</b>   | -                   | 0            | -                 |
| <b>Products in progress and semi-finished products</b> | -                   | 0            | -                 |
| <b>Contract work in progress</b>                       | 72,900,384          | (25,212,262) | 47,688,122        |
| <b>Finished products and goods</b>                     | -                   | 0            | -                 |
| <b>Advances</b>  | 2,193,500           | (963,580)    | 1,229,920         |
| <b>Total inventories</b>                               | 75,093,884          | (26,175,842) | 48,918,042        |

The change is a consequence of the normal dynamics of orders and buildings under construction. It should also be noted that the agenda of the deeds of properties built for sale influences the trend of the financial statement item in question.

## **Receivables booked under current assets**

### **C) II - RECEIVABLES**

Receivables booked under current assets are recorded in the financial statements at nominal value after deducting provisions for write-downs which were established during the year and in previous years on an analytical and lump sum basis; this was deemed adequate to express their estimated realizable value.

## **Changes and due dates of receivables booked under current assets**

### **Change in receivables**

Receivables booked under current assets are recorded in the financial statements for a total amount of € 14,686,829.

The table below provides details of the changes which occurred during the year.

|   | Value at year start | Change           | Value at year end | Quota expiring within the year |
|---|---------------------|------------------|-------------------|--------------------------------|
| Receivables booked under current assets due from customers  | 14,567,838          | (2,993,416)      | 11,574,422        | 11,574,422                     |
| Receivables booked under current assets due from subsidiaries                                     | -                   | 512              | 512               | 512                            |
| Receivables booked under current assets due from associated companies                             | -                   | 2,277,031        | 2,277,031         | 2,277,031                      |
| Receivables booked under current assets due from parent companies                                 | -                   | 0                | -                 | -                              |
| Receivables booked under current assets due from companies subject to control by parent companies | -                   | 0                | -                 | -                              |
| Tax receivables booked under current assets   | 290,567             | 425,164          | 715,731           | 715,731                        |
| Prepaid tax assets booked under current assets  | 114,983             | 0                | 114,983           |                                |
| Receivables booked under current assets due from others   | 18,113              | (13,963)         | 4,150             | 4,150                          |
| <b>Total receivables booked under current assets</b>  | <b>14,991,501</b>   | <b>(304,672)</b> | <b>14,686,829</b> | <b>14,571,846</b>              |

The change reflects the normal dynamics of operations linked to liquidations relative to work progress.

It should be noted that the provisions for receivable risks as of 30/6/2018 amounted to € 664,780.

## Subdivision of receivables booked under current assets by geographical area

### Subdivision of receivables booked under current assets by geographical area

Details of receivables booked under current assets are reported below by geographical area.

| Geographical area  | ITALY      | ABROAD | Total      |
|--|------------|--------|------------|
| Receivables booked under current assets due from customers | 11,557,265 | 17,157 | 11,574,422 |

| Geographical area   | ITALY      | ABROAD  | Total      |
|---|------------|---------|------------|
| Receivables booked under current assets due from subsidiaries | 512        | -       | 512        |
| Receivables booked under current assets due from affiliates   | 2,277,031  | -       | 2,277,031  |
| Tax receivables booked under current assets                   | 333,560    | 382,171 | 715,731    |
| Prepaid tax assets booked under current assets                | 114,983    | -       | 114,983    |
| Receivables booked under current assets due from others       | 4,150      | -       | 4,150      |
| Total receivables booked under current assets                 | 14,287,501 | 399,328 | 14,686,829 |

## Receivables booked under current assets relative to repurchase transactions

### Receivables booked under current assets relative to repurchase transactions

There are no receivables of this type.

## Financial assets which are not fixed assets

### Change in financial assets which are not fixed assets

#### C) III – FINANCIAL ASSETS WHICH ARE NOT FIXED ASSETS

These are recorded at the lower of purchase cost - determined with the application of the LIFO method and using annual increments - and the realizable value deducible from market trends.

#### Changes in financial assets which are not fixed assets

They are recorded in the financial statements for a total amount of Euro 3,351,704.

The table below provides details of the changes which occurred during the year.

|  | Value at year start | Change | Value at year end |
|--|---------------------|--------|-------------------|
| Current equity investments in subsidiaries     | -                   | 0      | -                 |
| Current equity investments in associates       | -                   | 0      | -                 |
| Current equity investments in parent companies | -                   | 0      | -                 |

|   | Value at year start | Change  | Value at year end |
|---|---------------------|---------|-------------------|
| <b>Current equity investments in companies subject to the control of parent companies</b> | -                   | 0       | -                 |
| <b>Other current equity investments</b>   | -                   | 0       | -                 |
| <b>Current financial derivative assets</b>  | -                   | 0       | -                 |
| <b>Other current securities</b>   | 2,559,117           | 792,587 | 3,351,704         |
| <b>Financial assets for centralized treasury management</b>                               | -                   | 0       | -                 |
| <b>Total financial assets which are not fixed assets</b>                                  | 2,559,117           | 792,587 | 3,351,704         |

The change is primarily due to purchases and sales made during the year as well as due to the adjustment of values to market valuations made on the closing date of the year.

It should be noted that the item in question is a liquidity reserve.

## Liquid funds

### C) IV - LIQUID FUNDS

These are booked at their nominal or cash value.

#### Change in liquid funds

Liquid funds are booked in the financial statements for a total of € 31,758,643.

The following table reports the details of the changes that occurred during the year.

|  | Value at year start | Change       | Value at year end |
|--|---------------------|--------------|-------------------|
| <b>Bank and postal deposits</b>        | 47,890,012          | (16,145,010) | 31,745,002        |
| <b>Checks</b>                          | -                   | 0            | -                 |
| <b>Cash and other cash equivalents</b> | 5,654               | 7,987        | 13,641            |
| <b>Total liquid funds</b>              | 47,895,666          | (16,137,023) | 31,758,643        |

The decrease in liquid funds reflects the financial planning of work orders in progress.

## Accrued income and deferred charges

## D) ACCRUED INCOME AND DEFERRED CHARGES

These are booked on an accruals basis, in compliance with Article 2424 bis, paragraph 5, of the Italian Civil Code.

### Changes in accrued income and deferred charges

Accrued income and deferred charges are recorded in the financial statements for a total of € 255,738.

The following table shows the details of the changes which occurred during the year.

|  | Value at year start | Change           | Value at year end |
|--|---------------------|------------------|-------------------|
| Accrued income                                   | 0                   | 0                | 0                 |
| Deferred charges                                 | 783,967             | (528,229)        | 255,738           |
| <b>Total accrued income and deferred charges</b> | <b>783,967</b>      | <b>(528,229)</b> | <b>255,738</b>    |

### **Composition of accrued income and deferred charges (art. 2427 paragraph 1 n. 7 of the Italian Civil Code)**

The composition of deferred charges is as follows:

|                  |   |         |
|------------------|---|---------|
| Surety charges   | € | 240,633 |
| Maintenance fees | € | 3,665   |
| Payable rents    | € | 2,261   |
| Rental fees      | € | 2,878   |

## Capitalized financial charges

### CAPITALIZED FINANCIAL CHARGES

During the course of the year, no financial charges were booked in relation to assets of the balance sheet.

## Explanatory notes, liabilities and shareholders' equity

## **SHAREHOLDERS' EQUITY AND LIABILITIES**

In this section of the Explanatory Notes, in accordance with the structure dictated by the XBRL taxonomy and in compliance with the provisions of Article 2427 of the Italian Civil Code, commentary is provided on the items that comprise the Shareholders' Equity and the liabilities of the Balance Sheet.

### **Shareholders' equity**

### **Changes in the items of shareholders' equity**

#### **A) SHAREHOLDERS' EQUITY**

Shareholders' equity amounts to € 18,210,832 and reported an increase of € 2,970,631.

Changes in the amounts of shareholders' equity items, as required by Art. 2427 paragraph 4 of the Italian Civil Code, as well as the composition of the item "Miscellaneous Other reserves" are reported below.

|                                   | Value at year start | Allocation of result of previous year | Other changes | Result of the year | Value at year end |
|-----------------------------------|---------------------|---------------------------------------|---------------|--------------------|-------------------|
|                                   |                     | Other allocations                     | Decrease      |                    |                   |
| <b>Share capital</b>              | 9,698,833           | -                                     | -             |                    | 9,698,833         |
| <b>Share premium reserve</b>      | 759,852             | -                                     | -             |                    | 759,852           |
| <b>Legal reserve</b>              | 148,198             | 192,524                               | -             |                    | 340,721           |
| <b>Other reserves</b>             |                     |                                       |               |                    |                   |
| <b>Extraordinary reserve</b>      | 782,845             | 3,657,949                             | 2,544,390     |                    | 1,896,404         |
| <b>Misc. other reserves</b>       | 1                   | -                                     | -             |                    | 1                 |
| <b>Total other reserves</b>       | 782,846             | 3,657,949                             | 2,544,390     |                    | 1,896,405         |
| <b>Profit (loss) for the year</b> | 3,850,472           | (3,850,472)                           | -             | 5,515,021          | 5,515,021         |
| <b>Total shareholders' equity</b> | 15,240,201          | -                                     | 2,544,390     | 5,515,021          | 18,210,832        |

Changes in the legal reserve and the extraordinary reserve were due to the allocation of the profit of the previous year - net of dividend distributions and in accordance with the resolutions of 25 September 2017 and 1 December 2017 - as well as due to the decrease

following the proportional partial spin-off operation resulting in the founding of the company TLT Srl (spin-off deed registered in the Registry of Companies on 21/05/2018).

It should be noted that there are no limitations to the distribution of dividends, in compliance with Art. 2426 paragraph 1 point 5 of the Italian Civil Code.

## Availability and use of equity

### ANALYSIS OF SHAREHOLDERS' EQUITY ITEMS

In accordance with art. 2427, point 7-bis of the Italian Civil Code, the following table shows the origin, the possibility of use and distribution, as well as the use of the individual Shareholders' Equity items.

|                                       | Amount     | Origin/nature       | Possibility of use | Available quota |
|---------------------------------------|------------|---------------------|--------------------|-----------------|
| <b>Share capital</b>                  | 9,698,833  |                     |                    | -               |
| <b>Share premium reserve</b>          | 759,852    | capital reserves    | A B C              | 759,852         |
| <b>Legal reserve</b>                  | 340,721    | net income reserves | B                  | 340,721         |
| <b>Other reserves</b>                 |            |                     |                    |                 |
| <b>Extraordinary reserve</b>          | 1,896,404  | net income reserves | A B C              | 1,896,404       |
| <b>Miscellaneous other reserves</b>   | 1          |                     |                    | 1               |
| <b>Total other reserves</b>           | 1,896,405  |                     |                    | 1,896,405       |
| <b>Total</b>                          | 12,695,811 |                     |                    | 2,996,977       |
| <b>Residual distributable portion</b> |            |                     |                    | 2,996,977       |

Legend: A: for capital increase B: to cover losses C: for distribution to shareholders D: for other statutory obligations E: other

## Changes in the reserve for operations to hedge forecasted cash flows

### RESERVE FOR OPERATIONS TO HEDGE FORECASTED CASH FLOWS

There were no transactions involving derivatives with the aim of hedging cash flows; as a result, no reserve for operations to hedge forecasted cash flows is present in the company's assets.

## Employee termination indemnities

### C) EMPLOYEE TERMINATION INDEMNITIES

It reflects the actual debt existing on the date of the financial statements due to all employees and is determined in accordance with the provisions of Art. 2120 of the Italian Civil Code, as required by legislation and contractual agreements in force in the employment sector, net of advances paid.

The table below provides details of the changes that occurred during the year.

|                                    | Employee termination indemnities |
|------------------------------------|----------------------------------|
| Value at the beginning of the year | 40,970                           |
| Changes during the year            |                                  |
| Allocation during the year         | 193,095                          |
| Use during the year                | 200,458                          |
| Total changes                      | (7,363)                          |
| Year-end value                     | 33,607                           |

The uses include the amounts of the liability for employee termination indemnities transferred to the INPS treasury fund, to supplementary pension funds and to employees following advances and/or resignations

## Payables

### D) PAYABLES

Payables are booked at their nominal value and on the basis of the securities from which they are derived.

## Changes in and maturity of payables

The total amount of payables is Euro 83,106,944.

The table below provides details of the changes that occurred during the year.

|       | Value at the beginning of the year | Change during the year | Year-end value | Amount due within one year | Amount due after one year |
|-------|------------------------------------|------------------------|----------------|----------------------------|---------------------------|
| Bonds | -                                  | 0                      | -              | -                          | -                         |

|  | Value at the beginning of the year | Change during the year | Year-end value    | Amount due within one year | Amount due after one year |
|--|------------------------------------|------------------------|-------------------|----------------------------|---------------------------|
| Convertible bonds  | -                                  | 0                      | -                 | -                          | -                         |
| Payables to shareholders for loans                                   | -                                  | 0                      | -                 | -                          | -                         |
| Payables to banks  | 19,755,418                         | (17,917,855)           | 1,837,563         | 1,837,563                  | -                         |
| Payables to other financial institutions                             | 7,390,000                          | 0                      | 7,390,000         | 7,390,000                  | -                         |
| Advances   | 56,865,663                         | (19,211,910)           | 37,653,753        | 37,653,753                 | -                         |
| Payables to suppliers  | 34,871,218                         | (1,024,427)            | 33,846,791        | 33,846,791                 | -                         |
| Payables represented by credit instruments                           | -                                  | 0                      | -                 | -                          | -                         |
| Payables to subsidiaries   | 2,510,118                          | (2,497,423)            | 12,695            | 12,695                     | -                         |
| Payables to associated companies                                     | -                                  | 0                      | -                 | -                          | -                         |
| Payables to parent companies   | -                                  | 0                      | -                 | -                          | -                         |
| Payables to companies subject to the control of the parent companies | -                                  | 0                      | -                 | -                          | -                         |
| Tax payables   | 5,117,327                          | (3,684,476)            | 1,432,851         | 1,432,851                  | -                         |
| Payables to pension and social security institutions                 | 207,347                            | 122,237                | 329,584           | 329,584                    | -                         |
| Other payables   | 455,765                            | 147,942                | 603,707           | 603,707                    | -                         |
| <b>Total payables</b>  | <b>127,172,856</b>                 | <b>(44,065,912)</b>    | <b>83,106,944</b> | <b>83,106,944</b>          | <b>0</b>                  |

The decrease in trade payables reflects the dynamics of sales (and absorption of relative advances) as well as new orders (and the collection of new advances). The decrease in payables to suppliers is ascribable to normal operating events while for details on tax payables refer to the Report on Operations.

The detail of other payables is as follows:

Payables due to credit cards € 23,375

|                       |   |         |
|-----------------------|---|---------|
| Credit notes to issue | € | 5,200   |
| Employee payables     | € | 573,132 |

## Breakdown of payables by geographical area

### Breakdown of payables by geographical area

The breakdown of payables by geographical area is shown below.

| Geographical area                                    | ITALY      | Abroad    | Total      |
|--|------------|-----------|------------|
| Payables to banks                                    | 1,837,563  | -         | 1,837,563  |
| Payables to other financial institutions             | 7,390,000  | -         | 7,390,000  |
| Advances   | 37,653,753 | -         | 37,653,753 |
| Payables to suppliers                                | 33,280,009 | 566,782   | 33,846,791 |
| Payables due to subsidiaries                         | 12,695     | -         | 12,695     |
| Tax payables   | 928,206    | 504,645   | 1,432,851  |
| Payables to pension and social security institutions | 329,584    | -         | 329,584    |
| Other payables                                       | 603,707    | -         | 603,707    |
| Payables   | 82,035,517 | 1,071,427 | 83,106,944 |

## Payables secured by real estate collateral on company assets

### PAYABLES SECURED BY REAL ESTATE COLLATERAL ON COMPANY ASSETS

With regard to the provisions of Article 2427, paragraph 1, point 6, of the Italian Civil Code, it is hereby reported that there were no payables secured by real estate collateral on company assets.

# **Explanatory notes, income statement**

## **INCOME STATEMENT**

In this section of the Explanatory Notes - in accordance with the structure dictated by the XBRL taxonomy and in compliance with the provisions of Article 2427 of the Italian Civil Code - we make comments on certain items which, in the financial statements for the year ended on 30/06/2018, make up the income statement.

## **Total revenues**

### **RECOGNITION OF REVENUES**

Revenues, consisting of services, are credited to the Income Statement at the time of execution of the service.

Revenues from construction contracts are recognized, along with costs, in relation to the state of progress of the activities on the closing date of the year. Changes to the contract, price revisions and incentives are included if reasonably certain.

## **Breakdown of revenues from sales and services by business category**

### **BREAKDOWN OF REVENUES FROM SALES AND SERVICES BY CATEGORY OF ACTIVITY**

Under Article 2427, paragraph 1, no. 10 of the Italian Civil Code, we do not consider it significant to break down revenues by category of activity given that the company essentially carries out only one activity.

## **Breakdown of revenues from sales and services by geographical area**

### **BREAKDOWN OF REVENUES FROM SALES AND SERVICES BY GEOGRAPHICAL AREA**

Under art. 2427 paragraph 1 point 10 of the Italian Civil Code, the breakdown of revenues by geographical area is not deemed significant given that the revenues essentially refer to entities with a residence in Italy.

## **Financial proceeds and charges**

## Breakdown of proceeds from equity investments

### AMOUNT OF INCOME FROM EQUITY INVESTMENTS OTHER THAN DIVIDENDS

Under art. 2427, paragraph 1, point 11 of the Italian Civil Code, we mention that no income from equity investments other than dividends was received during the year.

## Breakdown of interest and other financial charges by type of payable

### BREAKDOWN OF INTEREST AND OTHER FINANCIAL CHARGES

In compliance with the provisions of Article 2427, paragraph 1, point 12 of the Italian Civil Code, we provide the breakdown of the financial interests and charges recorded under item C.17 of the income statement on the basis of their origin.

|                   | Interest and other financial charges |
|-------------------|--------------------------------------|
| Payables to banks | 351,085                              |
| Other             | 227,482                              |
| Total             | 578,567                              |

## Value adjustments of financial assets and liabilities

The changes reflect the adjustment of the value to the market value on the closing date of the year.

## Amount and nature of the individual items of revenues/costs of exceptional magnitude or incidence

### THE AMOUNT AND NATURE OF THE INDIVIDUAL REVENUE ITEMS OF EXCEPTIONAL SCOPE OR INCIDENCE

During the year, the company booked - under item A5b of the Income Statement, and for the amount of € 4,538,540 - a positive component resulting from the spin-off transaction with founding of the company T.L.T. Srl with which the real estate business under construction in Luino (VA) was transferred to the newly established company.

It should be noted that the aforementioned revenue represents an event that – in terms of entity/influence on the result for the year - should be considered exceptional given that it does not fall within the realm of normal business forecasts and consequently will not be repeated in subsequent financial years.

| Revenue item                | Amount    | Nature                  |
|-----------------------------|-----------|-------------------------|
| Other revenues and proceeds | 4,538,540 | Extraordinary operation |
| <b>Total</b>                | 4,538,540 |                         |

### THE AMOUNT AND NATURE OF THE INDIVIDUAL COST ELEMENTS OF EXCEPTIONAL SCOPE OR INCIDENCE

During the year, the company did not recognise any costs of an exceptional amount or incidence in the income statement.

## Current, deferred and prepaid income taxes for the year

### INCOME TAXES FOR THE YEAR

They are recorded on the basis of taxable income, in accordance with the tax provisions in force.

In relation to the deductibility of negative items of income in financial years subsequent to the year of booking to the Income Statement, the relative prepaid taxes are recorded as a decrease of current taxes, with an offsetting entry under item C.II.05.ter of the Balance Sheet.

## Recognition of deferred and prepaid taxes and consequent effects

|   | IRES    |
|---|---------|
| <b>B) Fiscal effects</b>  |         |
| Reserve for deferred tax (prepaid) at the beginning of the year | 114,983 |
| Reserve for deferred tax (prepaid) at the end of the year       | 114,983 |

## Details of deductible timing differences

| Description                           | Amount at the end of the previous financial year | Amount at the end of the financial year | IRES rate | IRES tax effect | IRAP rate | IRAP tax effect |
|---------------------------------------|--|---|-----------|-----------------|-----------|-----------------|
| Taxed allowance for doubtful accounts | 479,097  | 479,097                                 | 24.00%    | 114,983         | 0.00%     | 0               |

| Description | Amount at the end of the previous financial year | Amount at the end of the financial year | IRES rate | IRES tax effect | IRAP rate | IRAP tax effect |
|-------------|--|---|-----------|-----------------|-----------|-----------------|
|-------------|--|---|-----------|-----------------|-----------|-----------------|

## Explanatory notes, cash flow statement

### CASH FLOWS STATEMENT

The cash flow statement provides information useful for assessing the company's financial position, including liquidity and solvency, in the year under review in addition to information on subsequent years.

## Explanatory notes, other information

### OTHER INFORMATION

In addition to filling in the information required by art. 2427 of the Italian Civil Code, additional or complementary information required by law, is provided below in order to provide a true and fair view of the Company's financial position, results of operations and cash flows

The Company has availed itself of the option provided for by Art. 27 of Legislative Decree 127 of 9 April 1991 to not prepare the consolidated financial statements given that it is a subsidiary of "Techbau Holding Srl" which is required to prepare the group consolidated financial statements.

### Criteria for the conversion of values expressed in foreign currency

Receivables and payables originally expressed in foreign currency have been converted into the reporting currency by using the historical exchange rates in force on the date of the relative transactions. Exchange rate differences realized at the time of collection of receivables and the payment of payables in foreign currency are booked in the income statement.

All receivables and payables in foreign currencies existing as of 30 June 2018 have been valued on the basis of the exchange rates in force on the closing date of the financial year. This adjustment resulted in exchange rate gains and losses which were recorded in the income statement.

## Employment data

### Average number of employees by category (Art. 2427, par. 1, point 15 of the Italian Civil Code)

The average number of employees, broken down by category, is shown in the following table:

|                    | Average number |
|--------------------|----------------|
| Executives         | 2              |
| Mid-level managers | 9              |
| Employees          | 51             |
| Workers            | 6              |
| Total Employees    | 68             |

## Fees, advances and loans granted to directors and statutory auditors and commitments undertaken on their behalf

Total amount of fees, advances and loans granted to directors and statutory auditors and commitments undertaken on their behalf (Article 2427, paragraph 1, point 16 of the Italian Civil Code)

The fees due, advances and loans granted to Directors and Statutory Auditors during the year in question, as well as the commitments undertaken on their behalf as a result of provided sureties of any kind, are shown in the table below:

|      | Directors | Auditors |
|------|-----------|----------|
| Fees | 126,000   | 24,960   |

## Fees to the Regulatory Auditor or Auditing Firm

### Amount of fees due to the Auditor

The fees paid to the Auditor for the services provided under Article 2427 point 16-bis of the Italian Civil Code are shown in the following table:

|                  | Value  |
|------------------|--------|
| Regulatory audit | 20,000 |

## Categories of shares issued by the company

Number and nominal value of each category of shares in the Company

|  | Value |
|--|-------|
|--|-------|

In compliance with the provisions of Article 2427, paragraph 1, point 17 of the Italian Civil Code, the following table provides details of each category of shares in the company.

No change in share capital occurred during the year.

| Description     | Initial amount, number | Initial amount, nominal value | Final amount, number | Final amount, nominal value |
|-----------------|------------------------|-------------------------------|----------------------|-----------------------------|
| Ordinary shares | 9,698,833              | 9,698,833                     | 9,698,833            | 9,698,833                   |
| <b>Total</b>    | 9,698,833              | 9,698,833                     | 9,698,833            | 9,698,833                   |

## Securities issued by the company

### Dividend shares, bonds convertible into shares, securities or similar securities issued by the Company

The company has not issued dividend shares, convertible bonds, securities or other similar securities.

## Commitments, guarantees and contingent liabilities not shown in the balance sheet

### Commitments, guarantees and contingent liabilities not shown in the balance sheet (Article 2427, paragraph 1, point 9 of the Italian Civil Code)

The following table reports the guarantees provided by third parties for obligations which could result in potential liabilities for the Company and which are not reported in the balance sheet.

These include guarantees provided from banks to the client upon delivery of construction sites and for limited periods in order to cover potential contingencies. It should be noted that experience leads us to consider the risk of negative events to be low.

|                       | Amount     |
|-----------------------|------------|
| Potential liabilities | 34,388,484 |

## Information on related party transactions

Transactions with related parties (Article 2427, paragraph 1, point 22-bis of the

|  | Amount |
|--|--------|
|--|--------|

### **Italian Civil Code)**

It should be noted that there are no transactions with related parties that are not carried out at normal market conditions.

## **Information on agreements not shown in the balance sheet**

### **Agreements not reported in the Balance Sheet (Article 2427, paragraph 1, point 22 ter)**

There are no agreements that do not appear in the balance sheet.

## **Information on significant events occurring after the end of the financial year**

### **Significant events occurring after the end of the financial year (Article 2427, paragraph 1, point 22-quater of the Italian Civil Code)**

After the end of the financial year, there were no significant events such as to be illustrated in these Explanatory notes.

## **Information on derivative financial instruments under Article 2427-bis of the Italian Civil Code**

### **Information on derivative financial instruments under Article 2427-bis of the Italian Civil Code**

The company has not carried out any such operations.

## **Summary statement of the financial statements of the company exercising management and coordination activities**

### **Management and coordination activities**

The company is not subject to management and coordination by third-party companies or entities.

## **Proposed allocation of profits or coverage of losses**

### **Proposed allocation of profits or coverage of losses**

With regard to the earned profit amounting to € 5,515,021.21, we propose to allocate it as follows:

- Euro 275,751.06, amounting to 5% of the Legal Reserve
- The remaining Euro 5,239,270.15 to the Extraordinary Reserve

## **Explanatory notes, final part**

Milano, 22 September 2018  
The SOLE DIRECTOR Andrea Marchiori

## **Declaration of compliance with financial statements**

The undersigned MARCHIORI ANDREA, in his capacity as administrator, aware of the criminal liability stipulated in the event of false declarations, certifies, under art. 47 of Presidential Decree 445/2000, the correspondence of this document with the one kept in the company's records.

itcc-ci-2017-07-06

**TECHBAU S.p.A.**  
**with sole shareholder**

Registered office in MILAN - Piazza Giovine Italia No. 3

Share capital € 9,698,833.00 fully paid up

**REPORT ON OPERATIONS RELATIVE TO THE FINANCIAL STATEMENTS CLOSED**  
**ON 30 JUNE 2018**

Dear shareholders,

the financial year ended 30 June 2018 reported net income of € 5.5 million (€ 3.8 million in the previous year), thereby recording an increase of 43.2%; depreciation/amortization and provisions amounted to € 0.5 million (€ 0.7 million in the previous year).

The financial year subject to your review has been characterized by the progressive consolidation of your company in its reference market, with specific focus on the market of large non-residential buildings. In strictly operational terms, the construction sites opened at the end of the previous year have been completed and contracts in progress are following the planned scheduling, in fact some time savings has been attained on certain orders in terms of execution times, an uncommon achievement in our operating sector.

As will be illustrated below, even the organizational structure and the entire structure of the Company have achieved a high level of efficiency, both of which are appreciated by customers. No less important are the financial solidity and balance; constant focus is given to the latter.

In summary, it was a positive year during which both revenues and the economic result were improved; the order book was also satisfactory.

Sales totaled € 138.1 million, an increase of more than 50%. However, part of this increase was due to the completion – for the works in progress - of the commercial cycle (deed) in the year under review, but the relative economic component (€ 25.8 million) had already been generated in the previous year.

In this regard, it should be noted that all works with multi-year execution are valued according to the state of progress of the order and consequently the economic margin of these orders is included in the inventories which are, for all intents and purposes, suspended revenues; net of this component, the increase in sales was just over 25% while - in terms of product value, ie by also taking into account suspended revenues - there was a 15% decrease which was caused however by technical effects: for the year ended 30 June 2017, revenue and inventory items included property sold during the year under review whose purchase cost was quite high compared to the added value produced by your Company; net of these factors, the value produced during the year under review increased by circa 12%. Indirect evidence for this is given by the difference between the

revenues and the costs of the year which increased from € 6.0 million to € 7.6 million, an increase of 27.2%.

With regard to the price component, it should be noted that the comparisons are not very significant: the market trend was very competitive and prices tend to be stable, in fact even with a tendency to decrease; however, other assessment factors are applicable during the process of acquisition of orders, including for example delivery times, or the technical aspects of the project, or even the reliability of the executing party; these factors occasionally allow us to apply prices that are slightly better than the most competitive positions. Under the same conditions, average sales prices have not increased.

Another factor that deserves to be reported is the recovery of a foreign component of revenues: following the completion of the work sites in Russia and in France, corporate activities have been primarily concentrated within the national market; in the current year we have achieved a significant work order within the German market and we are confident of being able to acquire more, as will be further reported at the end of this report.

At the end of the commentary on the revenues item, please note the increase in other proceeds, an increase; the latter was mainly due to the extraordinary proportional partial spin-off transaction through which a newly started construction site was transferred to a company specifically interested in that site and in which we have opportunely maintained a share until the date of final acquisition of the construction contract.

In addition, and again as extraordinary operations, lease payments of € 1.4 million were collected due to the lengthening of the time period required for the closure of an important real estate transaction relating to a leased property; the latter was sold to a primary international investment fund. In the period between the start of the lease and the sale of the property, the fees have been collected by your Company.

Production costs reported a trend that was substantially in line with that of revenues. Costs for purchases decreased as a result of that illustrated above regarding real estate purchases that are functional to the core business of your Company.

Unitary prices followed the market trend and, in certain cases, it was possible to achieve some economies of scale.

Expenses for supplied services, consisting mainly of work by third parties, slightly increased due to the specific nature of the activities. The most important component, that is to say the services of third parties, increased from € 52.8 million in the previous year to € 52.9 million in the year in question; technical consultancy services also increased slightly from € 3.8 million to € 4.4 million.

With regard to the location of the various work yards and the organizational structure of production activities, costs for the use of third party assets increased from just under € 1.0 million to just under € 1.4 million; the item which recorded almost the entire increase refers to the leasing of real estate assets.

The cost of personnel has also increased significantly; this was mainly due to the increase

in personnel, as highlighted in the Explanatory Notes. In this regard, it should be noted that the organizational structures of your Company consist almost entirely of highly qualified personnel, on which investments are constantly made. The strengthening of operational structures and their flexibility are necessary conditions for planning company growth. Relationships with employees and with their trade union organizations have always been marked by effective collaboration and much focus is also given to safety within the work yards.

Depreciation/amortization for the year remained essentially unchanged while other provisions decreased given that there was no longer any need for additional provisions for the write-down of receivables.

Other operating costs have decreased given that there are no longer certain extraordinary charges.

Even the financial structure has not undergone any specific changes and consequently the net financial charges, even if increased, remain rather modest if considered as a percentage of revenues.

It should be noted that the Company uses bank credit exclusively to finance construction sites with previously stipulated sales contracts and therefore even mortgage transactions are operations that are functional to the core business in addition to being short term in duration in terms of their effect on the structure of your Company given that the debt is assumed at the time of sale of the property, or extinguished.

With regard to the financial structure, and in addition to the change already commented for the inventories item, the slight increase in trade receivables should be noted as well as the increase in financial assets temporarily invested which effectively constitute a liquidity reserve; the Bank's availability decreased but this decrease was largely offset by lower payables for received advances.

Also due to the aforementioned description of the function of indebtedness, bank debt also decreased and payables due to suppliers have slightly decreased.

Indebtedness to the tax authorities, mainly consisting of the VAT payable, decreased due to the reduction of VAT from € 3.8 million in the previous year to € 0.7 million in the year under review (this payable depends on sales and purchase trends while the high debt level at the end of the previous year was the result of real estate sales completed in June 2017).

The other payables remain essentially unchanged.

In conclusion to this analysis of financial statement items, a brief report is provided on investment policies. With regard to production investments, there are no particular needs and, in any case, all the organizational structures in use are highly efficient; strategic investments are instead more important, and aim to ensure that your company has significant business development opportunities. From this perspective, the company "ARP S.r.l." was founded in the previous year; which together with your company, it developed an important shopping center in Alessandria. On the past 25 September, this Shopping

Center was inaugurated and its buildings are representative of the overall success of your company; another important operation - aimed at the acquisition of areas in prestigious districts - concerned the company "Edilmalpensa S.r.l.", which successfully completed the bankruptcy procedure for restructuring its debt pursuant to Art. 67, third paragraph, of the Financial Law. The company, now without debt, is developing the process for valuating its important assets in terms of land areas. This investment aims, on the one hand, to ensure important development opportunities for your Company, both of industrial and commercial nature.

With the prospect of being able to further develop important construction sites, four limited liability companies were established, all 100% owned, in light of potential corporate agreements with key partners.

During the course of the year, the entire transaction involving the subsidiary company "MTM Hotels Srl" was also developed; this company was used to purchase and complete the work order for the complete renovation of a hotel-accommodation facility in an important (and visible) Italian tourist location.

#### **Activities implemented by subsidiaries and foreign branches**

Leaving aside the inactive companies – which, as previously mentioned, are functional to future growth, as well as the companies "ARP Srl", "Edilmalpensa Srl" and "MTM Hotels Srl", which have been described above in relation to investments – an update is provided below on the operations of the other companies/branches.

**"Logi-Tech S.r.l.":** the subsidiary has initiated a development process for the construction of a logistical building in northern Italy whose construction will be entrusted to your Company. The construction activity is expected to start already in the current financial year.

**Branch:** the branches in Bulgaria and in the Czech Republic are maintained, despite being inactive, given confidence that they can acquire orders in the future. On the other hand, the branch in Munich was initiated for the construction of a commercial building near the airport; this is a high visibility operation which is providing us with additional growth opportunities.

#### **Economic and financial indicators**

Reported below is a comparison of the economic-financial indicators compared to the financial year ended 30 June 2017 (values x 1000):

| <b>Indicator</b>     | <b>2017/2018</b> | <b>2016/2017</b> |
|----------------------|------------------|------------------|
| Total revenues       | € 119,132        | € 139,608        |
| Revenues of the year | € 144,344        | € 91,148         |
| EBITDA               | € 8,696          | € 6,696          |

|                                      |         |         |
|--------------------------------------|---------|---------|
| EBITDA / Total revenues              | 7.3%    | 4.8%    |
| Net income of the year               | € 5,515 | € 3,850 |
| Net income of the year / Revenues    | 3.8%    | 4.2%    |
| Quick ratio                          | 1.02    | 0.92    |
| Current assets / current liabilities | 1.19    | 1.29    |

Financial management is illustrated, as in the previous year, by the cash flow statement drawn up in compliance with the accounting principle of the OIC (Italian Accounting Body) n. 10.

### **Management of corporate risks**

The risk areas to which your Company is exposed have remained unchanged compared to the previous year. In particular:

- risks associated with trends in market prices, both increases and decreases, are typical of the large construction sector and are managed through rigorous purchase planning; this is already implemented during the phase of planning of the contracts in which to participate. This planning takes into account the reliability of the supplier in order to avoid breakdowns in the planned production cycle which would have inevitably negative effects on prices for the completion of the work.

Our increasing experience allows us to assess the risk in question with increasing precision; it tends to remain constant, if not even decrease;

- financial risks associated with loans to customers and the management of cash flows of individual contracts and, consequently, those which are connected to the management of bank credit were affected by the gradual improvement in the organizational structure of your Company, despite an increasingly difficult financial market, particularly with regard to the real estate market. It is hardly necessary to note that the evaluation of each individual contract also includes a thorough financial audit and an assessment of each related risk. Even for this area of risk, we do not foresee any increases and, in any case, risk levels that exceed the average of the sector;
- operational risks: with regard to more strictly operational risks concerning the safety of construction sites, environmental hygiene and those related to all the various phases of standard operations, it should again be noted that constant and rigorous attention is maintained, both directly as well as on the activities carried out by subcontracting companies; this activity is delegated to specialized organizational structures in terms of competence and organization.

In this regard, it is also useful to note that - during the year - there were no events to report in this regard.

### **Privacy**

Pursuant to paragraph 26, attachment B, of Legislative Decree no. 196 of 30.06.2003, it should be noted that the Company has updated the planning document on data security in light of the provisions of the Technical Regulations regarding minimum security measures, attached as Annex B), of the aforementioned Legislative Decree.

### **Current operational trends**

The current year is reporting a trend that is not different from the one that just concluded: the work orders in progress make it possible to forecast a level of revenues and "production" that does not differ from the one just reviewed; certain changes could occur - depending on the type of structure of these contracts - but these aspects will not influence the overall organizational structure of your company which is improving in these first few months of the year. The order book is also satisfactory and important development opportunities are gradually consolidating both in Italy and in Germany. In the latter market, and just last August, a significant order was acquired; it will be implemented by the German branch.

In conclusion, and even for the current year, it is reasonable to forecast an additional phase of consolidation of past growth as well as an overall positive result.

===oOo===

### **Conclusions**

Dear shareholders,

I believe I have provided you with a comprehensive picture of the economic performance of your Company as well as its financial structure.

I therefore call upon you to approve the financial statements under review and to allocate the generated net income of € 5,515,021.21 as follows:

- € 275,751.06, equal to 5%, to the Legal Reserve;
- the residual amount of € 5,237,270.15 to the Extraordinary Reserve

Milano, 22 September 2018

The Sole Director  
(Andrea Marchiori)