FINANCIAL STATEMENTS

ICM GROUP

THE CULTURE OF BUILDING

2018

ICM GROUP
THE CULTURE OF BUILDING

The origins of the company 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 fifteen Italian general companies in Italy in terms of turnover, number of employees and order backlog, as well as one of the top two hundred 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.

ICM GROUP
THE CULTURE OF BUILDING

ICM GROUP

THE CULTURE OF BUILDING

ICM GROUP

36100 Vicenza - Italy

Viale dell'Industria, 42

Tel. +39 0444 336111

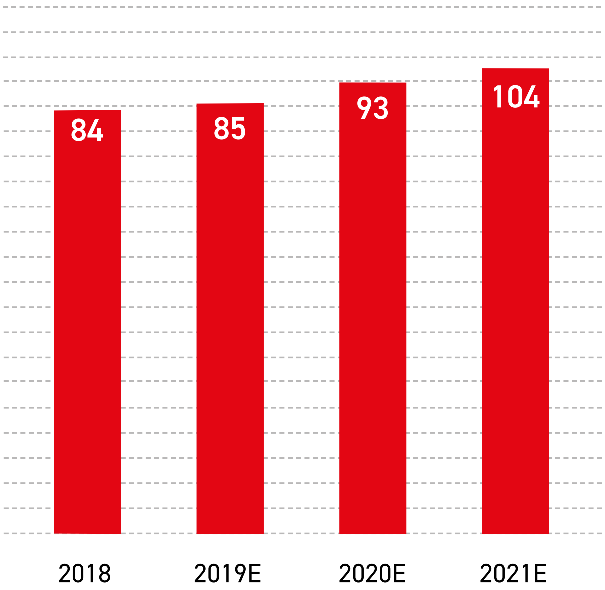
Fax +39 0444 961541

www.gruppoicm.com

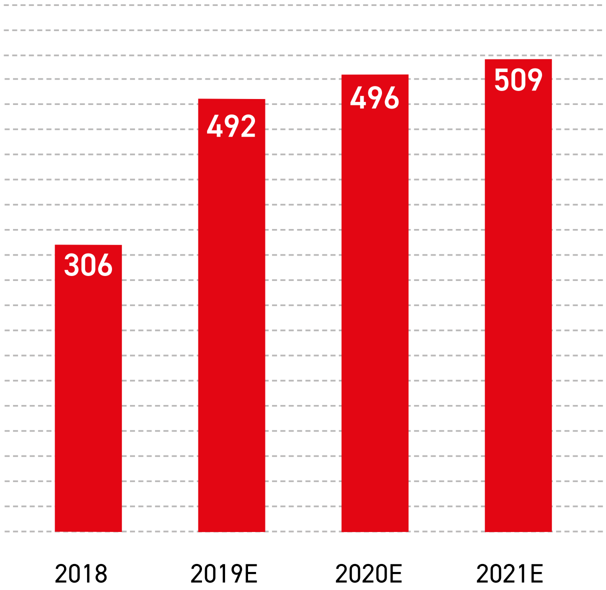
FINANCIAL STATEMENTS 2018 AND 2019-2021 BUSINESS PLAN

SUMMARY DATA

NET EQUITY

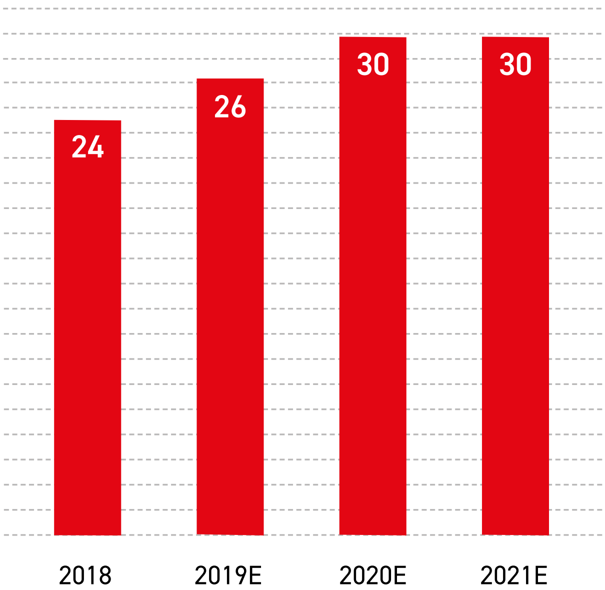


VALUE OF PRODUCTION



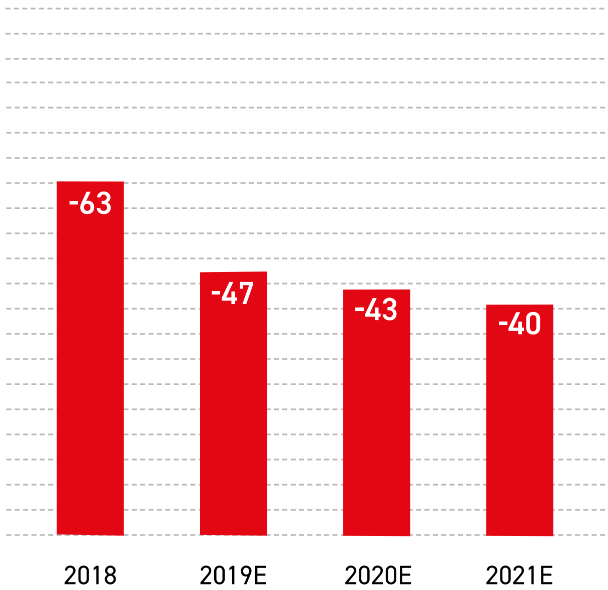
EBIT

Result before taxes and financial charges



NFP

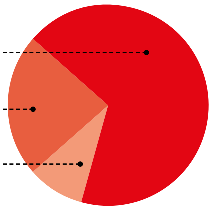
Net financial position



ORDER BACKLOG AS OF 31.12.2018 | TOTAL MILLIONS € 1,866

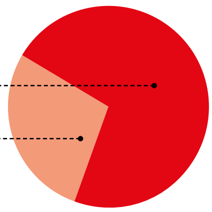
BY ACTIVITY SECTOR

PUBLIC	mil. €	1,410	75,57%
CONCESSIONS	mil. €	299	16,02%
PRIVATE	mil. €	157	8,41%



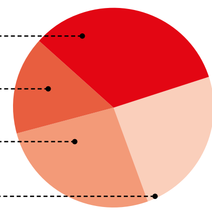
BY AREA

ITALY	mil. €	1,236	66,24%
FOREIGN COUNTRIES	mil. €	630	33,76%



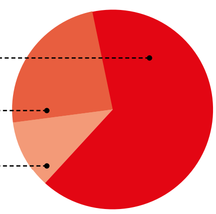
BY TYPE

ROAD WORKS	mil. €	409	21,92%
RAILWAY WORKS	mil. €	560	30,01%
OTHER INFRASTRUCTURES	mil. €	386	20,69%
BUILDING SEGMENT	mil. €	511	27,38%



CONSOLIDATED PRODUCTION 2018 | TOTAL MILLIONS € 306

PUBLIC	mil. €	194	63,40%
PRIVATE	mil. €	84	27,45%
OTHER COMPANIES	mil. €	28	9,15%



CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2018

THE GROUP

ICM
NEW GOVERNING BODIES APPOINTED BY THE MEETING OF JUNE 6TH, 2019

BOARD OF DIRECTORS

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

STATUTORY AUDITORS

President	Fabio Buttignon
Auditor	Daniele Federico Monarca
Auditor	Alessandro Terrin

AUDITING FIRM

Deloitte & Touche S.p.A.

SUPERVISORY BODY PURSUANT TO THE ITALIAN LEGISLATIVE DECREE 231/2001

Rodolfo Mecarelli
Lorenzo Pascali
Cristina Negrello

ICM
Authorized share capital
€ 50,000,000

- **100% SIPE**
  Authorized share capital
  € 4,000,000
- **100% INTEGRA**
  Authorized share capital
  € 1,500,000
  - **100% INTEGRA CONCESSIONI**
- **60% BASALTI VERONA**
  Authorized share capital
  € 90,000
- **55% DELMA ENGINEERING UK**
  Authorized share capital
  GBP 17,000,000
  - **49% DELMA MIDDLE EAST ENTERPRISES**
  - **70% ICM USA**
  - **70% INDEPENDENT CONSTRUCTION GROUP MUSCAT**
- **99% CONSORZIO INFRASTRUTTURE**
  Authorized share capital
  € 50,000
- **90% CONSORZIO STABILE INFRASTRUTTURE**
  Consortium fund
  € 100,000

CONSTRUCTIONS
PREFABRICATION
ECOLOGY AND CONCESSIONS
MINING

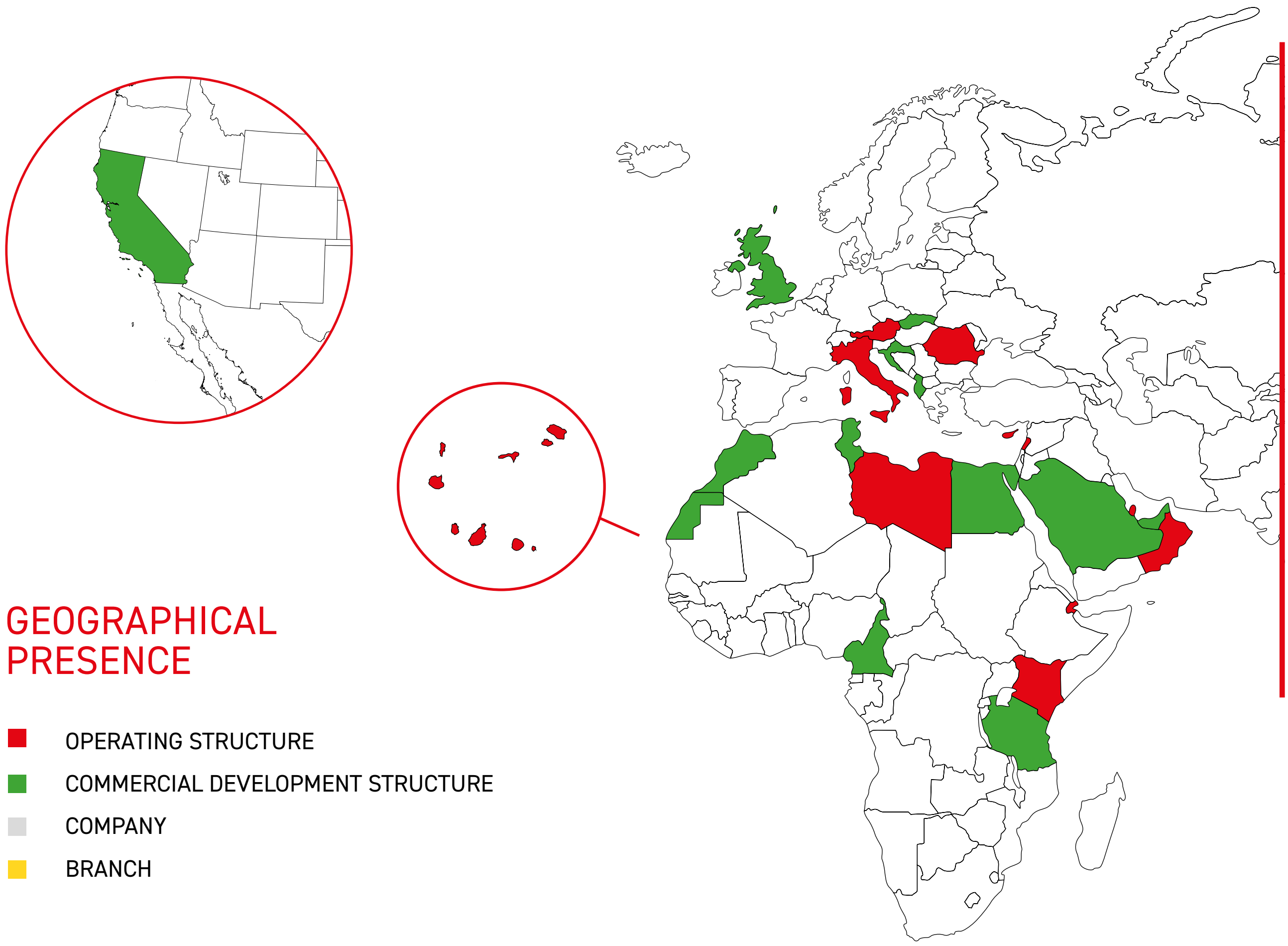
MAIN BUILDING SITES IN PROGRESS

IN ITALY

BRESCIA	*Railways*	• **RFI** – Construction of the HS/HC railway line between Milan and Verona
CATANIA	*Military*	• **US Navy** – Construction of two hangars in Sigonella
FERRARA	*Building sector*	• **Miscellaneous customers** – Works in the petrochemical industrial site “Enichem”
MILAN	*Building sector*	• **Coima** – Construction of the office and commercial complex called “Corso Como Place” in Via Bonnet
	Hotels	• **Unipol Sai** – “The Big” Hotel redevelopment
MODENA	*Building sector*	• **Enel** – Redevelopment of the logistics hub in Carpi
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
	Metropolitane	• **Ansaldo STS** – Naples subway, various lots of line 1 and line 6
	Military	• **US Navy** – “MACC Naples” framework contract
NUORO	*Dams*	• **Consorzio Bonifica Sardegna Centrale** – Construction of the Maccheronis dam
VENICE	*Airports*	• **Save SpA** – Adaptation and upgrading of flight infrastructures, Marco Polo Airport
VERONA	*Building sector*	• **Torre SGR** – Restoration and redevelopment of the former “La Rotonda” ice production plant
	Amusement parks	• **Gardaland SpA** – Construction of the new thematic area of the Gardaland park
VICENZA	*Building sector*	• **Sviluppo Cotorossi SpA** – Office, commercial and residential complex called “Borgo Berga”
	Military	• **US Navy** – Construction of “UEPH” dwelling units
	Roads	• **ANAS** – Completion of the Vicenza ring road
	Military	• **US Army** – “MATOC Vicenza” framework contract
	Roads	• **BS VR VI PD Motorway** – Montecchio Maggiore tollbooth

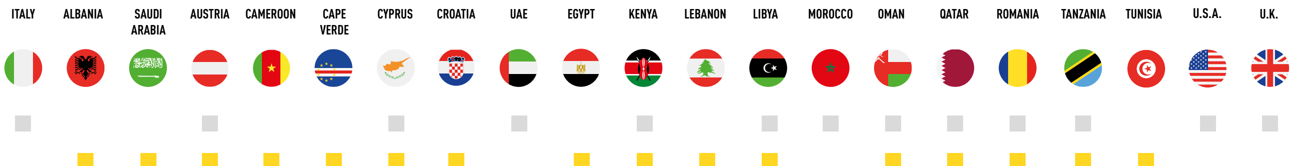
IN THE WORLD

AUSTRIA	*Bridges/Galleries*	• **ASFINAG** – A26 motorway, construction of a bridge over the Danube and of the connection tunnels to Linz
CAPE VERDE	*Airports*	• **Ministry of Infrastructure** – Expansion of the Praia International Airport
CYPRUS	*Building sector*	• **Cypeir Properties LTD** – Construction of the “Limassol Delmar” residential center
GIBUTI	*Military*	• **US Navy** – “MACC Djibouti” framework contract
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 sector*	• **LIFECO** – Industrial building in Marsa Brega
OMAN	*Hospitals*	• **Ministry of Defense** – Expansion of the Al Khoudh Military Hospital
QATAR	*Military*	• **Ministry of Defense** – Infrastructural works and buildings
ROMANIA	*Military*	• **US Navy** – “JOC Romani” framework contract in Deveselu



GEOGRAPHICAL PRESENCE

- OPERATING STRUCTURE
- COMMERCIAL DEVELOPMENT STRUCTURE
- COMPANY
- BRANCH



CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2018

REPORT ON OPERATIONS

Dear Shareholders,
We herewith submit to you the consolidated financial statements closed as of December 31, 2018, 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

The moderate expansive cycle of GDP, which began in 2015, seems to be over. This slowdown is rooted in both global phenomena - such as the trade conflicts triggered by the US administration, the slowdown in the Chinese GDP and, more generally, in world trade - and domestic ones. As for the latter, it should be noted that the regulatory framework of public contracts continues to cause significant delays in investment processes; this results in an uncertainty that also hampers investment choices by private operators. Furthermore, the tensions of the financial markets linked to the trend of the spread on government securities and the consequent effects on the operations of the financial system feed a climate of general uncertainty.

In any case, the responses offered in the context of the 2019 budgetary maneuver appear weak and uncertain.

The growth forecasts for national wealth, set at +1.5% in the 2018 draft budget law and subsequently reduced to +1% in the maneuver approved by the Parliament, now appear at least optimistic. The latest forecasts announced by the European Commission and substantially confirmed by the Italian government further reduce GDP growth forecast for 2019 to +0.2%.

In this context, the fundamental contribution of the construction sector to the consolidated recovery of the Italian economy has been lacking and continues to be lacking. Nevertheless, in terms of investments, the sector continues to offer a significant contribution, equal to 8% of the Italian GDP. Moreover, by virtue of its long and complex supply chain, which links constructions to more than 90% of the economic sectors, a substantial growth in the construction industry would likely allow the Country to realign its GDP growth rate with that expressed by the other Countries of the European Union.

THE CONSTRUCTION INDUSTRY IN ITALY

2018 was also a year of profoundly uncertain sector dynamics, eroding the positive expectations that had initially been set at the beginning of last year. The much hoped-for recovery in investment in public works, theoretically supported by the measures envisaged by the Government in the latest Budget Laws, did not take place and, therefore, it could not drive the recovery of the entire sector. The positive signs noticed in 2018 in the residential and non-residential private sector have not been able, unfortunately, to offset the lack of growth in investments in public works. The result is the estimate made by ANCE for the year just ended, which shows only a slight increase in investments in constructions, equal to 1.5% in real terms. This result is absolutely insufficient to recover the heavy losses recorded in almost a decade of crisis: production levels, in fact, have been reduced in this time frame by about a third, resulting in the closure of more than 120 thousand companies and the loss of 600 thousand jobs.

This result was mainly affected by the continuation of the negative trend recorded in public works, which prevented the long-awaited change in the sign of construction investments as a whole.

Concerning employment, available data do not yet show any evidence of a univocal and well-defined trend. In 2018, according to ISTAT data, there was a further 1.5% reduction in the number of employees compared to the same period in 2017. This thwarts the timid signal of increase recorded in 2017 (+0.9%) after the trend of strong and uninterrupted downturns that began in 2009.

The year just ended was also characterized by the emergence of corporate crises, unprecedented in the history of the sector in terms of both the number and the size of the companies involved, which led to the opening of bankruptcy procedures for some of the main economic operators in the sector.

Given the vastness and the size of the phenomenon, this situation has produced significant effects on many companies in the supply chain and has generated special attention by the financial institutions on the entire sector.

On the other hand, it should also be noted that this same situation could represent an opportunity to start an overall rethinking of the structure of the sector, achieve a reorganization of the same and start a virtuous process aimed at eliminating the distortions that have accompanied it in recent decades, supporting the operators better organized and structured.

The analysis by individual activity areas conducted by ANCE for 2018 shows an increase of 3.0% in real terms compared to 2017 in investments in new houses. This increase is confirmed by the positive trend recorded in the building permits as well as in the amount of loans granted to finance investments in housing construction projects, which in the first nine months of 2018 recorded a first timid positive sign of 1.6%, after having recorded a contraction of 77.1% in the period 2007-2017.

The positive trend of investments in the upgrading of the housing stock continues, with an estimated growth of 0.5% in real terms compared to 2017. This activity area continues to be supported by substantial dedicated tax incentives.

Private investment in non-residential constructions also performed well, with an increase of 4.8% in real terms compared to 2017.

On the contrary, with regard to public investment, it is estimated that in 2018 there will be a further decline of 3.2% in view of the difficulties and delays in implementing the measures to support public investments envisaged by the Government in its measures in recent years. The uncertain international economic situation, associated to the delicate domestic political and economic situation, makes the trend for 2019 uncertain. The level of wealth in Italy - the only European country, apart from Greece, which is still below pre-crisis levels (-4.2% compared to the 2017 GDP). In the light of all these elements, any hypothesis of concrete and substantial recovery seems therefore unlikely and far in time.

For the current year, ANCE forecasts an increase in construction investments by 2% in real terms, a slight increase compared to the last period (1.5% in 2018). This estimate will be focused as for 0.7% on extraordinary maintenance on the housing stock and as for 3% on investments in new private residential and non-residential buildings. It is also estimated that there will be a 1.8% increase in the public works sector, as a first slight positive sign reversing the long negative trend that has been underway since 2005.

THE CONSTRUCTION SECTOR ABROAD

Over the past 10 years, the average annual growth in cross-border turnover has been equal to 9.3%, compared to a decrease in domestic turnover of 3.3% per year. The latest data available from the ANCE report, referring to a sample of 46 Italian companies, show that foreign turnover for 2017 was greater than EUR 14 billion, up 2% compared to 2016, and equal to 74% of total production, a situation diametrically opposed to the first year of analysis (ANCE) 2004 when foreign production represented just over 31 %.

There was also a sharp increase in the acquisition of new orders; new works were 298 (+54% compared to 2016) for an equivalent value of 17.4 billion. New orders are mainly concentrated in European Union countries (24%), North America (19.4%), the Middle East (16.7%) and Europe outside the EU (12.1%). Overall, Italian companies are present in 92 Countries with 811 construction sites, for a total value of 82 billion and a works backlog to be carried out of more than 51 billion.

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.

Revenues in 2018 amounted to EUR 305.7 million. The overall result shows an increase compared to the previous period despite the fact that it was partly affected by the delay or failure to start, for reasons not attributable to the Group, of important contracts already acquired.

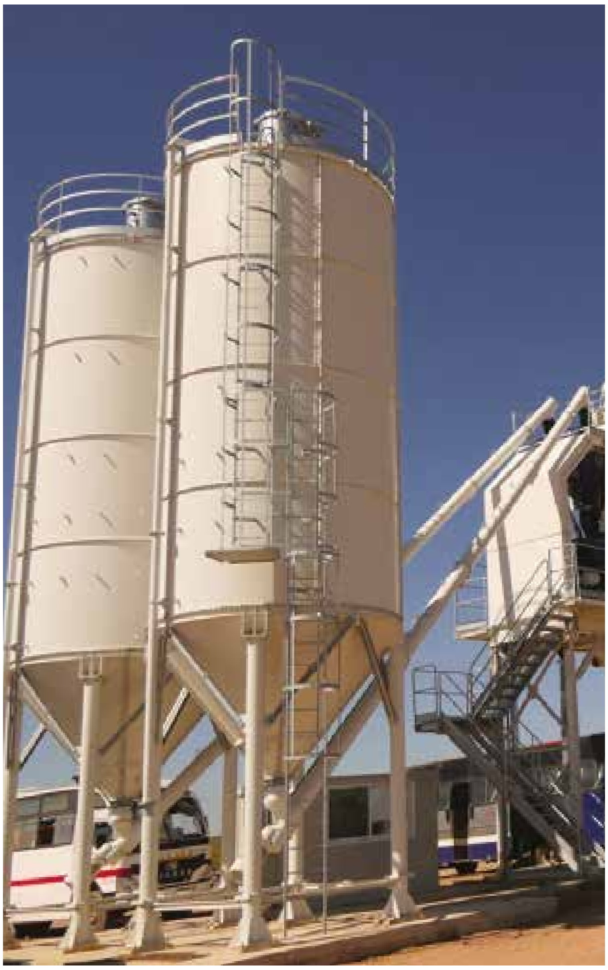
The delayed start of the concession for the construction of the Brescia-Verona high-speed railway, managed through Consorzio Cepav 2, should be noted in this respect. The accumulated delays, generated by objectively unforeseeable circumstances, even though they had a negative impact on expected production volumes, did not compromise the margins achieved during the period, also thanks to the positive closure of some orders.

In terms of realized margins, the EBITDA was equal to EUR 38.9 million (12.7% of revenues), EBIT was EUR 24.1 million (7.9%) and the Group net income was EUR 7.1 million (2.3%).

The net financial position improved by 32% compared to the preceding period and was equal to EUR -63.5 million compared to EUR -93.3 million at December 31, 2017.

The consolidated financial statements of the Group were drawn up according to the IAS (International Accounting Standard) and IFRS (International Financial

Design and construction
of the infrastructure for the development
of the new Smart City of Konza, in Kenya:
the future Silicon Savannah



Reporting Standard) international accounting standards. For further details on these standards, reference shall be made to the Explanatory Notes to the Consolidated Financial Statements.

Starting from the 2018 financial period, the ICM Group adopted the IFRS 15 accounting standard. This standard provides a new regulatory framework for the recognition of revenues from the sale of goods and services to customers (including contracts relating to contract work in progress). The new standard has led to some substantial changes in the accounting treatment of some specific items in the financial statements. In this sense, the tables of the Statement of Financial Position were adjusted to provide a representation complying with IFRS 15. Specifically, the most significant effect that emerges results from the application of standards stricter than in the past in relation to the booking to the financial statements of revenues from the sale of services. The standard requires that the value adjustments resulting from the application of the new rules, which are stricter and more prudent than in the past, are recognized, in the first-time adoption method, with direct recognition in the initial net equity.

Again in application of the new accounting standard, a new item was added under the long-term assets called "contractual costs", which is intended to include the costs incurred to obtain and execute the contracts; these costs are subsequently booked to the income statement under the item "amortizations, set-asides and depreciations" on the basis of the progress of the work.

In addition, the assets and liabilities arising from the contract were reclassified to the items "Contractual assets" and "Contractual liabilities" of the Statement of Financial Position.

The application of the new accounting standard as described above has led to a prudent reduction in the book value of work in progress of EUR -11.4 million through an adjustment made to the start balance of the Statement of Changes in Equity for 2018.

It shall be underlined that the economic and equity performance of the Group are assessed also according to some indicators not defined by the IFRS, among which there are the EBITDA and the NFP. 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 or rental contracts, it is deemed suitable to calculate the EBITDA as gross value of all costs borne for making available the technical equipment.

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

RE-CLASSIFIED INCOME STATEMENT	Dec-31-18		Dec-31-17	
REVENUES	**305,721**	**100.0%**	**288,806**	**100.0%**
Raw materials and consumables	-43,954	-14.4%	-30,082	-10.4%
Subcontracts	-146,760	-48.0%	-144,190	-49.9%
Other operating expenses	-44,365	-14.5%	-32,753	-11.3%
Personnel costs	-31,788	-10.4%	-28,644	-9.9%
EBITDA	**38,854**	**12.7%**	**53,137**	**18.4%**
Amortizations, rentals and set-asides	-14,774	-4.8%	-31,838	-11.0%
EBIT	**24,080**	**7.9%**	**21,299**	**7.4%**
Suretyship charges and bank expenses	-4,310	-1.4%	-4,645	-1.6%
Net financial income and expenses	-8,290	-2.7%	-8,440	-2.9%
Gain (loss) on exchange rates	96	0.0%	1,178	0.4%
Adjustments to the value of financial assets	-1,543	-0.5%	-1,628	-0.6%
Profit (Loss) before taxes	**10,033**	**3.3%**	**7,764**	**2.7%**
Taxes	-3,168	-1.0%	-674	-0.2%
Net Profit (Loss) for the period	**6,865**	2.2%	**7,090**	2.5%
(Profit) Loss attributable to minority interests	210	**0.1%**	1	**0.0%**
Net income (loss) of the Group	**7,075**	**2.3%**	**7,091**	**2.5%**

Construction of the Mseilha dam in the Republic of Lebanon on behalf of the Ministry of Energy and Water

As far as **operating costs** are concerned, the incidence in percentage on revenues from subcontracting was equal to 48% and was substantially in line with the one reported in the previous period (49.9%). Other operating expenses accounted for 14.5% of the total, an increase on the previous year (11.3% in 2017), largely as a result of significant insurance costs and technical consulting services relating to new contracts.

Personnel costs amounted to EUR 31.8 million, or 10.4% of revenues; they were slightly higher in percentage terms than in the previous period (9.9%) due to the greater use of resources in the production sites.

The **EBITDA** was equal to EUR 38.9 million, corresponding to 12.7% of the value of production, which is in line with the Group historical series. In the previous period, given the higher margins that emerged during the final testing of some Middle Eastern orders, the EBITDA was equal to 18.4% of the value of production. In the same period, provisions were made for contractual and receivables risks, so much so that at the close of the 2018 financial statements, provisions of various kinds (including provisions for asset adjustments) were set aside as for EUR 32 million.

The **EBIT** amounted to EUR 24.1 million, corresponding to 7.9% of total revenues. This index showed an increase compared to the previous period in both absolute and percentage terms (EUR 21.3 million or 7.4% in 2017).

Also the component linked to the financial and suretyship charges reflected the performance in 2017 in percentage, with a total value for the period of EUR 12.5 million, net of which an **EBT** equal to 10 million was established.

The effect of the tax burden is slightly more significant due to the fact that, compared to the previous period, margins were attained in countries with an average higher tax burden.

The Group net income amounted to EUR 7.1 million, in line with the result attained in 2017.

RECLASSIFIED STATEMENT OF FINANCIAL POSITION	Dec-31-18	Dec-31-17
Tangible long-term assets	45,931	43,441
Intangible long-term assets	5,907	6,333
Contract costs	24,839	27,312
Investments	6,975	7,045
Other net long-term assets	2,903	2,903
TOTAL Long-term assets (A)	**86,555**	**87,034**
Inventories	46,176	49,923
Contractual assets	113,534	135,032
Trade receivables	118,853	128,504
Intergroup trade receivables	5,134	2,713
Other assets	56,295	56,627
Subtotal	**339,992**	**372,799**
Trade payables	-176,279	-202,546
Intergroup liabilities	-7,863	-7,430
Other liabilities	-86,268	-58,383
Subtotal	**-270,410**	**-268,359**
Operating working capital (B)	**69,582**	**104,440**
Employee benefits	-3,610	-3,800
Provisions for risks and charges	-5,163	-5,380
Total funds (C)	**-8,773**	**-9,180**
Net invested capital (D) = (A)+(B)+(C)	**147,364**	**182,294**
Cash and cash equivalents	75,310	80,384
Current financial receivables	19,789	21,039
Current financial liabilities	-82,383	-101,522
Non-current financial liabilities	-46,434	-63,478
Bonds	-29,780	-29,713
Net financial payables/receivables (E)	**-63,498**	**-93,290**
Net equity of the Group	-69,499	-74,266
Net equity of minority interests	-14,367	-14,738
Net Equity (F) = (D) + (E)	**83,866**	**89,004**

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

- tangible long-term assets amounted to EUR 45.9 million, with a net increase of EUR 2.5 million, corresponding to investments (net of disposals) as for EUR 7 million after deduction of EUR 4.6 million of amortizations;
- in application of the new accounting standards, contractual assets, classified under current assets, included "work in progress", while contractual costs, reclassified under the long-term assets, included pre-operational order costs.
- there was an overall decrease in the operating working capital, which amounted to EUR 69.6 million (EUR 104.4 million in 2017), mainly due to the reduction in positions making up the current assets, which decreased to EUR 340 million from EUR 372.8 million in 2017;
- a net equity amounting to EUR 83.9 million, indicating a ratio of 1.3 compared to the net financial position, was observed;
- building initiatives, booked at cost under the inventories, as for EUR 42.9 million, are detailed in the table here below.

DESCRIPTION OF REAL ESTATE INITIATIVES	NET BOOKING VALUE
Building, Land - Via dell'Edilizia - Vicenza	11,951
Municipality of Monastier (TV)	1,601
Trieste Former Stock Area	3,247
VI Est Initiative	5,490
VI Ovest Initiative	5,835
Fossalta Initiative	4,065
Zianigo	845
Apartments in Rome	933
Land in Pavia	2,465
Isola Vicentina	554
Other lands and initiatives	5,870
Total	**42,856**

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

ECONOMIC PERFORMANCE TREND OF THE GROUP

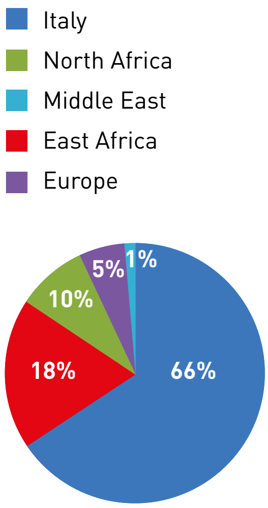
During the period 2018 and in the first period of the current financial period, the main orders acquired were the following:

- Save S.p.A., works relating to the upgrading of flight infrastructures and of the runway of the "Marco Polo" airport in Tessera - Venice, for a total value of EUR 106 million, the Group share was 60.7%, acting as principal;
- Asfinag (Austrian Motorway Company) in Austria, infrastructural works for the construction of a cable-stayed bridge over the Danube river and tunnels north and south of the bridge for a total value of EUR 132 million, the Group share was 46.5%, acting as principal;
- Coima SGR Spa, construction of a building complex in Milan, which is part of the "Porta Nuova Bonnet" development project, worth EUR 38.3 million;
- construction of a residential complex in Limassol - Cyprus Island for a total value of EUR 88 million, of which the Group share is 31%, acting as principal;
- US Navy, maintenance work and supplies in the military base of Djibouti. The contract amounts to EUR 43 million and the Group share is 50%, acting as principal;
- Gardaland S.r.l., extension of the hotel park through the construction of three themed buildings worth EUR 11 million.

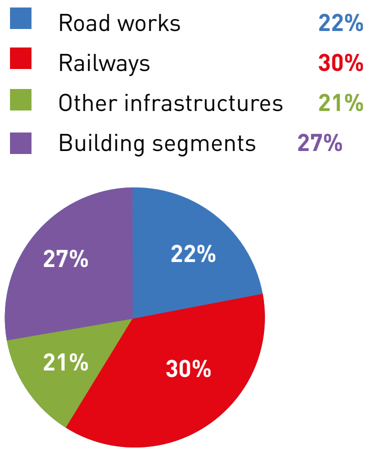
The Parent Company' works backlog amounted to EUR 1.9 billion and was attained as for 66% in Italy, mainly in the North of the country (49%). On the other hand, 34% of the total was attained abroad, with a particular concentration in East Africa (18%), North Africa (10%), and Europe (5%).

As for 73% it referred to infrastructural works (30% railways and subways, 22% road works and 21% other infrastructures) and as for 27% to the building sector.

BACKLOG SUMMARY BY GEOGRAPHICAL AREA



BACKLOG SUMMARY BY INDUSTRY SECTOR



It shall be underlined that the Parent Company is currently studying the participation in new tenders worth a total of about EUR 7.4 billion, with an own share of EUR 4.4 billion, of which 65% concentrated abroad and 35% in Italy.

With regards to the SOA qualification certifications, the Parent Company can avail itself of registrations in 35 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, as such, works up to a maximum amount of EUR 350 million.

The Parent Company attained 58.3% of its revenues abroad. The most significant contracts include the work carried out on behalf of Generali Real Estate for the Piacenza logistics hub, the completion of the work on the M9 Museum in Mestre (VE), the extension-restyling of the Auchan shopping mall in Taranto and the works concerning the Hangars and Buildings at the Vicenza and Sigonella military bases on behalf of the United States Government, as well as the start of work at Venice airport on behalf of SAVE. As far as infrastructures are concerned, subway and railway works were carried out on behalf of the Ente Autonomo Volturno and the Metropolitana di Napoli.

41.7% of the revenues related to contracts carried out abroad, of which 55.8% were carried out in the Middle East (Qatar, Oman and Lebanon), where a significant activity continued mainly in the hospital and dam construction sector, and 34.6% were carried out in Kenya as part of the Smartcity order in Konza. The remaining foreign activity was carried out mainly in the Cape Verde archipelago and on the island of Cyprus.

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 difficult market situation, where a remarkable stagnation in the demand persists, during the period the company attained a turnover amounting to EUR 20 million (EUR 15.3 million in 2017) and an EBITDA of EUR 1.2 million (EUR 1 million in 2017).

It should be noted that the NFP amounted to EUR -1.6 million, showed a decrease by 30% compared to the previous period (EUR -2.3 million in 2017).

The current backlog is deemed to allow the preservation of the current volumes with a further improvement in margins.

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 carried out an aggregated production that amounted to EUR 13.9 million, in line with 2017, recording an EBITDA of EUR 1.5 million substantially equal to the one of the previous year (EUR 1.4 million in 2017).

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 4.2 million, a decrease compared to the preceding period (EUR 6.3 million in 2017). This aspect mainly referred to the modification and replacement of some production lines, which led to a slowdown in the activity during the period.

There was a further 15% improvement in the NFP compared to the previous period, which amounted to EUR 1.2 million.

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 7 million.

Construction of the New Cultural Complex and the Museum of the Twentieth Century (M9) near Venice-Mestre

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 prudent 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.

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 engineering, since internal education and personnel loyalty have been set for long time as primary ways to manage the most promising resources.

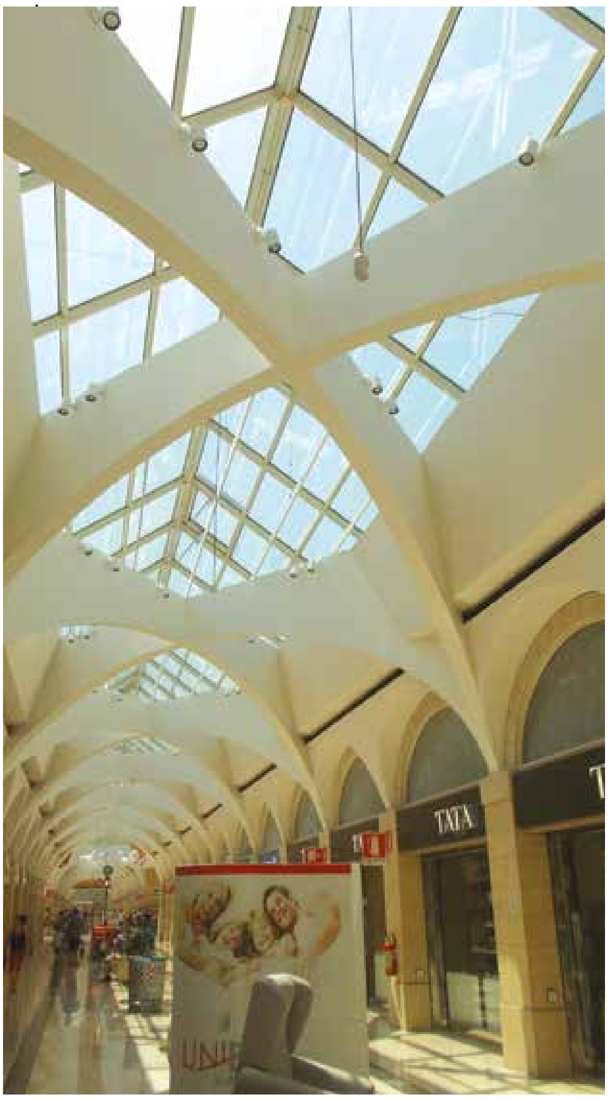
Training processes were developed through the organization of a relevant number of courses concerning safety, quality and technical matters. Such courses were mainly organized within the companies and held by internal and external lecturers.

Furthermore, significant and widespread training programs were started aimed at expanding the knowledge of the English language by the employees in view of the increasing expansion of the corporate business abroad.

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 573 employees with a decrease by 51 units with reference to those employed on an average in the preceding period.

As of the close of the period, there were 539 employees, subdivided into 29 managers, 267 office workers, and 243 production workers.



Gallerie Commerciali Italia S.p.A.: extension and restyling of the Auchan Shopping Center in Taranto (TA)

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 account	6,412		75	1,130
MP Finanziaria Spa for Taxes	2,967			
MP Finanziaria Spa for VAT	957			
MP Finanziaria Spa for VAT/Taxes	980	1,387		
(Integra/SIPE/Basalti/CI Scarl)				
Acquasanta Scarl in liquidation		61		7
Comaso	14			
Edimal Gran Sasso Scarl in liquidation	76			1
Elmas Scarl in liquidation	29			
FCE Scarl in liquidation		231		
Floridia Scarl in liquidation	49			
Jonica Scarl		28		
ICM USA LLC	234			
ICGM Romania	338			
Immobiliare Colli Srl in liquidation		374		
Inc Engeobra	51			
Maltauro Maroc	10			
Maltauro Spencon Stirling	535			
Mancon ICM Dubai	36			
Olivo Scarl in liquidation	25			1
Opera Sette	23		8	
Porto di Casciolino Scarl in liquidation	11			
Porto di Casciolino Scarl in liquidation -*CI*	37			48
San Cristoforo	29		45	27
Sanmichele Srl	5			
Sesto Scarl in liquidation		31		
Simal Srl	11		12	
Stazione Chiaia Scarl - *ICM*	800		156	
Stazione Chiaia Scarl - *NM*		1,601		1,245

COMPANY AMOUNTS IN EURO/1000	RECEIVABLES	PAYABLES	REVENUES	COSTS
Suburbana Est Bologna Scarl in liquidation		53		
AMIC	125		166	
Ar.Ve. Scarl	15			
Assi Stradali Scarl in liquidation	63			
Codel.Ma Srl	171			
Codel.Ma Srl	13,377			
Consorzio Coferi in liquidation	108		6	
Consorzio MRG	44			
Consorzio San Massimo	27			
Delfur Scarl in liquidation		34		
Diamante Paola Scarl in liquidation		80		
Consorzio Fugist	392			
Itaca Scarl		103		
Malco Scarl		1,803	347	1,391
Monlis	18			
Monteadriano	13			
Ottavia 93 Scarl in liquidation	12			
Porto Città SpA	123			
Porto Roccella Scarl in liquidation	54			
GTB Scarl - *NM*	331		39	9
NTV Scarl - *CSI*		929	257	1,553
Riviera Scarl - *ICM*	149			
Riviera Scarl - *NM*	41		10	111
Robur Scarl - *NM*	138			10
Tradeciv Scarl - *NM*		100		7
Smacemex Scarl		492		
Store 26 Scarl in liquidation	63			
Other companies	934	556		
Totals	**29,827**	**7,863**	**1,121**	**5,540**

RISK MANAGEMENT

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, in recent years the Group has launched a significant policy of geographical diversification of its backlog through the acquisition of significant 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, 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 high 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

With reference to the provisions of the Italian Legislative Decree No. 231/2001, the Parent Company ICM S.p.A. adopted its own Organization and Management Model since 2003, which it has implemented according to the law provisions also through the proper activity of the Supervisory Body.

After its implementation, the Model was updated in compliance with the new legislative instruments dated December 22, 2006 and, later, on March 31, 2010, September 28, 2012, July 11, 2014, and April 8, 2015. The Organization, Management and Control Model, updated as mentioned above, was approved by a resolution of the

Board of Directors on April 8, 2015. In the same, the observance of ethical principles relevant to the prevention of crimes constitutes an essential aspect of the preventive system that the Company has intended to implement effectively. The implementation of the same is compulsory by all those who work for the Group and is ensured by a business management system that respects its inspiring principles.

Such principles were included in the Code of Ethics of the Group, an official document, approved by the Board of Directors upon delegation by the Shareholders' Meeting, which is constantly updated and contains all rights, obligations and ethical principles adopted with reference to the stakeholders. As a consequence, such document is made aware to all employees, collaborators, customers and suppliers, requiring the same to observe such provisions sanctioning any failure to comply with the same through the disciplinary system or contractual sanctioning remedies.

RESEARCH AND DEVELOPMENT ACTIVITIES

During the last year, the companies of the Group did not bear any research and development costs.

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 period income statement.

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

Libya
Khalat El Forjan P.O. - Box 81882/12422 Tripoli

Kenya
Off Ring Road – Centenary House 00623 Nairobi

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

Oman
Cas. Pos. 158 cod. pos. 136
Governorato di Mascate - Bawshar Oman

Romania
Strada Maria Rossetti n. 8A - Etaj 3 - Sector 2
CAP 020485 - Bucharest (Romania)

EVOLUTION OF THE MANAGEMENT

After the close of the accounting period, the various companies included in the scope of consolidation followed the positive forecasts formulated during the preparation of their individual annual budgets and of the three-year plan 2019-2021.

Therefore, in the absence of unforeseen elements to date, the current period will lead to a consolidation of the business volumes and to a confirmation of positive economic results.

Vicenza, May 7, 2019

For the Board of Directors

The President
(Ms. Bettina Campedelli)

STATEMENT OF FINANCIAL POSITION

ASSETS

(AMOUNTS IN EURO/000)	NOTES	12/31/2018	12/31/2017
Assets			
Assets			
Non-current assets	1	45,931	43,441
Tangible long-term assets	2	5,907	6,333
Intangible long-term assets	3	24,839	27,312
Contract costs	4	6,975	7,045
Other non-current assets	5	2,903	9,115
Total non-current assets		**86,555**	**93,246**
Assets available for sale	6	11,960	12,495
Current assets			
Inventories	7	46,176	49,923
Contractual assets	8	113,534	135,032
Trade receivables	9	118,853	128,504
Receivables from affiliates and parent companies	10	29,827	26,922
Other current assets	11	39,431	34,750
Cash and cash equivalents	12	75,310	80,384
Total current assets		**423,131**	**455,515**
Total assets		**521,646**	**561,256**

LIABILITIES

(AMOUNTS IN EURO/000)	NOTES	12/31/2018	12/31/2017
Net Equity			
Authorized share capitai		50,000	50,000
Additional paid in capitai fund		500	500
Legai reserve		1,790	1,421
Other reserves		19,217	12,514
Retained earnings (losses)		-9,083	2,740
Period income/loss		7,075	7,091
Total Equity of the Group		**69,499**	**74,266**
Minority interests		14,367	14,738
Total net equity	**13**	**83,866**	**89,004**
Non-current liabilities			
Bonds	**14**	28,851	29,713
Bank financings	**15**	38,397	55,935
Payables due to other lenders	**16**	6,952	6,377
Payables for financial leases	**17**	1,085	1,166
Deferred tax liabilities	**18**	5,991	2,868
Provisions for risks and charges	**19**	5,163	5,380
Employee benefits	**20**	3,610	3,800
Total non-current liabilities		**90,049**	**105,239**
Current liabilities			
Bonds	**21**	929	0
Bank financings	**22**	82,001	100,606
Payables due to other lenders	**23**	0	244
Payables for financial leases	**24**	382	672
Trade payables to suppliers	**25**	176,279	202,546
Payables to affiliates and parent companies	**26**	7,863	7,430
Contractual liabilities and other current liabilities	**27**	80,277	55,515
Total current liabilities		**347,731**	**367,013**
Total equity and liabilities		**521,646**	**561,256**

INCOME STATEMENT

(AMOUNTS IN EURO/000)	NOTES	12/31/2018	12/31/2017
Revenues			
Revenues		305,721	288,806
Total revenues	**28**	**305,721**	**288,806**
Costs			
Raw materials and consumables		43,954	30,082
Subcontracts		146,760	144,190
Other operating expenses		44,365	32,753
Personnel costs		31,788	28,644
Amortizations, rentals and set-asides		14,774	31,838
Total costs	**29**	**281,641**	**267,507**
Operating income		**24,080**	**21,299**
Financial income and expenses			
Suretyship charges and bank expenses	**30**	-4,310	-4,645
Interest expense to credit institutions	**31**	-5,794	-6,021
Interest expense to third parties	**32**	-2,565	-2,432
Gains (losses) on exchange	**33**	96	1,178
Other financial income (expenses)	**34**	69	13
Total financial income and expenses		**-12,504**	**-11,907**
Adjustments to the value of financial assets	**35**	**-1,543**	**-1,628**
Income before taxes		**10,033**	**7,764**
Current taxes	**36**	-613	-1,174
Deferred taxes	**36**	-2,555	500
Net income (loss) for the Group and minority interests		**6,865**	**7,090**
Minorily interests (income) loss		210	1
Net income (loss) of the Group		**7,075**	**7,091**

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(AMOUNTS IN EURO/000)	NOTES	12/31/2018	12/31/2017
Net income (loss) tor the Group and minority interests		**6,865**	**7,090**
Transposition differences	**13**	315	-341
Cash flow hedge	**13**	558	257
Actuarial Benefit	**13**	11	0
Change in assets available for sale	**13**	-534	-1,059
Total Other income (expenses)		**350**	**-1,143**
Net comprehensive period income (loss)		**7,215**	**5,947**
referred to: Minority lnterests		210	1
Group		7,425	5,948

CASH FLOW STATEMENT

(AMOUNTS IN EURO/000)	2018	2017
Period income (loss)	**6,865**	**7,090**
Amortizations	8,019	5,532
Set-aside (use) provisions for future charges	(1,073)	19,938
Set-aside (use) Employee Severance Fund	(190)	(786)
Set-aside (use) reserve for deferred taxes	3,124	(204)
Change in assets and liabilities		
Trade receivables	9,171	11,305
Contractual assets	15,746	(17,344)
Trade payables	(26,267)	(65,361)
Other operational assets/liabilities	19,556	967
Total cash flow from operating activities	**34,951**	**(38,863)**
Net investments tangible long-term assets	(7,104)	(1,897)
Net real estate investments Fix.as./goodwill/contract.	(505)	(123)
Change in non-current assets	0	0
Investments in subsidiaries and affiliates	70	(1,661)
Total cash flow from investment activities	**(7,539)**	**(3,681)**
Capitai increase (third party share)	4,226	4,250
Bonds	67	6,013
Repayment of loans and funding	(36,143)	(23,477)
Opening of loans and funding	0	0
Change in other financial assets/liabilities	0	11,001
Dividends	(1,000)	(1,000)
Changes in minority interests	(160)	(160)
Total cash flow from financing activities	**(37,236)**	**(3,373)**
Change in the scope of consolidation	0	0
Differences on transposition of currency	524	(341)
Annual cash flow	**(9,300)**	**(46,258)**
Beginning cash and cash equivalents	**80,384**	**126,642**
Ending cash and cash equivalents	**75,310**	**80,384**

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 of December 31, 2016	**50,000**	**500**	**1,273**	**20,120**	**-206**	**-389**	**-458**	**-7,425**	**2,929**	**2,980**	**69,324**	**4,245**	**73,569**
Allocation of profits			148	2,809	206				-183	-2,980			
Distribution of dividends				-1,000							-1,000	-160	-1,160
Purchases from third parties													
Reclassification													
Change in the scope of consolidation									-6		-6	10,654	10,648
Revaluation reserve decrease													
Net overall income (loss) for the period					-341	257		-1,059		7,091	5,948	-1	5,947
As of December 31, 2017	**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 of December 31, 2018	**50,000**	**500**	**1,790**	**27,941**	**315**	**426**	**-447**	**- 9,018**	**-9,083**	**7,075**	**69,499**	**14,367**	**83,866**

Subway line Chiaia
station in Naples

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 the sector of building initiatives, prefabrication, environmental services, and the extraction and transformation of basalt.

FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group as of December 31, 2018 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.).

In making their positive assessments of future prospects, the Directors considered: i) the size of the order backlog existing as of the date of preparation of the financial statements, amounting to approximately EUR 1.9 billion, as shown in the Report on Operations ii) the Multiannual Plan for the 2019-2021 three-year period approved by the Directors of the Parent Company on September 26, 2018, developed on the basis of the size of the aforesaid backlog; iii) the most updated forecasts of expected cash flows for the current year which, in the light of the constant and careful management and monitoring of the financial lines available and those attainable on the market, are deemed suitable for the performance of the Group's operating activities in the foreseeable future.

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.

The companies Tessera S.c.a.r.l., Comeca S.c.a.r.l., Amic Highrise Contractors JV and ARGE A26 Donau Brucke, which began their operating activity during the year, entered the consolidation scope.

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.

Affiliates are 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 companies that are neither affiliates nor subsidiaries are valued using the cost method.

Companies consolidated with the line-by-line method:

COMPANY	TYPE	HEAD OFFICE	HEAD OFFICE	% OF 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
NAPOLI METRO	S.C.A R.L.	VICENZA	100,000	100.00
STAZIONE TRIBUNALE	S.C.A R.L.	VICENZA	20,000	100.00
DELMA LIBYA COMPANY	LTD	LIBYA	626,000	65.00
CONSORZIO STABILE INFRASTRUTTURE	STABILE	ROME	100,000	100.00
PALAZZO IACOBUCCI	S.C.AR.L.	VICENZA	10,000	70.00
INDEPENDENT COSTRUCTION GROUP MUSCAT	L.L.C.	OMAN	568,000	70.00
DELMA MIDDLE EAST ENTERPRISES	W.L.L.	QATAR	6,718,000	49.00
DELMA ENGINEERING UK	LTD	UNITED KINGDOM	18,781,000	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

Companies consolidated with the proportional method:

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	TYPE	HEAD OFFICE	HEAD OFFICE	% OF 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		CAPO 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
PORTOCITTA'	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	LLC	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
OLINDA	S.R.L.	ROME	10,000	50.00
STAZIONE CHIAIA	S.C.A R.L.	VICENZA	20,000	100.00
SAN MICHELE	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	SARL	MOROCCO	9,000	99.90
SAN CRISTOFORO	S.C.A R.L.	VICENZA	10,000	90.00

Companies and consortia in liquidation:

COMPANY	TYPE	HEAD OFFICE	HEAD OFFICE	% OF 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
OTTAVIA '93	S.C.A R.L.	ROME	10,200	40.00
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
PISA	S.C.A R.L.	VICENZA	10,000	51.00
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
STORE 26	S.C.A R.L.	VICENZA	10,000	50.00
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
CE.S.I.F.	S.C.P.A.	NAPLES	250,000	21.00
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

Metropolitana di Napoli S.p.A.:
construction of Tribunale Station

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;
- booking the purchase of subsidiaries in accordance with the acquisition method provided for by 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

	Current accounting period	
	Net profit/loss	Net Equity
PARENT COMPANY FINANCIAL STATEMENTS BALANCES	**6,962**	**68,607**
Elimination of intercompany transactions between consolidated firms, net of tax effects:		
• Internal profits on warehouse inventories	-625	-515
• Internal profits on tangible long-term assets	7	-603
• Internal profits on intangible long-term assets	127	-949
• Consolidated companies merger effects		-611
• Dividends received from consolidated companies	-740	
Book value of the consolidated equity investments		-45,648
Period profit/loss and equity of the consolidated companies	266	63,863
Valuation using the equity method of companies entered at cost	868	-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		-158
BALANCES AS PER CONSOLIDATED FINANCIAL STATEMENTS	6,865	83,866
BALANCES AS PER CONSOLIDATED FINANCIAL STATEMENTS Third parties	210	-14,367
BALANCES AS PER CONSOLIDATED FINANCIAL STATEMENTS Group	7,075	69,499

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).

Starting from January 1, 2018, the Group has adopted the following new accounting standards:

"IFRS 15 -"*Revenue from Contracts with Customers*", whose endorsement by the EU took place on October 29, 2016 by means of the Regulation (EC) No 1126/2008, and "Clarifications to IFRS 15 Revenue from Contracts with Customers", whose endorsement by the EU took place on 9 November 2017 with Regulation (EU) 2017/1988. IFRS 15 defines the criteria for the recognition and measurement of revenues resulting from contracts with customers. In summary, this standard requires the analysis of the following 5 steps for recognizing the revenues: (i) identification of the contract; (ii) identification of *performance obligations* contained in the contract; (iii) determination of the transaction price; (iv) allocation to the *performance obligations* of the price envisaged by the contract; (v) recording of the revenues. The Group has carried out a detailed analysis to verify whether the introduction of this new standard resulted in changes in the method of revenues recognition. The impacts of the analyses carried out are summarized in a specific section below.

IFRS 9 - *"Financial instruments"*, whose endorsement by the EU took place on November 29, 2016 with the Regulation (EU) 2016/2067. Starting from January 1, 2018, IFRS 9 *"Financial Instruments"* replaced IAS 39 *"Financial Instruments: Recognition and Measurement"*, establishing a new set of accounting rules applicable to the classification and measurement of financial instruments, impairment of receivables and hedge accounting.

The analyses carried out did not reveal any significant impact in relation to IFRS 9.

Accounting standards and interpretations of standards effective for financial years after 2018 and not adopted in advance by the Group:

On January 13, 2016, the IASB published the new standard IFRS 16 - Leases, which replaced the current provisions on leasing, including IAS 17 "Leases", IFRIC 4 *"Determining whether an arrangement contains a lease"*, SIC-15 *"Operating leases - Incentives" and SIC-27 "Evaluating the substance of transactions in the legal form of a lease"*. IFRS 16 applies starting from January 1, 2019. Endorsement by the EU took place on October 31, 2017 with Regulation (EU) 2017/1986. The new standard eliminates the difference in the accounting for operating and financial leases despite the presence of elements that make it easier to apply and introduce the concept of control within the definition of lease. In particular, to determine whether or not a contract represents a lease, IFRS 16 requires to verify whether the lessee has the right to control the use of a specific asset for a specific period of time. Early application is permitted for entities that also apply IFRS 15 *Revenue from Contracts with Customers*. The ICM Group will apply IFRS 16 starting from January 1, 2019; in this framework, an analysis is in progress to verify the impacts resulting from the application of this new standard.

Accounting standards and interpretations to be applied in the short term:

At the date of approval of these consolidated financial statements, some accounting standards, interpretations and amendments have been issued by the IASB, but not yet endorsed by the European Union, some of which are still at the consultation stage. Among them, the following shall be underlined:

On May 18, 2017, the IASB published the new standard

IFRS 17 *Insurance Contracts*, which replaces the current IFRS 4. The new standard on insurance contracts aims at increasing transparency on the sources of profit and on the quality of the profits made, as well as at ensuring a high level of comparability of results, by introducing a single principle for the recognition of revenues that reflects the provided services. IFRS 17 applies to financial statements relating to financial years starting on January 1, 2021 or later. The Endorsement Process by EFRAG is still ongoing. On December 12, 2017 the IASB published the document *"Annual Improvements to IFRS: Standards 2015-2017 Cycle"*. The changes introduced, which fall within the ordinary streamlining clarification activity on the international accounting standards, concern the following standards: (i) IFRS 3 - *Business Combinations* and IFRS 11 - *Joint Arrangements:* IASB has clarified how to account for the increase in interest in a *joint operation* that complies with the definition of business; (ii) IAS 12 - *Income Taxes*: the IASB has clarified that the tax effects related to the payment of dividends (including payments relating to financial instruments classified in the Statement of Changes in Equity) are recognized in a manner consistent with the underlying transactions or events that generated the amounts to be distributed (e.g., booking in the prospect of the profit/(loss) to the OCI or in the Statement of Changes in Equity); (iii) IAS 23 - *Borrowing Costs*: the IASB has clarified that general borrowing for the calculation of borrowing costs to be capitalized on qualifying assets does not include borrowings that are specifically related to qualifying assets under construction or development. When such qualifying assets are available for use the related borrowings are deemed general borrowing for the purposes of IAS 23. The amendments apply to the financial statements relating to the financial years starting on January 1, 2019, or later; early application is allowed. The conclusion of the Endorsement Process occurred in 2018, while the endorsement by the EU is expected during the first quarter of 2019. On February 7, 2018, the IASB published some amendments to IAS 19 - *Employee Benefits.* The document *"Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)"* clarifies some accounting aspects related to amendments, curtailments or settlements of a defined benefit plan. The amendments apply to changes to plans, curtailments or transactions that take place from January 1, 2019 or the date on which they are applied for the first time (early application is allowed). The conclusion of the Endorsement Process occurred in 2018, while the endorsement by the EU is expected during the first quarter of 2019. On March 29, 2018, the IASB published the revised version of the *Conceptual Framework for Financial Reporting.* The main changes compared to the 2010 version concern a new chapter on the valuation, better definitions and guidance, in particular with regard to the definition of liabilities, and the clarification of important concepts such as stewardship, prudence and uncertainty in the valuations. The changes apply to the financial statements relating to the periods starting on January 1, 2020. The Endorsement Process by EFRAG and the endorsement by the EU are planned for 2019. On October 22, 2018, the IASB published some amendments to IFRS 3. The document "*Amendment to FRS 3 Business Combinations*" introduced a much more restrictive definition of business than that contained in the current version of IFRS 3, as well as a logical path to follow to verify whether a transaction can be considered as a "business combination" or a simple acquisition of an asset. The amendment must be applied to acquisitions that take place starting from January 1, 2020.

The Endorsement Process by EFRAG and the endorsement by the EU are planned for 2019. On October 31, 2018, the IASB published the document "*Amendments to IAS 1 and IAS 8: Definition of Material*" with the aim of refining and aligning the definition of "Material" present in some IFRS, so that it is also consistent with the new *Conceptual Framework for Financial Reporting* approved in March 2018. The changes apply to the financial statements relating to the periods starting on January 1, 2020. Early application is allowed. The Endorsement Process by EFRAG and the endorsement by the EU are planned for 2019. Any effects that the accounting standards, amendments and interpretations soon to be applied may have on the Group's financial statements are currently being examined and assessed.

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.

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.

Other investments are valuated using the cost method, net of any durable loss of value.

CONTRACT COSTS

IFRS 15 allows the capitalization of the costs for obtaining and executing contracts, provided that they are recoverable through the future economic benefits of the contract. These are the costs that are incurred as a result of the acquisition of an order. They are systematically recorded under the assets and booked to the income statement in a manner corresponding to the transfer of control of the goods/services to the customer, which coincides with the development 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.

Advances received from purchasers upon signing the agreement are entered under the heading "Advances".

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:

(+) Progressive work value 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) 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, for the booking of the reserves and the amounts related to the additional requests to the Buyer, it is necessary to follow 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 are initially booked at their nominal value and are then valued at the amortized cost according to the method of the actual interest rate in case the value thus determined significantly differs from the initial value in order to consider the implied financial expense. Moreover, such value is decreased according to a suitable depreciation to reflect the estimate of losses on receivables for which, according to the likelihood of the loss, a suitable allowance for doubtful receivables is set aside or directly charged to the income statement of the period. 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 are shown at their rated value. Where relevant, the effect of the updating related to medium-term payables is also taken into consideration.

FINANCIAL ASSETS

Financial assets are booked and backed out of the financial statements based on the negotiation date and are initially valued at their cost, including the expenses directly connected to the acquisition.

On dates following that of the financial statements, financial assets that the Group is willing and able to hold until expiration (securities held till expiration) are booked at their amortized cost according to the method of the actual interest rate, net of depreciations performed to reflect the losses of value.

Other financial assets than those held till expiration are classified as held for sale or available for sale and are valued upon each period end at their fair value. When the financial assets are held for the sale, profits and losses resulting from the changes in the fair value are imputed to the income statement of the period. Financial assets available for sale, profits and losses resulting from the changes in the fair value are imputed directly to the net shareholder equity until they are transferred or are subject to a loss of value; at that time, overall profits and losses previously booked to the net shareholder equity are imputed to the income statement of the period.

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 with regard to the establishment 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 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 with 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 with 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

Loans are noted initially at cost, corresponding to the fair value of the payment received net of closing costs of the loan.

After the initial entry, 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 is calculated taking into account the issue costs and any discount or premium expected at the time of settlement.

DERIVATIVES

The Group uses derivatives to cover risks resulting from the fluctuations of interest rates and exchange rates related to bank loans. The structure of the contracts in force complies with the "hedging" policy of the Group.

Derivatives are initially booked at cost and then adjusted to the fair value upon the following dates of close. The booking of coverage derivatives differs according to the aim of the coverage: coverage of the changes to future cash flows (cash flow hedge) or coverage of the changes to the fair value (fair value hedge).

Cash flow hedge

The changes to the fair value of the derivatives that are set and become effective to cover future cash flows related to contractual obligations of the Group are booked directly to the Net Equity; while the ineffective part is booked to the Income Statement at once.

The amounts booked directly to the Net Equity are included in the Income Statement in the same period in which the covered contractual obligation affects the Income Statement.

Fair value hedge

For the "effective" coverage of an exposure to "fair value fluctuations", the covered item is adjusted by the changes to the fair value attributable to the risk covered by the contra-entry in the income statement. Also profits and losses resulting from the evaluation of the derivative instrument are booked to the income statement.

The changes to the fair value of the derivatives that are not qualified as coverage are booked to the income statement in the period in which they occur.

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.

At the time that the results can be estimated reliably, 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, based on the relationship between the costs borne for the activity carried out and the total estimated costs of the purchase order.

Changes to the contract, price revisions and incentives are included to the extent that they were agreed with the Customer.

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 considerable 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.

RISK MANAGEMENT

In carrying out its activity, the Group is exposed to market risks, which can be traced to changes in interest rates, the risk of liquidity and credit risk.

The exposure of the Group to changes in interest rates is not particularly significant, considering that this risk is mainly connected to variable-rate, medium- to long-term loan transactions. Transactions of this type are represented by loans.

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.

Credit risk is managed through operational procedures that allow control of the risk by limiting operations vis-à-vis customers who do not possess an adequate level of credit worthiness

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

FURTHER INFORMATION

APPLICATION OF THE ACCOUNTING STANDARD IFRS 15

The new accounting standard provides a new regulatory framework for the recognition of revenues from sales of goods and services to customers (including contracts relating to contract works in progress). In a nutshell, IFRS 15 requires a revenue accounting process that includes the following 5 steps: (i) identification of the contract (or of the contracts) with the customer, (ii) identification of the different performance obligation (defined as the promises to transfer goods and/or services to customers) within the contract, (iii) determination of the transaction price, (iv) allocation of the price of the transaction to the different performance obligations, (v) recognition of the revenues. The new standard has led, in detail, to some substantial changes in the accounting treatment of some specific pre-operating costs, to be identified with the costs incurred for the study and formulation of offers, and the identification of the performance obligations identifiable within the individual contracts. The new IFRS 15 provisions resulted in a negative adjustment of EUR 11.4 million to the Group Statement of Changes in Equity as of January 1, 2018 due to the restatement of the additional considerations in accordance with the new IFRS 15 provisions set out above.

The ICM Group has applied the new provisions relating to IFRS 15 retroactively, accounting for the cumulative effect of the initial application of the new standards as an adjustment to the opening balance of the 2018 Statement of Changes in Equity, without, however, redetermining – as permitted by the aforementioned standard – comparative data from the previous periods.

The table below summarizes the effects on the Statement of Changes in Equity arising from the introduction of the IFRS 15 standard.

(AMOUNTS IN EURO/000)	Authorized share capital	Undistributed reserves and profits	Other components of the Comprehensive Income Statement	Group net equity	Net equity of minority interests	Total net equity
Balance as of January 1, 2018 without the effects of the adoption of the new standards	50,000	33,340	-9,074	74,266	14,738	89,004
Determination of the transaction price		-11,397		-11,397		-11,397
Total effect of the adoption of the IFRS 15		-11,397		-11,397		-11,397
Balance as of January 1, 2018 with the effects of the adoption of the new standards	50,000	21,943	-9,074	62,869	14,738	77,607

RE-CLASSIFICATION OF THE ITEMS ENTERED IN THE FINANCIAL STATEMENTS CLOSED AS OF DECEMBER 31, 2017

As indicated above, following the introduction of the new accounting standards, a new item called "Contractual costs" has been added under the long-term assets destined to include capitalized costs, while the assets and liabilities resulting from the contract are classified under the "Contractual assets" and "Contractual liabilities". This approach also led to the reclassification to the items included in the financial statements for the year ended as of December 31, 2017 in order to make the displayed values comparable.

STATEMENT OF FINANCIAL POSITION - ASSETS			12/31/2017
(AMOUNTS IN EURO/000)	**12/31/2017**	**Effects / reclassification IFRS 15**	**12/31/2017 Restated**
(Amounts in Euro/000)			
Non-current assets			
Tangible long-term assets	43,441		43,441
Intangible long-term assets	6,333		6,333
Contract costs		27,312	27,312
Investments	7,045		7,045
Other non-current assets	9,115		9,115
Total non-current assets	**65,934**	**27,312**	**93,246**
Assets available for sale	12,495		12,495
Current assets			
Inventories	49,923		49,923
Contractual assets	172,745	-37,713	135,032
Trade receivables	128,504		128,504
Receivables from affiliates and parent companies	26,922		26,922
Other current assets	34,750		34,750
Cash and cash equivalents	80,384		80,384
Total current assets	**493,228**	**-37,713**	**455,515**
Total assets	**571,657**	**-10,401**	**561,256**

STATEMENT OF FINANCIAL POSITION - LIABILITIES

(AMOUNTS IN EURO/000)	12/31/2017 Published	Effects / reclassification IFRS 15	12/31/2017 Restated
Net Equity			
Authorized share capital	50,000		50,000
Additional paid in capital fund	500		500
Legal reserve	1,421		1,421
Other reserves	12,514		12,514
Retained earnings (losses)	2,740		2,740
Period income/loss	7,091		7,091
Total Equity of the Group	**74,266**		**74,266**
Minority interests	14,738		14,738
Total net equity	**89,004**		**89,004**
Non-current liabilities			
Bonds	29,713		29,713
Bank financings	55,935		55,935
Payables due to other lenders	6,377		6,377
Payables for financial leases	1,166		1,166
Deferred tax liabilities	2,868		2,868
Provisions for risks and charges	5,380		5,380
Employee benefits	3,800		3,800
Total non-current liabilities	**105,239**		**105,239**
Current liabilities			
Bonds			
Bank financings	100,606		100,606
Payables due to other lenders	244		244
Payables for financial leases	672		672
Trade payables to suppliers	202,546		202,546
Payables to affiliates and parent companies	7,430		7,430
Contractual liabilities and other current liabilities	65,916	-10,401	55,515
Total current liabilities	**377,414**	**-10,401**	**367,013**
Total equity and liabilities	**571,657**	**-10,401**	**561,256**

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 IFRS 15, described in a specific section of these Explanatory notes.

Shopping Center "Le Cotoniere"
and ancillary works in Salerno (Italy)

ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION HEADINGS

NON-CURRENT ASSETS

1) Tangible long-term assets

Tangible long-term assets totaled EUR 45,931,000, an increase of EUR 2,490,000 compared to the preceding period.

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

As for the other tangible long-term assets, an overall change of EUR 3,104,000 was recorded due to net investments as for EUR 6,979,000, an increase due to an inclusion in the consolidation scope as for EUR 61,000 and to amortizations as for EUR 3,936,000.

Assets held through financial lease contracts, whose value as of December 31, 2018 totaled EUR 2,116,000, were recognized as Group assets, and they were classified as tangible long-term assets; while the corresponding liabilities to the lessor were shown in the financial statements among financial payables.

(AMOUNTS IN EURO/000)	12/31/2017	Consol. scope change	Increas.	Decr.	Depr.	Diff. on exch.	12/31/2018
Land	20,149		17		(159)		20,007
Buildings	10,695		47		(519)		10,223
Plant and machinery	8,051		5,861	(1,922)	(2,517)	116	9,589
Indus. and comm. equip.	2,368	59	2,305	(239)	(806)	79	3,766
Other assets	1,851	2	1,101	(431)	(594)	108	2,037
Const. in progress and advances	327				(18)		309
Total	**43,441**	**61**	**9,331**	**(2,592)**	**(4,613)**	**303**	**45,931**

The heading "Land" and the heading "Buildings" contained for the respective amounts, the prefabrication plant in Almisano (VI) (EUR 15,836,000); the offices, laboratories and purification plant at Via dell'Economia in Vicenza (EUR 5,888,000); and the basalt quarries in Lauri and Cattignano, both in the province of Verona (EUR 5,948,000).

The cost of the lease payment was broken down into its components: financial charges booked to the income statement, and repayment of capital entered as a reduction of financial debt for financial leases.

2) Intangible long-term assets

Intangible long-term assets totaled EUR 5,907,000, a decrease of EUR 426,000 compared to the preceding period.

(AMOUNTS IN EURO/000)	12/31/2017	Consol. scope change	Increas.	Decr.	Depr.	Diff. on exch.	12/31/2018
Industrial patent rights and concessions	30		13			(10)	33
Software	14		14			(12)	16
Other	6,289		82			(513)	5,858
Total	**6,333**		**109**			**(535)**	**5,907**

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 3,106,000 and the construction and management of public use works in the Municipality of Caldogno (VI) as for EUR 2,032,000, besides the concession for the management of the thermal and cooling energy service in the Municipality of Caldogno (VI) as for EUR 651,000.

3) Contract costs

This item includes the costs incurred to obtain 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 and amortized on the basis of the percentage of completion of the order works to which they refer.

They amount to EUR 24,839,000, an overall decrease of EUR 2,473,000 compared to the previous period, mainly due to their booking to the income statement on the basis of the work progress. They mainly refer to the metropolitan railway works on behalf of Ente Autonomo Volturno and Metropolitana di Napoli, as well as the Treviglio-Brescia/Brescia-Verona high-speed railway works.

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

4) Investments

(AMOUNTS IN EURO/000)	12/31/2018	12/31/2017	Delta
In subsidiaries	653	1,002	(349)
In affiliates	3,270	2,995	275
In other businesses	3,052	3,048	4
Total	**6,975**	**7,045**	**(70)**

The subsidiaries are the following:

NAME	Subsidiaries	Head office	Share capit.	% held	Cons. fin. stat. value	Net Equity excl. result	Period profit/ loss
ACQUASANTA in liquid.	S.C.A R.L.	CATANIA	10	80.00	8	10	
ICM - USA	L.L.C.	UNITED STATES OF AMERICA	474	70.00	332	474	
CASTEL DI SANGRO in liquid.	S.C.A R.L.	ROMA	10	51.00			**
CONSORZIO AIP in liquid.		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 liquid.	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)	
IMMOBILIARE COLLI in liquid.	S.R.L.	VICENZA	46	99.00	373	379	(2)
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 liquid.	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	8	6	2
OPERA SETTE	S.R.L.	VICENZA	10	99.00	15	26	(11)
PISA in liquidation	S.C.A R.L.	VICENZA	10	51.00	5	10	
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 liquidazione	S.C.A R.L.	ROME	10	51.00			**
SANMICHELE	S.R.L.	VICENZA	10	100.00	4	6	(2)
SESTO in liquidation	S.C.A R.L.	VICENZA	10	100.00			**
STAZIONE CHIAIA	S.C.A R.L.	VICENZA	20	100.00	20	20	
SUBURBANA EST BOLOGNA in liquid.	S.C.A R.L.	VICENZA	11	66.66	7	11	
FINANCIAL STATEMENTS TOTAL: INVESTMENTS IN SUBSIDIARIES					**653**		

** not available data

Investments in affiliates totaled EUR 3,270,000 and broken down as follows:

NAME	Subsidiar-ies	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.	NAPOLI	10	50.00	(24)	(47)	
G.E.I. GESTIONI ITALIA in liquidation	S.R.L.	VICENZA	100	50.00	11	15	(1)
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	3,840	(622)
NTV	S.C.A R.L.	CAMPOLONGO MAGGIORE (VE)	20	49.00	10	20	
OLINDA	S.R.L.	ROME	10	50.00	5		
OPERA DUE	S.R.L.	VICENZA	60	20.00	10	49	(1)
OTTAVIA 93 in liquidation	S.C.A R.L.	ROME	10	40.00	4	10	
PORTOCITTA'	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	35	108	39
STORE 26 in liquidation	S.C.A R.L.	VICENZA	10	50.00	5	10	
T.M.T. iin 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					**3,270**		

** not available data

The investments in other companies totaled EUR 3,052,000.

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
Consorzio Asse Sangro	5.00	2
Consorzio TRA.DE.CIV.	6.87	27
Consorzi Nogma	7.30	30
Nuova Briantea S.c.a r.l.	14.00	14
Consorzio Cepav 2	13.64	6
Con. Fidi		7
Other		35
Total		**3,052**

5) Other non-current assets

This item, which amounted to EUR 2,903,000, 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.

The item Other non-current assets recorded an overall decrease of EUR 6,212,000 relating to the payment of the residual share capital of Delma Engineering UK as for EUR 4,380 and the reclassification under the current assets of the receivables from foreign public Buyers to which a deferment of payment as for EUR 1,832,000 was granted.

6) Assets available for sale

This item, amounting to EUR 11,960,000, included No. 184 shares of the real estate fund "Real Stone", which in these financial statements decreased by EUR 535,000 against the depreciation carried out during the fair value assessment of the fund as of 12/31/2018.

The fund shares were booked at their fair value, represented by an estimate of the net value of the fund equal to EUR 13,5 million, booked with reference to a value of the real estate projects held by the fund being overall worth approximately 43,5 million, and net of financial liabilities as for EUR 15,3 million and of liabilities related to payables to the Group as for EUR 14 million.

This value definition was the result of professional expert estimate that was specifically entrusted to the company K2Real S.r.l. based in Milan, external consultant expert in the sector.

CURRENT ASSETS

7) Inventories

The detail on the headings is the following:

AMOUNTS IN EURO/000)	12/31/2018	12/31/2017	Delta
Raw materials and supplies	2,742	5,768	(3,026)
Prod. in progress and finished goods	42,860	43,514	(654)
Finished goods and merchandise	574	641	(67)
Total	**46,176**	**49,923**	**(3,747)**

Inventories of raw materials, parts and supplies 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)	12/31/2018	12/31/2017	Delta
Italy	1,134	1,382	(248)
Kenya	954	646	308
Cape Verde	654	3,740	(3,086)
Total	**2,742**	**5,768**	**(3,026)**

The inventories of products in progress and finished goods amounted to EUR 42,860,000, showing a decrease of EUR 654,000 compared to the preceding period. They referred to building initiatives ongoing as of December 31, 2018, referring to real estate operations waiting to be developed, still being executed, and already completed. They can be referred as for EUR 34,994,000 to the Parent Company and as for EUR 7,866,000 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.

8) Contractual assets

Contractual assets, which amounted to EUR 113,534,000, represented the production carried out as of December 31, 2018 that has not yet been certified, net of advances.

AMOUNTS IN EURO/000)	12/31/2018	12/31/2017	Delta
Work in progress and other contractual assets	133,534	156,932	(23,398)
Contractual risks reserves	-20,000	-21,900	1,900
Total	**113,534**	**135,032**	**(21,498)**

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.

The item was examined on the basis of the accounting standard IFRS 15. The new standard has led to some substantial changes in the accounting treatment of this financial statements item and established new, stricter and more prudent rules in relation to the booking of sales revenues to the financial statements. For further details on the effect of the application of IFRS 15 to this item, reference should be made to the section "Other information".

These types of amounts are governed by IFRS 15 and

Sviluppo Cotorossi S.p.A.: office, commercial and residential complex called “Borgo Berga” in Vicenza (Italy) referred in this specific case to "contractual changes". 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.

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.

9) Trade receivables

Trade receivables equal to EUR 118,853,000, showed a decrease of EUR 9,651,000 compared to the preceding period and came commonly 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)	12/31/2018	12/31/2017	Delta
Buyers / customers	125,871	135,057	(9,186)
Allowance for doubtful accounts	(7,018)	(6,553)	(465)
Net total	**118,853**	**128,504**	**(9,651)**

The geographic distribution of trade receivables including the allowance for doubtful receivables was as follows:

€ 76,919,000 Italy

€ 48,952,000 abroad

Receivables referred to foreign countries were subdivided as follows:

AMOUNTS IN EURO/000)	12/31/2018	12/31/2017	Delta
Middle East	3,429	21,276	(17,847)
Kenya	24,816	2,931	21,885
Tanzania	6	6	
Albania	34	31	3
Libya	5,582	4,780	802
Cape Verde	6,798	8,402	(1,604)
Lebanon		11,922	(11,922)
Romania	6	133	(127)
Oman	7,100	4,325	2,775
Austria	235		235
Cyprus	946		946
Total	**48,952**	**53,806**	**(4,854)**

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, given the existing political uncertainty, during the preceding periods, a remarkable restatement of the financial statements items was in any case carried out. However, these items are partially offset by debt accounts.

Receivables increased due to works carried out and invoiced in 2018 by the subsidiary Delma Lybian Company and collected in the first months of the current period.

The residual receivables owed by Libyan government agencies were valued prudentially as they are widely supported by securities and, in most cases, they related to final judgments of courts of the highest degree. Although the political situation appears unstable, such circumstance provides a reasonable certainty of recovery of the receivables, as soon as the political situation will return to normal conditions.

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

Value 12/31/2017	Uses	Provisions	Value 12/31/2018
6,553	(15)	480	7,018
6,553	**(15)**	**480**	**7,018**

10) Current receivables from affiliates and parent companies

These totaled EUR 29,827,000, with an increase of EUR 2,905,000 compared to the preceding period and were subdivided as follows:

AMOUNTS IN EURO/000)	12/31/2018	12/31/2017	Delta
Financial receivables from affiliates and parent companies	24,693	24,209	484
Trade receivables from affiliates and parent companies	5,134	2,713	2,421
Total	**29,827**	**26,922**	**2,905**

Financial receivables from affiliates and parent companies

This item, which totaled EUR 24,693,000, showed an increase by EUR 484,000 compared to the preceding period and consisted of receivables from the company Codel.Ma S.r.l. as for EUR 13,377,000 to support real estate activities, as well as of receivables from the parent company MP Finanziaria S.p.A. as for EUR 6,412,000 referred to the giro account balance, and as for EUR 4,904,000 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 5,134,000, 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 2,421,000.

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

11) Other current assets

The total of EUR 39,431,000 increased compared to the preceding period by EUR 4,681,000. It consisted of the following items:

AMOUNTS IN EURO/000)	12/31/2018	12/31/2017	Delta
Tax credits	9,344	5,985	3,359
Deferred tax assets	260	287	(27)
Receivable from others	28,212	25,247	2,965
Accrued income and prepaid expenses	1,615	3,231	(1,616)
Total	**39,431**	**34,750**	**4,681**

Tax credits

Receivables from Treasury totaled EUR 9,344,000 and increased by EUR 3,359,000 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 3,156,000), to excess taxes, mainly for indirect taxes, at foreign branches (EUR 3,922,000), to taxes requested to be reimbursed (EUR 370,000), to interest on taxes requested for reimbursement (EUR 391,000) plus other residual amounts (EUR 1,505,000) referred to other receivables.

Other deferred taxable assets

This heading, which totaled EUR 260,000, showed a decrease by EUR 27,000 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

These totaled EUR 28,212,000, with an increase of EUR 2,965,000 compared to the preceding period. This item referred to the two types of receivables, i.e. financial and commercial ones.

The balance for receivables from others totaled EUR 5,587,000 and showed an increase by EUR 1,544,000 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 22,625,000, an increase of EUR 1,421,000 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)	12/31/2018	12/31/2017	Delta
Advances to subcontractors	10,348	6,685	3,663
Receivables for consortium activities and from partners in consortia	5,864	9,519	(3,655)
Other receivables	6,413	5,000	1,413
Total	**22,625**	**21,204**	**1,421**

Accruals and deferrals

This heading, which totaled EUR 1,615,000, showed a decrease of EUR 1,616,000 compared to the preceding period. It included prepaid expenses related to insurance premiums, commissions on bank guarantees and costs relating to future periods

12) Cash and cash equivalents

They totaled EUR 75,310,000, a decrease of EUR 5,074,000 compared to the preceding period.

This heading included:

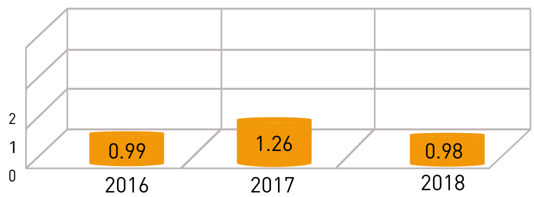
A) Bank and postal deposits.

These involved temporary availabilities at credit institutions in ordinary current accounts whose change is part of normal cash management, totaling EUR 75,165,000. The item consisted mainly of advances received from buyers for contracts carried out, in progress or to be performed and, consequently, is closely related to them.

B) Cash on hand.

These totaled EUR 145,000.

LEVERAGE



13) 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, 2018.

A) Authorized share capital

As of December 31, 2018, 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. 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 1,790,000, with an increase of EUR 369,000 compared to the preceding period, following the assignment to this reserve of 5% of income from the preceding period.

D) Other reserves

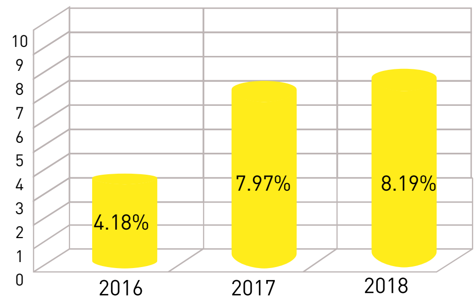
They totaled EUR 27,941,000 and are related to:

- as for EUR 20,566,000 to extraordinary reserve, which increased by EUR 7,012,000 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 within the framework of merger operations, as well as 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 during the preceding periods.

E) Reserves relating to components of the Comprehensive Income Statement

They totaled EUR -8,724,000 and are related:

- as for EUR 426,000 to the reserve, which includes fair value changes of derivatives such as cash flow hedge, only for their "effective" share;
- as for EUR 315,000 to the transposition reserve generated as a result of the conversion of balances related to the foreign branches;
- as for EUR -9,018,000 to the reserve including the changes in fair value of the shares of the real estate fund "Real Stone";
- as for EUR -447,000 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, 2018, non-current liabilities totaled EUR 90,049,000, a decrease of EUR 15,190,000 compared to the amount as of December 31, 2017. This heading included, in detail

AMOUNTS IN EURO/000)	12/31/2018	12/31/2017	Delta
Bonds	28,851	29,713	(862)
Bank financings	38,397	55,935	(17,538)
Payables due to other lenders	6,952	6,377	575
Payables for financial leases	1,085	1,166	(81)
Deferred tax liabilities	5,991	2,868	3,123
Provisions for risks and charges	5,163	5,380	(217)
Employee benefits	3,610	3,800	(190)
Total	**90,049**	**105,239**	**(15,190)**

14) Bonds

The item was accounted for applying the amortizing cost method, amounted to EUR 28,851,000 and recorded a decrease of EUR 862,000 compared to the preceding period due to reclassification to the current liabilities of the loan share to be reimbursed in the next period. It referred to two debenture bonds 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 12/31/2018.

15) Bank loans

Bank debt due beyond twelve months totaled EUR 38,397,000, with a decrease of EUR 17,538,000 compared to the preceding period. Such debt consisted of credit lines in Euro, of which EUR 3,611,000 referred to mortgage loans to support building initiatives, EUR 24,849,000 referred to a syndicated loan, and EUR 9,937,000 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 were signed in 2018. 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 major 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 24,849,000, at six-month Euribor rate plus agreed spread, with last installment due in 2022;
- a mortgage loan disbursed by Unicredit S.p.A. for EUR 1,323,000, at the six-month Euribor plus agreed spread, with last installment due in 2020;
- a mortgage loan disbursed by Intesa San Paolo S.p.A. (former Banca Popolare di Vicenza S.p.A.) for EUR 2,102,000, 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 12/31/2018.

16) Payables to other lenders

This item, amounting to EUR 6,952,000, increased by EUR 575,000 compared to the preceding period following the charging of the accrued financial charges.

It referred to the securitization transaction through a special purpose vehicle company. By means of such operation, Consorzio Infrastrutture S.c. a r.l. originally transferred pro-solvendo to the "special purpose vehicle" Atlantica 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 24,506,000. For this assignment, always providing evidence of the essential nature of the transaction, Consorzio received:

- net financial funding as for EUR 11,800,000;
- securities class B issued by Atlantica SPV S.r.l. for a nominal total amount of EUR 10,500,000. Such securities provide the right to deferred repayment with reference to securities of class A issued by Atlantica SPV S.r.l

With reference to the above, the booking in the financial statements of the debt to the company Atlantica 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.

17) Payables for financial leases

Payables for non-current financial leases totaled EUR 1,085,000, a decrease of EUR 81,000 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.

18) Deferred tax liabilities

AMOUNTS IN EURO/000)	12/31/2018	12/31/2017	Delta
Deferred tax liabilities	5,991	2,868	3,123
Total	**5,991**	**2,868**	**3,123**

This heading totaled EUR 5,991,000, an increase of EUR 3,123,000 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.

19) Provisions for risks and charges

They totaled EUR 5,163,000, showing a decrease of EUR 217,000 compared to the preceding period. The item referred to the provision carried out with the support of the opinion of the group tax advisors for risks related to tax audits with reference to the years from 2012 to 2015, to provisions made for the "country" risk referring to Libya, to the provision to the fund set up to restore the basalt quarries and to hedge the risk associated with the valuation at market price of the discounted cash flow for future payments envisaged on derivative contracts.

20) Employee benefits

The indicated value, determined according to the criteria established by IAS 19, amounted to EUR 3,610,000. It showed a decrease of EUR 190,000 compared to the preceding period.

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;

Value 12/31/2017	Set-asides 2018	Financ. expenses on bonds	Other changes	Uses	Value 12/31/2018
3,800	103	65	(28)	(330)	3,610
3,800	**103**	**65**	**(28)**	**(330)**	**3,610**

- 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 2.00%;
  - Employee Severance Fund increase rate of 2.62%;
  - inflation rate of 1.5%.

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 13 e).

Here below, the data of the employed personnel are listed.

	12/31/2018	12/31/2017	Average 2018	Average 2017
Executives	29	27	28	28
Employees and Manag.	267	250	264	251
Plant workers	243	318	281	345
Totale	**539**	**595**	**573**	**624**

CURRENT LIABILITIES

As of December 31, 2018, current liabilities totaled EUR 347,713,000, a decrease of EUR 19,282,000 compared to December 31, 2017. This item broke down as follows:

AMOUNTS IN EURO/000)	12/31/2018	12/31/2017	Delta
Bonds	929		929
Bank financings	82,001	100,606	(18,605)
Payables due to other lenders		244	(244)
Payables for financial leases	382	672	(290)
Trade payables to suppliers	176,279	202,546	(26,267)
Payables to affiliates and parent companies	7,863	7,430	433
Contractual liabilities and other liabilities	80,277	55,515	24,762
Total	**347,731**	**367,013**	**(19,282)**

21) Bonds

The item, which amounted to EUR 929,000, referred to the portion of bonds maturing in the next period.

22) Bank loans

This heading, which totaled EUR 82,001,000, decreased by EUR 18,605,000 compared to the preceding period. It consisted of installments on mortgage loans (EUR 1,893,000) and of instalments on signature loans (EUR 6,431,000) due in the next accounting period, of the syndicated loan instalment expiring on 2018 (EUR 10,000), of the signature financing in Euro (EUR 63,677,000) represented mainly by advances on contracts and on invoices, uses of current accounts and financings to import (EUR 2,555,000).

The expiration of current payables to bank is shown in the following table. It shall be underlined that the financial lines "subject to revocation" are those conventionally indicated among those expiring within three months.

AMOUNTS IN EURO/000)	Exp. within 3 months	Exp. in 3 & 12 months	Total
Liab. variab. int. rate	29,029	71,577	100,606
Liab. fixed int. rate			
Total as of 12/31/2017	**29,029**	**71,577**	**100,606**
Liab. variab. int. rate	26,683	55,318	82,001
Liab. fixed int. rate			
Total as of 12/31/2018	**26,683**	**55,318**	**82,001**

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.

23) Payables to other lenders

Payables to other lenders were canceled. This item included advances on the pro-solvendo assignment of receivables to factoring companies.

24) Payables for financial leases

Payables for financial leases totaled EUR 382,000, a decrease of EUR 290,000 compared to the preceding year. They referred to the portion of principal maturing in the next accounting period.

Net book value of real estates, plants and machineries and other assets used pursuant to financial leasing contracts is shown under paragraph No. 1) related to long-term assets.

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	169	503	672
Liab. fixed int. rate			
Total as of 12/31/2017	**169**	**503**	**672**
Liab. variab. int. rate	96	286	382
Liab. fixed int. rate			
Total as of 12/31/2018	**96**	**286**	**382**

Development
and construction
of the residential
center “Limassol Delmar”
on the island of Cyprus

25) Trade payables

Trade payables totaled EUR 176,279,000. This heading, which decreased by EUR 26,267,000, also thanks to the final closing of orders carried out in preceding periods, referred as for EUR 54,881,000 to payables to suppliers operating abroad where the Group attained 38% of its total production in 2018.

26) Current payables to affiliates and parent companies

This heading, which overall totaled EUR 7,863,000, showed an increase by EUR 433,000 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 Malco S.c.a r.l. as for EUR 1,803,000, and Stazione Chiaia S.c.a r.l. as for EUR 1,601,000.

27) Contractual liabilities and other current liabilities

These totaled EUR 80,277,000, an increase of EUR 24,762,000 compared to the preceding period, consisting of:

AMOUNTS IN EURO/000)	12/31/2018	12/31/2017	Delta
Taxes payables	2,336	2,382	(46)
Payables to social security agencies	1,395	1,030	365
Contractual liabilities	50,521	7,095	43,426
Other payables	18,494	37,277	(18,783)
Payables to partners in consortia	4,497	3,155	1,342
Accrued liabilities and deferred income	3,034	4,576	(1,542)
Total	**80,277**	**55,515**	**24,762**

Taxes payables

This heading, which totaled EUR 2,336,000, showed a decrease by EUR 46,000 compared to the preceding period. It consisted mainly of taxes withheld (EUR 1,191,000), indirect taxes (EUR 881,000), and direct taxes (EUR 264,000).

Concerning the tax situation it shall be underlined that the periods until 2013 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 1,395,000, consisted as for EUR 1,044,000 of payables to INPS and as for EUR 351,000 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 50,521,000, an increase of EUR 43,426,000 compared to the preceding period. They referred mainly to advances paid by buyers.

Other payables

The involved heading, which overall totaled EUR 18,494,000, showed a decrease by EUR 18,783,000 compared to the preceding period. Among the other relevant items making up this heading there are payables to employees as for EUR 5,143,000, 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 4,315,000.

Payables to partners in consortia

This item, which totaled EUR 4,497,000, showed an increase by EUR 1,342,000 compared to the preceding period.

Accrued liabilities and deferred income

This heading, which totaled EUR 3,034,000 and which decreased by EUR 1,542,000 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

28) Revenues

Total revenues, which totaled EUR 305,721,000, increased by EUR 16,915,000 compared to the previous period, reflecting both the completion of some orders and the positive start of other significant contracts. The heading included in detail:

AMOUNTS IN EURO/000)	12/31/2018	12/31/2017	Delta
Revenues from sales and services	295,397	280,675	14,722
Change in inventories for finished goods and goods in progress	(678)	904	(1,582)
Change in contract work in progress	10,951	7,120	3,831
Increases in capitalization for internal work	51	107	(56)
Total	**305,721**	**288,806**	**16,915**

Revenues from sales and services

Revenues from sales and services broke down as follows.

AMOUNTS IN EURO/000)	12/31/2018	12/31/2017	Delta
Revenues from construction activity from buyers	260,893	246,640	14,253
Revenues from constr, activity from partners in consortia & others	10,687	8,153	2,534
Revenues from manufacturing activity	17,282	19,931	(2,649)
Revenues from real estate activity	925	438	487
Other	5,610	5,513	97
Total	**295,397**	**280,675**	**14,722**

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

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.

The total value of revenues was EUR 305,721,000, of which EUR 115,784,000 related to orders carried out abroad and EUR 189,937,000 to orders carried out in Italy.

29) Operating expenses

They totaled EUR 218,641,000 (EUR 267,507,000 as of December 31, 2017), an absolute increase by EUR 14,134,000.

The table below shows the principal cost headings.

The item "Consumption of raw materials", amounting to EUR 43,954,000, increased by EUR 13,872,000 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 some Italian orders with private buyers for which, in consideration of the specific design features, substantial purchases of raw materials and semi-finished products were made.

The amount referred to subcontract represented the main item among the operating costs and totaled EUR 146,760,000, increasing by EUR 2,570,000 compared to the preceding period.

AMOUNTS IN EURO/000)	12/31/2018	12/31/2017	Delta
Raw materials and consumables	**43,954**	**30,082**	**13,872**
Subcontracts	**146,760**	**144,190**	**2,570**
Technical Consultants	15,062	10,127	4,935
Compensation of Directors, Statutory Auditors, indep, auditors	1,316	1,339	(23)
Maintenance	1,145	998	147
Transportation	5,178	6,707	(1,529)
Insurance	10,147	2,500	7,647
Other costs for services	7,279	6,113	1,166
Miscellaneous operating expenses	4,238	4,969	(731)
Other operating expenses	**44,365**	**32,753**	**11,612**
Salaries and wages	21,181	19,211	1,970
Social security contributions	5,920	5,210	710
Set-aside employee benefits	1,187	1,031	156
Other personnel costs	3,500	3,192	308
Personnel costs	**31,788**	**28,644**	**3,144**
Amortization of intangible long-term assets	3,404	547	2,857
Amortization of tangible long-term assets	4,613	4,985	(372)
Rents and leases	6,226	4,983	1,243
Amortizations of rentals	**14,243**	**10,515**	**3,728**
Allocations to provisions	**531**	**21,323**	**(20,792)**
Total	**281,641**	**267,507**	**14,134**

Other operating expenses amounted to EUR 44,365,000, an increase of EUR 11,612,000 compared to the preceding period. In this case, the significant increase was largely due to the significant insurance costs incurred for starting the Konza and Save building sites, as well as to the technical consultancies involved in the Kenyan order.

The amount of compensations to the Directors and Statutory Auditors of the Parent Company for the performance of such function, even in the other companies included in the consolidation scope, totaled EUR 758,000 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 140,000.

Other costs for services

This heading, which totaled EUR 7,279,000, showed an increase by EUR 1,166,000 compared to the preceding period. It refers to utilities, consultancies, researches, tests, analyses and other services performed by third parties.

Miscellaneous operating expenses

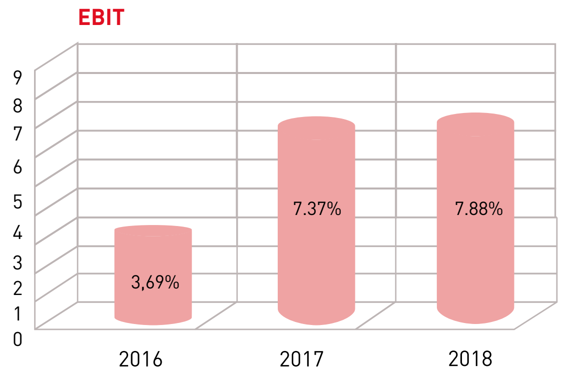
This heading totaled EUR 4,238,000, a decrease of EUR 731,000 compared to the preceding period. It consisted of:

Personnel costs

They totaled overall EUR 31,788,000 compared to EUR 28,644,000 of the preceding year, showing an increase of EUR 3,144,000.

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 "Tangible long-term assets".



Allocations to provisions

This item, which totaled EUR 531,000, referred mainly to provisions to the allowance for doubtful receivables within the framework of a prudent assessment of the risks related to the management of disputes as plaintiff with customers.

AMOUNTS IN EURO/000)	12/31/2018	12/31/2017	Delta
Payment of damages	268	487	(219)
Non-operating losses	1,550	1,160	390
Capital losses from disposition of assets	139	19	120
Duties and taxes	1,117	1,202	(85)
Promotional expenses	105	159	(54)
Office materials	160	92	68
Membership dues	69	56	13
Other	830	1,794	(964)
Total	**4,238**	**4,969**	**(731)**

30) Suretyship charges and bank expenses

This heading totaled EUR 4,310,000, a decrease of EUR 335,000 compared to the preceding period. It broke down as follows:

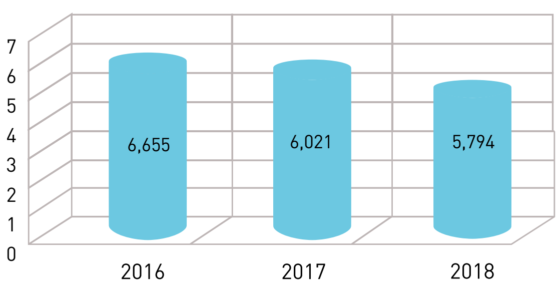
AMOUNTS IN EURO/000)	12/31/2018	12/31/2017	Delta
Charges on suretyships	2,608	2,603	5
Financial receivables	1,702	2,042	(340)
Total	**4,310**	**4,645**	**(335)**

31) Interest expense to credit institutions

The heading, amounting to EUR 5,794,000, showed a decrease by EUR 227,000 compared to the preceding period. It was booked net of interest income from banks and consisted of the following items:

AMOUNTS IN EURO/000)	12/31/2018	12/31/2017	Delta
Interest on curr. accts. and loans	4,024	3,731	293
Interest expense on loans	1,770	2,290	(520)
Total	**5,794**	**6,021**	**(227)**

FINANCIAL BANK EXPENSES (AMOUNTS IN EUR/000)



32) Interest expenses to third parties

This heading totaled EUR 2,565,000, an increase of EUR 133,000 compared to the preceding period, consisting of the following:

AMOUNTS IN EURO/000)	12/31/2018	12/31/2017	Delta
Interest to leasing companies	52	54	(2)
Interest updating employee benefits	64	75	(11)
Interest expense on bond loans	1,380	1,323	57
Other	1,069	980	89
Total	**2,565**	**2,432**	**133**

The item "Other" referred mainly to interests to factoring companies and other lenders for credit disinvestment, as well as to interests on payment extensions.

33) Gains (losses) on exchange rates

This heading, which amounted to EUR 96,000, referred to fluctuations of the currencies occurred in the period mainly on items expressed in foreign currencies connected to the US dollar, as a result of the fluctuations of this currency against the euro.

34) Other financial income (expenses)

This item, amounting to EUR 69,000, increased by EUR 56,000 compared to the previous period and referred mainly to interest income from customers and buyers.

35) Adjustments to the value of the financial assets

Total adjustments amounted to EUR 1,543,000. The item showed a decrease by EUR 85,000 compared to the preceding period. As for EUR 1,500,000 this heading was mainly referred to the waiver of loans granted to the affiliate Codel.Ma S.r.l. upon approval of the financial statements of the subsidiary to cover losses recorded by the same during the period 2018.

AMOUNTS IN EURO/000)	12/31/2018	12/31/2017	Delta
Current taxes	(613)	(1,174)	561
Deferred taxes	(2,555)	500	(3,055)
Total	**(3,168)**	**(674)**	**(2,494)**

36) Income taxes for the period

The balance of EUR 3,168,000 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 2,983,000 and referred mainly to guarantees given for the granting of bank credit lines;
- suretyships in favor of others: they overall totaled EUR 325,407,000 and referred as for EUR 109,411,000 to suretyships granted in favor of other associated companies and as for EUR 215,997,000 to suretyships granted in favor of third parties with reference to contracts;
- suretyships in favor of buyers: They totaled EUR 207,710,000. These were bank suretyships issued mainly for construction contracts.

The guarantees are mainly linked to the Cepav 2 High Speed Order as for EUR 268,404,000, Konza (Kenya) as for EUR 54,420,000 and Save Tessera as for EUR 32,010,000.

FACTS OCCURRED AFTER THE CLOSE OF THE ACCOUNTING PERIOD

On April 16, 2019, a settlement agreement ("Agreement") was signed between the temporary joint venture (of which ICM S.p.A. is a member) and the buyer Autostrada Pedemontana Lombarda S.p.A. to settle the dispute between the two parties regarding the contract signed in 2012 for the construction of works within the framework of the Dalmine-Como-Varese-Valico del Gaggiolo connection, which was reported in the Group consolidated financial statements as of December 31, 2017. The legal effectiveness of the Agreement is subject to the occurrence of conditions precedent requested by the temporary joint venture, and whose occurrence is deemed highly probable by the Directors of the Parent Company. The Directors of the Parent Company have carried out a careful analysis of the potential liabilities that may arise for the same from the signing of the Agreement, reflecting them in the consolidated financial statements as of December 31, 2018 according to prudential criteria.

Milling machine for tunnels built ad hoc for the consortium Cepav Due. It will be used to build the tunnel of Lonato in the Tratta Alta Velocità Brescia-Verona

INFORMATION PURSUANT TO ART. 1, PARAGRAPH 125, OF LAW 4 AUGUST 2017 N. 124

The subsidiary S.I.P.E. S.p.A. has appointed OPICE RETE D'IMPRESE to carry out, exclusively and irrevocably, in the name and on behalf of the Principal, the activities required to carry out the research project called "OPICEM - Processes for the enhancement of white slag from steel-works for the production of a secondary raw material to be used in the recipe for a hydraulic binder with low environ-mental impact" under the financial support program POR FESR 2014-2020 Az.1.1.4 dedicated to Regional Innovation Networks. The project is the result of the activation of an OPICE research contract with the University of Padua and has been included in the operational plan of the Regional Innovative Network "Veneto Green Cluster" (DGR Veneto No. 54 of 01/27/2017) of which OPICE is the representative entity in the legal form of Green Tech Italy RDI.

It should be noted that on 07/25/18 the company S.I.P.E. S.p.A. received a bank transfer of EUR 46,939.20 from Green Tech Italy by way of payment of the advance payment of the envisaged contribution (reference to Veneto Regional Council resolution No. 119 of 07/19/2017, application No. 10057503, RI2 liquidation decree No. 135/2018).

Construction of Gardaland Magic Hotel, new themed tourist complex in Castelnuovo del Garda (Verona)

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 considering that 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 with reference to 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, till now the Group has stipulated 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

The Group follows a strategy aiming at limiting the debt and the interest rate risk coverage on medium and long term structured loans by means 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 by means of qualitative 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, 2018 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 1,238,000 (positive by EUR 1,238,000).

MEDIUM AND LONG-TERM BORROWINGS	Loans	Cur. mort. acc.	Finan.	Bonds	Total	Inter.	1,0%	-1,0%
2017	5,888		56,424	29,713	**92,025**	**3,613**	3,700	3,526
2018	3,611		41,738	28,851	**74,200**	**3,147**	3,235	3,060

SHORT TERM BORROWINGS	Loans	Cur. mort. acc.	Finan.	Bonds	Total	Inter.	1,0%	-1,0%
2017	5,006		95,844	0	**100,850**	**3,731**	4,797	2,665
2018	1,893		80,108	929	**82,930**	**4,027**	5,177	2,876

CASH AND CASH EQUIVALENTS	Total	Inter.	1,0%	-1,0%
2017	**(80,384)**			
2018	**(75,310)**			

NET POSITION	Total	Inter.	1,0%	-1,0%
2017	**112,491**	**7,344**	**8,497**	**6,191**
2018	**81,820**	**7,174**	**8,412**	**5,936**
Improvement/worsening 2017			**1,153**	**(1,153)**
Improvement/worsening 2018			**1,238**	**(1,238)**

Analysis of derivatives

The ICM Group has stipulated Interest Rate Swap derivatives contracts booked to the financial statements according to the fair value applicable when the derivative contract was negotiated and at the following fair value changes.

The Group holds derivative financial instruments for the specific purpose of covering financial risks and, upon transaction start, it documents the coverage relation, 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, 2018 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 241,000, 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 241,000, always after taxes.

Financial instrument	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	Intesa San Paolo (former Veneto Banca)	09/30/2019	783		4		(4)
IRS amortizing	Banco BPM	06/30/2022	9,870		91		(92)
IRS amortizing	Unicredit	06/30/2022	13,160		122		(122)
IRS amortizing	Intesa San Paolo (former Banca Popolare di Vicenza)	06/30/2022	9,870		92		(91)
IRS amortizing	Banco BPM	06/30/2022	630		6		(6)
IRS amortizing	Unicredit	06/30/2022	840		8		(8)
IRS amortizing	Intesa San Paolo (former Banca Popolare di Vicenza)	06/30/2022	630		6		(6)
IRS amortizing	Intesa San Paolo (former Veneto Banca)	12/31/2020	352		3		(4)
Tax effect (tax rate 27,5%)					(91)		91
GROUP TOTAL			**36,135**		**241**		**(241)**

Ente Autonomo Volturno: modernization and upgrading of the former "Alifana" railway line in Naples (Secondigliano station)

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 high 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 to be deemed not so much probable, 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.

	Expiring	0 to 6 months	Expired 6 to 12 months	Beyond 12 months	Total	Gross total	Allow. for doubt.	Net total
12/31/2017	82,154	4,177	19,866	28,860	52,903	135,057	-6,553	128,504
12/31/2018	73,028	16,619	5,812	30,412	52,843	125,871	-7,018	118,853

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 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.

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 detected on the active market for assets or liabilities subject to valuation;
- Level 2 – other inputs coming from the prices listed as mentioned in the preceding point, 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		11,960	
Derivative instruments		470	
Total		**12,430**	

In 2018, there were no transfers from Level 1 to Level 2 or Level 3.

Vicenza, May 7, 2019

The President
(Ms. Bettina Campedelli)

Restoration and redevelopment of the former “La Rotonda” ice production plant in Verona

Deloitte & Touche S.p.A.
Piazza Malpighi, 4/2
40123 Bologna
Italia

Tel: +39 051 65811
Fax: +39 051 230874
www.deloitte.it

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

To the Sole Shareholders 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, 2018, 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, 2018, 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" of Euro 8.5 million at December 31, 2018 and Euro 4.3 million at December 31, 2017. 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 Euro 8.5 million at December 31, 2018 and December 31, 2017; for this reason we expressed a qualified opinion also on the consolidated financial statements at December 31, 2017.

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.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Verona

Sede Legale: Via Tortona, 25 – 20144 Milano | Capitale Sociale: Euro 10.328.220.00 i.v.
Codice Fiscale/Registro delle Imprese Milano n. 03049560166 – R.E.A. Milano n. 172039 | Partita IVA IT 03049560166

Il nome Deloitte si riferisce a una o più delle seguenti entità: Deloitte Touche Tohmatsu Limited, una società inglese a responsabilità limitata ("DTTL"), le member firm aderenti al suo network e le entità a esse correlate. DTTL e ciascuna delle sue member firm sono entità giuridicamente separate e indipendenti tra loro. DTTL (denominata anche "Deloitte Global") non fornisce servizi ai clienti. Si invita a leggere l'informativa completa relativa alla descrizione della struttura legale di Deloitte Touche Tohmatsu Limited e delle sue member firm all'indirizzo www.deloitte.com/about.

© Deloitte & Touche S.p.A.

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, 2018, 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, 2018 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, 2018 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
June 5, 2019

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

CONSOLIDATED COMPANIES

Expansion of the Praia Airport, in Cape Verde, as requested by the Ministry of Infrastructure

Ansaldo STS S.p.A.:
Line 6 Lot F - Chiaia Station
(Napoli's Underground)

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 35 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)

	12-31-2018	12-31-2017
Intangible long-term assets	10,265	6,881
Tangible long-term assets	2,117	2,151
Contractual costs	12,765	13,748
Investments	43,855	43,981
Other net long-term assets	2,511	2,511
Total Long-term assets (A)	**71,513**	**69,272**
Inventories	36,754	40,359
Works in progress	77,515	106,764
Trade receivables	94,240	99,521
Intergroup trade receivables	53,077	43,077
Other assets	39,086	36,468
Subtotal	300,672	326,189
Trade payables	-137,138	-177,031
Intergroup liabilities	-33,741	-18,680
Other liabilities	-71,663	-48,783
Subtotal	**-242,542**	**-244,494**
Operating working capital (B)	**58,130**	**81,695**
Employee benefits	-2,063	-2,260
Provisions for risks and charges	-4,728	-4,796
Total funds (C)	-6,791	-7,056
Net invested capital (D) = (A)+(B)+(C)	**122,852**	**143,911**
Cash and cash equivalents	51,457	66,724
Current financial receivables	19,789	20,421
Current financial liabilities	-66,901	-84,314
Non-current financial liabilities	-28,811	-43,693
Bonds	-29,780	-29,713
Net financial payables/receivables (E)	**-54,246**	**-70,575**
Net Equity (F) = (D) + (E)	**68,606**	**73,336**

INCOME STATEMENT (AMOUNTS IN EUR/000)

	12-31-2018	12-31-2017
Revenues	**272,216**	**248,873**
Raw materials and consumption materials	-29,262	-16,757
Subcontracts	-159,766	-148,157
Other operative costs	-31,214	-19,596
Personnel costs	-22,010	-20,181
EBITDA	**29,964**	**44,182**
Depreciation, leases, rentals and allocations	-8,302	-27,042
EBIT	**21,662**	**17,140**
Suretyship charges and bank expenses	-4,221	-4,197
Net financial income and expenses	-5,524	-5,306
Profits and (losses) on exchange rates	53	1,361
Adjustment to the value of financial assets	-2,411	-1,595
Profit (Loss) before taxes	**9,559**	**7,403**
Taxes	-2,597	-22
Profit (Loss) of the period	**6,962**	**7,381**

The Board of Directors

Bettina Campedelli *President*
Alberto Liberatori *Managing Director*
Gianfranco Simonetto *Director*
Roberto Macrì *Director*
Francesco Marena
Alberto Regazzo
Paolo Simioni

Vicenza, 7 May 2019

Assembly of prefabricated
installations in the building
site Progress-OVEG
in Prato allo Stelvio (BZ)

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)

	12-31-2018	12-31-2017
Intangible long-term assets	25	29
Tangible long-term assets	19,922	20,083
Investments	5	70
Other net long-term assets	160	160
Total Long-term assets (A)	**20,112**	**20,342**
Inventories	7,690	7,725
Works in progress	6,228	7,815
Trade receivables	1,757	3,077
Intergroup trade receivables	3,200	2,083
Other assets	74	45
Advances from customers	-4,200	-5,588
Subtotal	14,749	15,157
Trade payables	-5,019	-4,627
Intergroup liabilities	-110	-282
Other liabilities	-981	-866
Subtotal	**-6,110**	**-5,775**
Operating working capital (B)	**8,639**	**9,382**
Employee benefits	-576	-632
Provisions for risks and charges	0	0
Total funds (C)	-576	-632
Net invested capital (D) = (A)+(B)+(C)	**28,175**	**29,092**
Cash and cash equivalents	534	27
Current financial receivables	405	547
Non-current financial receivables	0	0
Current financial liabilities	-2,589	-2,936
Non-current financial liabilities	0	0
Net financial payables/receivables (E)	**-1,650**	**-2,362**
Net Equity (F) = (D) + (E)	**26,525**	**26,730**

INCOME STATEMENT (AMOUNTS IN EUR/000)

	12-31-2018	12-31-2017
Revenues	**20,023**	**15,352**
Operating costs	-15,372	-11,284
Personnel costs	-3,453	-3,078
EBITDA	**1,198**	**990**
Amortizations, leases and provisions	-501	-534
EBIT	**697**	**456**
Net financial income and expenses	-199	-109
Adjustment to the value of financial assets	0	-30
Profit (Loss) before taxes	**498**	**317**
Taxes	-204	-156
Profit (Loss) of the period	**294**	**161**

The Board of Directors

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

Vicenza, 28 March 2019

Concession for the construction and management of the wastewater treatment plant serving the municipalities of Orbetello and Monte Argentario (GR)

INTEGRA S.r.l.

Integra S.r.l. operates in the field of services and plants for environmental protection and natural resources preservation. Within this framework, it is able to design and build water purification/drinking plants, environmental reclamation works, waste treatment and disposal plants.

Integra S.r.l. operates also in the global service industry, in the field of energy efficiency (cogeneration) and of production of energy from renewable sources (photovoltaic, biogas industry). It 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.

ASSETS SITUATION (AMOUNTS IN EUR/000)

	12-31-2018	12-31-2017
Intangible long-term assets	8	9
Tangible long-term assets	5,026	5,120
Investments	1,750	1,750
Other net long-term assets	0	0
Total Long-term assets (A)	**6,784**	**6,879**
Inventories	124	169
Works in progress	300	440
Trade receivables	5,534	5,144
Intergroup trade receivables	2,924	3,281
Other assets	734	723
Advances from customers	-28	-160
Subtotal	9,588	9,597
Trade payables	-4,407	-4,812
Intergroup liabilities	-5,962	-5,550
Other liabilities	-992	-1,015
Subtotal	**-11,361**	**-11,377**
Operating working capital (B)	**-1,773**	**-1,780**
Employee benefits	-305	-294
Provisions for risks and charges	-63	-63
Total funds (C)	**-368**	**-357**
Net invested capital (D) = (A)+(B)+(C)	**4,643**	**4,742**
Cash and cash equivalents	240	334
Current financial receivables	0	0
Non-current financial receivables	0	0
Current financial liabilities	-1,929	-2,145
Non-current financial liabilities	0	0
Net financial payables/receivables (E)	**-1,689**	**-1,811**
Net Equity (F) = (D) + (E)	**2,954**	**2,931**

INCOME STATEMENT (AMOUNTS IN EUR/000)

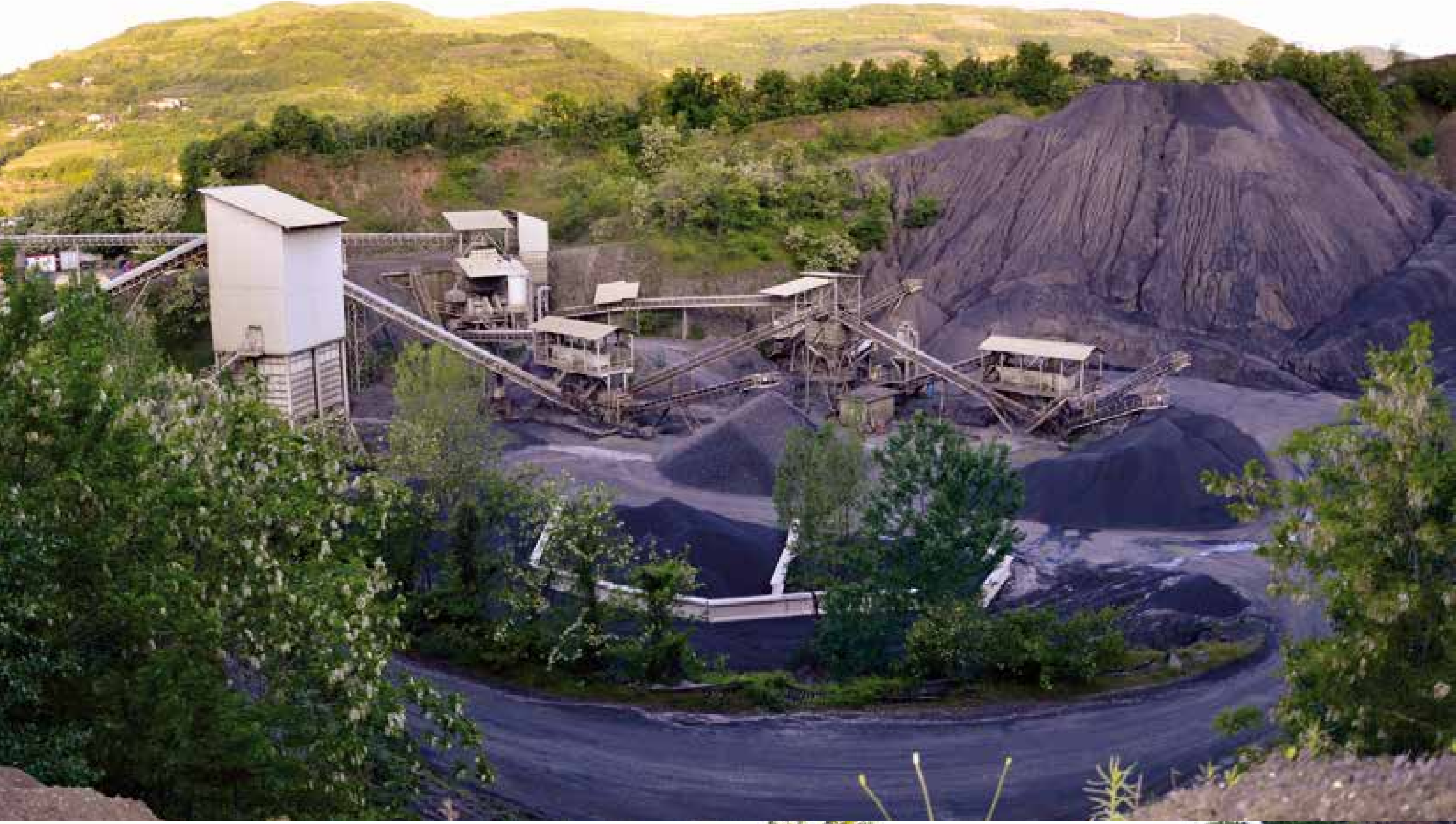
	12-31-2018	12-31-2017
Revenues	**10,703**	**11,085**
Operating costs	-8,503	-8,680
Personnel costs	-1,516	-1,712
EBITDA	**684**	**693**
Amort,, rentals and set-asides	-281	-244
EBIT	**403**	**449**
Net financial income and expenses	-285	-288
Adjustment to the value of financial assets	0	-2
Profit (Loss) before taxes	**118**	**159**
Taxes	-95	-109
Profit (Loss) of the period	**23**	**50**

The Board of Directors

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

Vicenza, 28 March 2019

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)

	12-31-2018	12-31-2017
Intangible long-term assets	0	0
Tangible long-term assets	2,309	2,527
Investments	0	0
Other net long-term assets	0	0
Total Long-term assets (A)	**2,309**	**2,527**
Inventories	594	635
Works in progress	0	0
Trade receivables	1,373	2,905
Intergroup trade receivables	0	0
Other assets	284	280
Advances from customers	0	0
Subtotal	2,251	3,820
Trade payables	-381	-1,419
Intergroup liabilities	-624	-679
Other liabilities	-288	-338
Subtotal	**-1,293**	**-2,436**
Operating working capital (B)	958	1,384
Employee benefits	-312	-291
Provisions for risks and charges	-447	-567
Total funds (C)	**-759**	-858
Net invested capital (D) = (A)+(B)+(C)	**2,508**	**3,053**
Cash and cash equivalents	2,175	2,282
Current financial receivables	3	31
Non-current financial receivables	0	0
Current financial liabilities	-928	-1,201
Non-current financial liabilities	0	0
Net financial payables/receivables (E)	**1,250**	**1,112**
Net Equity (F) = (D) + (E)	**3,758**	**4,165**

INCOME STATEMENT (AMOUNTS IN EUR/000)

	12-31-2018	12-31-2017
Revenues	**4,216**	**6,287**
Operating costs	-2,408	-3,544
Personnel costs	-1,088	-1,109
EBITDA	**720**	**1,634**
Amort,, rentals and set-asides	-592	-610
EBIT	**128**	**1,024**
Net financial income and expenses	-128	-93
Adjustment to the value of financial assets	0	0
Profit (Loss) before taxes	**0**	**931**
Taxes	-7	-262
Profit (Loss) of the period	**-7**	**669**

The Board of Directors

Nicola Giulio Vaccari *President*
Francesco Simonetto *Managing Director*
Giovanni Dolcetta Capuzzo

Montecchia di Crosara (VR),
5 July 2019

ANAS S.p.A.:
Construction works
related to the Certaldo
bypass road, Firenze

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)

	12-31-2018	12-31-2017
Intangible long-term assets	1,422	1,370
Tangible long-term assets	49	84
Investments	1,139	1,139
Other net long-term assets	0	0
Total Long-term assets (A)	**2,610**	**2,593**
Inventories	100	100
Works in progress	70,468	72,716
Trade receivables	8,520	8,078
Intergroup trade receivables	16,554	8,379
Other assets	5,886	9,587
Advances from customers	-2,068	-879
Subtotal	99,460	97,981
Trade payables	-3,702	-4,081
Intergroup liabilities	-85,260	-79,878
Other liabilities	-4,406	-7,272
Subtotal	**-93,368**	**-91,231**
Operating working capital (B)	**6,092**	**6,750**
Employee benefits	-144	-134
Provisions for risks and charges	0	0
Total funds (C)	-144	-134
Net invested capital (D) = (A)+(B)+(C)	**8,558**	**9,209**
Cash and cash equivalents	35	8
Current financial receivables	193	114
Current financial liabilities	-1,434	-2,555
Non-current financial liabilities	-6,952	-6,376
Net financial payables/receivables (E)	**-8,158**	**-8,809**
Net Equity (F) = (D) + (E)	**400**	**400**

INCOME STATEMENT (AMOUNTS IN EUR/000)

	12-31-2018	12-31-2017
Revenues	**38,997**	**28,029**
Operating costs	-36,980	-25,203
Personnel costs	-473	-628
EBITDA	**1,544**	**2,198**
Amort,, rentals and set-asides	-47	-172
EBIT	**1,497**	**2,026**
Net financial income and expenses	-1,388	-1,864
Adjustment to the value of financial assets	0	0
Profit (Loss) before taxes	**109**	**162**
Taxes	-109	-162
Profit (Loss) of the period	**0**	**0**

The Board of Directors

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

Vicenza, 22 March 2019

ICM GROUP
THE CULTURE OF BUILDING

ITALY
Vicenza
Viale dell'Industria, 42
T. +39 0444 336111
F. +39 0444 961541
icm@gruppoicm.com

ITALY
Roma
Via G. Saliceto, 1/C
T. +39 06 44234738
F. +39 06 44258222
ufficio.roma@gruppoicm.com

AUSTRIA
Arge A26 Donau Brucke
Sandgasse 14A, 4020 Linz
T. 00437322720500

CYPRUS
Flat/Office 201
Prodromou 121 - 2064 Nicosia

ROMANIA
Strada Maria Rosetti n.8/A
Sector 2 - 020485 Bucharest
T. +40 314 344804
F. +40 314 344802

U.S.A.
P.O. Box 1822 - Danville
California 94526
T. +1 925 788 6833

SAUDI ARABIA
Al Kindi Plaza, Office 55
P.O. Box 94274 - Riyadh 11693
T. +966 11 482 0012
F. +966 11 482 0027

CAPE VERDE
C.P. 8/A Achada S. Antonio
Praia - Santiago Island
T. +238 2647502
F. +238 2647503

UNITED ARAB EMIRATES
Offices 902, 903, 904
Blue Bay Tower, Business Bay
P.O. Box 413687 - Dubai
T. +971 4276 6660
F. +971 4276 6661

KENYA
Off Ring Road - Centenary House
P.O. Box 38514 - 00623 Nairobi
T. +254 72 3127820

LIBYA
Khalat El Forjan
P.O. Box 81882/12422 - Tripoli

LEBANON
Victoria Center 9th Floor
Dbayeh - Beirut 04-522228

OMAN
Al Jami Al Akbar Street
4th Floor Al Mamour Building
P.O. Box 158 Grand Hall
136 Ghala - Muscat
T. +968 24591530
F. +968 24591693

QATAR
Bldg 186 Al Jazeera Tower
19th Floor Unit 1903, Street 836
Zone 61, West Bay Area
P.O. Box 20159 - Doha
T. +974 44790041
F. +974 44682077

ICM GROUP

THE CULTURE OF BUILDING

www.gruppoicm.com