FINANCIAL STATEMENTS

ICM GROUP

THE CULTURE OF BUILDING

2019

ICM GROUP
THE CULTURE OF BUILDING

The origins of the Group date back to 1921 with its incorporation, in Recoaro Terme (Vicenza, Italy). In the Fifties and Seventies, the company, after moving to Vicenza, acquired orders in the field of major works both in the public and private sector, and developed a full range of industrial initiatives related to the construction industry (factories for prefabrication, for the production of concrete, for the processing of iron for reinforced concrete).
In 1976, the scope of the company extended abroad, with the incorporation of Delma S.p.A. and the acquisition of important works in extra-UE countries.
The Group is currently active in large civil, industrial and infrastructural engineering projects and is one of the top ten national companies in Italy in terms of turnover, number of employees and order backlog, as well as one of the top two hundred and fifty international companies, according to the ENR classification.
Besides being active in the construction sector, the Group operates in the fields of solutions for environmental issues, real estate and finance.
The Group companies are members of the most qualified Italian and international associations and bodies.

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ICM GROUP

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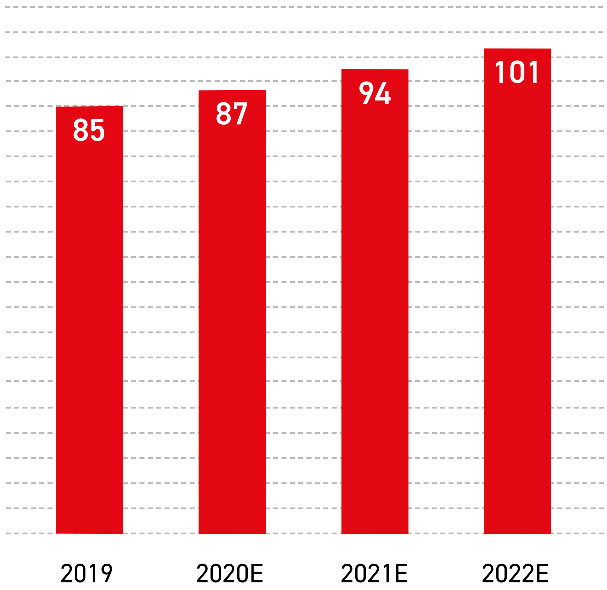
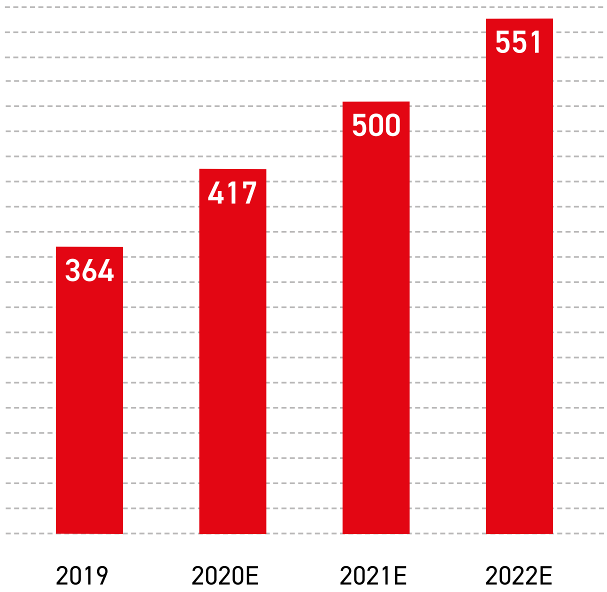
FINANCIAL STATEMENTS 2019 AND 2020-2022 BUSINESS PLAN

SUMMARY DATA
in millions of EUR

NET EQUITY

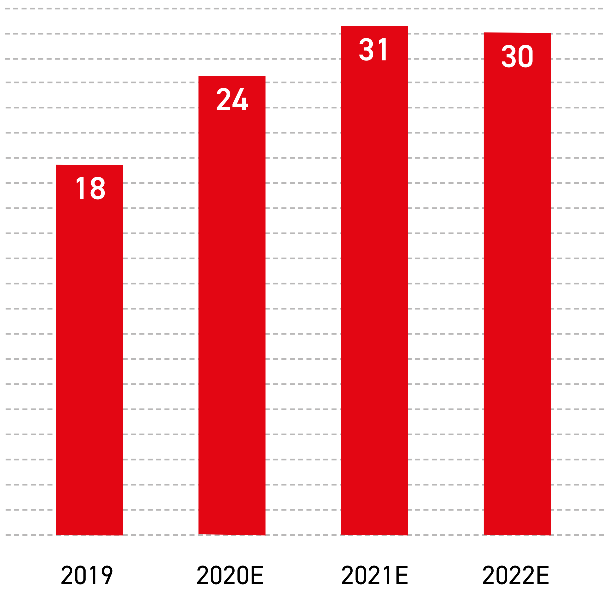


VALUE OF PRODUCTION



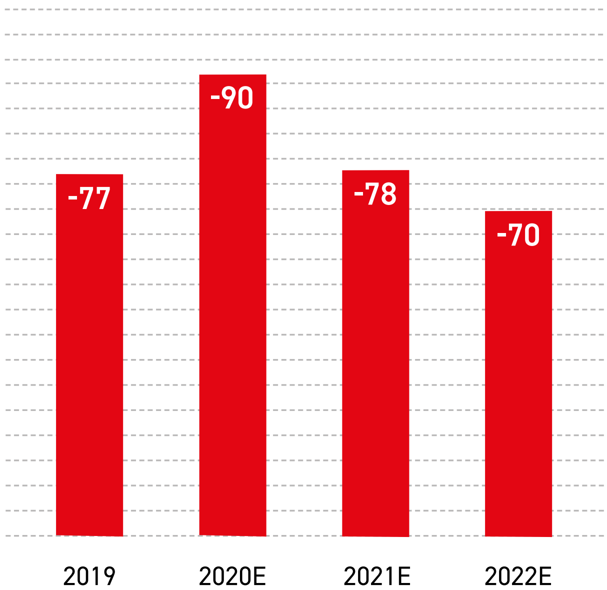
EBIT

Result before taxes
and financial charges



NFP

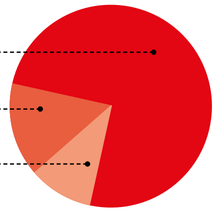
Net financial position



ORDER BACKLOG AS OF 31.05.2020 | TOTAL MILLIONS € 2,212

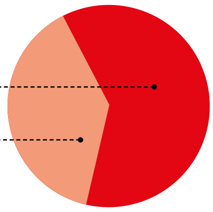
BY ACTIVITY SECTOR

PUBLIC	mil. €	1,703	77%
CONCESSIONS	mil. €	310	14%
PRIVATE	mil. €	199	9%



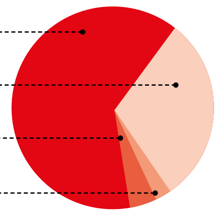
BY AREA

ITALY	mil. €	1,221	55.2%
FOREIGN COUNTRIES	mil. €	991	44.8%



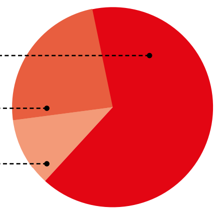
BY TYPE

INFRASTRUCTURES	mil. €	1,438	65%
BUILDING	mil. €	717	32.4%
OTHER INITIATIVES	mil. €	47	2.1%
MAINTENANCE WORKS	mil. €	10	0.5%



CONSOLIDATED PRODUCTION 2019 | TOTAL MILLIONS € 364

PUBLIC	mil. €	245	67.31%
PRIVATE	mil. €	85	23.35%
OTHER COMPANIES	mil. €	34	9.34%



CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2019

THE GROUP

ICM
NEW GOVERNING BODIES APPOINTED BY THE MEETING OF MAY 18TH, 2020

BOARD OF DIRECTORS

President - Gianfranco Simonetto
Vice President - Bettina Campedelli
Vice President - Alberto Liberatori
Managing Director - Darik Gastaldello
Director - Claudio Roberto Calabi
Director - Giovanni Dolcetta Capuzzo
Director - Francesco Marena
Director - Alberto Regazzo
Director - Francesco Simonetto

STATUTORY AUDITORS

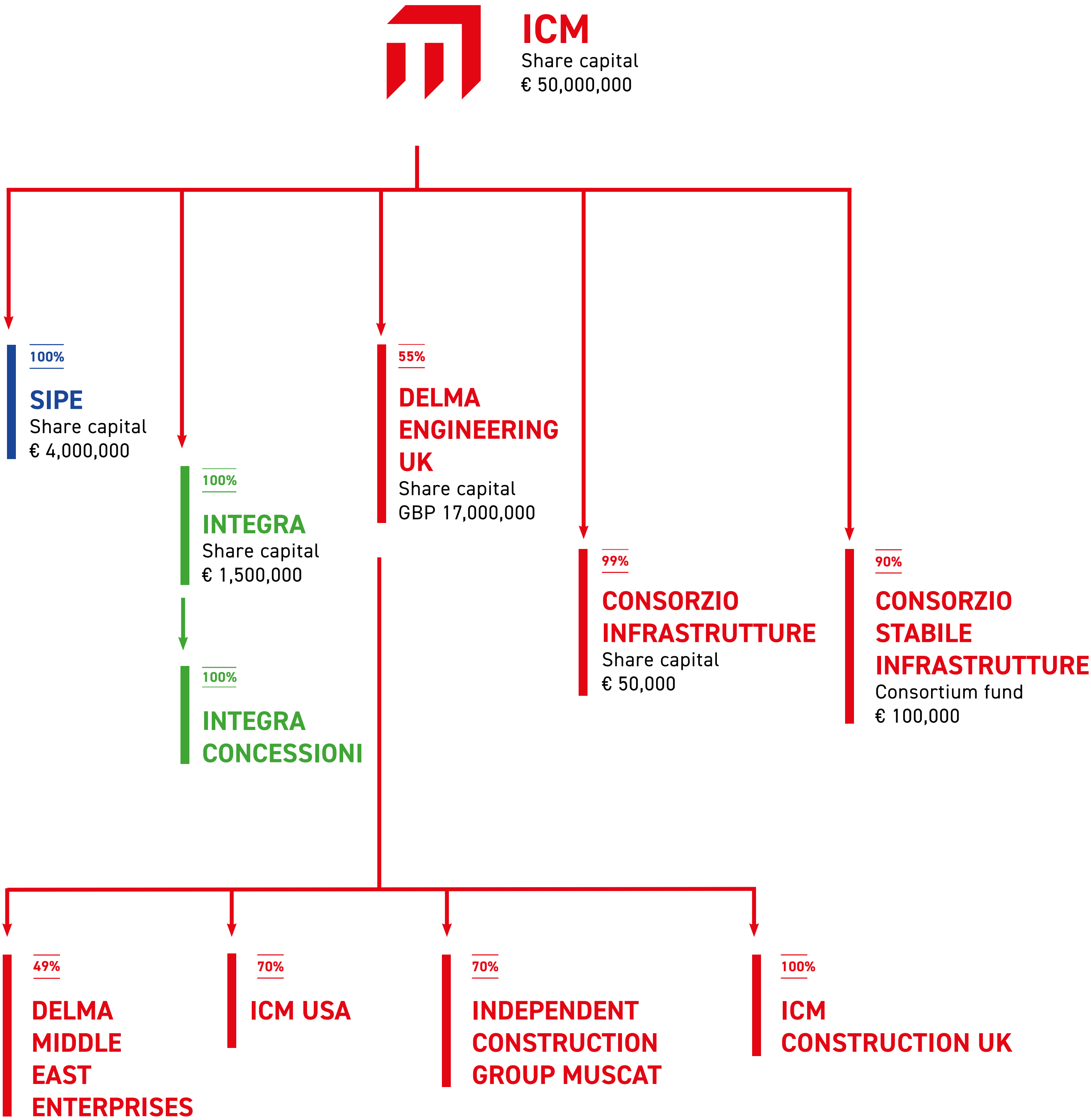
President - Alessandro Terrin
Auditor - Daniele Federico Monarca
Auditor - Manfredo Turchetti

AUDITING FIRM

Deloitte & Touche S.p.A.

SUPERVISORY BODY PURSUANT TO THE ITALIAN LEGISLATIVE DECREE 231/2001

Rodolfo Mecarelli
Cristina Negrello
Lorenzo Pascali



CONSTRUCTION

PREFABRICATION

ECOLOGY AND CONCESSIONS

MAIN BUILDING SITES IN PROGRESS

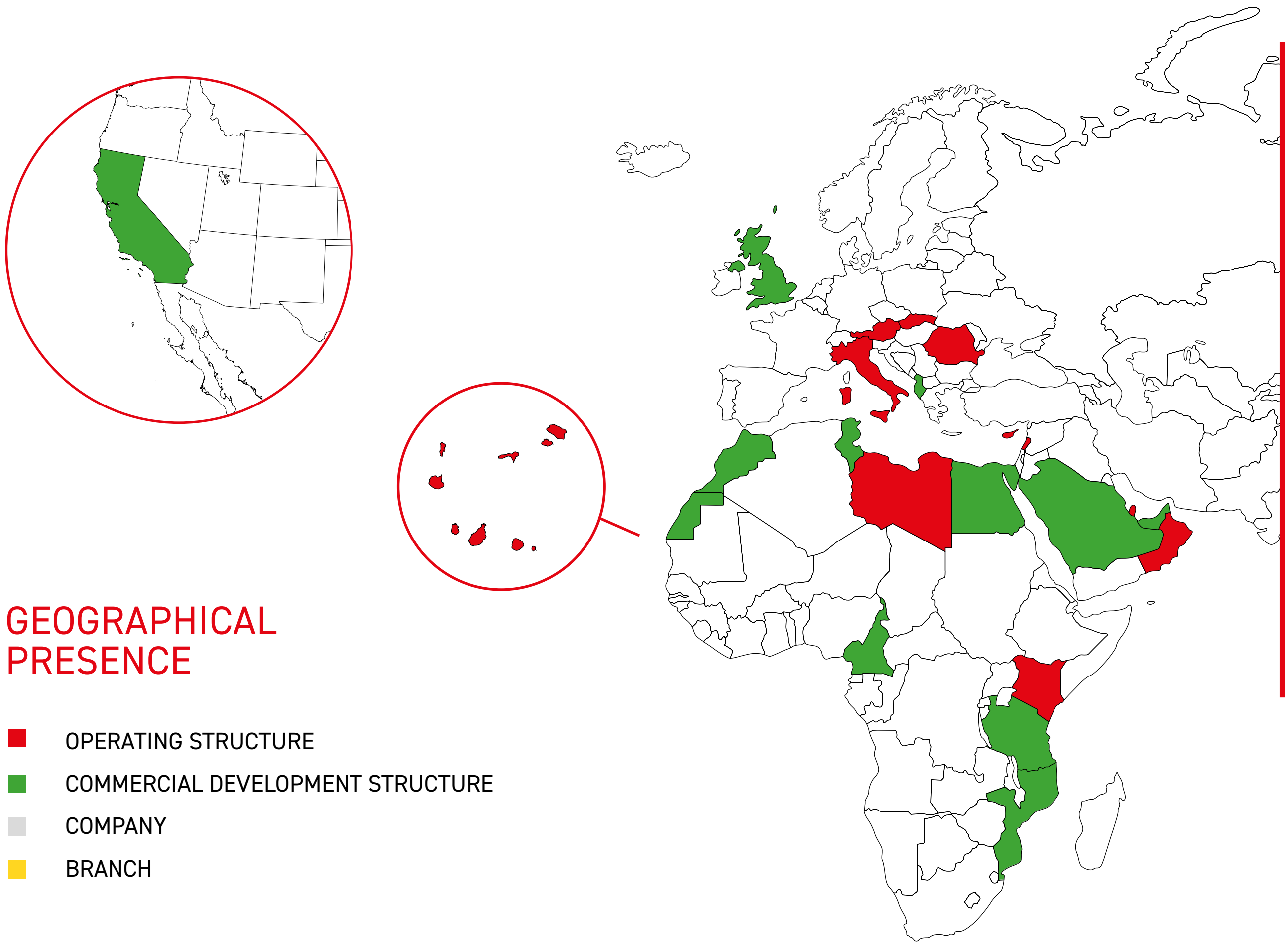
IN ITALY

BRESCIA	***Railways***	• **RFI** – Construction of the HS/HC railway line between Milan and Verona, second functional lot Brescia-Verona
CATANIA	***Military***	• **US Navy** – Construction of two hangars in Sigonella
FERRARA	***Building***	• **Miscellaneous customers** – Works in the petrochemical industrial site “Enichem”
GENOA	***Tunnels***	• **Autostrade per l’Italia** – Tunnel maintenance framework agreement
MILAN	***Building***	• **Coima** – Construction of the office and commercial complex called “Corso Como Place” in Via Bonnet
NAPLES	***Railways***	• **Ente Autonomo Volturno** – Modernization and upgrading of the former “Alifana” railway line between Piscinola and Secondigliano
	Railways	• **Ente Autonomo Volturno** – Modernization and upgrading of the former “Alifana” railway line between Secondigliano and Di Vittorio
	Subways	• **Ansaldo STS** – Naples Subway, various lots of line 1 and line 6
	Military	• **US Navy** – “MACC Napoli” framework contract
NUORO	***Dams***	• **Consorzio Bonifica Sardegna Centrale** – Construction of the Maccheronis dam
PIACENZA	***Building***	• **Generali SpA Real Estate** – Logistics hub called TP-5
SIRACUSA	***Maritime Works***	• **Port Authority Eastern Sicily Sea** – New docks Port of Augusta
VENICE	***Airports***	• **Save SpA** – Adaptation and upgrading of flight infrastructures, Marco Polo Airport
VERONA	***Amusement parks***	• **Gardaland SpA** – Construction of the new thematic area of the Gardaland park
VICENZA	***Building***	• **Sviluppo Cotorossi SpA** – Office, commercial and residential complex called “Borgo Berga”
	Military	• **US Navy** – Realization of new High School
	Roads	• **ANAS** – Completion of the Vicenza ring road
	Military	• **US Army** – “MATOC Vicenza” framework contract
	Roads	• **BS VR VI PD Motorway** – Montecchio Maggiore tollbooth

IN THE WORLD

AUSTRIA	***Bridges/Galleries***	• **ASFINAG** – A26 motorway, construction of a bridge over the Danube and of the connection tunnels to Linz
CYPRUS	***Building***	• **Cypeir Properties LTD** – Construction of the “Limassol Delmar” residential center
DJIBOUTI	***Military***	• **US Navy** – “MACC Djibouti” and “Mini MACC Djibouti” framework contracts
KENYA	***Smart City***	• **KoTDA** – Design and construction of the infrastructure for the development of the new Smart City of Konza
LEBANON	***Dams***	• **Ministry of Energy and Water** – Construction of the Mseilha Dam
LIBYA	***Building***	• **LIFECO** – Industrial building in Marsa Brega
QATAR	***Military***	• **Ministry of Defense** – Infrastructural works and buildings
ROMANIA	***Military***	• **US Navy** – “JOC Romania” framework contract in Deveselu

ICM Group Headquarters
in Vicenza



GEOGRAPHICAL PRESENCE

- OPERATING STRUCTURE
- COMMERCIAL DEVELOPMENT STRUCTURE
- COMPANY
- BRANCH

	ITALY	ALBANIA	AUSTRIA	CAPE VERDE	CYPRUS	KENYA	LEBANON	LIBYA	OMAN	QATAR	ROMANIA	SAUDI ARABIA	SLOVAKIA	TANZANIA	TUNISIA	U.A.E.	U.S.A.	U.K.
COMPANY	■		■		■	■		■	■	■	■			■		■	■	■
BRANCH		■	■	■	■	■	■	■	■	■	■	■	■	■	■			

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2019

REPORT ON OPERATIONS

Dear Shareholders,
We herewith submit to you the consolidated financial statements closed as of December 31, 2019, which together with the separate financial statements, were subject to legal review pursuant to article 14 of the Italian Legislative Decree No. 39 dated Jan. 27, 2010 by the firm Deloitte & Touche S.p.A..

CHANGES IN THE ECONOMY

In the section dedicated to the events that emerged after the end of the year, account will be taken of the effects of the spread of the Covid-19 pandemic, in relation to which the Group has put in place adequate countermeasures of various kinds, while waiting for production activities to return to normal levels.

With regard to economic performance in 2019, there was a decline in international trade and a consequent slowdown in world growth; the risks associated with the trade tensions that affected the development of the Chinese economy eventually led to the spread of the viral infection worldwide in early 2020. The increased uncertainty about growth prospects and the very accommodative stance taken by central banks have resulted in a sharp decline in long-term yields.

In the euro area, the contraction of the German industry, which is particularly vulnerable to the volatility of world trade, was marked and this weakening spread to other sectors and countries. Against this background, the risk that the unfavorable cyclical phase will lead to a prolonged decline in inflation is high, even if the timing and effects of what will be the post-Covid-19 phase cannot be determined at the moment.

In this context, the growth rate recorded in 2019 by the Italian economy was close to zero; for the future, the prospects will certainly be affected by the cessation of most of the productive activities following the spread of the virus. The extraordinariness of the moment is grafted on to the chronic weakness of the Italian economy, with economic policies that have long been inspired by the support of consumption rather than by investments, a real lever of development for a consolidated growth of the country. It is to be hoped that the restart of productive activities in the post-Covid-19 phase may at least represent an opportunity to set a new course of economic policy finally directed towards investments in favor of the country's development.

In this sense, and regardless of the worsened situation linked to the pandemic, the fundamental contribution of the construction industry continues to be missing, which in recent years has experienced a deep crisis and has not been able to support the economy, as had happened instead in the previous expansionary cycle between 1998 and 2008, with +28.4% in construction investments and +16.1% in terms of GDP. (source: ANCE).

It is enough to remember that still today the construction industry makes a significant contribution to GDP (8%) and is able to generate the highest propulsive effect on the economy among all sectors of activity, thanks to its long and complex supply chain connected to almost 90% of the economic sectors.

THE CONSTRUCTION INDUSTRY IN ITALY

For the year 2019, construction investments are estimated to grow by 2.3% in real terms. This result is linked to the positive continuation of the private residential and non-residential sector and a first "plus" sign in public works. This positive signal cannot be read as a reversal of the trend, but as a physiological dynamic, often imperceptible to the industrial system and to the citizens, of a sector that has now fallen to an all-time low.

With regard to employment, there are no signs of recovery in ISTAT data on the labor force. The first nine months of 2019 were also down by 4.5% compared to the same period of the previous year. Compared to the pre-crisis peak, the employment balance reaches 642 thousand fewer workers in the sector. This loss is the highest compared to all other economic activity sectors. In particular, agriculture and especially services have largely recovered to pre-crisis levels.

2019 represents the third consecutive year of a slight increase in sectoral production (including routine maintenance) after +0.7% in 2017 and +1% in 2018.

For investments in new dwelling units, Ance has estimated an increase by 5.4% in real terms compared to 2018, confirming the positive trend that began in 2017. In previous years, in fact, this sector has suffered a drastic drop in production levels of about 70%, being the most penalized by the long and heavy crisis.

Investments in the redevelopment of the housing stock, on the other hand, confirm the positive trend of previous years, accounting for about 37% of the value of construction investments. Compared to 2018, investments in this field are estimated to have grown by 0.7% in real terms. The growth is supported by the tax relief provided for building renovations throughout 2020.

For private investment in non-residential construction, an estimated increase of 2.5% in real terms in 2019 has been estimated. The effects on these investments in 2020 as a result of the spread of the viral pandemic will have to be assessed.

Investments in non-residential public construction, which amounted to EUR 23 billion in 2019, increased by 2.9% compared to 2018. This estimate takes into account the measures put in place by the Government in recent years which are finally having the first effects on the level of investment. With reference to the performance of public works, in addition to the good performance of local authorities, the latest analysis of the ANCE confirms the continuing difficulties and uncertainties in the large infrastructure sector for the main spending entities, such as ANAS (National autonomous road Corporation) and Ferrovie dello Stato (National Railways), due to the very long time taken to approve the respective Planning Contracts, which have led to the accumulation of delays with respect to planning.

2019 was also affected by the worsening of the crisis that affected some large Italian companies engaged in major road and rail construction sites. The economic crisis of the last decade has caused companies great difficulties in accessing credit, which has resulted in the impossibility of launching new development projects. Between 2007 and 2017, funding for new construction investments decreased by about 70%, with a more accentuated decrease in the residential sector. Bank of Italy (Banca d'Italia) figures seem to confirm a decrease also for 2019; in the second and third quarter, in fact, disbursements for the residential sector decreased by 2% and, for the non-residential sector, by more than 30% compared to 2018.

Pre Covid-19 forecasts for the year 2020 indicated an increase in construction investment of 1.7% in real terms (source: Ance). With reference to the individual sectors, there was an increase of 2.5% for housing investments, and a strengthening of the positive trend (+1.5%) for the maintenance of the housing stock. For the non-residential private sector, only a slight increase of 0.4% was estimated in view of the sharp decline in the granting of new loans.

With regard to the public works sector, the forecast for 2020 was instead an increase of 4% compared to 2019. This dynamic was based on the hoped-for release of certain infrastructural interventions, thanks to the measures contained in the "Sblocca Cantieri" Decree (Italian Decree-Law 32/2019), as well as on the start of the works planned by the major implementing bodies, such as Anas and Ferrovie dello Stato.

This forecast picture will be heavily affected by the events connected with the spread of the viral epidemic. It is reasonable to assume that, despite a significant contraction in the activities in the first half of the year, a strong recovery may take place in the second half of the year, also in view of the inevitable government action which will require the adoption of quick and massive steps to support the economic recovery.

MAIN FOREIGN REFERENCE MARKETS

Kenya is the main economy of East Africa and one of the most important markets of Sub-Saharan Africa. For almost 10 years the country's economy has recorded constant growth rates ranging between 4% and 6%.

The outlook for Kenya's economic performance is positive. Over the next three years, growth is expected to be around 6%, driven mainly by the service, telecommunications, infrastructure investment sectors, as well as by trade and institutional reforms and by a greater regional integration. This growth scenario is also supported by the consolidation and further growth of the middle class and the demand for goods and services supported by it.

Qatar is one of the leading economies in the entire Middle East and is among the states with the highest per capita income in the world. Economic growth over the last few years has been almost constant at 4% from 2011 to 2014 and then around 2.5%. The composition of GDP by economic sector highlights among the most significant oil and gas (45%), financial services (14%), construction (12%) and government services (10%). Renewed vigor in the infrastructure sector is being brought about by the investment program linked to the service infrastructure works for the 2022 World Cup.

In **Oman**, the oil and natural gas sector contributes for about 50% of the GDP and accounts for about 72% of the total state budget revenues.

The sharp fall in the price of crude oil in recent years has had an impact on public finances, leading to a substantial reduction in revenue and a resulting budget deficit, which the Omani authorities have responded to by reshaping strategic investments and encouraging diversification of the economy.

Sace and the OECD have placed the Sultanate of Oman in the No. 4 out of 7 band (the category with the highest country risk is the seventh) with an unconditional opening of risk insurability (sovereign, private and banking).

Standard & Poor's Services ratings, in its periodic country rating, has assigned a BB rating; the outlook is stable.

The **United Arab Emirates**, with their strategic geographical position at the center of the main east-west routes and the abundant reserves of fossil fuels that have driven its economic growth, have become in less than 50 years a highly developed Country with a high standard of living (the per capita GDP is among the highest in the world).

The economy is open and dynamic, mainly due to the diversification policies that have reduced the share of oil revenues on the GDP share from 60% in 1980 to the current 30%.

According to IMF estimates, economic growth is expected to reach 3.7% in 2019 as a result of the adoption of fiscal policies that are once again expansionary, as well as to the rise in oil prices and production.

However, downside risks to economic growth have increased recently and the prospects for recovery may be less robust than expected.

EXPO 2020 is expected to provide a new momentum to the economic activity, particularly in Dubai, thanks to the number of visitors and the increase in exports and services.

Austria's GDP grew by 2.7% in real terms in 2019, after +2.6% in the previous year. The reason for this slight improvement can be attributed to both the development of exports and the increase in private consumption and the demand for investments. As for the latter, 2019 saw a contraction in the growth rate of 1.7% and forecasts for 2020, pre-Covid-19, show a further reduction of 1.2%, due to the economic slowdown.

The reduction in the public deficit and the need to modernize the country's infrastructure means that large sums will be invested in the construction sector in the coming years.

Naples Subway, Line 6,
"Chiaia" Station

ACTIVITIES OF THE GROUP

The persistence of the negative national economic situation has led the Group to consolidate its policy of territorial diversification and to intensify its participation in tender procedures, especially abroad.

Revenues in 2019 amounted to EUR 364 million. The result shows an increase compared to the previous period despite the fact that it was partly affected by the delay or failure to start of important contracts already acquired, for reasons not caused by the Group.

In this sense, the delay in the development of the Konza order, in which events related to government reshuffles in Kenya have significantly slowed down the process of certification and payment of assets, leading the company to modulate production efforts accordingly, pending the stabilization that took place in the last months of 2019.

Other deferments, compared to the forecasts, have affected the Lebanese building site of the Mseilha dam and the Austrian one of the Linz bridge.

In terms of realized margins, the EBITDA was equal to EUR 37.6 million (10.3% of revenues), EBIT was EUR 17.5 million (4.8%) and the Group net income was EUR 1.4 million (0.4%).

The consolidated financial statements of the Group were drawn up according to the IAS (International Accounting Standard) and IFRS (International Financial Reporting Standard). For further details on these standards, reference shall be made to the Explanatory Notes to the Consolidated Financial Statements.

In 2019, the ICM Group adopted the IFRS 16, which defines a single accounting model for leasing and rental contracts, under which an asset representing the right to use the asset and a corresponding financial liability are booked.

In application of the new accounting standard, a new item has been added under the Assets heading, called "Assets from rights of use", which is intended to include the right of use underlying the leasing and rental contract; likewise a new item has been added under the Liabilities heading, called "Liabilities from rights of use", which reflects the current value of the obligation to pay rentals.

For short-term leasing and rental contracts and for those of modest value there are optional exemptions which the Group used.

It shall be underlined that the economic and equity performance are assessed also according to some indicators not defined by the IFRS, among which there are the EBITDA and the net financial position (NFP) referred to hereinafter also as net financial Payables/Receivables. In particular, considering that in the building field plants and equipment necessary for the construction of the works are indifferently either directly purchased or subject to specific leasing and rental contracts, the EBITDA is provided as gross value of all costs borne for making available the technical equipment. The above-mentioned optional exemptions have been used in applying IFRS 16 for such rentals.

RE-CLASSIFIED INCOME STATEMENT (IN MILLIONS OF EUR)	12/31/19		12/31/18	
REVENUES	**363,747**	**100.0%**	**305,721**	**100.0%**
Raw materials and consumables	-78,073	-21.5%	-43,954	-14.4%
Subcontracts	-171,892	-47.3%	-146,760	-48.0%
Other operating expenses	-40,374	-11.1%	-44,365	-14.5%
Personnel costs	-35,826	-9.8%	-31,788	-10.4%
EBITDA	**37,582**	**10.3%**	**38,854**	**12.7%**
Amortizations, rentals and set-asides	-20,055	-5.5%	-14,774	-4.8%
EBIT	**17,527**	**4.8%**	**24,080**	**7.9%**
Suretyship charges and bank expenses	-5,045	-1.4%	-4,310	-1.4%
Net financial income and expenses	-9,897	-2.7%	-8,290	-2.7%
Gain (loss) on exchange rates	1,588	0.4%	96	0.0%
Adjustments to the value of financial assets	-1,513	-0.4%	-1,543	-0.5%
Profit (Loss) before taxes	**2,660**	**0.7%**	**10,033**	**3.3%**
Taxes	-1,217	-0.3%	-3,168	-1.0%
Net Profit (Loss) for the period	**1,443**	0.4%	**6,865**	2.2%
(Profit) Loss attributable to minority interests	-121	**0.0%**	210	**0.1%**
Net income (loss) of the Group	**1,322**	**0.4%**	**7,075**	**2.3%**

Below there is a brief analysis of the main income statement items and the most significant changes occurred.

Consolidated **revenues** for the period amounted to EUR 363.7 million, an increase of 19% over the previous period and of 26% compared to 2017. The production was related to orders in Italy as for EUR 277.3 million (76.2 %) and abroad as for EUR 86.4 million (23.8%).

As far as **operating costs** are concerned, the incidence in percentage on revenues from subcontracting was equal to 47.3% and was substantially in line with the one reported in the previous period (48%). The consumption of raw materials and consumables accounted for 21.5%, an increase of 7.1% compared to the preceding period due to the important supplies used in some infrastructure contracts.

Personnel costs amounted to EUR 35.8 million, corresponding to 9.8% of the revenues. They increased in absolute terms (EUR 31.8 million as of 31 December 2018), although they were substantially the same percentage compared to the preceding period.

The EBITDA was equal to EUR 37.6 million, corresponding to 10.3% of the value of production, which is in line with the Group historical series.

An EBIT of EUR 17.5 million has accrued, corresponding to 4.8% of total revenues after depreciations and amortizations as for EUR 10.9 million, rentals as for EUR 6.2 million and provisions as for EUR 3 million.

Financial income and charges, which also include charges for sureties and bank charges, totaled EUR 13.4 million, corresponding to 3.7% of the revenues. This item recorded a slight increase in absolute terms with reference to the preceding period (EUR 12.5 million as of 31 December 2018) yet a decrease in percentage terms (4.1% in 2018).

The net result amounted to EUR 1.4 million.

Business, commercial and residential complex called "Borgo Berga" in Vicenza

RECLASSIFIED STATEMENT OF FINANCIAL POSITION (IN MILLIONS OF EUR)	12/31/19	12/31/18
Tangible long-term assets	49,906	45,931
Intangible long-term assets	5,743	5,907
Contract costs	29,379	24,839
Investments	7,139	6,975
Other net long-term assets	2,903	2,903
TOTAL Long-term assets (A)	**95,070**	**86,555**
Inventories	47,168	46,176
Contractual assets	120,528	113,534
Trade receivables	132,945	118,853
Intergroup trade receivables	6,566	5,134
Other assets	57,926	56,295
Subtotal	**365,133**	**339,992**
Trade payables	-201,551	-176,279
Intergroup liabilities	-7,573	-7,863
Other liabilities	-73,565	-80,277
Subtotal	**-282,689**	**-264,419**
Operating working capital (B)	**82,444**	**75,573**
Deferred tax liabilities	-6,584	-5,991
Employee benefits	-3,335	-3,610
Provisions for risks and charges	-5,847	-5,163
Total funds (C)	**-15,766**	**-14,764**
Net invested capital (D) = (A)+(B)+(C)	**161,748**	**147,364**
Cash and cash equivalents	71,150	75,310
Current financial receivables	18,238	19,789
Current financial liabilities	-88,310	-82,383
Non-current financial liabilities	-34,968	-46,434
Bonds	-43,163	-29,780
Net financial payables/receivables (E)	**-77,053**	**-63,498**
Net equity of the Group	-69,987	-69,499
Net equity of minority interests	-14,708	-14,367
Net Equity (F) = (D) + (E)	**84,695**	**83,866**

With reference to the equity situation, the following shall be underlined:

- the heading tangible long-term assets, which also includes the item "Assets from rights of use" deriving from the application of IFRS 16, amounted to EUR 49.9 million. It recorded a net increase of EUR 4 million, corresponding to investments, net of divestments for EUR 4.1 million, and increases related to the impact of IFRS 16 at the transition date as for EUR 6.4 million, less depreciations and amortizations as for EUR 6.5 million;
- there was a 9% increase in operating working capital, compared with a 19% increase in the value of production;
- the net equity amounted to EUR 84.7 million, indicating a ratio of 1.10 compared to the net financial position;
- the net financial position, which amounted to EUR 77 million, increased by EUR 13.5 million compared to the preceding period; this is also in consideration of the increase in absolute value of the working capital generated by the increase in the value of production;
- building initiatives, booked at cost under the inventories, as for EUR 42.3 million, are detailed in the table here below.

DESCRIPTION OF REAL ESTATE INITIATIVES	NET BOOKING VALUE
Buildings, Land - Via dell'Edilizia – Vicenza	11,951
Municipality of Monastier (TV)	1,568
Trieste Former Stock Area	3,247
VI Est Initiative	5,600
VI Ovest Initiative	5,540
Fossalta Initiative	4,040
Zianigo	857
Apartments in Rome	933
Land in Pavia	2,465
Isola Vicentina	341
Other lands and initiatives	5,776
Total	**42,318**

Based on available estimates, the market value of these initiatives appears to be not lower than the booked amount, net of possible temporary changes linked to the current national and international scenario characterized by the spread of the Covid-19 virus.

ECONOMIC PERFORMANCE TREND OF THE GROUP

During the period 2019 and in the first period of the current financial period, the main orders acquired were the following:

- Železnice Slovenskej Republiky (State Railways of Slovakia), works for the modernization of the railway line No. 110 of the Slovak railway network (ZSR) in the section Devínska Nová Ves – Kúty – Slovak Republic/Czech Republic border for a total value of EUR 275 million; own share: 70%; role: agent of the grouping; the related signature of the contract is expected shortly.
- Autostrade BS VR VI PD S.p.A., works to complete the new Montecchio Maggiore motorway station and related connections, underpasses and car park as well as the new roundabout for a total value of EUR 56.8 million; own share: 60%; role: agent of the grouping.
- Autorità di Sistema Portuale del Mare di Sicilia Orientale (Eastern Sicily Sea Port System Authority), works for the construction of yards and quays in the port of Augusta (Syracuse, Italy) with the expansion of the potential of the existing ones for a total value of EUR 46.8 million; share: 70%; tole: agent of the grouping.
- Department of the Navy, Naval Facilities Engineering Command, Vicenza High School, construction of a multi-storey high school with training areas, catering service, and health services area worth EUR 28.6 million.


Logistics Hub in Carpi for Enel SpA

- Qatar Armed Forces, modification works to the existing buildings at the Al Udeid Air Base, for a value of EUR 10 million.

During 2019, activities in Italy were mainly carried out at the following building sites:

- Save S.p.A. – Venice – redevelopment of the runway at the “Marco Polo” airport;
- Coima SGR S.p.a. – Milan – urban regeneration of the Porta Nuova Bonnet Area;
- Naval Facilities Engineering Command – Sigonella (SR-CT) - design and construction of an airbase hangar;
- Rete Ferroviaria Italiana S.p.A. - Cepav (BS VR) – construction of the Milan-Verona high speed line.

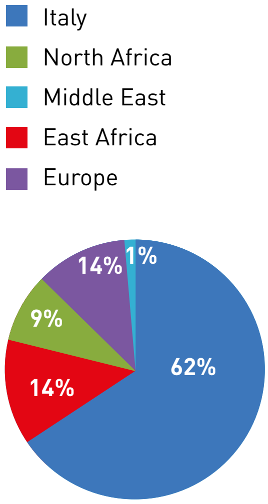
During the same period, activities abroad were carried out at the following building sites:

- Konza Technopolis Development Autority (KoTDA) – Kenya – urbanization works for the development of the new Smart City of Konza;
- Asfinag (Austrian motorway company) – Linz – construction of a four-lane cable-stayed bridge and related connecting tunnels.

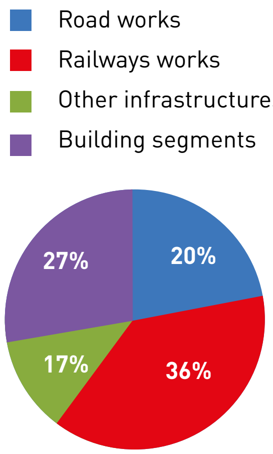
The Parent Company’ works backlog amounted to EUR 1.9 billion and was attained as for 62% in Italy, mainly in the North of the country (45%). On the other hand, 38% of the total was attained abroad, with a particular concentration in East Africa (14%), Europe (14%), and North Africa (9%).

As for 73% it referred to infrastructural works, of which 36% related to railways and subways, 20% to road works and 17% to other infrastructures, and as for remaining 27% it referred to the building sector.

BACKLOG SUMMARY BY GEOGRAPHICAL AREA



BACKLOG SUMMARY BY INDUSTRY SECTOR



The Parent Company is moreover currently studying the participation in new tenders worth a total of about EUR 4.5 billion, with an own share of EUR 2.9 billion, of which 59% in Italy and 41% abroad.

With regards to the SOA qualification certifications, the Parent Company can avail itself of registrations in 34 different categories, 10 of which for unlimited amounts, besides being qualified in the first category with reference to the regulation concerning general contractors, being authorized to carry out works up to a maximum amount of EUR 350 million.

Besides operating in the building sector, the Group was active also in other traditional contexts such as that of prefabrication, ecology, and the mining and processing of basalt.

The subsidiary **S.I.P.E. - Società Industriale Prefabbricati Edili – S.p.A**. produces turnkey industrial and civil prefabricates using a concrete prefabricate structure.

Despite the difficulties associated with operating in a substantially stagnant market, the company attained a turnover of EUR 19.5 million during the period, in line with the previous period (EUR 20 million in 2018).

It should be noted that the NFP amounted to EUR -1.2 million, showed a decrease by 40% compared to the previous period (EUR -2 million in 2018).

The current backlog indicates the possibility of maintaining current production volumes.

Integra S.r.l. operates in the field of environmental reclamation works, management of purification plants; moreover, through the subsidiary, **Integra Concessioni S.r.l**., it operates in the sector of concession activities/ project financing. Together with the subsidiary Integra Concessioni S.r.l., it achieved an aggregate production of EUR 12.8 million and an EBITDA of EUR 1.4 million, both in line with the preceding year.

Basalti Verona S.r.l. operates in Montecchia di Crosara and Cattignano in the cultivation of basalt quarries and in the transformation of basalt into products mainly destined to the construction of railway lines and roads. During the period, it attained a production of EUR 3.2 million, a decrease compared to the preceding period (EUR 4.2 million in 2018) and a final EBITDA of EUR 180,000.

This contraction was caused by the slowdown in the production activities following the modification and replacement of some production lines. It should be noted that in the first days of 2020, following negotiations that had been going on for several months, an agreement was reached with the minority shareholder of Basalti Verona S.r.l. according to which the latter took over the entire production activity of the basalt extraction and transformation while the parent company, ICM S.p.A., acquired 100% of the capital of Basalti Verona S.r.l..

INVESTMENTS

Despite the production, both in Italy and abroad, is increasingly oriented towards the activity of general contractor, which involves a greater use of the award of work to third parties or of the management through consortia rather than directly executing the works using own means, it should be noted that during the period the Group made net investments in plants and equipment for EUR 4.1 million.

PERSONNEL, RECRUITING AND TRAINING ACTIVITIES

During the year, the policies concerning HR management were inspired to the following by now consolidated guidelines:

- assuring the workforce necessary for business management;
- promoting the growth of skills and expertise;
- assuring a careful management of costs;
- assuring a prudential management of the corporate human assets.

The management of human resources in the different companies was articulated and differentiated according to the corresponding operating needs.

Construction of the new cultural complex and museum of the twentieth century (M9) in Venice-Mestre

The management of human resources according to suppleness and flexibility principles is considered strategic for the attainment of the corporate objectives.

In any case, for all companies, considering the context characterized by the global crisis and difficulties on the markets, focus is on the research of the optimal dimension of the resources also by means of policies aiming at containing the workforce, above all in terms of structure, and such activity will continue carefully also in the current period.

Recruiting activities privileged the hiring of people newly graduated in various areas, since internal education and personnel loyalty have been set for long time as primary ways to manage the most promising resources.

Training processes were developed through the organization of a relevant number of courses concerning safety, quality, and technical matters. Such courses were mainly organized within the companies and held by internal and external lecturers.

In addition, significant and widespread training programs were launched aimed at extending the knowledge of the company's software with regard to estimates, planning and final results, which mainly involved the technical staff at the headquarters and building sites.

Industrial relations continued within the framework of the consolidated and collaborative institutional relations with the most representative trade unions.

During the period, the company employed on an average 538 employees with a decrease by 35 units with reference to those employed on an average in the preceding period.

As of the close of the period, there were 563 employees, subdivided into 29 managers, 289 office workers, and 245 production workers.


Naples Subway, Line 1, "Tribunale" Station

RELATIONS WITH THE COMPANIES OF THE GROUP

The belonging to the Group and essential homogeneity of the sector in which the different allied enterprises operate motivate intercompany relationships that are both commercial and financial.

The terms on which both commercial transactions and financial relationships are ruled are in line with the usual market ones.

Some companies of the Group adhere to the "National Tax Consolidation" agreement. The company "MP Finanziaria S.p.A." acts as the controlling party of the consolidation group.

Here below, there is a summary of the relations with other companies of the Group during the period.

COMPANY AMOUNTS IN EURO/1000	RECEIVABLES	PAYABLES	REVENUES	COSTS
MP Finanziaria Spa intercompany accounts	5,622		84	1,669
MP Finanziaria Spa for VAT/Taxes ICM	868			
MP Finanziaria Spa for VAT/Taxes				
(Integra/SIPE/Basalti/CI Scarl)	1,311	920		
Acquasanta Scarl in liquidation		47		5
Construkta Objekti	29			
Comaso	14			
Edimal Gran Sasso Scarl in liquidation	15			
Elmas Scarl in liquidation	29			
FCE Scarl in liquidation		231		
Floridia Scarl in liquidation	61			
ICM USA LLC	457			
ICGM Romania	412			
Immobiliare Colli Srl in liquidation		369		
Inc Engeobra	51			
Maltauro Spencon Stirling	542			
Mediterraneo Scarl - CI	18			1
Olivo Scarl in liquidation	24			1
Porto di Casciolino Scarl in liquidation	11			
Porto di Casciolino Scarl in liquidation - CI	54		17	55

COMPANY AMOUNTS IN EURO/1000	RECEIVABLES	PAYABLES	REVENUES	COSTS
San Cristoforo	25			5
AMIC	82			
ARGE	28			
Ar.Ve. Scarl	15			
Assi Stradali Scarl in liquidation	64			
CAIM	10			
Codel.Ma Srl	171			
Codel.Ma Srl	12,616			
NTV Scarl		2,621	346	4,529
Consorzio Coferi in liquidation	87			
Consorzio MRG	26			
Consorzio San Massimo	19			
Consorzio Fugist	409			
Itaca Scarl		80		14
Malco Scarl		2,188	245	1,964
Monlis	18			
Ottavia 93 Scarl in liquidation				6
Porto Città SpA	123			
Porto Roccella Scarl in liquidation	54			
GTB Scarl	436			
Riviera Scarl	457		20	15
Robur Scarl	93			
Tradeciv Scarl				1,234
Smacemex Scarl		552		49
Vicenza Futura Srl	2,007			
Other companies	725	565	62	
Totals	**26,983**	**7,573**	**774**	**9,547**

RISK MANAGEMENT

As is well known, since January 2020, the national and international scenario has been characterized by the spread of the Coronavirus and the consequent restrictive measures for its containment, implemented by the public authorities of the Countries concerned, including Italy. These circumstances, which are extraordinary in nature and extent, are having significant impact on the global economic activity, creating a context of general uncertainty, the effects of which are difficult to predict as it is not yet clear how the epidemic will develop in the coming months. The effects of this macroeconomic environment inevitably also have an impact on the management of the risks highlighted below.

Risk management is an issue having strategic relevance for the Group in order to allow the same to attain its own targets.

With reference to this, the following risks have to be taken into consideration:

BUSINESS-CONTEXT RELATED RISKS

This category includes the external risks resulting from the macroeconomic and socio-political dynamics of a Country, from the sector trends and from the competitive scenario, which could jeopardize the attainment of the Group's objectives, i.e. all those events whose occurrence cannot be influenced by corporate decisions.

Due to the nature of these risks, the Group relies on its forecasting and management capabilities in the event of an occurrence of the same, integrating the risk vision into the strategic and commercial planning processes.

The control over these risks is also ensured by the activity monitoring the progress of the strategic objectives also in terms of backlog composition and diversification and its progressive evolution in terms of risk profile.

In particular, the previous paragraph entitled "The construction industry in Italy" outlined the situation of the sector in the country, and the difficulties it has been experiencing for some years now. In order to face the consequent risks, the Group has continued to apply its policy of geographical diversification of its backlog through the acquisition of important orders abroad. In addition, with reference to the orders acquired in Italy, a careful evaluation of expected margins is carried out with the aim of identifying the tenders to participate in, selecting those with a margin and financial profile considered consistent with the medium-term objectives set by the Group Management.

Furthermore, the Group faces the risk associated with the business environment by implementing a policy of balanced diversification of its portfolio between different sectors (mainly: road works, railway works, other infrastructures and the construction sector), as highlighted in the previous paragraph entitled "Economic performance trend of the Group".

OPERATIONAL RISKS

In this case, these are those risks that could jeopardize the creation of value and that are due to an inefficient and/or ineffective management of the regular business operation, in particular with reference to the management of bids and the actual execution of the orders.

To this end, the Group intends to hedge these risks already from the stage of analysis of the business initiative to be undertaken in the light of the project's risk-performance assessment in case of awarding and of its impact on the backlog configuration in terms of both concentration and overall risk profile.

Therefore, the risk detection activity is then re-performed upon awarding, and monitored and updated during the execution of the project in order to detect the risk exposure evolution in a timely manner and to take the appropriate mitigation actions promptly.

COUNTRY-RELATED RISK

The Group pursues its objectives by operating also abroad, seizing business opportunities in several countries and thus exposing itself to the risks resulting from the features and conditions characterizing these countries, such as the political, economic and social context, the local regulation, taxation, and operational complexity, as well as, last but not least, the security conditions.

Knowing and constantly monitoring the Country risk through specific indicators enables the Group to target business strategies, as well as to better understand the operational environment and, therefore, to take precautions and/or implement actions aimed at removing constraints and mitigating potential threats.

In addition, in order to face this risk, the Group pursues a policy of geographical diversification of its backlog, with the objective of distributing the volume of the works in a balanced manner between Italy and abroad and, in the latter sector, in a distributed manner between various geographical areas, as highlighted in the previous paragraph entitled "Economic performance trend of the Group".

COUNTERPARTY RISK

The counterparty dimension identifies the potential critical aspects associated with the relationships with the Group's Customers, Shareholders, Sub-Contractors and Suppliers, so as to provide a framework as comprehensive as possible of the characteristics of the partners with whom to start or continue a collaboration. For each of these types of counterparties, the risk factors associated with the financial and operational reliability are more or less relevant, in addition to the strategic role possibly acquired by a collaboration related to a specific business initiative, and to all other matters related to the legal aspects protecting the regularity of the relationship.

The analysis of the counterparties is carried out upon each new initiative taken into consideration by the Group with the support of all relevant Business Units. It allows a better prediction of the critical aspects that may arise during the performance of the operational activities, as well as a more precise planning of the mitigation actions to be implemented.

LIQUIDITY RISK

The liquidity risk may arise as a result of potential delays in the collection of payments from the Buyers, in part being public entities, also as a result of greater costs incurred in the execution of works for reasons not attributable to the Group and the long time required to obtain the settlement of the same by the buyers.

The Group has adopted a series of policies and processes aiming at assuring an effective and efficient management of financial resources thus reducing the liquidity risk by taking the following steps:

- centralized management of collection and payment flows (cash management systems) where it is convenient, in compliance with several civil, currency and tax regulations in force in the countries where the Group operates and with the order management needs;
- keeping a suitable level of liquidity with reference to the ongoing orders;
- attainment of suitable credit lines;
- monitoring of the perspective liquidity conditions with reference to the corporate planning process. In particular, the Group regularly updates its forecasts for the financial requirements during the period, in order to identify in a timely manner the sources of funding most appropriate to the characteristics of the financial markets in question.

ORGANIZATION AND MANAGEMENT MODEL PURSUANT TO THE ITALIAN LEGISLATIVE DECREE 231/2001 AND THE CODE OF ETHICS

In relation to the provisions of the Italian Legislative Decree 231/2001, since 2003 the Parent Company ICM S.p.A., in accordance with the law provisions, has adopted its own Organization and Management Model whose application and observance are entrusted to the activity of a Supervisory Body, also acting in compliance with the reference regulatory requirements, appointed by the Board of Directors. This Model is based on the need to observe the ethical principles that are relevant to the prevention of assumed crimes being an essential aspect of the preventive system that the Company has intended to implement effectively. These principles have been included in the corporate Code of Ethics, an official document approved by the Board of Directors by delegation by the Shareholders' Meeting, which contains all the rights, duties and ethical principles adopted by the Company towards all stakeholders. The implementation of the same is compulsory by all those who work for the Company and is ensured by an integrated business management system structured in such a way as to respects its inspiring principles and assure their application. The Model, together with the Code of Ethics, protocols and Procedures that make up the integrated business management system, are constantly updated and brought to the attention of all employees, collaborators, customers and suppliers, requiring them to comply with it and sanctioning any non-compliance applying the disciplinary system or the contractual penalty remedies.

RESEARCH AND DEVELOPMENT ACTIVITIES

The companies of the Group did not bear any research and development costs over the year.

TREASURY STOCK

None of the companies of the Group holds treasury stock or shares of parent companies.

OPERATIONS WITH FINANCIAL INSTRUMENTS

The companies of the Group carried out non-speculative operations in instruments for covering the risks related to the fluctuations of exchange and interest rates on existing medium- and long-term loans (cash flow hedge).

Changes to the fair value of derivatives named cash flow hedges were booked, only for the "effective" share, to a specific reserve of the net equity that is subsequently transferred to the income statement upon economic occurrence of the underlying coverage item. The change to the fair value referable to the "non-effective" part is immediately booked to the income statement of the period.

Maccheronis Dam (Sardinia)

BRANCH OFFICES

It shall be underlined that the Parent Company, ICM S.p.A., operated during the period with secondary business units. The most relevant ones are listed here below.

Cape Verde

C.P. 8/A Achada S. Antonio - Praia

Lebanon

Victoria Center 9th Floor - Dbayeh Highway - Beirut

Austria

Rueppgasse 11/4/6 - 1020 Wien

Kenya

Off Ring Road - Centenary House 00623 Nairobi

Qatar

Al Markhiya Street 380 - Area 32 Dahel Al Haman - Doha

Oman

P.O. Box 158 ZIP code 136 - Muscat Governorate - Bawshar

Romania

Strada Maria Rossetti n. 8A - Etaj 3 - Sector 2 - ZIP code 020485 - Bucharest

EVOLUTION OF THE MANAGEMENT

On January 27, 2020, the World Health Organization defined as very high the risk of global spread of the epidemic that was emerging in China following the first appearance of Covid-19 in previous months, apparently as early as October 2019. With a series of increasingly stringent government measures, as of the morning of 10 March 2020, the obligation to stay in one's own home has been extended to the entire national territory, except in cases of proven need. Since then, most of the national production chains have come to a substantial standstill.

As far as Group companies are concerned, most of the domestic building sites have consequently had to suspend operations, while abroad the situation has been more varied and production in Kenya, at the Group's most important building site, is regularly continuing.

Despite the fact that Italian buyers have, in most cases, ordered the suspension of work activities, it should be noted that the parent company operates under ATECO code 42.11, for which an exception to the operating restrictions ordered at government level has been allowed and within this framework process for resuming temporarily suspended Italian orders is already underway. Having said that, several remedies and interventions have been implemented as a result of the emergency. For example:

- the continuation under smart working regime of all activities compatible with this operational form;
- the use by non-operational staff of days off from accrued and not used reserve;
- access to the layoffs benefit fund starting from March 16, 2020 for the staff unable to work;
- the parallel planning put in place by the production managers in collaboration with the buyers, subcontractors, and suppliers in order to have organized structures ready to operate as soon as the conditions make it possible;
- the sanitization of all work environments and the indication of new rules of conduct aimed at protecting the health of the employed personnel, such as limits to the simultaneous presence in a single environment, the provision of individual disinfectant products and disposable masks.

At the beginning of the downward phase of the contagion, almost all building sites resumed production by introducing all the protocols and precautions necessary to prevent the spread of the virus.

On the Government's side, initiatives are on the agenda to identify the instruments capable of providing the Country with the necessary strength to overcome the moment of crisis. Among them, the most shared seems to be the adoption of a massive infrastructure investment plan which, when combined with operational simplifications, could be able to provide the necessary positive shock to the system and represent the keystone of anti-cyclical planning.

As regards the Group's specific works backlog, it should be noted that some job orders are in any case expected to be completed during the period. For these contexts, therefore, there will not be a downturn in the turnover during the period, but a simple transfer of the same. The postponement of the works and, if necessary, the extension of their completion time, will in no case expose the Group to the risk of penalties, since the reason for this postponement is due to exceptional circumstances.

There is no doubt, however, that the seriousness of the phenomenon cannot, in principle, fail to have an impact in terms of a reduction in the value of both the production and margins envisaged in the Group's industrial plan; although a precise establishment of such impact can only be made once it is possible to understand more clearly the evolution of the epidemic and its consequent effects on the economic context. On the basis of the information available today and the correspondingly configurable scenarios, it is believed that the aforementioned reductions will not have a significant impact on the Group's main economic and financial indicators. The events described above have been considered as non-adjusting events on the 2019 financial statements balances, as defined by IAS 10 §21.

It should be noted that the industrial plan had already undergone a sensitivity analysis based on more prudent criteria and this approach also ensured the Group's adequate growth over time in any case.

That being said, in order to cope with the situation, the Group is constantly monitoring the effects of the pandemic on its financial management, which is also affected on the one hand by the reduction in the amounts collected from the buyers, which is matched by a reduction in disbursements to suppliers, without prejudice to the indirect costs that accrue despite the suspension of activities, even though these have been contained, also financially, through the consumption of the reserve of accrued and unused holidays and the use of the layoffs benefit fund.

Negotiations that have been underway for some time with a view to providing the Group and new financing lines to support its development are being finalized. This will, among other things, make it possible to meet any increased financial needs arising from the aforementioned effects of the pandemic.

In conclusion, although the Italian situation in particular is complex and difficult to read, it is believed that the scenario that has been created, even though it may have effects in the current period that are probably not particularly significant in terms of impact on the turnover and margins, may instead generate opportunities for the acquisition of further new orders in view of the context characterized by the adoption of the extraordinary support measures for companies that the Government is adopting and, more specifically, pending a hoped-for plan of investments in infrastructures that shall necessarily characterize the future economic policies.

Vicenza, April 24, 2020

For the Board of Directors

The President
Mr. Gianfranco Simonetto

STATEMENT OF FINANCIAL POSITION

ASSETS

(AMOUNTS IN EURO/000)	NOTES	12/31/19	12/31/18
Assets			
Non-current assets			
Tangible long-term assets	1	43,518	45,931
Assets from rights of use	2	6,388	0
Intangible long-term assets	3	5,743	5,907
Contract costs	4	29,379	24,839
Investments	5	7,139	6,975
Other non-current assets	6	2,903	2,903
Total non-current assets		**95,070**	**86,555**
Assets available for sale	7	11,718	11,960
Current assets			
Inventories	8	47,168	46,176
Contractual assets	9	120,528	113,534
Trade receivables	10	132,945	118,853
Receivables from affiliates and parent companies	11	26,983	29,827
Other current assets	12	44,029	39,431
Cash and cash equivalents	13	71,150	75,310
Total current assets		**442,803**	**423,131**
Total assets		**549,591**	**521,646**

LIABILITIES

(AMOUNTS IN EURO/000)	NOTES	12/31/19	12/31/18
Net Equity			
Authorized share capital		50,000	50,000
Additional paid in capital fund		500	500
Legal reserve		2,138	1,790
Other reserves		24,859	19,217
Retained earnings (losses)		-8,832	-9,083
Period income/loss		1,322	7,075
Total Equity of the Group		**69,987**	**69,499**
Minority interests		14,708	14,367
Total net equity	**14**	**84,695**	**83,866**
Non-current liabilities			
Bonds	**15**	33,103	28,851
Bank financings	**16**	24,012	38,397
Payables due to other lenders	**17**	10,208	6,952
Payables for financial leases	**18**	748	1,085
Liabilities from rights of use	**19**	5,331	0
Deferred tax liabilities	**20**	6,584	5,991
Provisions for risks and charges	**21**	5,847	5,163
Employee benefits	**22**	3,335	3,610
Total non-current liabilities		**89,168**	**90,049**
Current liabilities			
Bonds	**23**	10,060	929
Bank financings	**24**	87,831	82,001
Payables for financial leases	**25**	479	382
Liabilities from rights of use	**26**	1,057	0
Trade payables to suppliers	**27**	201,551	176,279
Payables to affiliates and parent companies	**28**	7,573	7,863
Contractual liabilities and other current liabilities	**29**	67,177	80,277
Total current liabilities		**375,728**	**347,731**
Total equity and liabilities		**549,591**	**521,646**

INCOME STATEMENT

(AMOUNTS IN EURO/000)	NOTES	12/31/19	12/31/18
Revenues			
Revenues		363,747	305,721
Total revenues	**30**	**363,747**	**305,721**
Costs			
Raw materials and consumables		78,073	43,954
Subcontracts		171,892	146,760
Other operating expenses		40,374	44,365
Personnel costs		35,826	31,788
Amortizations, rentals and set-asides		20,055	14,774
Total costs	**31**	**346,220**	**281,641**
Operating income		**17,527**	**24,080**
Financial income and expenses			
Suretyship charges and bank expenses	**32**	-5,045	-4,310
Interest expense to credit institutions	**33**	-5,549	-5,794
Interest expense to third parties	**34**	-4,419	-2,565
Gains (losses) on exchange	**35**	1,588	96
Other financial income (expenses)	**36**	71	69
Total financial income and expenses		**-13,354**	**-12,504**
Adjustments to the value of financial assets	**37**	**-1,513**	**-1,543**
Income before taxes		**2,660**	**10,033**
Current taxes	**38**	-667	-613
Deferred taxes	**38**	-550	-2,555
Net income (loss) for the Group and minority interests		**1,443**	**6,865**
Minority interests (income) loss		-121	210
Net income (loss) of the Group		**1,322**	**7,075**

(AMOUNTS IN EURO/000)	NOTES	12/31/19	12/31/18
Net income (loss) for the Group and minority interests		**1,443**	**6,865**
Transposition differences	**14**	1,072	315
Cash flow hedge	**14**	-238	558
Actuarial Benefit	**14**	-44	11
Change in assets available for sale	**14**	-242	-534
Total Other income (expenses)		**548**	**350**
Net comprehensive period income (loss)		**1,991**	**7,215**
referred to: Minority Interests		-328	210
Group		1,663	7,425

CASH FLOW STATEMENT

(AMOUNTS IN EURO/000)	2019	2018
Period income (loss)	**1,443**	**6,865**
Amortizations	10,898	8,019
Set-aside (use) provisions for future charges	169	(1,073)
Set-aside (use) Employee Severance Fund	(319)	(190)
Set-aside (use) reserve for deferred taxes	593	3,124
Change in assets and liabilities		
Trade receivables	(13,815)	9,171
Contractual assets	(16,306)	15,746
Trade payables	25,272	(26,267)
Other operational assets/liabilities	(15,145)	19,556
Total cash flow from operating activities	**(7,210)**	**34,951**
Net investments tangible long-term assets	(2,978)	(7,104)
Net real estate investments Fix.as./goodwill/contract.	(438)	(505)
Change in non-current assets	0	0
Investments in subsidiaries and affiliates	(164)	70
Total cash flow from investment activities	**(3,580)**	**(7,539)**
Capital increase (third party share)	0	4,226
Bonds	13,383	67
Repayment of loans and funding	(19,397)	(36,143)
Opening of loans and funding	14,098	0
Change in other financial assets/liabilities	(1,364)	0
Dividends	(1,000)	(1,000)
Changes in minority interests	220	(160)
Total cash flow from financing activities	**5,940**	**(33,010)**
Change in the scope of consolidation	(175)	0
Differences on transposition of currency	865	524
Annual cash flow	**(4,160)**	**(5,074)**
Beginning cash and cash equivalents	**75,310**	**80,384**
Ending cash and cash equivalents	**71,150**	**75,310**

STATEMENT OF CHANGES IN EQUITY (AMOUNTS IN EUR/000)

	AUTHORIZED SHARE CAPITAL	ADD. PAID IN CAPITAL FUND	LEGAL RESERVE	OTHER RESERVES	RESERVE FOR TRANSP. DIFFERENCES	CFH RESERVE	RESERVE ACT. BEN.	ASSETS AVAILABLE FOR SALE	RETAINED (EARNINGS) LOSSES	PERIOD INCOME (LOSS)	GROUP EQUITY	MINORITY INTERESTS	CONSOLIDATED EQUITY
As 31/12/17	**50,000**	**500**	**1,421**	**21,929**	**-341**	**-132**	**-458**	**-8,484**	**2,740**	**7,091**	**74,266**	**14,738**	**89,004**
Allocation of profits			369	7,012	341				-631	-7,091			
Distribution of dividends				-1,000							-1,000	-161	-1,161
Effects of IFRS 15 adoption									-11,397		-11,397		-11,397
Investments under common control													
Other changes									205		205		205
Revaluation reserve decrease													
Net overall income (loss) for the period					315	558	11	-534		7,075	7,425	-210	7,215
As 31/12/18	**50,000**	**500**	**1,790**	**27,941**	**315**	**426**	**-447**	**-9,018**	**-9,083**	**7,075**	**69,499**	**14,367**	**83,866**
Allocation of profits			348	6,616	-315				426	-7,075			
Distribution of dividends				-1,000							-1,000		-1,000
Effects of IFRS 15 adoption													
Investments under common control													
Other changes									-175		-175	13	-162
Revaluation reserve decrease													
Net overall income (loss) for the period					865	-238	-44	-242		1,322	1,663	328	1,991
As 31/12/19	**50,000**	**500**	**2,138**	**33,557**	**865**	**188**	**-491**	**-9,260**	**-8,832**	**1,322**	**69,987**	**14,708**	**84,695**

Construction, on behalf of Coima, of "Corso Como Place", an office and commercial complex in the Porta Nuova area of Milan

EXPLANATORY NOTES

ACTIVITIES OF THE GROUP

ICM S.p.A. is the operating holding of the ICM Group. The main activity of the Group is the construction of civil road, hydraulic, and infrastructural works, as well as civil engineering works in general, both public and private. The Group is also involved in real estate initiatives, as well as in activities in the prefabrication and ecology sector.

FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group as of December 31, 2019 were prepared in compliance with the IFRS international accounting standards adopted by the European Union and the related interpretations, as provided by Italian Legislative Decree 38/2005. Herein, the term IFRS includes also the reviewed International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretation Committee (IFRIC), previously called Standing Interpretation Committee (SIC). These Consolidated Financial Statements provide a correct representation of the economic, equity, and financial position of the Group both formally and substantially.

Therefore, the consolidated financial statements consist of statement of financial position, income statement, statement of comprehensive income, overview of net equity, cash flow statement and related explanatory and integrative notes to the financial statements.

The consolidated statement of financial position shows current and non-current assets and current and non-current liabilities separately. Current assets and liabilities include items originally intended to be finalized in a normal operating cycle. Non-current ones include balances with realization cycles greater than twelve months.

The consolidated income statement presents a classification of costs by type and shows profit/loss before financial charges and taxes.

The Comprehensive Income Statement for the period is submitted pursuant to the provisions of the reviewed version of IAS 1.

Furthermore, it shows the net profit/loss of third parties and of the Group.

The cash flow statement was prepared using the indirect method, by which period income is adjusted for the effects of non-monetary transactions, for any deferment or set aside of previous or future collections or operational payments and for revenues or charges associated with cash flows from investment or financial activities. The cash and cash equivalent included in the cash flow statement include the equity balances for that heading as of the reference date. Revenues and costs related to interest, dividends received, and income taxes are included in cash flows generated by operations.

The table showing the changes in the equity highlights, for a two-year time span, the changes occurred in the corporate assets/liabilities due to the period profit/loss, to transactions occurred with the Shareholders (any increase in the share capital, distribution of dividends, etc.) as well as due to the profits and losses directly booked to the net equity (exchange differences resulting from the transposition of a foreign entity, revaluation pursuant to the fair value, etc.).

The consolidated financial statements have been prepared on an ongoing concern basis. In making their positive assessments of future prospects, the Directors have considered: i) the size of the order backlog existing at the date of preparation of the financial statements, amounting to approximately Euro 1.9 billion, as highlighted in the Report on operations; ii) the Multiannual Plan for the three-year period 2020-2024, approved by the Directors of the Parent Company on September 25, 2019, developed starting from the size of the aforementioned backlog and formulating subsequent assumptions with the application of stress tests through specific sensitivity analyses, which was also subject to an Independent Business Review by a leading consulting company; iii) the most updated forecasts of expected cash flows for the current period that, in the light of the constant and careful management and monitoring of the financial lines available and on those that can be available on the market, are considered adequate for the Group's operating activities in the foreseeable future; iv) the considerations made in relation to the impact on activities deriving from the Covid-19 spread, together with all the countermeasures and actions implemented to best deal with this unexpected situation, which are reported in the Report on operations.

In addition, in making their assessments of future prospects, and in drawing up the Multiannual Plan, the Directors have relied on the forecast of the occurrence of future events and situations and the related actions that the Company believes it will be able to take. Therefore, these same data reflect the assumptions and elements assumed by the Directors on the basis of which they were formulated, and represent the best estimate of the consolidated financial position and consolidated profit and loss result for the period that the Directors expect will be attained. In this regard, it should be noted that the assessment of future prospects and the preparation of the Multiannual Plan are by their very nature based on the assumption of articulated and complex hypotheses about future events, in some cases outside the company's control, generally characterized by inherent elements of subjectivity and uncertainty. Consequently, even if prepared by the Directors with accuracy and on the basis of the best available estimates, some of the predicted events from which they originate may not occur or may occur to a different extent from the predicted one, while events may occur that are unforeseeable at the time of their preparation, taking into account, inter alia, the current context resulting from the spread of the Covid-19 virus, thus generating deviations between actual final and predicted values. Therefore, the Directors will continue to monitor the evolution of the factors taken into consideration, so as to be able to take the most appropriate corrective decisions, if necessary, where the corresponding assumptions do require for this.

The consolidated financial statements include the financial statements of ICM S.p.A. and of the subsidiaries of any type, including cooperative companies and commercial cooperative-like companies, if operational. The control occurs when the Group has the power of determining, either directly or indirectly, the operating, management and administrative decisions and of obtaining the related benefits; this may happen also by holding, either directly or indirectly, of more than half of the vote rights. The consolidated financial statements do not include subsidiaries that are inactive or that generate an insignificant sales turnover, because they do not have a material impact on the values in the consolidated financial statements of the Group.

The subsidiaries in liquidation were booked applying the lower value between the cost and the presumed realizable value.

During the period, the companies Napoli Metro Scarl, Stazione Tribunale Scarl and Stazione di Chiaia Scarl were merged by incorporation into Consorzio Infrastrutture Scarl, achieving the result of considerably simplifying the chain of control of the companies and consortia active in the construction of the Naples Metro.

The company Montecchio Scarl entered the consolidation scope and began operations during the period.

Financial statements subject to consolidation were prepared as of December 31, the reference date of the consolidated financial statements, and were generally specifically made available and approved by the Boards of Directors of the individual companies, suitably adjusted where necessary to conform to the accounting policies of the Parent Company.

The term “Affiliates” refers to those enterprises in which the Parent Company exercises significant influence by participating in decisions about financial and operational policies. In general, this happens when the Parent Company directly or indirectly controls at least one-fifth of the votes in the Ordinary Shareholders Meeting. In the consolidated financial statements, these companies are valued using the equity method.

Investments in non-associated companies or subsidiaries are measured at their fair value or, when this cannot be reliably determined, at their cost adjusted for impaired losses.

Companies consolidated with the line-by-line method:

COMPANY		HEAD OFFICE	AUTH. SHARE CAPITAL	% OF PART. DIRECT OR INDIRECT INVEST
S.I.P.E. Società Industriale Prefabbricati Edili	S.P.A.	LONIGO (VI)	4,000,000	100.00
BASALTI VERONA	S.R.L.	MONT. DI CROSARA (VR)	90,000	60.00
INTEGRA	S.R.L.	VICENZA	1,500,000	100.00
INTEGRA CONCESSIONI	S.R.L.	VICENZA	50,000	100.00
CONS. INFRASTRUTTURE	S.C.A R.L.	VICENZA	50,000	100.00
DELMA LIBYA COMPANY	LDT	LIBYA	636,578	65.00
CONSORZIO STABILE INFRASTRUTTURE		ROME	100,000	100.00
PALAZZO IACOBUCCI	S.C.A R.L.	VICENZA	10,000	70.00
INDEPENDENT CONSTRUCTION GROUP MUSCAT	L.L.C.	OMAN	579,000	70.00
DELMA MIDDLE EAST ENTERPRISES	W.L.L.	QATAR	6,847,000	49.00
DELMA ENGINEERING UK	LDT	UNITED KINGDOM	19,746,000	55.36
CO.ME.CA.	S.C.A R.L.	VICENZA	10,000	54.00
TESSERA	S.C.A R.L.	TORTONA (AL)	10,000	60.76
MONTECCHIO	S.C.A R.L.	VICENZA	10,000	60.00

Companies consolidated with the proportional method:

COMPANY		HEAD OFFICE	AUTH. SHARE CAPITAL	% OF PART. DIRECT OR INDIRECT INVEST
ARGE A26 DONAU BRUCKE	J.V.	AUSTRIA		46.50
AMIC HIGHRISE CONTRACTORS	J.V.	CYPRUS		31.00

Companies consolidated with the Equity Method:

Operational companies and consortia:

COMPANY		HEAD OFFICE	AUTH. SHARE CAPITAL	% OF PART. DIRECT OR INDIRECT INVEST
INC-ENGEOBRA GROUPMENT		CAPE VERDE	10,000	60.00
CONSORZIO FU.G.I.S.T.		NAPLES	26,000	31.58
CONSORZIO MONTE ADRIANO		CAPE VERDE	40,000	50.00
RIVIERA	S.C.A R.L.	NAPLES	50,000	45.00
OPERA DUE	S.R.L.	VICENZA	60,000	20.00
MALCO	S.C.A R.L.	VICENZA	10,000	50.00
CODEL.MA	S.R.L.	VICENZA	100,000	50.00
PORTOCITTÀ	S.R.L.	TRIESTE	10,000	25.00
VICENZA FUTURA	S.P.A.	VICENZA	3,546,695	30.88
LEASING NORD	S.R.L.	VICENZA	2,838,000	14.98
ICM USA	L.L.C.	UNITED STATES OF AMERICA	474,000	70.00
ICGM International Constr. G.M.	S.R.L.	ROMANIA	10,000	100.00
JV ICM INTEGRA		VICENZA	10,000	60.00
SANMICHELE	S.R.L.	VICENZA	10,000	100.00
OPERA OTTO	S.R.L.	VICENZA	10,000	100.00
SIMAL	S.R.L.	VICENZA	61,000	30.00
NTV	S.C.A R.L.	CAMPOLONGO MAGGIORE (VE)	20,000	49.00
POR.TER.	S.C.A R.L.	AGRIGENTO	10,000	80.00
PIZZOMUNNO VIESTE	S.C.A R.L.	ANCONA	51,000	50.00
SMACEMEX	S.C.A R.L.	SAN DONATO MILANESE (MI)	10,000	40.00
OPERA SETTE	S.R.L.	VICENZA	10,000	99.00
MALTAURO MAROC	S.A.R.L.	MOROCCO	9,000	99.90
SAN CRISTOFORO	S.C.A R.L.	VICENZA	10,000	90.00
BCA	S.C.A R.L.	VICENZA	10,000	70.00
ICM CONSTRUCTION LIMITED	L.T.D.	UNITED KINGDOM	115,000	100.00

Companies and consortia in liquidation:

COMPANY		HEAD OFFICE	AUTH. SHARE CAPITAL	% OF PART. DIRECT OR INDIRECT INVEST
CONSORZIO A.I.P.		BARAGIANO SCALO (PZ)	408,000	62.00
SUBURBANA EST BOLOGNA	S.C.A R.L.	VICENZA	10,845	66.66
DEL.FUR.	S.C.R.L.	NAPLES	10,200	50.00
FLORIDIA	S.C.A R.L.	VICENZA	10,710	51.00
CONSORZIO CO.FER.I.		NAPLES	438,988	41.00
CONSORZIO M.R.G.		BARAGIANO SCALO (PZ)	51,646	30.00
ASSI STRADALI	S.C.R.L.	VICENZA	10,710	28.57
ITACA	S.C.A R.L.	RAVENNA	10,200	30.00
OLIVO	S.C.A R.L.	CATANIA	10,000	51.00
MEDITERRANEO	S.C.A R.L.	CATANIA	10,000	51.00
PORTO DI CASCIOLINO	S.C.A R.L.	ROME	10,000	90.00
CASTEL DI SANGRO	S.C.A R.L.	ROME	10,000	51.00
LOTTO 5A	S.C.A R.L.	ROME	10,000	43.35
INFRASTRUTTURE STRADALI	S.C.A R.L.	ROME	10,000	49.00
SESTO	S.C.A R.L.	VICENZA	10,000	100.00
FCE	S.C.A R.L.	ROME	10,000	51.00
EDIMAL GRAN SASSO	S.C.A R.L.	ROME	10,000	51.00
SAN DEMETRIO	S.C.A R.L.	ROME	10,000	51.00
IMMOBILIARE COLLI	S.R.L.	VICENZA	46,440	99.00
JONICA	S.C.A R.L.	ROCCELLA J. (RC)	10,200	80.00
PORTO DI ROCCELLA JONICA	S.C.A R.L.	ROCCELLA J. (RC)	10,400	50.00
DIAMANTE PAOLA	S.C.A R.L.	ROME	46,481	22.10
G.E.I. GESTIONI ITALIA	S.R.L.	VICENZA	100,000	50.00
G.T.B.	S.C.R.L.	NAPLES	51,000	28.00
ROBUR 2003	S.C.A R.L.	NAPLES	10,000	42.00
T.M.T.	S.C.A R.L.	P. PICENZE (AQ)	10,000	48.50
CONSORZIO SAN MASSIMO	S.C.A R.L.	VICENZA	10,000	49.00
ACQUASANTA	S.C.A R.L.	CATANIA	10,000	80.00

Motorway A26 "Linzer Autobahn": construction of a bridge in steel with 4 lanes on the Danubio which will be 385 mt of length and of 2 connecting tunnels which will be 3,3 km of length

PRINCIPLES OF CONSOLIDATION

The fundamental principles used in preparing the consolidated financial statements require:

- elimination of the book value of investments held in companies included in the scope of consolidation against the associated share belonging to the Net Equity, and separate display of the net equity belonging to minority interests;
- the purchase of subsidiaries is booked in accordance with the acquisition method in compliance with the IFRS 3. The cost of the purchase is equal to the sum at fair value, as of the date in which it is gained the control on the acquired assets and on the borne or acquired liabilities, and on the financial instruments issued by the Group in exchange for the control of the purchased company, plus all cost directly imputable to the aggregation itself;
- elimination of transactions and significant balances between companies and/or consortia included in the scope of consolidation;
- elimination of unrealized intercompany profits, net of the related tax effect.

We show below the reconciliation between the equity and period profit/loss of the financial statements of ICM S.p.A. and the Net Equity and period profit/loss of the consolidated financial statements.

RECONCILIATION OF FINANCIAL STATEMENTS OF THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS (IN MILLIONS OF EUR)

	Current accounting period	
	Net profit/loss	Net Equity
PARENT COMPANY FINANCIAL STATEMENTS BALANCES	**980**	**68,063**
Elimination of intercompany transactions between consolidated firms, net of tax effects:		
• Internal profits on warehouse inventories		-515
• Internal profits on tangible long-term assets	7	-596
• Internal profits on intangible long-term assets	127	-822
• Consolidated companies merger effects		-611
• Dividends received from consolidated companies		
Book value of the consolidated equity investments		-44,740
Period profit/loss and equity of the consolidated companies	329	64,224
Valuation using the equity method of companies entered at cost		-444
Attributing differences to the assets of the consolidated companies and associated depreciation/amortization:		
• Tangible long-term assets		324
• Goodwill from consolidation		
Effect of other adjustments		-188
BALANCES AS PER CONSOLIDATED FINANCIAL STATEMENTS	1,443	84,695
BALANCES AS PER CONSOLIDATED FINANCIAL STATEMENTS - Third parties	-121	-14,708
BALANCES AS PER CONSOLIDATED FINANCIAL STATEMENTS - Group	1,322	69,987

ACCOUNTING POLICIES

As already indicated, the accounting standards used to prepare the consolidated financial statements were the international ones approved by the European Commission (International Accounting Standards – IAS or International Financial Reporting Standards – IFRS).

The valuation standards and criteria used in the preparation of the consolidated financial statements as of December 31, 2019 are the same as those used in the preparation of the consolidated financial statements for the year 2018, to which explicit reference is made, with the exception of the new accounting principles, amendments and interpretations published by the IASB and endorsed by the European Union as of January 1, 2019.

Accounting standards, amendments, and interpretations applicable as of January 1, 2019

IFRS 16 – Leases

The IFRS 16 was issued by the IASB in January 2016 and introduced a single accounting model for leasing and rental contracts, eliminating the distinction between operating and finance leases. The lessee books an asset representing the right to use the asset underlying the contract and a liability reflecting the obligation to pay the lease installments. There are optional exemptions for short-term and low-value leases. In this sense, the Group used the related simplifications concerning assets of low value and contracts with a duration of less than 12 months, for which a pro-rata booking was made in the income statement at the time they were incurred. For contracts that provide for a renewal option at the end of the period that cannot be cancelled, the Group has chosen to generally apply a "non-renewal" assumption, determined by the fact that most of the contracts are associated with specific orders. The duration of the contracts was thus determined on the basis of the period that cannot be cancelled, provided for in the contract; the exercise of the renewal option was considered probable and applicable to a limited number of cases, based on current business plans. The Group chose to adopt IFRS 16 by applying the amended retrospective approach, under which the cumulative effect of the adoption of the standard was booked as an adjustment to the opening balance of undistributed retained earnings as of January 1, 2019, without restating comparative information, in accordance with paragraphs C7-C13 of IFRS 16. In particular, for lease contracts previously classified as operating leasing, the Group has booked:

- a financial liability, equal to the current value of future payments remaining at the transition date, discounted using for each contract the incremental borrowing rate applicable at the transition date;
- a right of use equal to the value of the financial liability at the transition date, net of any accrued income and prepaid expenses and deferred charges relating to the lease and recorded in the Statement of Financial Position at the closing date of these financial statements.

When evaluating the financial liabilities of the leases, the Group discounted the payments due using the hypothetical incremental debt rate as of January 1, 2019. The average rate applied was around 3%. In application of the new accounting standard, a new item has been added under the Assets heading, called "Assets from rights of use", which is intended to include the right of use underlying the leasing and rental contract, together with a new item added under the Liabilities heading, called "Liabilities from rights of use", which reflects the current value of the obligation to pay rentals. The effect was calculated starting from 01/01/2019. Below there is a table showing the effects at the transition date.

(AMOUNTS IN EURO/000)	Impacts as of the transition date 01/01/19
Assets from rights of use	6,431
Total non-current assets	**6,431**
Total assets	**6,431**
Liabilities from rights of use	5,307
Total non-current liabilities	**5,307**
Liabilities from rights of use	1,124
Total current liabilities	**1,124**
Total liabilities and net equity	**6,431**

The adoption of the accounting standard had the following effects on the income statement for the period:

(AMOUNTS IN EURO/000)	Effect 2019
Rentals and lease instalments	(1,311)
Tangible assets depreciation	1,124
Interest expenses	187
Final effect	**-**

IFRIC 23

Uncertainty over Income Tax Treatment

On June 7, 2017, the IASB published the interpretation "Uncertainty over Income Tax Treatments (IFRIC Interpretation 23)" (published on June 7, 2017). The interpretation addresses the issue of uncertainties about the tax treatment to be adopted in the area of income taxes. In particular, the Interpretation requires an entity to analyze the uncertain tax treatments (individually or as a whole, depending on the characteristics) assuming that the tax authority examines the tax position in question, having full knowledge of all relevant information. If the entity deems that it is unlikely that the tax authority will accept the tax treatment followed, the entity shall reflect the effect of the uncertainty in the measurement of its current and deferred income taxes. In addition, the document does not contain any new disclosure requirements but stresses that the entity shall determine whether it will be necessary to provide information about management's considerations and uncertainty about the accounting for taxes in accordance with IAS 1. The new interpretation has been applied since January 1, 2019. The adoption of this amendment had no effect on the Group's consolidated financial statements.

Amendments to IFRS 9

Prepayment Features with Negative Compensation

On October 12, 2017, the IASB published some amendments to IFRS 9. The document specifies that instruments that provide for early repayment could comply with the Solely Payments of Principal and Interest ("SPPI") test also when the "reasonable additional compensation" to be paid in the event of early repayment is a "negative compensation" for the lender. The Directors have determined that this specific case is not applicable to the Group and consequently no effects were booked in the consolidated financial statements.

Amendments to IAS 28

Long-term Interests in Associates and Joint Ventures

On October 12, 2017, the IASB published the above-mentioned document which clarifies the need to apply IFRS 9, including impairment requirements, to other long-term interests in associates and joint ventures for which the equity method is not applied. The adoption of this amendment had no effect on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2015-2017 Cycle

On December 12, 2017, the IASB published the above document, which incorporates the amendments to certain standards as part of its annual improvement process. The main changes concern:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements: the amendment clarifies that when an entity obtains control of a business that represents a joint operation, it must remeasure the interest previously held in that business. This process is not envisaged in the case of joint control.
- IAS 12 Income Taxes: the amendment clarifies that all tax effects related to dividends (including payments on financial instruments classified within equity) should be accounted for in a manner consistent with the transaction that generated those profits (income statement, OCI or equity).
- IAS 23 Borrowing costs: the amendment clarifies that in the case of loans that remain outstanding even after the qualifying asset is ready for use or sale, they become part of the set of loans used to calculate the financing costs.

The Directors have determined that the cases summarized above are not applicable to the Group and consequently no effects were booked in the consolidated financial statements.

Plant Amendment, Curtailment or Settlement (Amendments to IAS 19)

On February 7, 2018, the IASB issued that document clarifying how an entity shall book an amendment (e.g. a curtailment or settlement) to a defined benefit plan. The amendments require the entity to update its assumptions and remeasure the net liability or net asset arising from the plan. The amendments clarify that after the occurrence of such an event, an entity uses updated assumptions to measure current service cost and interest for the remainder of the reporting period following the event. The Directors have determined that this specific case is not applicable to the Group and consequently no effects were booked in the consolidated financial statements..

Accounting standards, amendments and IFRS interpretations not yet endorsed by the European Union

Amendments "References to the Conceptual Framework in IFRS Standards"

The amendment is effective for periods beginning on or after January 1, 2020, but early application is permitted. The Conceptual Framework defines the fundamental concepts for financial reporting and guides the Board in the development of the IFRS standards. The document helps to ensure that the standards are conceptually consistent and that similar transactions are treated in the same way so as to provide useful information to investors, lenders, and other creditors. The Conceptual Framework supports companies in the development of accounting standards when no IFRS standard is applicable to a particular transaction and, more generally, it helps stakeholders to understand and interpret the standards.

Amendments to IAS 1 and IAS 8

The document introduced a change in the definition of "material" contained in the principles IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The purpose of this amendment is to make the definition of "material" more specific and to introduce the concept of "obscured information" together with the concepts of omitted or incorrect information already present in the two standards being amended. The amendment clarifies that information is "obscured" if it has been described in such a way as to produce for the primary readers of financial statements an effect similar to that which would have occurred, if the information had been omitted or incorrect. The amendments introduced by the document shall apply to all operations after January 1, 2020. The

Directors do not expect a significant effect on the consolidated financial statements of the Group from the adoption of this amendment.

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

On September 26, 2019, the IASB published an amendment called "Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform". This amendment modifies IFRS 9 - Financial Instruments and IAS 39 - Financial Instruments: Recognition and Measurement as well as IFRS 7 - Financial Instruments: Disclosures. In particular, the amendment modifies some of the requirements for the application of hedge accounting, providing for temporary derogations from them, in order to mitigate the impact of the uncertainty of the IBOR reform (still in progress) on future cash flows in the period prior to its completion. The amendment also requires companies to provide additional information in their financial statements on their hedging relationships which are directly affected by the uncertainties generated by the reform and to which the above derogations apply. The amendments shall enter into force on January 1, 2020, but companies may opt for earlier application. The Directors do not expect a significant effect on the consolidated financial statements of the Group from the adoption of this amendment.

Amendments to IFRS 3 - Definition of a Business

On October 22, 2018, the IASB published the document that provides some clarifications on the definition of business for the correct application of the IFRS 3 standard. In particular, the amendment clarifies that while a business usually produces an output, the presence of an output is not strictly necessary to identify a business in the presence of an integrated set of activities/processes and assets. However, to meet the business definition, an integrated set of activities/processes and assets must include, as a minimum, a substantial input and process that all together contribute significantly to the ability to create an output. Consequently, the IASB has replaced the term "ability to create outputs" with "ability to contribute to the creation of outputs" to make it clear that a business can exist even without the presence of all the necessary inputs and processes to create an output. The amendment also introduced an optional test ("concentration test"), which makes it possible to exclude the presence of a business if the price paid is substantially attributable to a single asset or group of assets. The amendments apply to all business combinations and acquisitions of assets after January 1, 2020, but an early application is permitted. The Directors do not expect effects on the consolidated financial statements of the Group from the adoption of this amendment.

Amendments to IFRS 10 and IAS 28 - Sales or Contribution of Assets between an Investor and its Associate or Joint Venture

The document was published in order to resolve the current conflict between IAS 28 and IFRS 10. In accordance with IAS 28, the gain or loss resulting from the sale or contribution of a non-monetary asset to a joint venture or associate in exchange for a share in its capital is limited to the share held in the joint venture or associate by other investors unrelated to the transaction. Compared with the IAS 28, the IFRS 10 states that the entity have to recognize the entire profit or loss in the event of loss of control of a subsidiary, even if the entity continues to hold a non-controlling interest in it. This still applies in the specific case of the sale or contribution of a subsidiary to a joint venture or associate. The introduced amendments require that in an assignment/transfer of an asset or a subsidiary to a joint venture or associate, the extent of the gain or loss to be recognized in the financial statements of the assignor/transferor depends on whether or not the asset or subsidiary assigned/transferred constitutes a business within the meaning of the IFRS 3 standard. If the asset or subsidiary assigned/transferred is a business, the entity shall recognize the profit or loss on the entire share previously held; otherwise, the share of profit or loss relating to the share still held by the entity shall be derecognized. At the moment the IASB has suspended the application of this amendment. The Directors do not expect a significant effect on the consolidated financial statements of the Group from the adoption of these amendments.

Given the above, we show below the most significant accounting policies applied.

INTANGIBLE LONG-TERM ASSETS

Intangible long-term assets were entered at cost in accordance with IAS 38.

For each intangible asset, its useful life is determined at the time of initial entry. Intangible assets with finite useful lives are shown net of related accumulated amortization. Amortization begins when the asset is available for use and is systematically distributed in relation to the residual possibility of using it. Intangible assets with indefinite useful lives are not amortized but are subject to annual verification to check the recoverability of their value in accordance with the provisions of IAS 36.

If the tangible assets include intangible assets as a component of their value, a critical judgment was carried out concerning the greater relevance of tangible elements with respect to intangible ones.

Finally, it shall be underlined that since January 1, 2008 the interpretation IFRIC 12 "Service Concession Arrangements" was applied with reference to the construction and management works of:

- an integrated purification plant assigned to the temporary joint venture set up between the Parent Company and the subsidiary Integra S.r.l. by the Commissioner Delegated to the environmental rehabilitation of the Orbetello lagoon (15-year term building and management concession);
- public works, including urbanizations, covered and not covered swimming-pool, as well as tennis and soccer courses for both training and competition use, assigned under concession to the Parent Company by the Municipality of Caldogno (VI) (30-year term building and management concession);
- plant for the management of the thermal and cooling energy service in the Municipality of Caldogno (VI) (30-year term concession).

The Group has recorded the works construction costs as intangible assets net of contributions for the construction and management accrued and collected up to now.

LOSSES OF VALUE

On each financial statements reference date, a check is made for the existence of events or changes in situation that indicate that the book value of tangible or intangible assets may not be recovered. If there is an indication of this type, the recoverable amount of these assets is estimated to determine the amount of any write-downs.

The recoverable value of tangible and intangible assets is the greater of their fair value, decreased by the sale costs and their use value, where the use value is the present value of future cash flows that may originate from an asset (or from a cash flow generating unit, "cash generating unit"). Cash flows are "incoming" flows, net of "outgoing" ones resulting from the use of the asset.

In defining the use value, expected future cash flows are discounted back using a discount rate before taxes that reflects the current market estimate referred to the cost of money for the time and specific risks of the asset.

Losses of value are booked directly to the income statement. Should it be no more meaningful to hold the depreciation, the book value of the asset would be increased to its new value resulting from the estimate of its recoverable value, but not greater than the net book value that the asset would have had if it was not subject to depreciation. Any value restoration is booked to the income statement.

General redevelopment
of the hotel complex called
“The Big” in Milan

TANGIBLE LONG-TERM ASSETS

Tangible long-term assets are mostly reported at the purchase cost or internal production cost including directly imputable auxiliary expenses. The cost is entered net of accrued amortizations and any depreciation for durable losses of value; it includes also the expenses for the disposal, demolition, and disassembly of the asset at the end of the useful life when the requirements set forth by IAS 37 for the purposes of booking the item to the financial statements are met.

The book value of tangible long-term assets is subject to periodical verification in order to detect any losses of value, in detail when events or situation changes indicate that the book value might not be recoverable. Should such indication be detected or should the book value exceed the presumed realizable value, the assets are depreciated in order to reflect their realizable value represented by the greater value between the net sale price and the use value. The losses of value are booked to the income statement among the cost of sold amounts.

Upon the sale or when there are no future economic advantages expected from the use of the asset, the involved asset is eliminated from the financial statements and any loss or profit (calculated as difference between the transfer value and the book value) is booked to the income statement in the year in which the above-mentioned elimination does occur.

Buildings for which there are promises to buy are booked at the lesser of presumed realizable value or the cost of purchase or internal construction, including directly imputable auxiliary expenses.

As for depreciation booked to the income statement, this is calculated on all depreciable assets in existence at the end of the accounting period, based on rates considered representative of the estimated technical and economic useful life of the assets, reduced by 50% for assets acquired during the period.

The main economic and technical depreciation rates used were the following:

	%
Industrial buildings	3
Light construction	12.5
General installations	10
Specialized plant and operator machinery	15
Metal planks and formworks	25
Excavators and power digging equipment	20
Cars or trucks for transportation	20
Automobiles, motorcycles and similar	25
Miscellaneous small equipment	40
Furniture and ordinary office machinery	12
Electro-mechanical and electronic office machines	20

Whether undeveloped or attached to civil or industrial buildings, land is not depreciated, because it has unlimited useful life.

The heading "Land" includes quarries, for which depreciation is calculated as a function of the quantity of inert material extracted during the accounting period related to the total quantity that can be presumably extracted.

Assets held through financial leasing contracts, through which all the risks and benefits of ownership are essentially transferred to the Group, are recognized as Group assets and classified as property, plant and equipment, other assets, and amortized according to their useful life or, according to the expiration terms of the lease contracts, if the estimated useful life is lower than such terms; corresponding liabilities to the lessor are instead shown in the financial statements among financial payables. The cost of the lease payment is broken down into its components: financial charges, booked to the income statement, and repayment of principal, entered as a reduction of financial debt.

INVESTMENTS

Investments in unconsolidated subsidiaries and in affiliates are valued with the equity method.

Subsidiaries in liquidation, limited to those with insignificant impact on the values of the consolidated financial statements, are valued at the lesser of cost or presumed realizable value.

Investments in other companies are measured at the fair value with the effects recognized in the Statement of Changes in Equity. In this case, the amounts previously recognized in other Comprehensive Income Statement are not expected to be recycled in the Income Statement upon disposal. When the fair value cannot be reliably determined, investments are measured at cost adjusted for impairment losses, the effect of which is recognized in the Income Statement. If the reasons for the write-downs made no longer apply, investments valued at cost are revalued within the limits of the write-downs made and the effect is booked to the Income Statement.

CONTRACT COSTS

IFRS 15 allows the capitalization of costs for obtaining and executing contracts, provided that they are directly related to the contract, that they allow the company to have new or increased resources to meet or continue to meet its obligations in the future and that they are recoverable through the future economic benefits of the contract. Specifically, these are costs incurred as a result of the acquisition of an order; they are entered under the assets and charged to the Income Statement under the amortizations systematically and in a manner corresponding to the transfer of control of the goods/services to the buyer, which coincides with the progress of work in progress.

INVENTORIES

Warehouse inventories are valued at the lesser of the purchase or production cost (including auxiliary expenses) or the corresponding realizable value on the market as of the close of the accounting period.

In particular, the cost of consumables was determined by applying the weighted average cost method.

Market value is represented by replacement cost for raw materials, parts, and semi-finished goods, and by net realizable value for merchandise, finished goods and goods in progress.

The final inventories for building projects are represented by owned buildings under construction and/or finished and intended for sale.

They are valuated based on sustained costs, considered less than the presumed realizable value considered net of estimated residual cost of the project.

The cost of initiatives includes: the cost of land, the cost of urbanization and construction, taxes and in some cases directly imputable financial expenses. In the latter case these contribute to the cost of the building initiative only up until the moment in which it is completed.

Any expected losses are set aside in the financial statements of the accounting period in which they become known.

Even if a third party promise to pay is held, inventories referring to building initiatives are evaluated based on sustained costs.

Advance payments received from the buyers at the time of the signing of the preliminary contract are booked under "Contractual liabilities", which is included under "Contractual liabilities and other current liabilities".

Following the application of IFRS 15, the assets and liabilities resulting from the contract are classified in the Statement of Financial Position items "Contractual assets" and "Contractual liabilities", respectively in the assets and liabilities section. The classification between contractual assets and liabilities depends on the relationship between the ICM Group performance and the customer payment: the items in question represent, in fact, the sum of the following components analyzed individually for each contract:

(+) The value of work in progress determined in accordance with IFRS 15 rules, using the cost-to-cost method, net of the issued work progress status statements/certificates;

(-) Contractual advances.

If the resulting value is positive, the net balance of the contract is booked to the "Contractual assets", otherwise it is booked to the "Contractual liabilities". If, according to the contract, the involved values express an unconditional right to the consideration, they are booked as receivables.

The valuation of progressive works is performed taking into account the state of completion, based on the progress in the execution of the works.

Depending on the type and characteristics of the contract, the percentage of completion is based on the realization of contractual quantities or based on the percentage of costs sustained compared to total estimated costs (cost-to-cost method).

While assessing the work in progress, it is necessary to consider also the requests for additional expenses submitted by the Buyers and the changes during work to which the company deems to be entitled on a legal or contractual base, although they are not yet certified, considering the technical complexity, dimension and duration term of the works performance, which result in additional amounts besides the contractual ones. In particular, the amounts deriving from reserves represent additional amounts required to cover higher costs incurred (and/or to be incurred) for unforeseeable causes and events attributable to the Buyer, to greater work carried out (and/or to be carried out) and/or to changes in work not formalized in additional deeds. The determination of additional amounts is, by its very nature, subject to a certain degree of uncertainty, both as to the amounts that will be recognized by the Buyer and as to the collection times that, usually, depend on the outcome of negotiations between the parties or on decisions by judicial bodies.

This type of contractual consideration is governed by IFRS 15 and is referred to the "contractual changes". According to the accounting standard, a contractual amendment exists if it is approved by both contracting parties; also according to IFRS 15, the approval may take place in writing, by verbal agreement or through the commercial practices of the sector. In addition, the standard establishes that a contractual amendment may exist even in the presence of disputes about the subject matter and/or price of the contract. In this case, it is first of all necessary to assess whether the rights to the consideration are contractually established and generate an enforceable right.

Once the collectable right has been identified, the booking of the reserves and the amounts related to the additional requests to the Buyer is done in accordance with the guidelines defined by IFRS 15 in relation to the "Variable considerations".

Therefore, for the purposes of adjusting the transaction price as a result of the additional amounts resulting from reserves towards the Buyer, it is necessary to establish whether the circumstance that the revenues will not be written off in the future is considered "highly probable".

For the purposes of these valuations, all relevant aspects and circumstances are taken into account, including the terms of the contract itself, the industry trade and negotiation practices or other supporting evidence.

When the overall costs of the order are likely to exceed the overall revenues, the expected loss for such order is booked immediately to the Income Statement for its entire amount, in compliance with the principle of prudence.

RECEIVABLES AND PAYABLES

Receivables and other current assets are included in current assets and are valued at amortized cost identified by the nominal value based on the effective interest rate method. Trade receivables whose due date falls within normal commercial terms are not discounted as the effect of discounting cash flows is deemed irrelevant. Receivables with a maturity of more than one year, which bear no interest or which earn interest below market rates, are discounted using market rates. Trade receivables are discounted in case of collection terms longer than the granted average extension period. If there is an objective evidence of impairment, the asset is reduced to the discounted value of future obtainable cash flows. Losses of value are booked to the income statement. If in subsequent periods the reasons for the previous write-downs no longer apply, the value of the assets is reinstated up to the value that would have resulted from the application of the amortized cost. In addition to the valuation referred to in the previous paragraph with reference to the impairment, the estimate of losses on receivables is supplemented by an analysis of the expected losses.

Therefore, the estimate of the allowance for doubtful receivables refers to expected losses, determined based on the historic experience on similar receivables, on current credits overdue, as well as on specific objective situations of meaningful debtors showing critical positions.

Payables and other current liabilities are initially recorded at cost (identified by their nominal value) and are not discounted as the effect of discounting cash flows is irrelevant.

FINANCIAL ASSETS

Financial assets are classified in the following categories:

- financial assets at amortized cost;
- financial assets at fair value with changes booked to the income statement;
- financial assets at fair value with changes recognized in the OCI prospect (other comprehensive income statement).

The classification depends on the business model used by the Group to manage its financial assets and the characteristics of the contractual cash flows generated by them. The Group determines the classification of financial assets at the time of their initial recognition, verifying it after each balance sheet date. Financial assets are initially recognized at their fair value, increased, in the case of assets other than those at fair value, by ancillary charges.

Financial assets at amortized cost

Financial assets that meet both of the following conditions are booked at the amortized cost method:

- financial assets are held within the framework of a business model whose objective is to hold financial assets aimed at collecting contractual cash flows;
- the contractual terms of the financial assets provide at certain dates for cash flows represented only by payments of principal and interest on the amount of the principal to be repaid (Sppi test – solely payments of principal and interest).

The amortized cost is calculated as the value initially recognized less repayment of principal, plus or minus the accumulated amortization using the effective interest rate method of any difference between the value initially recognized and the amount at maturity. This calculation includes all commissions or points paid between the parties that are an integral part of the actual interest rate, transaction costs and other premiums or discounts. For investments measured at their amortized cost, gains and losses are recognized in the income statement when the investment is derecognized or when an impairment loss occurs, as well as through the amortization process.

Financial assets at fair value with changes recognized in other comprehensive income statement

Financial assets that meet the following conditions are valued at their fair value through other comprehensive income statement:

- financial assets are held within the framework of the business model whose objective is attained through both the collection of contractual flows and the sale of financial assets;
- the contractual terms of the financial assets provide at certain dates cash flows represented only by payments of principal and interest on the amount of the principal to be repaid.

Upon disposal of the financial assets, the amounts previously recognized under other items of the comprehensive income statement are destined to be transferred to the income statement.

Financial assets at fair value with changes booked to the income statement

If financial assets are not valued at their amortized cost or at their fair value booked under other items of the comprehensive income statement, they have to be valued at their fair value and any changes in their fair value are recognized in the income statement for the period in which they arise.

Derecognition of financial assets

A financial asset is derecognized with reference to the financial statements when:

- the rights to receive cash flows generated by such assets are extinguished;
- the Group retains the right to receive cash flows from the assets, but has assumed a contractual obligation to pay them in full and without delay to a third party;
- the Group has transferred the right to receive cash flows from the assets and (i) has transferred substantially all the risks and benefits related to the ownership of the financial assets or (ii) has neither transferred nor retained substantially all the risks and benefits related to the assets, but has transferred the control over them.

Where the Group has transferred the rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and benefits or has not lost the control over it, the asset is recognized in the Group's financial statements to the extent of its residual involvement in the asset itself. The residual involvement that takes the form of a guarantee on the transferred asset is valued at the lower amount between the initial book value of the asset and the maximum amount that the Group could be required to pay.

AMOUNTS EXPRESSED IN FOREIGN CURRENCY

Assets and liabilities originally expressed in foreign currency are converted to Euro according to the exchange rate occurring as of the date of the related transactions. Exchange differences earned upon the following collection of receivables or payment of payables in foreign currency are booked to the income statement. Assets and liabilities in foreign currency still existing as of the date of the close of the period are directly adjusted to the current exchange as of such date. Resulting profits and losses are booked to the income statement of the period.

TAXES

Current income taxes for the period, booked among tax payables net of advance tax payments, are determined based on an estimate of taxable income and in compliance with current provisions. Furthermore, the effects of implementing the new Unified Income Tax Code are taken into consideration, including the provisions of the National Tax Consolidation code, whose activation is subject to the formalization of a specific Group Regulation.

Within the Group for the subsidiaries for which the

Design and construction of the
HS/HC line Milan/Verona section

conditions set forth by the fiscal regulations do apply there is a national tax consolidation agreement drawn up within the same companies and the parent company itself, MP Finanziaria S.p.A..

The national tax consolidation code established by means of the Italian Legislative Decree No. 344/2003 allows, with reference to the income tax (IRES) of the companies, the settlement of a single tax by the parent company determined by adding algebraically the taxable amounts of all companies belonging to the national tax consolidation agreement.

The parent company shall compulsorily pay to the tax authorities the advances and settlement of the taxes resulting from the consolidated tax return; while the subsidiaries shall compulsorily pay to the parent company the advance and settlement of own taxes resulting from the tax return and determined according to the taxable amount transferred to the parent company.

Deferred and anticipated income taxes are calculated on the temporary differences between the equity values entered in the consolidated financial statements and the corresponding values recognized for tax purposes.

Advance tax payments were booked when their recovery was probable, that is when sufficient taxable amounts were expected to recover the asset.

The recoverability of posted assets is re-examined at the end of each period.

These financial statements were prepared in accordance with the principles set forth in the branch exemption scheme, which involves the exemption of the profits and losses attributable to their own stable organizations abroad in the tax return statement. As a matter of fact, the Parent Company has actually exercised the option to adhere to such scheme when submitting the tax return statement for the period 2016.

OTHER PROVISIONS FOR RISKS AND CHARGES

Based on the provisions of IAS 37, provisions for risks and charges are noted when there is a current obligation (legal or implied) outstanding on the closing date of the financial statements, as a result of a past event, if it is probable that economic resources will be needed to meet the obligation, and if the amount can be estimated.

When the financial effect linked to the deferment of obligations is significant and the payment dates of the same can be reliably estimated, the value recognized for the reserve is equal to the pretax future cash flows (that is, expected disbursements) discounted back at a rate that reflects the present market value and specific risks of the liabilities.

The increase in the provision because of the time updating is entered as a financial expense.

Provisions to the involved funds require the use of estimates based on the historic experience on similar cases on objective facts known as of the date of financial statements drawing up. With reference to potential liabilities for disputes in progress, whose estimate involves complex valuations also of legal nature and which are subject to a different degree of uncertainty considering the facts involved by the dispute, the applicable legislation and jurisdiction, as well as other issues, the estimate is carried out based on the knowledge of objective facts as of the date of financial statements drawing up, taking into consideration the opinions expressed by the legal consultants of the Company.

EMPLOYEE BENEFITS

The Group has defined with its employees a "post-employment benefit" plan represented by the instrument of Employee Severance Indemnity as set forth by the Italian regulations. The amount set aside in the financial statements with reference to such plan complies with the actuarial value of the Group payable determined in compliance with current legislation, collective bargaining contracts, and company supplemental agreements. This calculation, based on demographic, financial and turnover hypotheses, was assigned to independent actuaries. Actuarial profits and losses are booked to the overall income statement.

Following the social security reform, since January 1, 2007 within companies with more than 50 employees the accrued Employee Severance Fund contributions are paid compulsorily to an additional Personnel Welfare Fund, i.e. to the suitable cash account at the INPS, when the employee has exercised this specific option. Therefore, the defined benefits owed by the Group to the employee concern exclusively provisions carried out until December 31, 2006.

In the case of companies with less than 50 employees, it is instead set forth that if the employee does not exercise the option of allocating the accrued amount to the supplementary pension such amounts shall remain within the company.

The accounting procedures adopted by the Group since January 1, 2007 reflect the prevailing interpretation of the new regulations and are coherent with the accounting procedure defined by the competent professional bodies.

Within the companies of the Group with less than 50 employees, the Employee Severance Fund amounts remain within the company and continue to be dealt with as "defined benefits program" and are subject to the same accounting procedure set forth by IAS 19 applied before such reform.

As for the Employee Severance Fund amounts destined to the INPS supplementary pension fund, starting from the date on which the employee exercises the above-mentioned option, the Group does not owe any further Employee Severance Fund amounts accrued after December 31, 2006; as a consequence, the actuarial calculation of the Employee Severance Fund does not include the component related to the future salary dynamics.

LOANS AND BOND ISSUES

The Group does not hold financial liabilities for trading purposes. Financing and debenture bonds are booked initially at cost, corresponding to the fair value of the payment received net of the ancillary expenses of the transaction (commissions and expenses for their stipulation).

After the initial booking, loans are valued using the amortized cost method. This method requires that amortization be determined using the actual internal rate of interest, which is the rate of interest that makes the expected cash flow and the initial book value equal at the time of initial entry.

The amortized cost takes into account the issue costs and any discount or premium expected at the time of settlement.

A financial liability is derecognized when the obligation underlying the liability is extinguished, cancelled, or discharged. Where an existing financial liability is replaced by another from the same lender, under substantially different conditions, or the conditions of an existing liability are substantially changed, such modification or change is treated as a derecognition of the original liability and the recognition of a new liability, whereby any differences between the booking values are booked to income statement.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivatives to cover risks resulting from the fluctuations of interest rates and exchange rates related to bank loans. In compliance with the provisions of the IFRS 9 standard, derivative financial instruments may be booked in accordance with the established hedge accounting method only when the following conditions are met at the start of the hedge coverage:

- there is formal designation as a hedging instrument;
- documentation is available to demonstrate the hedging relationship and its high effectiveness;
- effectiveness can be reliably measured;

- the hedge is highly effective during the different accounting periods for which it is designated. All derivative financial instruments are measured at their current value, as required by the IFRS 9 standard.

The structure of the contracts in force complies with the "hedging" policy of the Group.

Derivatives are initially recognized at their fair value. When hedging derivatives hedge the risk of changes in the fair value of the hedging instruments (fair value hedge), they are recognized at their fair value and the effects are booked to the income statement; consistently, the hedged instruments are adjusted to reflect the changes in the fair value associated with the hedged risk. When hedging derivatives cover the risk of changes in the cash flows of the hedged instruments (cash flow hedge), changes in the fair value are recognized as an item in the comprehensive income statement. If the derivative instruments do not meet the conditions to qualify as accounting hedging transactions, changes in the fair value are recognized directly in the income statement.

Smart City Konza (Kenya): a project for the future where Information Technology, Innovation and Sustainability are the key words

RECOGNITION OF REVENUES AND COSTS

Revenues are recognized to the extent that it is probable that economic benefit will flow to the Group and that the amount can be reliably determined.

When the results can be reliably estimated, revenues and costs from a construction contract are recognized with regard to the state of progress of the activity as of the closing date of the financial statements, established as the ratio between the costs borne for the activity carried out and the total estimated costs of the job order.

Changes to the contract, price revisions and incentives are included to the extent that they were agreed with the Customer and their recovery is highly probable.

SIGNIFICANT ACCOUNTING ESTIMATES

Preparing the financial statements requires performing discretionary valuations and accounting estimates that have an effect on the value of the assets and liabilities as well as on the information in the financial statements. The estimates are used, in particular, to establish the impairment of assets, amortizations and depreciations, employee benefits, taxes and provisions for risks and charges, as well as to determine the total contract costs and the related progress, together with any liabilities resulting from the execution of the works for the Group and/or associative structures exploited by the former to manage the works. Actual results can differ from those estimated because of the uncertainty that characterizes the assumptions and the conditions on which the estimates are based.

Considering that a relevant part of production is performed based on construction contracts the payment of which is determined at the time of purchase, margins realized on these contracts can undergo changes based on the possibility of recuperating any major expenses or not, which must be incurred during the work. Also the evaluation of such possibility and of the following consideration of such returns under order revenues is subject to estimates and, therefore, to the same uncertainty described above.

FURTHER INFORMATION

ACCOUNTING CURRENCY

The currency used as currency for the drawing up of these financial statements is Euro, since it is deemed representative of the economic reality in which the Group operates. Moreover, it is functional to a better understanding by the users of the financial statements of the information contained in the same. The amounts highlighted in these Notes as well as those contained in the tables of the Statement of Financial Position and of the Income Statement are expressed in thousands of Euro.

MODIFICATION TO THE VALUATION CRITERIA

During the current period, no changes were made to the valuation criteria with respect to the previous period, other than those resulting from the first application of the IFRS 16 standard, as previously indicated.

ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION HEADINGS

NON-CURRENT ASSETS

1) Tangible long-term assets

Tangible long-term assets totaled EUR 43,518,000, a decrease of EUR 2,413,000 compared to the preceding period.

The composition and changes to this heading are shown in the following table:

(AMOUNTS IN EURO/000)	12/31/18	Consol. scope change	Increas.	Decr.	Depr.	Diff. on exch.	12/31/19
Land	20,007			(7)	(156)		19,844
Buildings	10,223		51		(518)		9,756
Plant and machinery	9,589		1,894	(155)	(3,070)	155	8,413
Indus. and comm. equip.	3,766		316	(35)	(959)	35	3,123
Other assets	2,037		854	(121)	(688)	11	2,093
Const. in progress and advances	309			(20)			289
Total	**45,931**		**3,115**	**(338)**	**(5,391)**	**201**	**43,518**

The heading "Land" and the heading "Buildings" contained for the respective amounts, the prefabrication plant in Almisano (VI) (EUR 15,498,000); the offices, laboratories and purification plant at Via dell'Economia in Vicenza (EUR 5,807,000); and the basalt quarries in Lauri and Cattignano, both in the province of Verona (EUR 5,865,000).

As for the other tangible long-term assets, an overall change of EUR 1,783,000 was recorded, together with net investments as for EUR 2,934,000 and to amortizations as for EUR 4,717,000.

2) Assets from rights of use

The item in question amounting to EUR 6,388 included the values resulting from the application of the IFRS 16 standard. The Group has adopted the IFRS 16 standard restating the information referred to 01/01/2019. This item was made up of the restated value of EUR 6,431,000 plus increases for the period amounting to EUR 1,081,000 thousand, less amortizations as for EUR 1,124,000. The changes by category are summarized below:

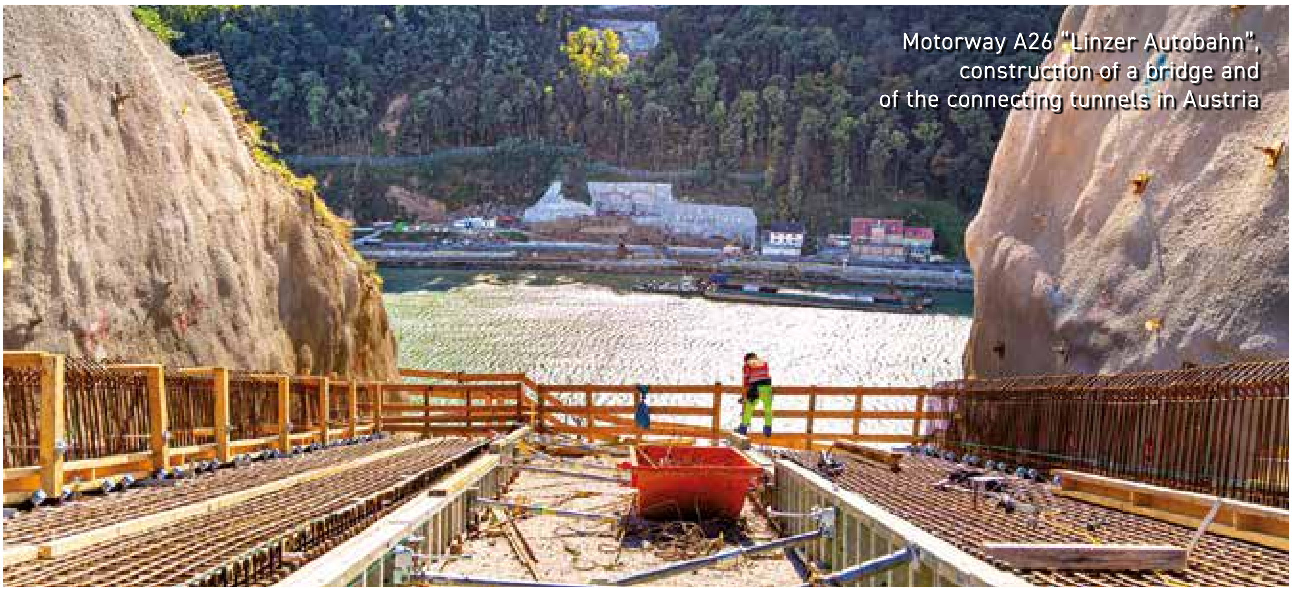
(AMOUNTS IN EURO/000)	01/01/19 restated value	Increases	Decreases	Depr.	12/31/19
Land	73	389		44	418
Buildings	5,508	391		630	5,269
Plant and machinery	130			111	19
Other assets	720	301		339	682
Total	**6,431**	**1,081**		**1,124**	**6,388**

For a more detailed analysis of the related impacts, please see the section "Changes in the applicable accounting standards and effects of the new standards".

3) Intangible long-term assets

Intangible long-term assets totaled EUR 5,743,000, a decrease of EUR 164,000 compared to the preceding period.

(AMOUNTS IN EURO/000)	12/31/18	Consol. scope change	Increases	Decreases	Reclassification	Depr.	12/31/19
Industrial patent rights and concessions	33		17			(20)	30
Software	16		18			(10)	24
Other	5,858	135	268			(572)	5,689
Total	**5,907**	**135**	**303**			**(602)**	**5,743**


Motorway A26 "Linzer Autobahn", construction of a bridge and of the connecting tunnels in Austria

The heading "Other" essentially referred to costs borne for the project financing operations concerning the construction and management of the purification plant of Terrarossa in the Municipality of Orbetello as for EUR 2,736,000 and the construction and management of public use works in the Municipality of Caldogno (VI) as for EUR 1,938,000, as well as the concession for the management of the thermal and cooling energy service in the Municipality of Caldogno (VI) as for EUR 622,000.

4) Contract costs

This item includes the costs incurred to obtain and/or perform the contract, the acquisition of shares in projects/orders, and/or the design and study of the same.

In accordance with the IFRS 15 standard, these costs were capitalized in compliance with the conditions provided for in the standard and amortized on the basis of the percentage of completion of the order works to which they refer.

As of December 31, 2019, these amounted to EUR 29,379,000, an overall increase of € 4,540,000 compared to the preceding period, due to the recognition of new costs incurred for the execution of significant works. During the period, the item was amortized as for EUR 3,781,000.

They mainly referred to the metropolitan railway works carried out on behalf of Ente Autonomo Volturno and Metropolitana di Napoli, as well as to the works for the Treviglio-Brescia and Brescia-Verona high-speed railway segments.

The recoverability of these assets is guaranteed by the margins expected from the projects to which they refer.

5) Investments

(AMOUNTS IN EURO/000)	12/31/19	12/31/18	Delta
In subsidiaries	648	653	(5)
In affiliates	3,264	3,270	(6)
In other businesses	3,227	3,052	175
Total	**7,139**	**6,975**	**164**

Investments in subsidiaries totaled EUR 648,000, broken down as follows:

AFFILIATES NAME		Head office	Share capit.	% held	Cons. fin. stat. value	Net Equity excl. result	Period profit/loss
ACQUASANTA in liquidation	S.C.A R.L.	CATANIA	10	80.00	8	10	
B.C.A.	S.C.A R.L.	VICENZA	10	70.00	7	10	
ICM USA	L.L.C.	UNITED STATES OF AMERICA	474	70.00	332	474	
CASTEL DI SANGRO in liquidation	S.C.A R.L.	ROME	10	51.00			**
CONSORZIO AIP in liquidation		BARAGIANO SCALO (PZ)	408	62.00	(22)	(35)	
ICGM INTERNATIONAL CONSTRUCTION G.M.	S.R.L.	ROMANIA	10	100.00	10	10	
JV ICM INTEGRA		VICENZA	10	60.00	6	10	
EDIMAL GRAN SASSO in liquidation	S.C.A R.L.	ROME	10	51.00	5	10	
FCE in liquidation	S.C.A R.L.	ROME	10	51.00			**
FLORIDIA in liquidation	S.C.A R.L.	VICENZA	11	51.00	(18)	(35)	
ICM CONSTRUCTION LIMITED	L.T.D.	UNITED KINGDOM	115	100.00		115	
IMMOBILIARE COLLI in liquidation	S.R.L.	VICENZA	46	99.00	373	377	
INC-ENGEOBRA GROUPMENT		CAPE VERDE	10	60.00	(9)	(15)	
JONICA in liquidation	S.C.A R.L.	ROCCELLA JONICA (RC)	10	80.00	11	14	
MALTAURO MAROC	S.A.R.L.	MOROCCO	9	99.90	9	9	
MALTAURO SPENCON STIRLING	JV LTD	TANZANIA	55	70.00	(139)	(198)	(198)
MEDITERRANEO in liquidation	S.C.A R.L.	CATANIA	10	51.00	5	10	
OLIVO in liquidation	S.C.A R.L.	CATANIA	10	51.00	5	10	
OPERA OTTO	S.R.L.	VICENZA	10	100.00	13	13	
OPERA SETTE	S.R.L.	VICENZA	10	99.00	15	15	
POR.TER.	S.C.A R.L.	AGRIGENTO	10	80.00			**
PORTO DI CASCIOLINO in liquidation	S.C.A R.L.	ROME	10	90.00	9	10	
SAN CRISTOFORO	S.C.A R.L.	VICENZA	10	90.00	9	10	
SAN DEMETRIO in liquidation	S.C.A R.L.	ROME	10	51.00			**
SANMICHELE	S.R.L.	VICENZA	10	100.00	12	12	
SESTO in liquidation	S.C.A R.L.	VICENZA	10	100.00			**
SUBURBANA EST BOLOGNA in liq.	S.C.A R.L.	VICENZA	11	66.66	7	11	
FINANCIAL STATEMENTS TOTAL: INVESTMENTS IN SUBSIDIARIES					**648**		

** not available data

Investments in affiliates totaled EUR 3,264,000, broken down as follows:

AFFILIATES NAME		Head office	Share capit.	% held	Cons. fin. stat. value	Net Equity excl. result	Period profit/ loss
ASSI STRADALI in liquidation	S.C.R.L.	VICENZA	11	28.57	3	11	
CODEL.MA	S.R.L.	VICENZA	100	50.00	110	220	
CONSORZIO SAN MASSIMO in liq.	S.C.A R.L.	VICENZA	10	49.00	(10)	(20)	
CONSORZIO CO.FER.I. in liquidation		NAPLES	439	41.00	154	376	
CONSORZIO FU.GI.S.T.		NAPLES	26	31.58	152	2,565	**
CONSORZIO MONTE ADRIANO		CAPE VERDE	40	50.00	20	40	
CONSORZIO MRG in liquidation		BARAGIANO (PZ)	52	30.00	16	52	
DEL.FUR. in liquidation	S.C.R.L.	NAPLES	10	50.00	(24)	(47)	
G.E.I. GESTIONI ITALIA in liq.	S.R.L.	VICENZA	100	50.00	11	14	
G.T.B. in liquidation	S.C.R.L.	NAPLES	51	28.00	14	51	
INFRASTRUTTURE STRADALI in liquidation	S.C.A R.L.	ROME	10	49.00			**
ITACA in liquidation	S.C.A R.L.	RAVENNA	10	30.00	3	10	
LOTTO 5A in liquidation	S.C.A R.L.	ROME	10	43.35			**
MALCO	S.C.A R.L.	VICENZA	10	50.00	5	10	
VICENZA FUTURA	S.P.A.	VICENZA	3,547	30.88	2,655	3,218	
NTV	S.C.A R.L.	CAMPOLONGO MAGGIORE (VE)	20	49.00	10	20	
OPERA DUE	S.R.L.	VICENZA	60	20.00	9	47	
PORTOCITTÀ	S.R.L.	TRIESTE	10	25.00	3	15	
RIVIERA	S.C.A R.L.	NAPLES	50	45.00	23	50	
ROBUR in liquidation	S.C.A R.L.	NAPLES	10	42.00	4	10	
SIMAL	S.R.L.	VICENZA	61	30.00	44	148	
T.M.T. in liquidation	S.C.A R.L.	POGGIO PICENZE (AQ)	10	48.50	5	10	
SMACEMEX	S.C.A R.L.	SAN DONATO MILANESE (MI)	10	40.00	4	10	
PIZZOMUNNO VIESTE	S.C.A R.L.	ANCONA	51	50.00			**
PORTO DI ROCCELLA JONICA in liquidation	S.C.A R.L.	ROCCELLA JONICA (RC)	10	50.00	53	100	
DIAMANTE PAOLA in liquidation	S.C.A R.L.	ROME	46	22.10		(538)	
FINANCIAL STATEMENTS TOTAL: INVESTMENTS IN AFFILIATES					**3,264**		

** not available data

Investments in other companies totaled EUR 3,227,000, broken down as follows:

Name of other companies	% held	Book value
Leasing Nord S.r.l.	14.98	489
Capotur SA	10.00	600
Metropolitana di Napoli S.p.A.	11.79	1,842
L.R. Vicenza Virtus S.p.A.		159
Consorzio Asse Sangro	5.00	2
Consorzio TRA.DE.CIV	6.87	27
Consorzio Nogma	7.30	30
Nuova Briantea S.c.a r.l.	14.00	14
Consorzio Cepav 2	13.64	6
Con. Fidi		7
Other		51
Total		**3,227**

6) Other non-current assets

This item, unchanged compared to the preceding period, amounted to EUR 2,903,000 and referred to the non-current portion of advance tax assets corresponding to taxes related to costs and losses deductible for tax purposes in future periods.

7) Assets available for sale

This item, amounting to EUR 11,718,000, included No. 184 shares of the real estate fund "Real Stone", which in these financial statements decreased by EUR 242,000 in line with the fund valuation as of 12/31/2019 applying the fair value principle.

The valuation of those shares took into account the net value of the fund estimated to be equal to EUR 13,2 million as of 12/31/2019, booked with reference to a value of the real estate projects held by the fund being overall worth approximately 41,7 million, and net of financial liabilities as for EUR 14,2 million and of liabilities related to payables to the Group as for EUR 14,2 million.

It should be noted that the estimates made do not reflect possible developments in the real estate market linked to the current national and international scenario characterized by the spread of the Covid-19 virus.

CURRENT ASSETS

8) Inventories

The detail on the headings is the following:

(AMOUNTS IN EURO/000)	12/31/19	12/31/18	Delta
Raw materials and supplies	4,722	2,742	1,980
Prod. in progress and finished goods	42,318	42,860	(542)
Finished goods and merchandise	128	574	(446)
Total	**47,168**	**46,176**	**992**

Inventories of raw materials, parts and supplies are related to materials inventories at the building sites in Italy and abroad, and in the warehouses in Vicenza and Almisano. They broke down as follows:

(AMOUNTS IN EURO/000)	12/31/19	12/31/18	Delta
Italy	3,081	1,134	1,947
Kenya	987	954	33
Cape Verde	654	654	
Total	**4,722**	**2,742**	**1,980**

The inventories of products in progress and finished goods amounted to EUR 42,318,000, showing a decrease of EUR 542,000 compared to the preceding period. They referred to building initiatives ongoing as of December 31, 2019, referring to real estate operations waiting to be developed, still being executed, and already completed. They can be referred as for EUR 34,479,000 to the Parent Company and as for EUR 7,839,000 to S.I.P.E. Società Industriale Prefabbricati Edili S.p.A.. The real estate initiatives, whose details are outlined in the Report on Operations, were booked at cost.

Based on available estimates, the market value of these initiatives appears to be not lower than the booked amount.

It should be noted that the estimates made do not reflect possible developments in the real estate market linked to the current national and international scenario characterized by the spread of the Covid-19 virus.

9) Contractual assets

Contractual assets, which amounted to EUR 120,528,000, represented the production carried out as of December 31, 2019 that has not yet been certified, net of advances.

(AMOUNTS IN EURO/000)	12/31/19	12/31/18	Delta
Work in progress and other contractual assets	140,528	133,534	6,994
Contractual risks reserves	-20,000	-20,000	
Total	**120,528**	**113,534**	**6,994**

This item consisted of contract work in progress expressed after deduction of the related advances and of the contractual risks reserve fund, established in detail with a view to a prudent assessment of the risks related to the management of disputes as plaintiff with customers.

This item included, as a matter of fact, requests of additional payments expected and being agreed upon with the buyers, accounted in the preceding periods and in the current one, which in some cases may require the start of a dispute and result the acceptance of the same.

These types of amounts are governed within the framework of the IFRS 15 standard and referred in this specific case to "Contractual changes". The standard establishes, inter alia, in which cases a contractual amendment may exist even in the presence of disputes about the subject matter and/or price of the contract.

The recoverability of these amounts was deemed probable by the Directors also considering that these are mainly additional payments related to works performed and with reference to which the existence of a right due has been assessed with the support of the Group legal advisers, as well as in the light of the common evolution in the definition of requests for payments having a similar nature.

It is hereby outlined that there are no situations and/or conditions that may lead to the enforcement of contractual penalties due to delayed delivery or other reasons to be imputed to companies of the Group.

10) Trade receivables

Trade receivables are EUR 132,945,000 for 2019, which represented an increase of EUR 14,092,000 compared to 2018 and came from construction contracts with public agencies or private parties.

Given that there are no receivables due in more than five years, the receivables under current assets broke down as follows:

(AMOUNTS IN EURO/000)	12/31/19	12/31/18	Delta
Buyers / customers	139,686	125,871	13,815
Allowance for doubtful accounts	(6,741)	(7,018)	277
Net total	**132,945**	**118,853**	**14,092**

The geographic distribution of trade receivables including the allowance for doubtful receivables was as follows:
EUR 94,172,000 Italy
EUR 45,514,000 abroad.
Receivables referred to foreign countries were subdivided as follows:

(AMOUNTS IN EURO/000)	12/31/19	12/31/18	Delta
Middle East	5,536	3,429	2,107
Kenya	18,278	24,816	(6,538)
Tanzania	6	6	
Albania	34	34	
Libya	5,219	5,582	(363)
Cape Verde	1,780	6,798	(5,018)
Lebanon	8,250		8,250
Romania	7	6	1
Oman	2,758	7,100	(4,342)
Austria	1,915	235	1,680
Cyprus	1,731	946	785
Total	**45,514**	**48,952**	**(3,438)**

Trade receivables did not show such concentrations as to involve a relevant risk concerning their recoverability and it was deemed that the accounting value of such trade receivables is close to their fair value. A more detailed analysis, also considering the aging of receivables shown in the financial statements, is contained in the following chapter prepared in accordance with the provisions laid down by IFRS 7 — Financial risk disclosure.

As for the situation in Libya, a market where the Group has been traditionally operating, during the preceding periods, given the uncertainty at political level, remarkable restatements of the financial statements items were already carried out. However, these items are partially offset by debt accounts.

The residual items claimed against Libyan government entities are valued in the financial statements based on the estimates made regarding their recoverability, which is supported by securities and, to a large extent, by final judgments of the last degree. Although the political situation appears unstable, such circumstance provides a reasonable certainty of recovery of the related values booked to the financial statements as soon as the political situation will return to normal conditions.

The allowance for doubtful receivables changed as follows during the period:

Value 12/31/18	Uses	Provisions	Value 12/31/19
7,018	(277)		6,741
7,018	**(277)**		**6,741**

11) Current receivables from affiliates and parent companies

These totaled EUR 26,983,000, with a decrease of EUR 2,844,000 compared to the preceding period and were subdivided as follows:

(AMOUNTS IN EURO/000)	12/31/19	12/31/18	Delta
Financial receivables from affiliates and parent companies	20,417	24,693	(4,276)
Trade receivables from affiliates and parent companies	6,566	5,134	1,432
Total	**26,983**	**29,827**	**(2,844)**

Financial receivables from affiliates and parent companies

This item, which totaled EUR 20,417,000, showed a decrease by EUR 4,276,000 compared to the preceding period and consisted of receivables from the company Codel. Ma S.r.l. as for EUR 12,616,000 to support real estate activities, as well as of receivables from the parent company MP Finanziaria S.p.A. as for EUR 5,622,000 referred to the giro account balance, and as for EUR 2,179,000 referred to taxes within the framework of the Group settlement. Not any recoverability issues were established with reference to these receivables.

Trade receivables from affiliates and parent companies

This heading, which totaled EUR 6,566,000, referred to receivables from affiliates generated by commercial relationships for services, rentals, and other revenues. Compared to the preceding period, this heading showed an increase of EUR 1,432,000.

The economic and financial transactions among the above-mentioned companies took place under normal market conditions.

12) Other current assets

The total of EUR 44,029,000 increased compared to the preceding period by EUR 4,598,000. It consisted of the following items:

(AMOUNTS IN EURO/000)	12/31/19	12/31/18	Delta
Tax credits	13,329	9,344	3,985
Deferred tax assets	252	260	(8)
Receivable from others	28,251	28,212	39
Accrued income and prepaid expenses	2,197	1,615	582
Total	**44,029**	**39,431**	**4,598**

Tax credits

Receivables from Treasury totaled EUR 13,329,000 and increased by EUR 3,985,000 compared to the preceding period, mainly due to the VAT receivables from subsidiaries and consortia. They referred to receivables for indirect taxes of companies and consortia for indirect taxes of companies and consortia (EUR 5,275,000), to excess taxes, mainly for indirect taxes, at foreign branches (EUR 4,610,000), to taxes requested to be reimbursed (EUR 370,000), to interest on taxes requested for reimbursement (EUR 391,000) plus other residual amounts (EUR 2,683,000) referred to other receivables.

Other deferred taxable assets

This heading, which totaled EUR 252,000, showed a decrease by EUR 8,000 compared to the preceding period. It included receivables for taxes paid in advance corresponding to taxes related to tax-deductible costs and losses in future accounting periods.

Receivable from others

The item, equal to EUR 28,251,000, was substantially the same as the preceding year; it referred to two types of receivables: financial and trade receivables.

The balance for receivables from others totaled EUR 3,181,000 and showed a decrease by EUR 2,406,000 compared to the preceding period. It consisted mainly of guarantee deposits, financial receivables to other Group companies and other receivables.

Trade receivables from others amounted to EUR 25,070,000, an increase of EUR 2,445,000 compared to the preceding period, mainly as a result of the increase in the "advances to subcontractors" and broke down as follows:

(AMOUNTS IN EURO/000)	12/31/19	12/31/18	Delta
Advances to subcontractors	12,100	10,348	1,752
Receivables for consortium activities and from partners in consortia	4,884	5,864	(980)
Other receivables	8,086	6,413	1,673
Total	**25,070**	**22,625**	**2,445**

Accruals and deferrals

This heading, which totaled EUR 2,197,000, showed an increase of EUR 582,000 compared to the preceding period. It included prepaid expenses related to insurance premiums, commissions on bank guarantees and costs relating to future periods.

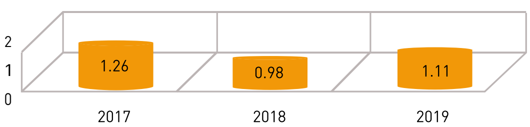
13) Cash and cash equivalents

They totaled EUR 71,150,000, a decrease of EUR 4,160,000 compared to the preceding period.

This heading included:

- Bank and postal deposits.
  Bank and post deposits amounting to EUR 71,008,000 and were mainly available within the framework of job orders in progress.
- Cash on hand.
  The balance amounted to EUR 142,000.

LEVERAGE



14) Statement of changes in equity

For the changes occurring to consolidated net equity, please see the tables shown in the financial statements.

Here below there is a description of the composition of the net equity as of December 31, 2019.

a) Authorized share capital

As of December 31, 2019, authorized share capital, entirely paid in, totaled EUR 50,000,000, divided into 50,000,000 shares with a nominal value of EUR 1.00 each, and it did not change with reference to the preceding period.

b) Additional paid in capital

This refers to the additional capital paid in upon subscribing and paying in for the increase in authorized share capital, which foresees this execution procedure.

c) Legal reserve

This totaled EUR 2,138,000, with an increase of EUR 348,000 compared to the preceding period, following the assignment to this reserve of 5% of income from the preceding period.

d) Other reserves

They totaled EUR € 33,557,000 and were related:

- as for EUR 26,182,000 to extraordinary reserve, which increased by EUR 6,616,000 compared to the preceding period, after the allocation of the profit of the Parent Company and decreased by EUR 1,000,000 after the distribution of dividends;
- as for EUR 7,375,000 to reserves generated during previous periods due to the effect calculated upon first time adoption following the entering into the scope of consolidation and the merger by incorporation with the Parent Company of the company Sici S.r.l..

e) Reserves relating to components of the Comprehensive Income Statement

They totaled EUR -8,698,000 and were related:

- as for EUR 188,000 to the reserve, which includes fair value changes of derivatives such as cash flow hedge, only for their "effective" share;
- as for EUR 865,000 to the transposition reserve generated as a result of the conversion of balances related to the foreign branches;
- as for EUR -9,260,000 to the reserve including the

Upgrading of the
infrastructures
at the Venice Airport
on behalf of Save Spa

changes in fair value of the shares of the real estate fund "Real Stone";

- as for EUR -491,000 to the reserve including the recognition of the actuarial profits and losses as set forth by IAS 19.

NON-CURRENT LIABILITIES

As of December 31, 2019, non-current liabilities totaled EUR 89,168,000, a decrease of EUR 881,000 compared to December 31, 2018. This item included in detail:

(AMOUNTS IN EURO/000)	12/31/19	12/31/18	Delta
Bonds	33,103	28,851	4,252
Bank financings	24,012	38,397	(14,385)
Payables due to other lenders	10,208	6,952	3,256
Payables for financial leases	748	1,085	(337)
Liabilities from rights of use	5,331		5,331
Deferred tax liabilities	6,584	5,991	593
Provisions for risks and charges	5,847	5,163	684
Employee benefits	3,335	3,610	(275)
Total	**89,168**	**90,049**	**(881)**

15) Bonds

This item was accounted for using the amortizing cost method and amounted to EUR 33,103,000. Compared to the preceding period, non-current bonds recorded a total change of EUR 4,252,000 following the issue by ICM S.p.A. of a new unlisted debenture bond as for EUR 14,800,000 maturing on December 31, 2024, represented by 1,480 shares with a nominal unit value of EUR 10,000, and the reclassification to current liabilities as for EUR 10,293,000 of the portions of pre-existing debenture bonds to be repaid in the next period. The new debenture bond adds up to the two debenture bonds already issued by ICM S.p.A. listed on the multimedia trading system by Borsa Italiana in the Extramot Pro professional segment. The two loans, expiring on December 31, 2022 (EUR 10 million) and June 30, 2023 (EUR 20 million), were represented by 200 and 400 shares, respectively, with a nominal value of EUR 50,000 each.

The debenture bonds are secured by covenants that were complied with as of 12/31/2019.

16) Bank loans

Bank debt due beyond twelve months totaled EUR 24,012,000, with a decrease of EUR 14,385,000 compared to the preceding period. Such debt consisted of credit lines in Euro, of which EUR 1,698,000 referred to mortgage loans to support building initiatives, EUR 14,939,000 referred to a syndicated loan, and EUR 7,375,000 to other signature loans and/or credit lines.

The recorded change was the result of the progress of the amortization plans, given that no new bank loans in the medium term were established in 2019. The decrease referred mainly to the reclassification among the current payables of the loan installments, as they will expire within the next 12 months.

Other significant amounts were referred to following financing lines:

- Pool financing disbursed by Unicredit S.p.A., Banco BPM S.p.A. and Intesa San Paolo S.p.A. (former Banca Popolare di Vicenza S.p.A.) for EUR 14,939,000 (medium-term share), at six-month Euribor rate plus agreed spread, with last installment due in 2022;
- a mortgage loan disbursed by Intesa San Paolo S.p.A. (former Banca Popolare di Vicenza S.p.A.) for EUR 1,531,000, at the three-month Euribor plus agreed spread, with last installment due in 2023.

Some loans are secured by covenants that were complied with as of 12/31/2019.

17) Payables to other lenders

This item, which totaled EUR 10,208,000, showed an increase by EUR 3,256 compared to the preceding period. It referred to the securitization operation concluded during the period through a special purpose vehicle. By means of such operation, Consorzio Infrastrutture S.c. a r.l. transferred pro-solvendo to the "special purpose vehicle" Nemesis SPV S.r.l. receivables resulting from technical reserves set up with reference to the execution of contracted works for a nominal amount of EUR 36,131,000. Providing evidence of the essential nature of the transaction, Consorzio received for this assignment:

- financial funding, net of the deposit, as for EUR 11,650,000;
- class B securities issued by Nemesis SPV S.r.l. for a nominal value of a total amount of EUR 22,131,000. Such securities provide the right to deferred repayment with reference to securities of class A issued by Nemesis SPV S.r.l..

With reference to the above, the booking in the financial statements of the debt to the company Nemesis SPV S.r.l., was performed net of the value of the Class B securities, increased by the accrued financial charges, and decreased by the collections occurred referred to the sold items.

18) Payables for financial leases

Payables for non-current financial leases totaled EUR 748,000, a decrease of EUR 337,000 compared to the preceding period. If added to the payables for current financial leases, these correspond to the value of leased assets posted to tangible long-term assets, net of the amount repaid on principal.

19) Liabilities from rights of use

This item, included following the adoption of the IFRS 16 accounting standard, amounted to EUR 5,331. It reflected the medium-term share of the current value of the obligation for the payment of rental and lease payments as indicated in the section "Accounting policies".

20) Deferred tax liabilities

(AMOUNTS IN EURO/000)	12/31/19	12/31/18	Delta
Deferred tax liabilities	6,584	5,991	593
Total	**6,584**	**5,991**	**593**

This heading totaled EUR 6,584,000, an increase of EUR 593,000 compared to the preceding period.

The total amount was determined from the provisions made for temporary differences between the values posted to the financial statements and the corresponding values recognized for tax purposes.

21) Provisions for risks and charges

They totaled EUR 5,847,000, showing an increase by EUR 684,000 compared to the preceding period. During the period, this item decreased by EUR 2,262,000 as a result of uses or releases following the settlement with the Italian Tax Revenue Office of tax disputes arising from the findings made during tax audits for the years 2012 to 2015, and increased by EUR 3,000,000 due to new provisions made in view of risks associated with litigations in which the Group acts as defendant. It is believed that this item represents an adequate coverage with respect to the Libyan "country" risk, the expenses to be incurred for the restoration of the basalt quarries and the existing litigations in which the Group acts as defendant.

22) Employee benefits

The indicated value, determined according to the criteria established by IAS 19, amounted to EUR 3,335,000. It showed a decrease of EUR 275,000 compared to the preceding period.

Value 12/31/18	Set-asides 2019	Financ. expenses on bonds	Other changes	Uses	Value 12/31/19
3,610	98	60	151	(584)	3,335
3,610	**98**	**60**	**151**	**(584)**	**3,335**

They represented a liability related to benefits recognized to employees, disbursed at or after the end of the employment relationship. Such liability was included in the so-called defined benefits plans and, therefore, it was determined applying the actuarial methodology. For the companies with more than 50 employees, after the social security reform, the defined benefits which the Group owes to the employee refer exclusively to the provisions made until December 31, 2006. In the companies with less than 50 employees, the Employee Severance Fund shares remaining within the company continue to be dealt with according to the method of the "accrued benefits" by means of the "Project Unit Credit Method", set forth by IAS 19.

Financial expenses shown in the table represent the cost of the liability resulting from time elapsing and are proportional to the interest rate adopted in the valuations and to the liability of the preceding period. To establish this liability, the method called projected unit credit method was applied, which develops as follows:

- possible future performance that could be granted in favor of each individual employee were projected based on a series of financial hypotheses (increase of the cost of living, salary increase, etc.) The estimate of future performance shall include any possible increases corresponding to the further service seniority accrued, as well as to the expected increase of salary with reference to the valuation date;
- the current average value of performance was calculated on the valuation date, according to the yearly interest rate adopted and to the likelihood that each performance should actually take place;
- the liability for the companies was defined identifying the share of the current average value of future performance that refers to the seniority already accrued by the employee within the company as of the valuation date;
- the evaluation was carried out with the support of an independent professional, using the following parameters:
  - discount rate of 1.5%;
  - employee severance fund increase rate of 2.4%;
  - inflation rate of 1.2%.

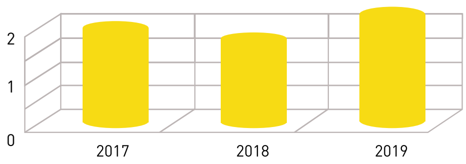
The use of discounting back rates referred to European bonds with AA rating would not generate actuarial losses greater than those indicated in the remarks to item 14 e).

The data of the employed personnel are listed in the table below.

The number of personnel employed in Italy as of December 31, 2019 was 410 units, the average for the year was 396 units.

	12/31/19	12/31/18	Average 2019	Average 2018
Executives	29	29	29	28
Employees and Manag.	289	267	276	264
Plant workers	245	243	233	281
Total	**563**	**539**	**538**	**573**

NFP/EBITDA



CURRENT LIABILITIES

As of December 31, 2019, current liabilities totaled EUR 375,728,000, an increase of EUR 27,997,000 compared to December 31, 2018. This item broke down as follows:

(AMOUNTS IN EURO/000)	12/31/19	12/31/18	Delta
Bonds	10,060	929	9,131
Bank financings	87,831	82,001	5,830
Payables for financial leases	479	382	97
Liabilities from rights of use	1,057	-	1,057
Trade payables to suppliers	201,551	176,279	25,272
Payables to affiliates and parent companies	7,573	7,863	(290)
Contractual liabilities and other liabilities	67,177	80,277	(13,100)
Total	**375,728**	**347,731**	**27,997**

23) Bonds

The item, which amounted to EUR 10,060,000, increased by EUR 9,131 and referred to the portion of bonds maturing in the next period.

24) Bank loans

Bank loans for 2019 were EUR 87,831,000 and increased by EUR 5,830,000 compared to 2018. It consisted of installments on mortgage loans (EUR 1,790,000) and of instalments on signature loans (EUR 4,931,000) due in the next accounting period, of the syndicated loan installment expiring at the end of 2019 (EUR 10,000), and of the signature financing in Euro (EUR 71,110,000) represented mainly by advances on contracts and on invoices, uses of current accounts and financings to import.

Despite the loans with installments expiring in the next period are subject to variable rate, the stipulated coverage contracts have actually minimized the risks related to the interest rate fluctuations.

25) Payables for financial leases

Payables for financial leases totaled EUR 479,000, an increase of EUR 97,000 compared to the preceding year. They referred to the portion of principal maturing in the next accounting period.

Maturity of current bank debt for financial leases is expressed in the following table:

(AMOUNTS IN EURO/000)	Exp. within 3 months	Exp. in 3 & 12 months	Total
Liab. variab. int. rate	96	286	382
Liab. fixed int. rate			
Total as of 12/31/18	**96**	**286**	**382**

(AMOUNTS IN EURO/000)	Exp. within 3 months	Exp. in 3 & 12 months	Total
Liab. variab. int. rate	120	359	479
Liab. fixed int. rate			
Total as of 12/31/19	**120**	**359**	**479**

26) Liabilities from rights of use

This item, included following the adoption of the IFRS 16 accounting standard, amounted to EUR 1,057,000. It reflected the share of the current value of the obligation for the payment of rental and lease payments expiring in the next period as indicated in the section "Accounting policies".

27) Trade payables

Trade payables totaled EUR 201,551,000. The item, which increased by EUR 25,272,000 compared to the preceding period, referred to trade payables to suppliers operating abroad as for EUR 67,230,000. The change is justified by the increase in production compared to the preceding period and the concurrence of important works carried out in the last months of 2019.

28) Current payables to affiliates and parent companies

This heading, which overall totaled EUR 7,573,000, showed a decrease by EUR 290,000 compared to the preceding period. It consisted of payables to affiliates due to the usual operating dynamics with cooperative companies of the Group. The most significant values referred to items related to NTV Scarl as for EUR 2,621,000, and Malco S.c.a r.l. as for EUR 2,188,000.

29) Contractual liabilities and other current liabilities

These totaled EUR 67,177,000, a decrease of EUR 13,100,000 compared to the preceding period, consisting of:

(AMOUNTS IN EURO/000)	12/31/19	12/31/18	Delta
Taxes payables	3,901	2,336	1,565
Payables to social security agencies	1,509	1,395	114
Contractual liabilities	34,947	50,521	(15,574)
Other payables	18,090	18,494	(404)
Payables to partners in consortia	5,847	4,497	1,350
Accrued liabilities and deferred income	2,883	3,034	(151)
Total	**67,177**	**80,277**	**(13,100)**

Construction of the "Limassol Delmar" residential center in Cyprus

Taxes payables

This heading, which totaled EUR 3,901,000, showed an increase by EUR 1,565,000 compared to the preceding period. It mainly referred to withholding taxes as for EUR 1,397,000, direct taxes as for EUR 372,000 and indirect taxes as for EUR 786,000.

Concerning the tax situation it shall be underlined that the periods until 2014 are defined both in terms of VAT and direct taxes. In any case, taxes were paid according to the taxable income resulting from the return statements submitted for each tax period.

Payables to social security agencies

This heading, totaling EUR 1,509,000, consisted as for EUR 1,082,000 of payables to INPS and as for EUR 427,000 of payables to other entities.

Contractual liabilities

This item was included in application of the IFRS 15 standard. It included the classification of the liabilities resulting from the contract under the item "Contractual liabilities" of the Statement of financial position. The valuation depends on the relationship between the Group performance and customer payment.

They totaled EUR 34,947,000, a decrease of EUR 15,574,000 compared to the preceding period. They mainly referred to advances paid by buyers and the decrease is the effect of the recovery made according to the progress of the works carried out.

Other payables

The involved heading, which overall totaled EUR 18,090,000, showed a decrease by EUR 404,000 compared to the preceding period. Among the other relevant items making up this heading there are payables to employees as for EUR 5,428,000, payables to customers for real estate initiatives as for EUR 2,173,000, and payables to insurance companies for coverage relating to the entire duration of the order as for EUR 2,980,000.

Payables to partners in consortia

This item, which totaled EUR 5,847,000, showed an increase by EUR 1,350,000 compared to the preceding period.

Construction of the Al Khoudh Military
Hospital in the Sultanate of Oman
on behalf of the Ministry of Defense

Accrued liabilities and deferred income

This heading, which totaled EUR 2,883,000 and which decreased by EUR 151,000 compared to the preceding period, consisted mainly of shares of interest owed on loans, rent owed and charges on policies and suretyships accruing to the period that were still outstanding as of the date of the financial statements.

ANALYSIS OF THE INCOME STATEMENT HEADINGS

30) Revenues

The total revenues, which amounted overall to EUR 363,747,000, increased by EUR 58,026,000 compared to the preceding period. The heading included in detail:

(AMOUNTS IN EURO/000)	12/31/19	12/31/18	Delta
Revenues from sales and services	342,783	295,397	47,386
Change in inventories for finished goods and goods in progress	(945)	(678)	(267)
Change in contract work in progress	21,689	10,951	10,738
Increases in capitalization for internal work	220	51	169
Total	**363,747**	**305,721**	**58,026**

Revenues from sales and services

Revenues from sales and services broke down as follows.

(AMOUNTS IN EURO/000)	12/31/19	12/31/18	Delta
Revenues from construction activity from buyers	285,660	260,893	24,767
Revenues from constr. activity from partners in consortia & others	34,545	10,687	23,858
Revenues from manufacturing activity	15,693	17,282	(1,589)
Revenues from real estate activity	755	925	(170)
Other	6,130	5,610	520
Total	**342,783**	**295,397**	**47,386**

Revenues from construction activity included production that was certified and completed during the accounting period, in addition to miscellaneous revenues connected with construction activity and transaction definitions occurred during the period.

Revenues from activity towards partners in consortia and other included charges for passing on costs, borne and booked to the Income Statement, carried out by consolidated consortia and cooperative companies, as well as charges for the performance of services to not integrally consolidated subsidiaries.

Revenues from manufacturing activity refer to the construction and management of wastewater and waste treatment facilities, to environmental activity in general, to the mining of basalt quarries and the processing and transformation of basalt.

Revenues from real estate activity included the amount for selling construction projects that were deeded during the period.

The total value of revenues was EUR 363,747,000, of which EUR 277,348,000 related to orders carried out in Italy and EUR 86,399 to orders carried out abroad.

31) Operating expenses

They totaled EUR 346,220,000 (EUR 281,641,000 as of December 31, 2018), an absolute increase by EUR 64,579,000.

The table below shows the principal cost headings.

(AMOUNTS IN EURO/000)	12/31/19	12/31/18	Delta
Raw materials and consumables	**78,073**	**43,954**	**34,119**
Subcontracts	**171,892**	**146,760**	**25,132**
Technical Consultants	17,008	15,062	1,946
Compensation of Directors, Statutory Auditors, indep. auditors	1,542	1,316	226
Maintenance	1,271	1,145	126
Transportation	6,458	5,178	1,280
Insurance	1,901	10,147	(8,246)
Other costs for services	8,123	7,279	844
Miscellaneous operating expenses	4,071	4,238	(167)
Other operating expenses	**40,374**	**44,365**	**(3,991)**
Salaries and wages	23,940	21,181	2,759
Social security contributions	6,949	5,920	1,029
Set-aside employee benefits	1,297	1,187	110
Other personnel costs	3,640	3,500	140
Personnel costs	**35,826**	**31,788**	**4,038**
Amortization of intangible long-term assets	4,383	3,404	979
Amortization of tangible long-term assets	6,516	4,613	1,903
Rents and leases	6,132	6,226	(94)
Amortizations of rentals	**17,031**	**14,243**	**2,788**
Allocations to provisions	**3,024**	**531**	**2,493**
Total	**346,220**	**281,641**	**64,579**

The item "Consumption of raw materials", amounting to EUR 78,073,000, increased by EUR 34,119,000 compared to the previous period and referred to purchased materials used for the production during the period. This change was mainly attributable to the management of infrastructural orders, where, in consideration of the design features, substantial purchases of raw materials and semi-finished products were made.

Subcontracting costs

The amount referred to subcontract represented the main item among the operating costs and totaled EUR 171,892,000, increasing by EUR 25,132,000 compared to the preceding period.

Other operating expenses

Other operating expenses amounted to EUR 40,374,000, a decrease by EUR 3,991,000 compared to the preceding period.

The amount of compensations to the Directors and Statutory Auditors of the Parent Company for the performance of such function totaled EUR 855,000 and EUR 87,000, respectively; while the amount of compensations to the auditing firm for the legal auditing services performed on the financial statements totaled EUR 127,000.

Other costs for services

This heading, which totaled EUR 8,123,000, showed an increase by EUR 844,000 compared to the preceding period. It refers to utilities, consultancies, researches, tests, analyses and other services performed by third parties.

Miscellaneous operating expenses

This item, which totaled EUR 4,071,000, decreased by EUR 167,000 compared to the preceding period. It consisted of:

(AMOUNTS IN EURO/000)	12/31/19	12/31/18	Delta
Payment of damages	574	268	306
Non-operating losses	491	1,550	(1,059)
Capital losses from disposition of assets	47	139	(92)
Duties and taxes	1,039	1,117	(78)
Promotional expenses	111	105	6
Office materials	132	160	(28)
Membership dues	51	69	(18)
Other	1,626	830	796
Total	**4,071**	**4,238**	**(167)**

Personnel costs

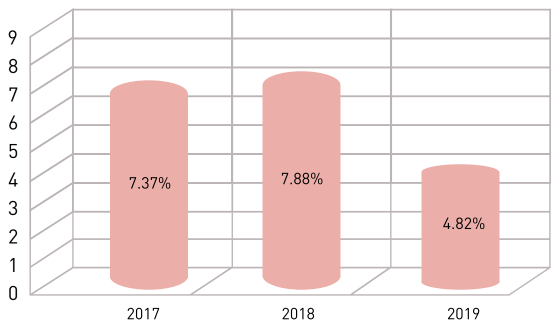
They totaled overall EUR 35,826,000 compared to EUR 31,788,000 of the preceding year, showing an increase of EUR 4,038,000.

Pure costs relating to wages and salaries, social security charges and pension provisions amounted to EUR 32,186,000, of which EUR 28,171,000 referred to Italy and EUR 4,015,000 to foreign countries.

Depreciation and amortization of tangible and intangible long-term assets

See the detail in the category shown for the headings "Intangible long-term assets" and "Contractual costs".

EBIT



Allocations to provisions

This item, which totaled EUR 3,024,000, referred mainly to provisions to the risk fund within the framework of a prudent assessment of the risks related to the management of litigations as defendant.

32) Suretyship charges and bank expenses

This heading totaled EUR 5,045,000, an increase of EUR 735,000 compared to the preceding period. It broke down as follows:

(AMOUNTS IN EURO/000)	12/31/19	12/31/18	Delta
Charges on suretyships	3,512	2,608	904
Financial receivables	1,533	1,702	(169)
Total	**5,045**	**4,310**	**735**

33) Interest expense to credit institutions

The heading, amounting to EUR 5,549,000, showed a decrease by EUR 245,000 compared to the preceding period. It was booked net of interest income from banks and consisted of the following items:

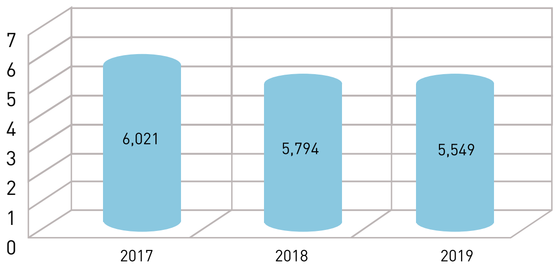
(AMOUNTS IN EURO/000)	12/31/19	12/31/18	Delta
Interest on curr. accts. and loans	4,313	4,024	289
Interest expense on loans	1,236	1,770	(534)
Total	**5,549**	**5,794**	**(245)**

34) Interest expenses to third parties

This heading totaled EUR 4,419,000, an increase by EUR 1,854,000 compared to the preceding period, consisting of the following:

(AMOUNTS IN EURO/000)	12/31/19	12/31/18	Delta
Interest updating employee benefits	64	64	
Interest expense on bond loans	1,704	1,380	324
Other	2,651	1,121	1,530
Total	**4,419**	**2,565**	**1,854**

FINANCIAL BANK EXPENSES (AMOUNTS IN EUR/000)



The item "Other" referred mainly to interests to factoring companies, other lenders for credit disinvestment, and suppliers.

35) Gains (losses) on exchange rates

The item, which amounted to EUR 1,588,000, referred to fluctuations occurred during the period on items expressed in foreign currency, in this case generally linked to US dollar, depending on the fluctuations recorded against the euro.

36) Other financial income (expenses)

This item, amounting to EUR 71,000, was in line with the preceding period (EUR 69,000 as of December 31, 2018) and referred mainly to interest income from customers and buyers.

37) Adjustments to the value of the financial assets

Total adjustments amounted to EUR 1,513,000. The item showed a decrease by EUR 29,000 compared to the preceding period. The amount of € 1,500,000 referred to the write-down of the equity investment following the waiver of an equal portion of the loan granted in previous periods to the affiliate Codel.Ma S.r.l. aimed at covering its losses in 2019.

38) Income taxes for the period

(AMOUNTS IN EURO/000)	12/31/19	12/31/18	Delta
Current taxes	(667)	(613)	(54)
Deferred taxes	(550)	(2,555)	2,005
Total	**(1,217)**	**(3,168)**	**1,951**

The balance of EUR 1,217,000 was the result of the algebraic sum between the current taxes for the accounting period set aside by the integrally consolidated companies and the determination of the deferred taxes.

As stated with reference to the general principles, these financial statements were prepared in accordance with the principles set forth in the branch exemption scheme, which involves the exemption of the profits and losses attributable to their own stable organizations abroad in the tax return statement. The Parent Company has actually exercised the option to adhere to such scheme when submitting the tax return statement for the period 2016.

GUARANTEES

We list the principal guarantees below:

- suretyships in favor of affiliates: they totaled EUR 2,364,000 and referred mainly to guarantees given for the granting of bank credit lines;
- suretyships in favor of others: they overall totaled EUR 277,012,000 and referred as for EUR 101,812,000 to suretyships granted in favor of other associated companies and as for EUR 175,200,000 to suretyships granted in favor of third parties with reference to contracts;
- suretyships in favor of buyers: They totaled EUR 157,627,000. These were bank suretyships issued mainly for construction contracts.

The guarantees are mainly linked to the Cepav 2 High Speed Order as for EUR 261,514,000, Konza (Kenya) as for EUR 47,727,000 and Save Tessera as for EUR 22,999,000.

INFORMATION ON RISK MANAGEMENT (IFRS 7 FINANCIAL RISK DISCLOSURE)

IFRS 7, compulsorily applicable starting from January 1, 2007, requires the involved company to submit a suitable information notice on the relevance of financial instruments for the financial position and the economic trend of the Group, as well as on the exposure to risks linked to credit, liquidity and market resulting from financial instruments, and on the processes adopted by the corporate management to manage such risks.

Therefore, to meet the requirements of the provisions of IFRS 7 the classes of the owned financial instruments have been classified and grouped in a homogeneous manner. With the term "financial instrument" it is meant "any contract generating a financial assets or liability or any other instrument representing capital for another company".

According to the context in which the Group operates, it is subject to the following risks:

- market risk resulting from the fluctuation of exchange rates, as well as of the interest rates since the Group operates in an international context, in different currency areas, and uses external financing sources generating interests.
- liquidity risk with specific reference to the trend and access of credit market to support the operating activities on time;
- credit risk because of the usual commercial relationships with the customers resulting from the failure to fulfill obligations.

Market risk

The Group operates in an international context in which transactions occur in different currencies; as a consequence, such context is exposed to the risks resulting from changes in the exchange rates.

In order to reduce the exchange rate risk, the Group has agreed contracts whose payment is settled mainly in Euro and for the residual amount in local currency, having considered the estimate of the costs to be paid in local currency that the Group shall bear in executing the orders.

If the consideration is paid in foreign currency, the Group has solved the exchange rate risk by assuring a substantial alignment between the costs to be incurred in local currency and the financial resources expressed in the same currency.

Such policy has allowed avoiding costs related to the covering of exchange rate risk and to limit the exposure to such risk remarkably.

Interest rate risk

In order to mitigate the amount of debt and the interest rate risk on medium and long term structured loans, the Group makes use of Interest Rate Swaps (IRS) contracts.

The ICM Group is not carrying out any speculative derivatives since the main objective is reduction of the fluctuation in the volatility of the financial expenses.

In case of increase of interest rates, financial expenses for the Group related to loans will not have in any case any impact on the economic and financial situation of the Group. Such financial risks are persistently monitored through quantitative analysis.

Sensitivity analysis - interest rates

With reference to the exposure to the fluctuation of interest rates, it shall be underlined that if interest rates as of December 31, 2019 were higher (or lower) by 100 basis points, keeping all variables constant, the consolidated result, before taxes, would have been subject to a negative change by EUR 1,460,000 (positive by EUR 1,460,000).

MEDIUM AND LONG-TERM BORROWINGS (IN MILLIONS OF EUR)								
	Loans	Cur. mort. acc.	Finan.	Bonds	Total	Inter.	1.0%	-1.0%
2018	3,611		41,738	28,851	**74,200**	**3,147**	3,235	3,060
2019	1,698		32,522	33,103	**67,323**	**2,940**	3,168	2,713
SHORT TERM BORROWINGS								
	Loans	Cur. mort. acc.	Finan.	Bonds	Total	Inter.	1.0%	-1.0%
2018	1,893		80,108	929	**82,930**	**4,027**	5,177	2,876
2019	1,790		86,041	10,060	**97,891**	**4,313**	5,545	3,081
CASH AND CASH EQUIVALENTS								
					Total	Inter.	1.0%	-1.0%
2018					**(75,310)**			
2019					**(71,150)**			
NET POSITION								
					Total	Inter.	1.0%	-1.0%
2018					**81,820**	**7,174**	**8,412**	**5,936**
2019					**94,064**	**7,253**	**8,713**	**5,793**
Improvement/worsening 2018							**1,238**	**(1,238)**
Improvement/worsening 2019							**1,460**	**(1,460)**

Analysis of derivatives

The ICM Group has stipulated Interest Rate Swap derivatives contracts booked to the financial statements according to the fair value applicable at the time of its initial recognition at the following valuations.

The Group holds derivative financial instruments for the specific purpose of covering financial risks and, upon transaction start, it documents the hedging relationship, the objectives of the risk management and the strategy implemented for the coverage, as well as the identification of the coverage instrument and the nature of the covered risk. Additionally, the Group documents, at the beginning of the transaction and continuatively thereafter, whether the coverage instrument meets the necessary efficacy requirements in compensating the exposure to the fair value fluctuations related to the covered item or to the financial flows imputable to the covered risk.

The derivative instruments used for the specific coverage purposes are classified and booked according to the cash flow hedge accounting method. If a derivative instrument is destined to cover the exposure to the fluctuation of cash flows of a forecast operation, which is likely to happen and which may affect the income statement, the "effective" portion of the profits or losses related to such financial instrument is booked to the net equity. The profit or loss accrued are deducted from the net equity and booked to the income statement in the same period in which the operation subject to coverage occurs. The profit or loss not linked to a coverage or to that part of the coverage, which has become "ineffective", are booked to the income statement at once.

Sensitivity analysis - derivatives

The potential fair value loss, affecting the income statement and the net equity, related to derivative instruments held as of December 31, 2019 is shown in the following table from which it can be inferred that a decrease in the interest rates by 100 basis points would result in a negative impact on the statement of financial position of EUR 273,000, after taxes; an increase in the reference interest rates by 100 basis points would instead result in a positive impact on the statement of financial position of EUR 273,000, always after taxes.

Financial instrument	Company	Counter-party	Expiration	Notional	+ 100 bps interest rate curve parallel shift		- 100 bps interest rate curve parallel shift	
					Income Statement Impact	Net Equity Impact	Income Statement Impact	Net Equity Impact
IRS amortizing	ICM	Banco BPM	06/30/2022	7,050		105		(105)
IRS amortizing	ICM	Unicredit	06/30/2022	9,400		140		(140)
IRS amortizing	ICM	Intesa San Paolo (former Banca Popolare di Vicenza)	06/30/2022	7,050		107		(107)
IRS amortizing	ICM	Banco BPM	06/30/2022	450		7		(7)
IRS amortizing	ICM	Unicredit	06/30/2022	600		9		(9)
IRS amortizing	ICM	Intesa San Paolo (ex Banca Popolare di Vicenza)	06/30/2022	450		7		(7)
IRS amortizing	Integra Concessioni	Intesa San Paolo (ex Veneto Banca)	12/31/2020	179		1		(1)
Tax effect (tax rate 27.5%)						(103)		103
GROUP TOTAL				**25,179**		**273**		**(273)**

Liquidity risk

The liquidity risk may arise as a result of potential delays in the collection of payments from the Buyers, mostly public entities, also as a result of greater costs incurred in the execution of works for reasons not attributable to the Group and the long time required to obtain the settlement of the same by the buyers.

The Group has adopted a series of policies and processes aiming at assuring an effective and efficient management of financial resources thus reducing the liquidity risk by taking the following steps:

- centralized management of collection and payment flows (cash management systems), where it is convenient while observing the several civil, currency and tax regulations in force in the countries where the Group is present and compatibly with the order management needs;
- keeping a suitable level of liquidity with reference to the ongoing orders;
- attainment of suitable credit lines;
- monitoring of the perspective liquidity conditions with reference to the corporate planning process. In particular, the Group regularly updates its forecasts for the financial requirements during the period, in order to identify in a timely manner the sources of funding most appropriate to the characteristics of the financial markets in question.

Credit risk

Credit risk, represented by the Group exposure to potential losses resulting from the failure to fulfill obligations by the buyers is unlikely, since the type of customers is largely represented by governmental entities.

A monitoring activity is constantly carried out on both the operative and administrative function based on standardized periodical reporting procedures.

Nowadays, there are no credit concentrations with single big customers, which cannot be considered physiological also with reference to the size of the building sites.

As for credits overdue more than one year ago, the prevailing portion refers to positions related to works whose execution is in progress or to receivables for final testing.

Therefore, these items need to be valuated together

(AMOUNTS IN EURO/000)	Expiring	0 to 6 months	Expired 6 to 12 months	Beyond 12 months	Total	Gross total	Allow. for doubt.	Net total
12/31/18	73,028	16,619	5,812	30,412	52,843	125,871	-7,018	118,853
12/31/19	119,174	4,342	1,376	14,794	20,512	139,686	-6,741	132,945

with the corresponding records of reserves booked within the framework of work in progress.

In most cases, these are entries for which extrajudicial and judicial proceedings have been started, mainly against public administration bodies, which shall allow the collection of the credit on principal and the further collection of financial and legal expenses.

Exchange rate risk

As for the foreign exchange risk, while a significant part of the turnover is attained in currencies other than Euro, the operation modes and procedures used to safeguard such risk allow making it of little relevance.

Hierarchical levels for determining the fair value

With reference to the financial instruments booked to the statement of financial position at their fair value, the IFRS 7 requires that such amounts are classified based on a hierarchy of levels, which reflects the relevance of the inputs used in determining the fair value.

The following levels can be defined:

- Level 1 – listing values based on the active market for assets or liabilities subject to valuation;
- Level 2 – other inputs different from listed prices based on level 1, which can be observed directly (prices) or indirectly (derived from the prices) on the market;
- Level 3 – inputs that are based on market data that are available.

(AMOUNTS IN EURO/000)	Level 1	Level 2	Level 3
Assets available for sale		11,718	
Derivative instruments		130	
Total		**11,848**	

In 2019, there were no transfers from Level 1 to Level 2 or Level 3.

SUBSEQUENT EVENTS

Regarding subsequent events and effects of the current pandemic on the production outlook, please see the section "Evolution of the management" described in the Report on Operations, where these circumstances are discussed in detail.

Vicenza, April 24, 2020

The President
Mr. Gianfranco Simonetto

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Sole Shareholder of
ICM S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Qualified Opinion

We have audited the consolidated financial statements of ICM S.p.A. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2019, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Qualified Opinion

During the year ended December 31, 2017, the parent company ICM S.p.A. signed an agreement that envisaged that a third party would take part in a subsidiary's capital increase for an amount of Euro 8.5 million, of which Euro 4.3 million paid in as of December 31, 2017 and the rest paid in during the year ended December 31, 2018.

Considering the requirements of the accounting standards applicable in the circumstances and given the specific contractual conditions that govern the remuneration and repayment of the capital invested, the amount paid by the third party ought to have been recognised by entering a simultaneous non-current liability under "Payables to other lenders". In the Group's consolidated financial statements, this transaction was recognised as an increase in "Minority interests", resulting in a corresponding increase in "Total net equity" of approximately Euro 8.5 million; for this reason we expressed a qualified opinion also on the consolidated financial statements at December 31, 2018.

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of ICM S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Deloitte.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Deloitte.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Qualified Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10

The Directors of ICM S.p.A. are responsible for the preparation of the report on operation of ICM Group as at December 31, 2019, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations, with the consolidated financial statements of ICM Group as at December 31, 2019 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the above-mentioned report on operations is consistent with the consolidated financial statements of ICM Group as at December 31, 2019 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Group and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Mauro Di Bartolomeo
Partner

Bologna, Italy
May 18, 2020

This report has been translated into the English language solely for the convenience of international readers.

CONSOLIDATED COMPANIES

New Smart City Konza (Kenya):
infrastructure design and construction
about the future Silicon Savannah

A detail about the Naples Subway, Line 6, "Chiaia" Station where will appear a beautiful dome in steel and crystal painted by the international artist Peter Greenaway

ICM S.p.A.

ICM S.p.A., the Group's operating holding, has gained over the time many years of experience in both the public and private sector through the realization of large residential, managerial and commercial complexes, as well as in infrastructures such as road works in general, viaducts in reinforced concrete and metal structure, airports and railway works, tunnels, special foundations, plumbing works, aqueducts, sewerage systems, dams and maritime works.

Being among the first companies qualified to execute public works by the SOAs, the certification held by the Company includes 34 category registrations, 10 of which for an unlimited amount. The Company is also a member of associations and bodies of the construction industry such as ANCE (the National Association of Building Constructors). The company has acquired the certification of the Quality Management System, in accordance with the UNI EN ISO 9001 standard, since 2002, and subsequently the certifications of the Environmental Management System, pursuant to the UNI EN ISO 14001 standard, and of the Occupational Health and Safety Management System, in compliance with BS OHSAS 18001.

The Company has put in place a system to adhere to the principles of legality, based on a Code of Ethics inspired by the principles of fairness, transparency, honesty, and integrity, in accordance with the highest standards and the national and international guidelines.

The Organization, Management and Control Model inspired by it implements the principles mentioned above by translating them into a procedural system that establishes a rigorous behavioral code that all those who work in the interests of the Company are required to observe, thus assuring the effective maintenance of a system preventing offenses in accordance with the Italian Legislative Decree 231/2001 and the international best practices.

ASSETS SITUATION (AMOUNTS IN EUR/000)

	12/31/19	12/31/18
Intangible long-term assets	16,140	10,265
Tangible long-term assets	1,990	2,117
Contractual costs	17,307	12,765
Investments	43,852	43,855
Other net long-term assets	2,511	2,511
Total Long-term assets (A)	**81,800**	**71,513**
Inventories	36,360	36,754
Works in progress	85,461	77,515
Trade receivables	105,216	94,240
Intergroup trade receivables	37,956	53,077
Other assets	40,176	39,086
Subtotal	**305,169**	**300,672**
Trade payables	-140,925	-137,138
Intergroup liabilities	-35,158	-33,741
Other liabilities	-58,877	-67,317
Subtotal	**-234,960**	**-238,196**
Operating working capital (B)	**70,209**	**62,476**
Deferred tax liabilities	-4,948	-4,346
Employee benefits	-1,708	-2,063
Provisions for risks and charges	-5,450	-4,728
Total funds (C)	**-12,106**	**-11,137**
Net invested capital (D) = (A)+(B)+(C)	**139,903**	**122,852**
Cash and cash equivalents	43,826	51,457
Current financial receivables	18,238	19,789
Current financial liabilities	-73,495	-66,901
Non-current financial liabilities	-17,246	-28,811
Bonds	-43,163	-29,780
Net financial payables/receivables (E)	**-71,840**	**-54,246**
Net Equity (F) = (D) + (E)	**68,063**	**68,606**

INCOME STATEMENT (AMOUNTS IN EUR/000)

	12/31/19	12/31/18
Revenues	**293,719**	**272,216**
Raw materials and consumption materials	-31,731	-29,262
Subcontracts	-187,653	-159,766
Other operative costs	-25,079	-31,214
Personnel costs	-24,102	-22,010
EBITDA	**25,154**	**29,964**
Depreciation, leases, rentals and allocations	-11,425	-8,302
EBIT	**13,729**	**21,662**
Suretyship charges and bank expenses	-4,697	-4,221
Net financial income and expenses	-6,769	-5,524
Profits and (losses) on exchange rates	949	53
Adjustment to the value of financial assets	-1,513	-2,411
Profit (Loss) before taxes	**1,699**	**9,559**
Taxes	-719	-2,597
Profit (Loss) of the period	**980**	**6,962**

The Board of Directors

Gianfranco Simonetto	*President*
Bettina Campedelli	*Vice President*
Alberto Liberatori	*Managing Director*
Claudio Roberto Calabi	
Francesco Marena	
Alberto Regazzo	

Vicenza, April 24, 2020


Prefabricated blocks
provided by Sipe SpA

S.I.P.E. S.p.A.

SOCIETA' INDUSTRIALE PREFABBRICATI EDILI

S.I.P.E. - Società Industriale Prefabbricati Edili - S.p.A., established in 1963, it operates in the industrialized building sector, allowing the complete realization of civil, industrial and commercial buildings through the use of its prefabricated structures.

S.I.P.E. S.p.A. holds patents relating to advanced technological processes for the use of prefabrication in seismic areas.

S.I.P.E. S.p.A. occupies a major position in the reference market (North Italy) also thanks to the significant investments made for the construction of the new plant (covering an area of over 115,000 square meters) and in the new production lines in Almisano.

ASSETS SITUATION (AMOUNTS IN EUR/000)

	12/31/19	12/31/18
Intangible long-term assets	30	25
Tangible long-term assets	19,496	19,922
Investments	164	5
Other net long-term assets	160	160
Total Long-term assets (A)	**19,850**	**20,112**
Inventories	7,934	7,690
Works in progress	10,465	6,228
Trade receivables	2,737	1,757
Intergroup trade receivables	2,171	3,200
Other assets	133	74
Advances from customers	-8,759	-4,200
Subtotal	**14,681**	**14,749**
Trade payables	-5,314	-5,019
Intergroup liabilities	-333	-110
Other liabilities	-997	-981
Subtotal	**-6,644**	**-6,110**
Operating working capital (B)	**8,037**	**8,639**
Employee benefits	-439	-576
Provisions for risks and charges	0	0
Total funds (C)	**-439**	**-576**
Net invested capital (D) = (A)+(B)+(C)	**27,448**	**28,175**
Cash and cash equivalents	951	534
Current financial receivables	365	405
Non-current financial receivables	0	0
Current financial liabilities	-2,187	-2,589
Non-current financial liabilities	0	0
Net financial payables/receivables (E)	**-871**	**-1,650**
Net Equity (F) = (D) + (E)	**26,577**	**26,525**

INCOME STATEMENT (AMOUNTS IN EUR/000)

	12/31/19	12/31/18
Revenues	**19,415**	**20,023**
Operating costs	-14,933	-15,372
Personnel costs	-3,676	-3,453
EBITDA	**806**	**1,198**
Amortizations, leases and provisions	-529	-501
EBIT	**277**	**697**
Net financial income and expenses	-144	-199
Adjustment to the value of financial assets	0	0
Profit (Loss) before taxes	**133**	**498**
Taxes	-81	-204
Profit (Loss) of the period	**52**	**294**

The Board of Directors

Giovanni Dolcetta Capuzzo	*President*
Francesco Simonetto	*Managing Director*
Darik Gastaldello	*Director*
Alberto Liberatori	

Vicenza, March 26, 2020

Purification plant in Grisignano
on behalf of Viacqua SpA

INTEGRA S.r.l.

Integra S.r.l. operates in the field of services and plants for environmental protection and natural resources preservation since 1983.

In this field it is able to design, build and manage water purification/potabilization plants, treatment plants and liquid waste disposal, to carry out environmental reclamation works and to perform intervention to ensure the safety of contaminated sites, as well as to provide for the intermediation of waste, besides having an accredited analysis laboratory.

Integra follows and develops the opportunities offered by the market in the concession sector by means of the subsidiary Integra Concessioni S.r.l., which deals with all concession activities currently in progress.

The two companies have their own liquid waste treatment platforms, authorized under normal conditions, with a total capacity of over 100,000 tons per year.

ASSETS SITUATION (AMOUNTS IN EUR/000)

	12/31/19	12/31/18
Intangible long-term assets	7	8
Tangible long-term assets	4,883	5,026
Investments	1,750	1,750
Other net long-term assets	0	0
Total Long-term assets (A)	**6,640**	**6,784**
Inventories	123	124
Works in progress	539	300
Trade receivables	4,373	5,534
Intergroup trade receivables	3,209	3,519
Other assets	248	139
Advances from customers	-329	-28
Subtotal	**8,163**	**9,588**
Trade payables	-3,302	-4,407
Intergroup liabilities	-5,862	-5,962
Other liabilities	-954	-992
Subtotal	**-10,118**	**-11,361**
Operating working capital (B)	**-1,955**	**-1,773**
Employee benefits	-312	-305
Provisions for risks and charges	0	-63
Total funds (C)	**-312**	**-368**
Net invested capital (D) = (A)+(B)+(C)	**4,373**	**4,643**
Cash and cash equivalents	280	240
Current financial receivables	0	0
Non-current financial receivables	0	0
Current financial liabilities	-1,618	-1,929
Non-current financial liabilities	0	0
Net financial payables/receivables (E)	**-1,338**	**-1,689**
Net Equity (F) = (D) + (E)	**3,035**	**2,954**

INCOME STATEMENT (AMOUNTS IN EUR/000)

	12/31/19	12/31/18
Revenues	**9,817**	**10,703**
Operating costs	-7,787	-8,503
Personnel costs	-1,337	-1,516
EBITDA	**693**	**684**
Amort,, rentals and set-asides	-248	-281
EBIT	**445**	**403**
Net financial income and expenses	-269	-285
Adjustment to the value of financial assets	0	0
Profit (Loss) before taxes	**176**	**118**
Taxes	-95	-95
Profit (Loss) of the period	**81**	**23**

The Board of Directors

Marcello Milano *President*
Gianalberto Balasso
Giovanni Dolcetta Capuzzo
Francesco Simonetto

Vicenza, March 26, 2020

Montecchia di Crosara (VR):
Basalt quarry

BASALTI VERONA S.r.l.

Basalti Verona S.r.l., founded in 1927, operates in the field of basalt mining, processing and trading. Basalt is used with various granulometries in the construction of railway lines (also high capacity ones), road works in general, as well as for the production of rock wool, or as raw material in the field of ceramics and concrete products, in foundries and for industrial paving.

The mining activity takes place in the two mines in Lauri and Cattignano, where four crushing plants operate.

ASSETS SITUATION (AMOUNTS IN EUR/000)

	12/31/19	12/31/18
Intangible long-term assets	150	0
Tangible long-term assets	2,177	2,309
Investments	0	0
Other net long-term assets	0	0
Total Long-term assets (A)	**2,327**	**2,309**
Inventories	96	594
Works in progress	0	0
Trade receivables	880	1,373
Intergroup trade receivables	1,969	90
Other assets	253	284
Advances from customers	0	0
Subtotal	**3,198**	**2,341**
Trade payables	-451	-381
Intergroup liabilities	0	-644
Other liabilities	-334	-288
Subtotal	**-785**	**-1,313**
Operating working capital (B)	**2,413**	**1,028**
Employee benefits	-332	-312
Provisions for risks and charges	-471	-447
Total funds (C)	**-803**	**-759**
Net invested capital (D) = (A)+(B)+(C)	**3,937**	**2,578**
Cash and cash equivalents	247	2,175
Current financial receivables	0	2
Non-current financial receivables	0	0
Current financial liabilities	-716	-928
Non-current financial liabilities	0	0
Net financial payables/receivables (E)	**-469**	**1,249**
Net Equity (F) = (D) + (E)	**3,468**	**3,827**

INCOME STATEMENT (AMOUNTS IN EUR/000)

	12/31/19	12/31/18
Revenues	**3,158**	**4,216**
Operating costs	-1,980	-2,408
Personnel costs	-983	-1,088
EBITDA	**195**	**720**
Amort,, rentals and set-asides	-599	-592
EBIT	**-404**	**128**
Net financial income and expenses	-86	-38
Adjustment to the value of financial assets	0	0
Profit (Loss) before taxes	**-490**	**90**
Taxes	131	-28
Profit (Loss) of the period	**-359**	**62**

The Board of Directors

Giovanni Pittarello *President*
Francesco Simonetto *Managing Director*
Giovanni Dolcetta Capuzzo

Montecchia di Crosara (VR),
March 23, 2020

"Mergellina" Station, Line 6,
Naples Subway

CONSORZIO INFRASTRUTTURE S.c.a.r.l.

Consorzio Infrastrutture S.c.a.r.l., established in 2006 as Consorzio Stabile Infrastrutture following the sale of the "public works" business branch of the general construction company Ing. Nino Ferrari S.p.A., changed its name in 2015.

The Company, fully controlled by the ICM Group, has expanded its activity all over Italy in the sector of both public and private infrastructures; it can rely on cutting edge equipment and means, which allowed it to execute at best important railway, road and maritime works.

By its traditional nature, Consorzio Infrastrutture S.c.a.r.l. has an important operating structure.

ASSETS SITUATION (AMOUNTS IN EUR/000)

	12/31/19	12/31/18
Intangible long-term assets	10,459	1,422
Tangible long-term assets	246	49
Investments	1,925	1,139
Other net long-term assets	0	0
Total Long-term assets (A)	**12,630**	**2,610**
Inventories	245	100
Works in progress	64,251	70,468
Trade receivables	15,552	8,520
Intergroup trade receivables	277	16,554
Other assets	4,814	5,886
Advances from customers	-1,872	-2,068
Subtotal	**83,267**	**99,460**
Trade payables	-10,698	-3,702
Intergroup liabilities	-59,200	-85,260
Other liabilities	-5,005	-4,406
Subtotal	**-74,903**	**-93,368**
Operating working capital (B)	**8,364**	**6,092**
Employee benefits	-347	-144
Provisions for risks and charges	0	0
Total funds (C)	**-347**	**-144**
Net invested capital (D) = (A)+(B)+(C)	**20,647**	**8,558**
Cash and cash equivalents	30	35
Current financial receivables	2,037	193
Current financial liabilities	-6,853	-1,434
Non-current financial liabilities	-15,450	-6,952
Net financial payables/receivables (E)	**-20,236**	**-8,158**
Net Equity (F) = (D) + (E)	**411**	**400**

INCOME STATEMENT (AMOUNTS IN EUR/000)

	12/31/19	12/31/18
Revenues	**31,243**	**38,997**
Operating costs	-24,242	-36,980
Personnel costs	-2,189	-473
EBITDA	**4,812**	**1,544**
Amort,, rentals and set-asides	-3,006	-47
EBIT	**1,806**	**1,497**
Net financial income and expenses	-1,626	-1,388
Adjustment to the value of financial assets	0	0
Profit (Loss) before taxes	**180**	**109**
Taxes	-180	-109
Profit (Loss) of the period	**0**	**0**

The Board of Directors

Sergio Da Ros — *President and Managing Director*
Gianalberto Balasso — *Managing Director*

Vicenza, March 20, 2020

ICM GROUP
THE CULTURE OF BUILDING

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