

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: MI

VAT No: 06336690968

Tax ID No: 06336690968

Economic & Administrative Index No: 1922561

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

	30-06-2019	30-06-2018
Balance sheet		
Assets		
B) Fixed assets		
I - Intangible fixed assets		
3) Industrial patent and intellectual property rights	5,296	1,382
6) Tangible assets in progress and advances	28,140	-
7) other	3,397,970	-
Total intangible fixed assets	3,431,406	1,382
II - Tangible fixed assets		
3) industrial and commercial equipment	851,180	890,260
Total tangible fixed assets	851,180	890,260
III - Financial fixed assets		
1) Equity investments in		
a) Subsidiaries	435,100	405,100
b) Associates	524,400	520,000
d-bis) other companies	1	-
Total equity investments	959,501	925,100
2) receivables		
a) Due from subsidiaries		
Due within next year	1,517,985	528,674
Total receivables due from subsidiaries	1,517,985	528,674
b) Due from associates		
Due within next year	2,110,100	-
Total receivables due from associates	2,110,100	-
d-bis) Due from others		
Due within next year	61,120	35,011
Total receivables due from others	61,120	35,011
Total receivables	3,689,205	563,685
Total financial fixed assets	4,648,706	1,488,785

	30-06-2019	30-06-2018
Total fixed assets (B)	8,931,292	2,380,427
C) Current assets		
I - Inventories		
3) Work in progress to order	133,469,225	47,688,122
5) advances	8,323,832	1,229,920
Total inventories	141,793,057	48,918,042
II - Receivables		
1) Due from customers		
Due within next year	33,044,528	11,574,422
Total receivables due from customers	33,044,528	11,574,422
2) Due from subsidiaries		
Due within next year	-	512
Total receivables due from subsidiaries	-	512
3) Due from associates		
Due within next year	2,389,511	2,277,031
Total receivables due from associates	2,389,511	2,277,031
5-bis) tax receivables		
Due within next year	853,869	715,731
Total tax receivables	853,869	715,731
5-ter) prepaid taxes	114,983	114,983
5-quater) due from others		
Due within next year	424,211	4,150
Total receivables due from others	424,211	4,150
Total receivables	36,827,102	14,686,829
III – Financial assets which are not fixed assets		
6) Other securities	3,607,150	3,351,704
Total financial assets which are not fixed assets	3,607,150	3,351,704
IV – Liquid funds		
1) Bank and postal deposits	45,800,502	31,745,002
3) Cash and cash valuables	2,868	13,641
Total liquid funds	45,803,370	31,758,643

	30-06-2019	30-06-2018
Total current assets (C)	228,030,679	98,715,218
D) Accruals and deferrals	415,832	255,738
Total assets	237,377,803	101,351,383
Liabilities		
A) Shareholders' equity		
I – Share capital	9,698,833	9,698,833
II – Share premium reserve	759,852	759,852
IV – Legal reserve	616,472	340,721
VI – Other reserves, distinctly specified		
Extraordinary reserve	5,634,295	1,896,404
Misc. other reserves	1	1
Total other reserves	5,634,296	1,896,405
IX – Profit (loss) of the year	3,873,792	5,515,021
Total shareholders' equity	20,583,245	18,210,832
C) Employee termination indemnities	32,707	33,607
D) Payables		
4) Payables due to banks		
Due within next year	8,670,876	1,837,563
Due after next year	14,050,954	-
Total payables due to banks	22,721,830	1,837,563
5) Payables due to other providers of finance		
Due within next year	5,500,000	7,390,000
Total payables due to other providers of finance	5,500,000	7,390,000
6) advances		
Due within next year	108,569,682	37,653,753
Total advances	108,569,682	37,653,753
7) Payables due to suppliers		
Due within next year	75,123,616	33,846,791
Total payables due to suppliers	75,123,616	33,846,791
9) Payables due to subsidiaries		
Due within next year	196,895	12,695

	30-06-2019	30-06-2018
Total payables due to subsidiaries	196,895	12,695
12) Tax payables		
Due within next year	1,435,461	1,432,851
Total tax payables	1,435,461	1,432,851
13) Payables due to social security institutions		
Due within next year	493,527	329,584
Total payables due to social security institutions	493,527	329,584
14) Other payables		
Due within next year	2,720,840	603,707
Total other payables	2,720,840	603,707
Total payables	216,761,851	83,106,944
Total liabilities	237,377,803	101,351,383

Income statement

	30-06-2019	30-06-2018
Income statement		
A) Total revenues		
1) Revenues from sales and services	65,881,212	138,072,445
3) Change in contract work in progress	85,781,102	(25,212,261)
4) Own work capitalized	3,448,703	-
5) Other revenues and proceeds		
Other	115,542	6,271,666
Total other revenues and proceeds	115,542	6,271,666
Total revenues	155,226,559	119,131,850
B) Cost of production		
6) for raw and ancillary materials, consumables and goods	49,171,013	41,752,043
7) for services	91,710,695	62,395,168
8) for use of third party assets	1,696,607	1,391,433
9) for personnel		
a) salaries and wages	4,456,266	3,415,602
b) social security charges	1,357,533	939,148

	30-06-2019	30-06-2018
c) termination indemnities	259,946	193,095
e) other costs	2,794	9,687
Total personnel costs	6,076,539	4,557,532
10) amortization/depreciation and write-downs		
a) Amortization of intangible fixed assets	54,762	129,538
b) Depreciation of tangible fixed assets	335,240	275,752
d) Write-down of receivables included under current assets and liquid funds	169,394	73,145
Total amortization/depreciation and write-downs	559,396	478,435
14) other operating charges	393,742	339,860
Total cost of production	149,607,992	110,914,471
Difference between total revenues and cost of production (A - B)	5,618,567	8,217,379
C) Financial proceeds and charges		
16) other financial proceeds		
d) proceeds other than the above		
b) Associates	15,088	-
Other	45,095	93,497
Total proceeds other than the above	60,183	93,497
Total other financial proceeds	60,183	93,497
17) interest and other financial charges		
Other	244,035	578,567
Total interest and other financial charges	244,035	578,567
17-bis) exchange rate gains and losses	(335)	7,802
Total financial proceeds and charges (15 + 16 - 17 + - 17-bis)	(184,187)	(477,268)
D) Value adjustments of financial assets and liabilities		
18) Revaluations		
c) of securities booked under current assets which are not equity investments	10,400	4,725
Total revaluations	10,400	4,725
19) Write-downs		
c) of securities booked under current assets which are not equity investments	-	7,551
Total write-downs	-	7,551

	30-06-2019	30-06-2018
Total value adjustments of financial assets and liabilities (18 - 19)	10,400	(2,826)
Result before taxes (A - B + - C + - D)	5,444,780	7,737,285
20) Income taxes of the year: current, deferred and prepaid		
Current taxes	1,570,988	2,222,264
Total income taxes of the year: current, deferred and prepaid	1,570,988	2,222,264
21) Profit (loss) of the year	3,873,792	5,515,021

Cashflow statement, indirect method

	30-06-2019	30-06-2018
Cashflow statement, indirect method		
A) Cash flows from operating activities (indirect method)		
Profit (loss) for the year	3,873,792	5,515,021
Income taxes	1,570,988	2,222,264
Payable (receivable) taxes	183,851	485,070
(Dividends)	0	0
(Capital gains)/Losses from the disposal of assets	(239,212)	(624,055)
1) Profit (loss) of the year before income taxes, interest, dividends and capital gains/losses from disposals	5,389,420	7,598,301
Adjustments to non-monetary items which do not have an offsetting item in net working capital		
Allocations to funds	689,286	459,335
Amortization/depreciation of fixed assets	390,002	405,290
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	(52,526)	(5)
Total adjustments for non-monetary items which do not have offsetting items in net working capital	1,026,762	864,620
2) Cash flow before changes in net working capital	6,416,182	8,462,921
Changes in net working capital		
Decrease/(Increase) in inventories	(92,875,015)	26,175,842
Decrease/(Increase) in receivables due from customers	(21,751,468)	642,728
Increase/(decrease) in payables due to suppliers	41,503,151	(3,519,020)

	30-06-2019	30-06-2018
Decrease/(Increase) in accrued income and deferred charges	(160,094)	528,229
Increase/(Decrease) in accrued liabilities and deferred income	0	0
Other decreases/(Other increases) in net working capital	72,641,416	(23,037,408)
Total changes in net working capital	(642,010)	790,371
3) Cash flow after changes in net working capital	5,774,172	9,253,292
Other adjustments		
Interest collected/(paid)	1	0
(Income taxes paid)	(1,570,988)	(2,222,264)
Collected dividends	0	0
(Use of funds)	(520,792)	(393,533)
Other inflows/(payments)	60,183	93,497
Total other adjustments	(2,031,596)	(2,522,300)
Cash flows from operating activities (A)	3,742,576	6,730,992
B) Cash flows from investment activities		
Tangible fixed assets		
(Investments)	(297,274)	(476,734)
Divestments	1,244	268,822
Intangible fixed assets		
(Investments)	(3,484,786)	0
Divestments	0	6
Financial fixed assets		
(Investments)	(3,149,521)	(1,392,653)
Divestments	(4,953)	(5,052)
Short-term financial assets		
(Investments)	(255,446)	(800,139)
Divestments	0	1
(Acquisition of company branches net of liquid funds)	0	0
Sale of company branches net of liquid funds	0	0
Cash flows from investment activities (B)	(7,190,736)	(2,405,749)
C) Cash flows from financing activities		
Third party means		

	30-06-2019	30-06-2018
Increase/(Decrease) in short-term payables to banks	(250)	(305)
Acquisition of financing	22,721,830	1,837,313
(Reimbursement of financing)	(3,727,313)	(19,754,863)
Own means		
Paid share capital increases	0	0
(Capital reimbursements)	0	(44,392)
Sale/(Purchase) of treasury shares	0	0
(Dividends and advances on paid dividends)	(1,501,380)	(2,500,000)
Cash flows from financing activities (C)	17,492,887	(20,462,247)
Increase (decrease) in liquid funds (A ± B ± C)	14,044,727	(16,137,004)
Exchange rate effect on liquid funds	0	0
Liquid funds at the start of the year		
Band and postal deposits	31,745,002	47,890,011
Checks	0	0
Cash in hand	13,641	5,654
Total liquid funds at the start of the year	31,758,643	47,895,666
Of which not freely usable	0	0
Liquid funds at the end of the year		
Band and postal deposits	45,800,502	31,745,002
Cash in hand	2,868	13,641
Total liquid funds at the end of the year	45,803,370	31,758,643

Explanatory notes, initial part

EXPLANATORY NOTES

Preparation principles

PREPARATION PRINCIPLES

The financial statements for the year ended 30/06/2019 - 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 under Articles 2424 and 2425 on the basis of the premises pursuant to Art. 2423-ter, while the Explanatory Notes to the Financial Statements, which form an integral part of the financial statements of the year, comply with the content envisaged by Articles 2427, 2427-bis and all other provisions that refer to it.

The entire document - given the parts of which it is composed - has been prepared in such a manner so as to provide a true and correct representation of the Company's financial position as well as the economic result of the year, while providing, where necessary, additional information that is complementary to this purpose.

In accordance with Art. 2423-ter, the amount for the previous year is specified for each item.

The structure and composition of the financial statements have been modified 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 and Article 2423 bis no. 6 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 from the perspective of a going concern. 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.

Exceptional cases pursuant to Art. 2423, fifth paragraph, of the Italian Civil Code

EXCEPTIONAL CASES PURSUANT TO ARTICLE 2423, PARAGRAPH FIVE, OF THE ITALIAN CIVIL CODE

It is hereby acknowledged that - in these financial statements - there have been no exceptional cases requiring the application of the derogation referred to in the fifth paragraph of Art. 2423.

Correction of significant errors

CORRECTION OF SIGNIFICANT ERRORS

It should be noted that no significant errors were found during the financial year applicable to these financial statements.

Applied valuation criteria

APPLIED VALUATION CRITERIA

The applied valuation criteria were those specifically provided for in Art. 2426 and within the other norms of the Italian Civil Code.

For the evaluation of specific cases that are not expressly regulated by the aforementioned rules, the national accounting principles prepared by the Italian Accounting Body (OIC) were used.

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 and economic results.

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 30/06/2019 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.

Any significant effects from changes in exchange rates occurring after the end of the year (art. 2427, paragraph 1, no. 6-bis of the Italian Civil Code)

Following the closing of the year, there were no changes in exchange rates which generated significant effects on assets and liabilities denominated in foreign currency.

Explanatory notes, assets

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 30/06/2019, 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.

Other intangible fixed assets are composed of "expenses for improving the value of third party assets" and are amortized on the basis of the duration of the relative lease contract, given that this principle - expressly envisaged by Art. 103, paragraph 2 of Italian Presidential Decree 917/86 - is also consistent with OIC accounting principle no. 24.

Fixed assets which are being installed consist of advances paid for expenses to improve the value of third party assets.

	Start-up and expansion costs	Development costs	Industrial patent and intellectual property rights	Auth., licenses, trademarks and similar rights	Goodwill	Assets under construction Assets under construction and advances	Other intangible assets	Total intangible fixed assets
Amort. of the year	0	0	4,029	0	0	0	50,733	54,762
Write-downs during the year	-	-	-	-	-	-	-	0
Other changes	0	0	0	0	0	0	0	0
Total changes	0	0	3,914	0	0	28,140	3,397,970	3,430,024
Year-end value								
Cost	-	-	223,387	-	2,728,000	28,140	3,448,703	6,428,230
Revaluations	-	-	-	-	-	-	-	0
Amortization (Provisions for amortization)	-	-	218,091	-	2,728,000	-	50,733	2,996,824
Write-downs	-	-	-	-	-	-	-	0
Book value	-	-	5,296	-	-	28,140	3,397,970	3,431,406

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 30/06/2019	851,180
Balance as of 30/06/2018	890,260

Change

-39,080

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
Value at year start						
Cost	-	-	1,750,616	-	-	1,750,616
Revaluations	-	-	-	-	-	0
Amortization (Provisions for amortization)	-	-	860,356	-	-	860,356
Write-downs	-	-	-	-	-	0
Book value	-	-	890,260	-	-	890,260
Changes in the year						
Increases for acquisitions	0	0	296,161	0	0	296,161
Reclassifications (of book value)	-	-	-	-	-	0
Decreases for disposals and divestments (of book value)	0	0	31,533	0	0	31,533
Revaluations during the year	-	-	-	-	-	0
Amort. of the year	0	0	335,240	0	0	335,240
Write-downs during the year	-	-	-	-	-	0
Other changes	0	0	31,533	0	0	31,533
Total changes	0	0	(39,080)	0	0	(39,080)
Year-end value						
Cost	-	-	2,015,243	-	0	2,015,243
Revaluations	-	-	-	-	-	0

	Land and buildings	Plants and machinery	Industrial and commercial equipment	Other tangible fixed assets	Tangible assets in progress and advances	Total tangible fixed assets
Amortization (Provisions for amortization)	-	-	1,164,063	-	-	1,164,063
Write-downs	-	-	-	-	-	0
Book value	-	-	851,180	-	-	851,180

Finance lease operations

FINANCE LEASE OPERATIONS

No finance lease operations are currently underway.

The following table reports the information required by No. 22, paragraph 1 of Art. 2427 of the Italian Civil Code.

	Amount
Total amount of finance lease assets at the end of the year	96,300
Depreciation that would have been booked to the year	19,260
Value adjustments and reinstatements that would have been booked to the year	0
Present value of lease installments that have not expired at the end of the year	81,991
Financial charges accrued in the year based on the effective interest rate	275

Financial fixed assets

B) III - FINANCIAL FIXED ASSETS

1 – Equity investments

Equity investments in subsidiaries

Equity investments in the companies LOGI-TECH SRL, EDILMALPENSA SRL, VIGEVANO RETAIL SRL, IVREA RETAIL SRL, GALLARATE SVILUPPO SRL, TB04 SRL, TB05 SRL, TB06 SRL, TB07 SRL, TB08 SRL and TB09 SRL are valued according to their purchase or underwriting cost (increased by capital contribution payments).

Equity investments in associates

Equity investments in the companies ARP SRL and MTM HOTELS SRL are valued

	Equity investments in subsidiaries	Equity investments in associates	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 derivatives
start								
Cost	405,100	520,000	-	-	-	925,100	-	-
Book value	405,100	520,000	-	-	-	925,100	-	-
Changes in the year								
Increases for acquisitions	50,000	-	-	-	1	50,001	-	-
Reclassifications (of book value)	(4,400)	4,400	-	-	-	-	-	-
Decreases for disposals (of the book value)	15,600	-	-	-	-	15,600	-	-
Total changes	30,000	4,400	0	0	1	34,401	0	-
Year-end value								
Cost	435,100	524,400	-	-	1	959,501	-	-
Book value	435,100	524,400	-	-	1	959,501	-	-

Change and expiration of non-current receivables

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

The changes are due to the increase in shareholder financing and credits granted to subsidiaries and associates.

In particular, the receivable due from Logi-Tech Srl reported an increase of € 858 thousand; this was functional to the execution of the subsidiary's project.

The receivable, together with the subsequent ones, will be extinguished within the current financial year.

The non-interest bearing loan to the associated company ARP Srl was disbursed in order to support the real estate transaction in the Retail Park of Alessandria, and in which we decided to participate, albeit as a minority shareholder, following assessments of

economic convenience.

	Value at year start	Changes in the year	Year-end value	Quota expiring within the year
Non-current receivables due from subsidiaries	528,674	989,311	1,517,985	1,517,985
Non-current receivables due from associates	-	2,110,100	2,110,100	2,110,100
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	35,011	26,109	61,120	61,120
Total non-current receivables	563,685	3,125,520	3,689,205	3,689,205

Details on non-current equity investments in subsidiaries

EQUITY INVESTMENTS IN SUBSIDIARIES

In compliance with the provisions of Article 2427, paragraph 1, no. 5 of the Italian Civil Code, details are provided below of the equity investments held directly or indirectly in subsidiaries on the basis of the situation 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	8,235	54,301	18,000	90.00%	33,300
EDILMALPENSA SRL	Milan	05634280969	90,000	213,473	929,843	72,000	80.00%	301,000
VIGEVANO RETAIL SRL	Milan	10144390969	10,000	3,617	5,467	10,000	100.00%	10,000
IVREA RETAIL SRL	Milan	10144400966	10,000	3,204	8,879	10,000	100.00%	10,000
GALLARATE SVILUPPO SRL	Milan	10144410965	40,000	1,481	32,789	20,800	52.00%	20,800

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
TB04 SRL	Milan	10396080961	10,000	2,282	10,218	10,000	100.00%	10,000
TB05 SRL	Milan	10705410966	10,000	854	9,146	10,000	100.00%	10,000
TB06 SRL	Milan	10705760964	10,000	854	9,146	10,000	100.00%	10,000
TB07 SRL	Milan	10803250967	10,000	-	-	10,000	100.00%	10,000
TB08 SRL	Milan	10803660967	10,000	-	-	10,000	100.00%	10,000
TB09 SRL	Milan	10803940963	10,000	-	-	10,000	100.00%	10,000
Total								435,100

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 Article 2427, paragraph 1, no. 5 of the Italian Civil Code, details are provided below of the equity investments held directly or indirectly in associates on the basis of the situation 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
ARP SRL	Milan	09877310962	20,000	20,864	39,083	4,400	22.00%	4,400
MTM HOTELS SRL	Torri del Benaco (VR)	04239940234	20,000	12,056	1,409,517	6,000	30.00%	520,000
Total								524,400

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 Article 2427-*bis* paragraph 1, no. 2 of the Italian Civil Code, it should be noted that there are no financial fixed assets in the balance sheet recorded at a value greater 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

Orders in progress are composed of both orders that end in a year as well as multi-year orders.

Orders with intra-year completion dates have been, as in the past, valued at the cost (sustained expenses) which is expressly provided for by tax law (art.2, paragraph 6 of Presidential Decree 917/1986); this was deemed more prudent for the purposes of the book value.

Orders with multi-year duration are valued on the basis of the criterion of percentage of completion.

Change in inventories

Inventories are recorded in the financial statements for a total amount of 141,793,057 Euro.

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

	Value at year start	Change	Year-end value
Raw & ancillary materials and consumables	-	0	-
Products in progress and semi-finished products	-	0	-
Contract work in progress	47,688,122	85,781,103	133,469,225
Finished products and goods	-	0	-
Advances	1,229,920	7,093,912	8,323,832
Total inventories	48,918,042	92,875,015	141,793,057

The increase in inventories reflects the important tender contracts in progress during the year.

In order to more effectively clarify the information reported in the financial statements and in these Explanatory Notes, it should be noted that inventories for contract work in progress totaling € 133.5 million include the value that is already subject to liquidation (SAL), and booked within payables under the item "payables for advances " totaling € 88.7 million.

As a result, the net value of the aforementioned contract work in progress was equal to € 44.8 million.

Finally, it should be noted that the financial statement accounting exposure reflects OIC accounting principle no. 23.

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 € 36,827,102.

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

	Value at year start	Change	Year-end value	Quota expiring within the year
Receivables booked under current assets due from customers	11,574,422	21,470,106	33,044,528	33,044,528
Receivables booked under current assets due from subsidiaries	512	(512)	-	-
Receivables booked under current assets due from associated companies	2,277,031	112,480	2,389,511	2,389,511
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	715,731	138,138	853,869	853,869
Prepaid tax assets booked under current assets	114,983	0	114,983	
Receivables booked under current assets due from others	4,150	420,061	424,211	424,211
Total receivables booked under current assets	14,686,829	22,140,273	36,827,102	36,712,119

The increase in receivables reflects the increase in production and consists of receivables falling due after the end of the year.

It should be noted that the provisions for receivable risks as of 30/06/2019 amounted to € 834,174.

Details of receivables due from others is as follows:

Receivables due from CM NAUTICA Srl	€ 20,000
Receivables due from the parent company for taxes	€ 30,061

Receivable for deposit on land purchase	€ 370,000
Receivable due from TLT Srl for spin-off	€ 4,150

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	31,839,359	1,205,169	33,044,528
Receivables booked under current assets due from associates	2,389,511	-	2,389,511
Tax receivables booked under current assets	85,129	768,740	853,869
Prepaid tax assets booked under current assets	114,983	-	114,983
Receivables booked under current assets due from others	424,211	-	424,211
Total receivables booked under current assets	34,853,193	1,973,909	36,827,102

Receivables booked under current assets relative to repurchase transactions

Receivables booked under current assets relative to repurchase transactions

Non receivables of this type exist.

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 3,607,150.

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

	Value at year start	Changes in the year	Year-end value
Current equity investments in subsidiaries	-	0	-
Current equity investments in associates	-	0	-
Current equity investments in parent companies	-	0	-
Current equity investments in companies subject to the control of parent companies	-	0	-
Other current equity investments	-	0	-
Current financial derivative assets	-	0	-
Other current securities	3,351,704	255,446	3,607,150
Financial assets for centralized treasury management	-	0	-
Total financial assets which are not fixed assets	3,351,704	255,446	3,607,150

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 € 45,803,370.

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

	Value at year start	Change	Year-end value
Bank and postal deposits	31,745,002	14,055,500	45,800,502
Checks	-	0	-
Cash and other cash equivalents	13,641	(10,773)	2,868

	Value at year start	Change	Year-end value
Total liquid funds	31,758,643	14,044,727	45,803,370

The increase in cash and cash equivalents reflects the increase in production, partially compensated by the increase in customer payables.

Accrued income and deferred charges

D) ACCRUED INCOME AND DEFERRED CHARGES

These are booked in accordance with the accruals principle, in compliance with Article 2423 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 € 415,832.

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

	Value at year start	Change	Year-end value
Accrued income	0	0	0
Deferred charges	255,738	160,094	415,832
Total accrued income and deferred charges	255,738	160,094	415,832

Composition of accrued income and deferred charges (art. 2427 paragraph 1 no. 7 of the Italian Civil Code)

The composition of deferred charges is as follows:

Surety charges	€	368,564
Payable rents	€	375
Rental fees	€	32,316
Technical assistance fees	€	3,187
Leasing fees	€	11,390

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 € 20,583,245 and reported an increase of Euro 2,372,413.

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	Year-end value
		Other allocations	Decrease		
Share capital	9,698,833	-	-		9,698,833
Share premium reserve	759,852	-	-		759,852
Legal reserve	340,721	275,751	-		616,472
Other reserves					
Extraordinary reserve	1,896,404	5,239,270	1,501,379		5,634,295
Misc. other reserves	1	-	-		1
Total other reserves	1,896,405	5,239,270	1,501,379		5,634,296

	Value at year start	Allocation of result of previous year	Other changes	Result of the year	Year-end value
		Other allocations	Decrease		
Profit (loss) for the year	5,515,021	(5,515,021)	-	3,873,792	3,873,792
Total shareholders' equity	18,210,832	-	1,501,379	3,873,792	20,583,245

Changes in the Legal Reserve and in the Extraordinary Reserve are due to the allocation of the profit for the previous year, net of dividend distributions pursuant to the resolutions of 22 October 2018 and 21 March 2019.

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

Availability and use of shareholders' 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
Share capital	9,698,833			-
Share premium reserve	759,852	Share capital reserve	A B C	759,852
Legal reserve	616,472	Net income reserve	B	616,472
Other reserves				
Extraordinary reserve	5,634,295	Net income reserve	A B C	5,634,295
Misc. other reserves	1			1
Total other reserves	5,634,296			5,634,296
Total	16,709,453			7,010,620
Residual distributable portion				7,010,620

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 financial statements date towards all employees and is determined in accordance with the provisions of Art. 2120 of the Italian Civil Code as well as in compliance with the provisions of legislation and contractual agreements in force on the subject of employment, net of advances paid.

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

	Employee termination indemnities
Value at year start	33,607
Changes in the year	
Allocation during the year	259,946
Use during the year	260,846
Total changes	(900)
Year-end value	32,707

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 216,761,851.

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

	Value at year start	Change	Year-end value	Quota expiring within the year	Amount due after one year
Bonds	-	0	-	-	-
Convertible bonds	-	0	-	-	-
Payables to shareholders for loans	-	0	-	-	-
Payables to banks	1,837,563	20,884,267	22,721,830	8,670,876	14,050,954
Payables to other financial institutions	7,390,000	(1,890,000)	5,500,000	5,500,000	-
Advances	37,653,753	70,915,929	108,569,682	108,569,682	-
Payables to suppliers	33,846,791	41,276,825	75,123,616	75,123,616	-
Payables represented by credit instruments	-	0	-	-	-
Payables to subsidiaries	12,695	184,200	196,895	196,895	-
Payables to associated companies	-	0	-	-	-
Payables to parent companies	-	0	-	-	-
Payables to companies subject to the control of the parent companies	-	0	-	-	-
Tax payables	1,432,851	2,610	1,435,461	1,435,461	-
Payables to pension and social security institutions	329,584	163,943	493,527	493,527	-
Other payables	603,707	2,117,133	2,720,840	2,720,840	-
Total payables	83,106,944	133,654,907	216,761,851	202,710,897	14,050,954

The increase in trade payables mainly reflects the amount of advances collected from customers with respect to the work progress status (SAL) of orders; the increase in payables due to banks and suppliers reflects the growth of contracts in progress.

For the sake of completeness, it should be noted that the entire debt structure of your

Company is consistent with the financial planning methodology that was adopted.

The detail of other payables is as follows:

Payables due to credit cards	€	32,524
Payables due to financial companies	€	1,821,625
Payables for personnel management	€	866,691

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	22,721,830	-	22,721,830
Payables to other financial institutions	5,500,000	-	5,500,000
Advances	108,569,682	-	108,569,682
Payables to suppliers	74,373,721	749,895	75,123,616
Payables to subsidiaries	196,895	-	196,895
Tax payables	1,431,276	4,185	1,435,461
Payables to pension and social security institutions	493,527	-	493,527
Other payables	2,720,840	-	2,720,840
Payables	216,007,771	754,080	216,761,851

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, payables secured by real estate collateral on company assets are reported below.

	Payables secured by real estate collateral	Payables not secured	Total
--	--	----------------------	-------

	Payables secured by mortgages	Total payables secured by real estate collateral	by real estate collateral	
Payables to banks	13,550,204	13,550,204	9,171,626	22,721,830
Payables to other financial institutions	-	-	5,500,000	5,500,000
Advances	-	-	108,569,682	108,569,682
Payables to suppliers	-	-	75,123,616	75,123,616
Payables to subsidiaries	-	-	196,895	196,895
Tax payables	-	-	1,435,461	1,435,461
Payables to pension and social security institutions	-	-	493,527	493,527
Other payables	-	-	2,720,840	2,720,840
Total payables	13,550,204	13,550,204	203,211,647	216,761,851

The following table provides details on the payables secured by collateral on corporate assets:

Creditor:	UNICREDIT
Issued guarantee	Mortgage on property under construction
Amount of payable	€ 13,550,204

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 30/06/2019, 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

In accordance with 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	214,113
Other	29,921
Total	244,034

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 did not recognise any revenues of an exceptional amount or incidence in the income statement.

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) Fiscal effects	
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 taxable 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
Taxed allowance for doubtful accounts	479,097	479,097	24.00%	114,983

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 and economic results.

The Company availed itself of the option provided for by Art. 27 of Legislative Decree 27 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.

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
Employees	86
Workers	5
Total Employees	93

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
Fees to the Regulatory Auditor or Auditing Firm	20,000

Categories of shares issued by the company

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

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	9,698,833	9,698,833	9,698,833	9,698,833
Total	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.

As of 30/06/2019, there was also a surety issued to Mediocredito Italiano in order to guarantee the obligations of the counterparty Logi-Tech Srl in relation to the workyard site in progress in Settimo Torinese - with Michelin as client and totaling € 45,500.00 - at no charge to your Company.

It should be noted that all the guaranteed bonds have been duly fulfilled and the aforementioned surety will expire within the first ten days of October.

	Amount
Potential liabilities	51,192,980

Information on related party transactions

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

It should be noted that transactions with related parties were 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)

In accordance with Art. 2427, number 22-ter, it should be noted that the Company currently has the following leasing contract:

- contract no. 1136446/1, stipulated on 21/05/2019 with "Alba Leasing Spa", expiring on 21/05/2022, and relative to the vehicle HYUNDAI TUCSON FL 2.0. The amount of the residual installments as of 30/06/2019 amounted to € 27,093.
- contract no. 1140567/1, stipulated on 15/05/2019 with "Alba Leasing Spa", expiring on 15/05/2021, and relative to the vehicle BMW M550D. The amount of the residual installments as of 30/06/2019 amounted to € 54,622.

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.

Information pursuant to Art. 1, paragraph 125, of the law of 4 August 2017 no. 124

Information pursuant to Art. 1, paragraph 125, of the law of 4 August 2017 no. 124 relative to grants, subsidies, economic benefits received

In order to avoid the accumulation of irrelevant information, the disclosure obligation pursuant to paragraph 125 of Law 124/2017 is not applicable given that the amount of grants, contributions, paid assignments and, in any case, received economic benefits of any kind was, during the period in question, less than € 10,000.

Proposed allocation of profits or coverage of losses

Proposed allocation of profits or coverage of losses

With regard to the earned profit amounting to € 3,873,791.51, we propose to allocate it as follows:

- Euro 193,689.58, amounting to 5% of the Legal Reserve
- € 3,680,101.93 to the Extraordinary Reserve.

Explanatory notes, final part

Milan, 8 August 2019

THE SOLE DIRECTOR

Andrea Marchiori

Declaration of compliance with financial statements

The undersigned ANDREA MARCHIORI, acting in his capacity as administrator, aware of the criminal liability stipulated in the event of false declarations, hereby certifies, under Art. 47 of Italian Presidential Decree 445/2000,

the correspondence of this document with the one kept in the company's records.

itcc-ci-2018-11-04

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 2019

Dear shareholders,

the 2019 financial year closed with a net result of € 3.9 million (€ 5.5 million in the 2018 financial year). Total revenues - which we will illustrate in more detail below - increased from slightly more than € 113.5 million to € 155.1 million while the provisions for the year increased from € 478,000 to € 560,000.

In addition - in the year under review - your company continued to pursue its objectives of consolidating and developing its core business. The portfolio of orders has progressively grown along with market capitalization. The substantial decrease in accounting revenues (from € 138.1 to € 65.9 million) reflects the typical dynamics of the major construction sector which result in changes - even significant ones - caused by the moment in which the delivery of the order is completed. In fact, with respect to revenues, the most significant figure is total revenues, ie including the value of contract work in progress which increased from 47.7 million to 133.5 million. In essence and overall, the positive components of income increased from 119.1 million to 155.2 million, an increase of slightly more than 30%. It should be noted that this amount includes the works for restructuring the new headquarters. Ownership of the area and of the pre-existing property belongs to the parent company; the latter, in response to the request to restructure the property according to the specific needs of your company, has preferred to lease the property in the state in which it was prior to the renovation, obviously at a fee suitable for that type of property, while at the same time authorizing your company to proceed with the restructuring according to specific needs. In this manner, the restructuring was implemented as mentioned above, by optimizing the needs of your company and, in economic terms, the amortization plan for the incurred costs is in place of the rent which is, amongst other items, potentially even less expensive and in any case is relative to a more performing property.

As previously mentioned, the increase in work in progress reflects the temporal dynamics of the construction sites which are moreover all aligned with the contractual commitments assumed by your company. As also reported in the explanatory notes, the valuation criterion for workyards with multi-year duration takes into account the operating margin of the order which is implicit in the work progress assessment.

Sales prices have followed and still follow the market dynamics which are dominated by large investors. In fact, the price of the finished property is generally established according to its rate of return and this price is used to derive both the amount of the contract and the value of the areas; contingent elements which are from time to time present within the individual reference markets, can only slightly move shift the price dynamics I have just mentioned upwards or downwards.

During the year, your company strengthened its operating structures in order to adapt them to ongoing developments, thereby resulting in a more than proportional increase with

respect to revenues achieved in the year; this is due to the fact that the phase of upgrading structures is always slightly earlier than the time of their optimal use.

In synthesis, the year under review reported a decrease in the operating margin from € 8.2 million to € 5.6 million and consequently the net result also decreased from € 5.5 million to € 3.9 million; however, this decrease was however due to the overall dynamics that I have just illustrated and, for these reasons, does not represent a decrease in efficiency nor a decrease in the expectations of strategic development for your company but rather a temporary phase which is consistent with current growth plans.

Moving on to commenting the items in the income statement in more detail, it should be noted that the purchases increased from 41.7 million to 49.1 million in relation to the development of the production illustrated above. For the same reason, expenses for services increased from 62.3 million to 91.7 million. The unit prices of these important cost components also followed the market trend and remained substantially constant; in fact, in certain cases, they reported downward trends due to the higher volumes.

Expenses for the use of third party assets increased from 1.4 million to 1.7 million due to the strong increase in rentals relative to existing workyards.

A significant increase was reported for personnel costs: from € 4.6 million to € 6.1 million overall. As previously mentioned, this increase was mainly due to the strengthening of the company's productive structure. With regard to the structure of personnel, please refer to the explanatory notes.

It should be noted that - as is tradition for your company - relations with employees and with trade union organizations are always characterized by active collaboration. Finally, it should be reported that much attention is given to training and safety within workyards.

Depreciation booked for the year increased slightly due to the investments that were made; these are reported in more detail in the explanatory notes.

Other operating costs reported a less than proportional increase compared to the increase in revenues and also include extraordinary charges; in terms of absolute values, they remain relatively modest.

Financial charges were influenced by the dynamics of company cash flows and by credit use choices; these choices in turn depend on the balances which were gradually established on the basis of the various undersigned tender contracts. Net charges decreased compared to the previous year and in absolute terms were almost negligible.

The tax burden decreased in relation to the lower income that was generated.

Investments for the year mainly referred to the restructuring of the Castelletto Ticino headquarters which contains all the permanently established corporate structures. With regard to productive investments, as previously mentioned, please refer to the explanatory notes.

A special note should be made in relation to the investment composed of financial fixed assets within the company "ARP S.r.l."; the latter was implemented for strategic purposes which are shared with the investment fund that retains the majority of this company. It is, in fact, an investment with positive effects on the core operations of your company.

The financial structure reported an increase in trade receivables, including the receivable of € 2.4 million due from the affiliated company MTM Hotels S.r.l. ; this receivable was and will be collected within the contractually stipulated deadlines.

Bank provisions also reported a significant increase, from € 31.7 million to € 45.8 million;

on the other hand, investments in financial assets that do not constitute fixed assets have remained essentially unchanged. As a result of the significant increase in the value of inventories, there has been an increase in bank debt as well as in payables for advances obtained from clientele. The latter increased from € 37.7 million to € 108.6 million.

It would be useful to draw your attention to the relationship between inventories of work in progress (€ 133.5 million, as reported in the income statement and under balance sheet assets) and payables for customer advances totaling € 88.7. It should be noted that the aforementioned debt serves to partially compensate the value of the inventories; in fact, these refer to advances relative to the progress of works liquidated on the closing date of the financial years. In the explanatory notes - under the item inventories - the value of the work in progress, net of the payable indicated above, is reported.

Payables to suppliers also increased in relation to the positive and growing performance of the workyards in progress, increasing from € 33.8 million to € 75.1 million.

Tax payables remain substantially unchanged while payables to social security and social security institutions increased.

Other payables also reported a significant increase which was mainly due to the increase in a financial payable.

The cash flow statement integrates - with greater detail - the positive financial dynamics of the year.

Activities implemented by the subsidiaries and foreign branches

Your company owns certain shareholdings, 100% owned, in relation to companies founded in light of future operations which could imply the need to expand the shareholding structure but only for the operations themselves which are still completely inactive; the existing branches in Bulgaria and the Czech Republic are also inactive.

The active companies - which, if the required conditions apply, will also be subject to consolidation by the parent company - are those reported below; for each of them, the implemented activity is specified.

LOGI-TECH S.r.l. (subsidiary): the company in question is developing an important real estate business for primary clients in Piedmont. The workyard is expected to close within the year and - along with the latter - the operation currently underway. The financial year ended 30.06.2019 reported a slightly positive trend. All relations with the subsidiary, as also specified in the explanatory notes, have been regulated at market prices.

Gallarate Sviluppo S.r.l. (subsidiary): the company Gallarate Sviluppo S.r.l. is pursuing the enhancement of an interesting area in a prestigious area between the cities of Gallarate and Busto. The project - given the agricultural allocation of that area - involves the development, within this location, of nursery gardening activities with a third party company which is specialized in this sector.

The project is temporarily halted but we are confident that it can resume again as soon as possible.

Edilmalpensa S.r.l. (subsidiary): the company in question pursues its strategy of developing important properties located around Milan Malpensa airport, the customs hub, state highway 336, and, last but not least, those close to the new center hospital of the city of Busto Arsizio. In particular, the Company has concentrated its activities on the

development of an interesting area with overlying buildings which is considered of particular interest for logistical and similar activities.

In addition, and during the year ended 30.06.2019, the company definitively completed the operations relative its asset restructuring, and reported a slightly positive net result.

IVREA RETAIL S.r.l. (subsidiary company): this company initiated an operation for the construction of a commercial park in Ivrea, in partnership with an investment fund. In the year ended 30.06.2019, certain preparatory activities were implemented and essentially led to a break-even. The future plans of this company are to develop the project as soon as the current authorization process is completed.

MTM Hotels S.r.l. (associated company): the hotel management company - also due to the important operation implemented in partnership with your company - has strengthened its hotel offer capacity, thereby attaining a positive result during the course of 2018 (the company closes its financial years as of 31 December of each year) and reporting a marked improvement in the current financial year. The tender contract previously acquired by your company has been completed and it should be reiterated that all the applied conditions are in accordance with the market and the stipulated company fees have been collected.

German Branch: the branch in Munich has completed its first project with a substantially break even result; however, your company's strategic objective is to strengthen this subsidiary in order to gain access to a market - the German one - which we consider, in any case, to be interesting. Evaluations are underway for the acquisition of new work orders.

Economic and financial indicators

Reported below is a comparison of the economic-financial indicators compared to the financial year ended 30 June 2018 (values x 1000):

Indicator	2018/2019	2017/2018
Total revenues	€ 155,226	€ 119,132
Revenues of the year	€ 65,997	€ 144,344
EBITDA	€ 6,178	€ 8,696
EBITDA / Total revenues	4%	7.3%
Net income of the year	€ 3,874	€ 5,515
Net income of the year / Revenues	5.9%	3.8%
Quick ratio	0.48	0.92
Current assets / current liabilities	1.06	1.30

With regards to financial management, and as previously mentioned, please refer to the commentary above and to the cash flow statement, drafted in accordance with accounting principle no. 10 of the OIC.

Company risk management

The risk areas to which your company is exposed have not changed compared to the previous year. In particular:

– the risks associated with the trend in market prices, both active and passive, are typical of the major construction sector and are managed through rigorous purchase planning; this is already implemented during the budgeting phase of future orders. The applied planning also takes into account the reliability of the supplier in order to avoid both halts in the planned production cycle as well as any uncontrollable price variability. It is a matter of satisfaction to inform you that - in the year under review - the operational plans have become increasingly precise.

– Credit risk: the risks associated with credit management - particularly with regard to commercial credit - are also managed through the selection of clientele and rigorous financial research. It should also be noted that your company normally operates in collaboration and with the assistance of the most important banks; this collaboration allows for the financial risks associated with the complex core business operations to be shared and more effectively evaluated.

In addition, maintaining a financial equilibrium between the duration of production cycles and revenue levels is a fundamental strategic element for the development of the company. This can also be easily deduced from the asset structure which I have previously described.

I therefore believe that this important area of risk should also be kept lower than the industry average.

– General operational risks: with more specific regard to operational risks relative to workyard safety, environmental hygiene and those pertaining to all the various phases of the core operations, I confirm that your company traditionally maintains a constant and rigorous level of attention to these issues, both directly and also in relation to the activities implemented by companies which are awarded contracts and works in general. Specific attention is also given to audits of the operating structures installed in the workyards.

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

Privacy

In accordance with paragraph 26, attachment B, of Legislative Decree 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 was positively influenced by the growth activities which I have already discussed at the beginning of this report. Orders in progress, i.e. workyards open as of 1 July 2019, are increasing compared to those of the previous year and the revenue forecasts are for a strong increase, as can be expected on the basis of the size of the inventories of the works in progress. The strengthening of the operating structures of your company has allowed us and is allowing us to positively manage this phase of growth and we are also witnessing appreciation from the market which leads us to apply additional improvements.

Already as of the first months of the current year, and on the basis of current plans - which,

it should be reiterated, are increasingly rigorous and precise - I have reason to believe that the current year will report significant growth both in terms of revenues and as also in terms of the economic result.

Conclusions

Dear shareholders,

I believe that I have provided you with comprehensive information on economic performance and on the financial situation as well as, more generally, on the dynamics that characterized the year under review and on the future prospects of your Company.

I therefore call upon you to approve the financial statements under review and to allocate the generated net income of € 3,873,791.51 as follows:

- € 193,689.58, to the Legal Reserve;
- the residual amount of € 3,680,101.93 to the Extraordinary Reserve.

Milan, 8 August 2019

The Sole Director
(Andrea Marchiori)