GRUPPO DE ECCHER 2016

RIZZANI
DE ECCHER S.P.A.

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Joint Stock Company
Share Capital
Euro 20,000,000 fully paid up
Member, Chamber of Commerce of Udine
R.E.A. n° 115684
Dept. of Foreign Trade UD 002577
Companies Registry Udine
Tax I.D. and VAT Number
IT00167700301

rde.it

Annual Report and Consolidated Financial Statements for the Financial Year 2016
(1st January - 31st December)

During the Financial Year under review no material changes have occurred requiring corrections or adjustments to the 2015 Annual Report.
The 2016 Annual Report was approved by the Shareholders' Annual General Meeting held on 13 June 2017

This Annual Report was printed in 1500 copies in June and circulated to shareholders and the public, including the financial community, employees of the company, main customers and suppliers.

For further information:
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Dear Shareholders

The year 2016 was a challenging and eventful year for the Group, witnessing a further significant growth of revenues, which reached Euro 918 million, the highest level to date, posting a 37% increase year on year.

The high level of growth, albeit expected based on the development of current backlog, has absorbed the full organizational and financial resources of the Group, also in consideration of the increased technical and environmental complexity of the projects under execution and specific critical situations that have emerged in certain cases.

Against this *volatile* context, the Group was able to uphold the excellent profitability levels of the past, posting net profit after tax (after minority interests) exceeding Euro 24 million. However, the significant growth in working capital resulted in a deterioration of its net financial position.

During the year under review the Group acquired new orders for Euro 497 million, primarily from overseas. The high rate of production has however resulted in a slight contraction of the outstanding backlog of orders at year end, which the Group is confident to be able to grow again during the course of 2017.

Thus, the biggest challenge for 2017 and the years to come will be that of confirming the dimensional levels already attained, focusing on the development of ever more effective commercial strategies and – where possible – securing access into new markets, while striving to consolidate and improve financial and economic indicators.

This Annual Report and the enclosed Consolidated Financial Statements have been drawn according to principles of transparency, independence, clarity, completeness and accountability, with the customary aim to provide the reader and all stakeholders not only with a fair and accurate representation of the results achieved but with a reliable assessment of the Group's future prospects.

Our heartfelt gratitude goes to all those who have contributed their efforts towards the attainment of these results, while specific thanks are extended towards Mr Fabio Asquini and Mr Renato Fabbro, who – after many years at the service of the Group – have relinquished their mandate as member of the Board of Directors of the Group's parent company.

The goals that we have set and the challenges we face require a high degree of commitment and dedication. These objectives can only be attained with the professionalism and sense of responsibility of all our collaborators and the continued trust of our clients and financial and business partners.

Yours sincerely

The Chairman
Marco de Eccher

2016 AT A GLANCE

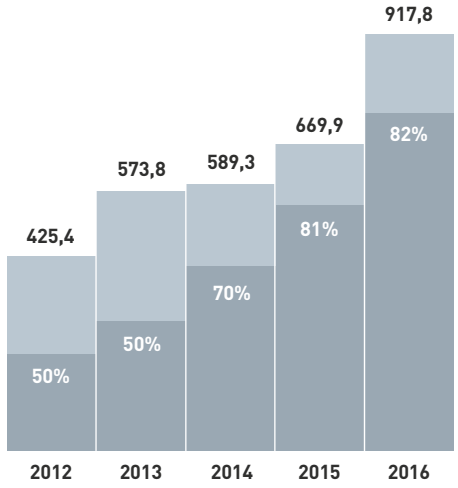
Economic and financial indicators [in Euro thousand]	2012	2013	2014	2015	2016
Total revenue	**425,397**	**573,761**	**589,343**	**669,988**	**917,815**
Operating costs	(403,682)	(555,761)	(559,846)	(619,952)	(871,482)
Gross operating profit (EBITDA) (*)	**21,715**	**18,000**	**29,497**	**50,036**	**46,333**
% EBIDTA	**5.1%**	**3.1%**	**5.0%**	**7.5%**	**5.0%**
Depreciation and amortization	(13,419)	(8,228)	(9,301)	(9,806)	(12,847)
Operating profit (EBIT)	**8,296**	**9,772**	**20,196**	**40,230**	**33,486**
% EBIT	**2.0%**	**1.7%**	**3.4%**	**6.0%**	**3.6%**
Net financial income (charges) + net valuation adjustment of investments	868	(2,775)	1,788	(10,536)	9,230
Earnings before taxes (EBT)	**9,164**	**6,997**	**21,984**	**29,694**	**42,716**
Income taxes	(3,088)	(4,474)	(9,198)	(11,852)	(18,015)
Net profit before minority interests	**6,076**	**2,523**	**12,786**	**17,842**	**24,701**
Minority interests	(719)	(3,847)	(868)	1,887	485
Net profit (loss) pertaining to the Group	**6,795**	**6,370**	**13,654**	**15,955**	**24,216**
Share of revenue from overseas operations	50%	50%	70%	81%	82%
Cash flow (**)	20,214	14,598	22,955	34,582	39,509

* EBITDA is conventionally calculated as earnings before depreciation and amortization, net financial income (charges), net valuation adjustment of investments and income taxes. Since the definition of EBITDA is not governed by any accounting standards, the criteria used by the Group may not be consistent with those used by others and therefore EBITDA figures may not be comparable.
** Net profit (loss) pertaining to the Group + depreciation and amortization

Total non-current assets	**91,159**	**74,722**	**96,648**	**119,982**	**114,747**
Inventory and work in progress	137,047	186,820	225,011	264,799	358,548
Receivables	160,929	331,617	355,038	377,346	420,100
Total current assets	**297,976**	**518,437**	**580,049**	**642,145**	**778,648**
Payables	200,268	307,009	278,035	279,149	373,008
Advance payments from customers	144,422	150,886	200,907	311,322	249,761
Total current liabilities	**344,690**	**457,895**	**478,942**	**590,471**	**622,769**
Net working capital (NWC)	(46,714)	60,542	101,107	51,674	155,879
Employees' severance indemnity	4,995	6,201	5,549	5,260	5,448
Provisions for contingencies and other liabilities	2,256	10,382	13,315	12,065	17,044
Total medium and long term liabilities	**7,251**	**16,583**	**18,864**	**17,325**	**22,492**
Net invested capital	37,194	118,681	178,891	154,331	248,134
Shareholders' equity	112,652	113,228	130,510	150,361	173,909
Medium and long term financial debt (***)	22,168	74,113	79,980	42,266	84,106
Net short term financial position (NFP) (****)	(97,626)	(68,660)	(31,599)	(38,296)	(9,881)
Shareholders' equity + net financial position	37,194	118,681	178,891	154,331	248,134
NWC + NFP	50,912	129,202	132,706	89,970	165,760
NFP short + medium/long term	75,458	(5,453)	(48,381)	(3,970)	(74,225)
Current ratio	1.15	1.28	1.28	1.15	0.85
ROI (EBIT / Total Assets net of Cash and cash equivalents)	2.1%	1.6%	3.0%	5.3%	3.7%
ROE (Profit (loss) / Shareholders' equity less net profit of the year)	5.7%	2.3%	10.9%	13.5%	16.6%

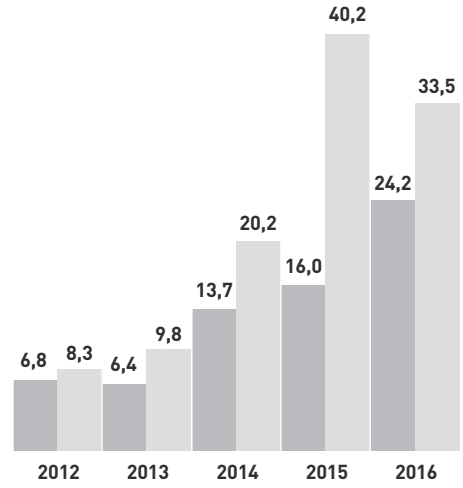
*** Medium and long term bank loans + medium and long term other lenders debts
**** Cash & cash equivalents net of short term bank loans and short term other lenders debts;
if negative = net short term financial position is positive / if positive = net short term financial position is negative

As evidenced by the above tables, in 2016 the Group posted a 37% increase in revenues, which went from Euro 670 million to Euro 918 million, as well as marking a more significant increase (+51.9%) in net profit (Euro 24.2 million as opposed to Euro 16 million in 2015). Against the backdrop of this excellent performance, the operational margins (Gross Profit, EBITDA and EBIT) post a contraction both in absolute and in relative terms as a percentage of revenue, which was due primarily to the poor performance of certain projects in Australia and Kuwait. The pick up at level of net earnings took place thanks to the impact of financial gains, which from net financial losses of Euro 10.5 million in 2015 jump to net gains



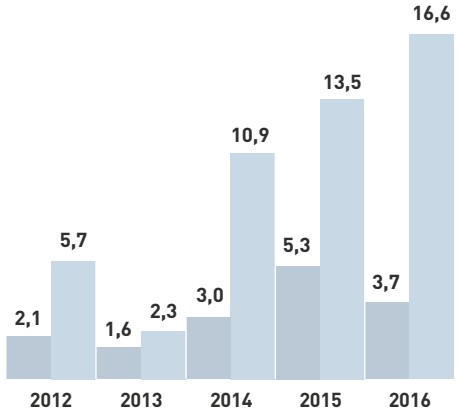
Revenues
(millions of Euro)

= revenues
= percentage generated abroad



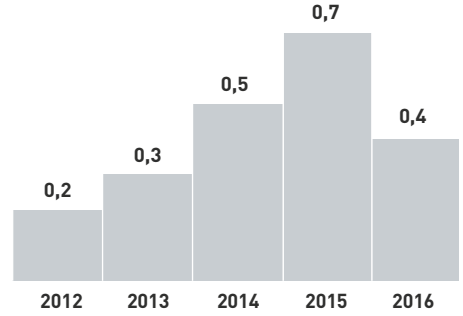
Income from operations
(millions of Euro)

= net profit
= EBIT

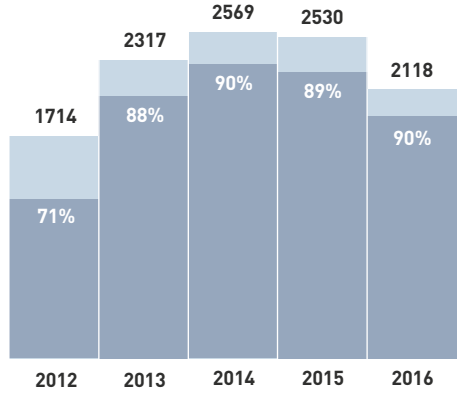


Profitability [%]

= ROI
= ROE

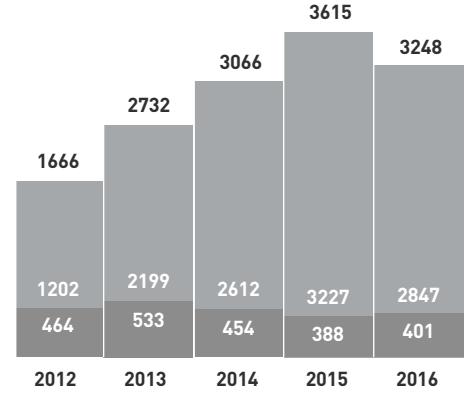


Percentage (%) of financial charges on revenues



Group's order backlog
(millions of Euro)

= order backlog
= percentage abroad



Number of employees

= employees abroad
= employees in Italy

of Euro 9 million in 2016. This was due primarily to the award of penalty interests for Euro 9.4 million in a dispute during the course of the year. Furthermore, the impact of extraordinary items and impairments was reduced in 2016: in the face of write downs of Euro 8.8 million in 2015 (in respect of the minority stakes acquired by the Parent Company in the context of the reorganization of the Portopiccolo Sistiana investment), in 2016 only Euro 2.2 million of impairments have been booked.

From the standpoint of its financial and asset structure, the Group posts a short term net financial position that is positive for Euro 9.9 million (Euro 38.3 million in 2015), while the total net financial position, calculated excluding the payables for advance payments received from clients and the receivables for advance payments made to suppliers and subcontractors (which are equated to trade payables and receivables and included in the determination of working capital) is negative for Euro 74 million (it was negative Euro 4 million in 2015), marking a net deterioration as opposed to 2015. The main factors that affected the net financial position are generally the sharp increase in net working capital (+Euro 104.2 million) trailing the significant growth in revenues, and in specific cases the difficulties being faced by certain projects in Australia, Kuwait and Portopiccolo in Italy.
Furthermore, the sum of current assets and net short term financial position less current liabilities (available liquidity) is Euro 166 million (it was Euro 90 million in 2015) and the corresponding ratio between the two (current ratio) is 0.85x (1.15x in 2015) as a consequence of the contraction of the short term net financial position. We underline that the available liquidity is calculated considering advance payments from clients as obligations due within the year, albeit in reality, their repayment via pro-rata offsetting against production invoices, stretches over the life of projects lasting several years.
From 5.3% in 2015, the ratio ROI fell to 3.7% in 2016 while ROE posted an improvement, from 13.5% to 16.6% over the same period.

PARENT COMPANY AND ITS MAIN OPERATING UNITS: 2016 AT A GLANCE

The following tables show the main economic and financial indicators of the parent company and its principal consolidated subsidiaries represented on a stand-alone basis.

(in Euro thousand)

Rizzani de Eccher	**2012**	**2013**	**2014**	**2015**	**2016**
Revenues	253,972	361,697	325,123	310.309	419,600
Shareholders' equity	69,556	76,817	81,014	79.445	83,058
EBIT	(8,275)	3,900	(2,344)	12.663	16,331
Net profit (loss)	2,368	7,261	3,621	1.380	1,951
cash flow (*)	6,978	12,683	9,378	16.015	35,262

Codest International	**2012**	**2013**	**2014**	**2015**	**2016**
Revenues	38,156	55,493	118,624	184,135	302,685
Shareholders' equity	10,175	14,762	24,198	31,937	58,533
EBIT	3,971	5,116	11,008	6,216	29,464
Net profit (loss)	2,933	4,587	9,436	7,739	24,919
cash flow (*)	3,207	4,938	9,559	7,848	25,018

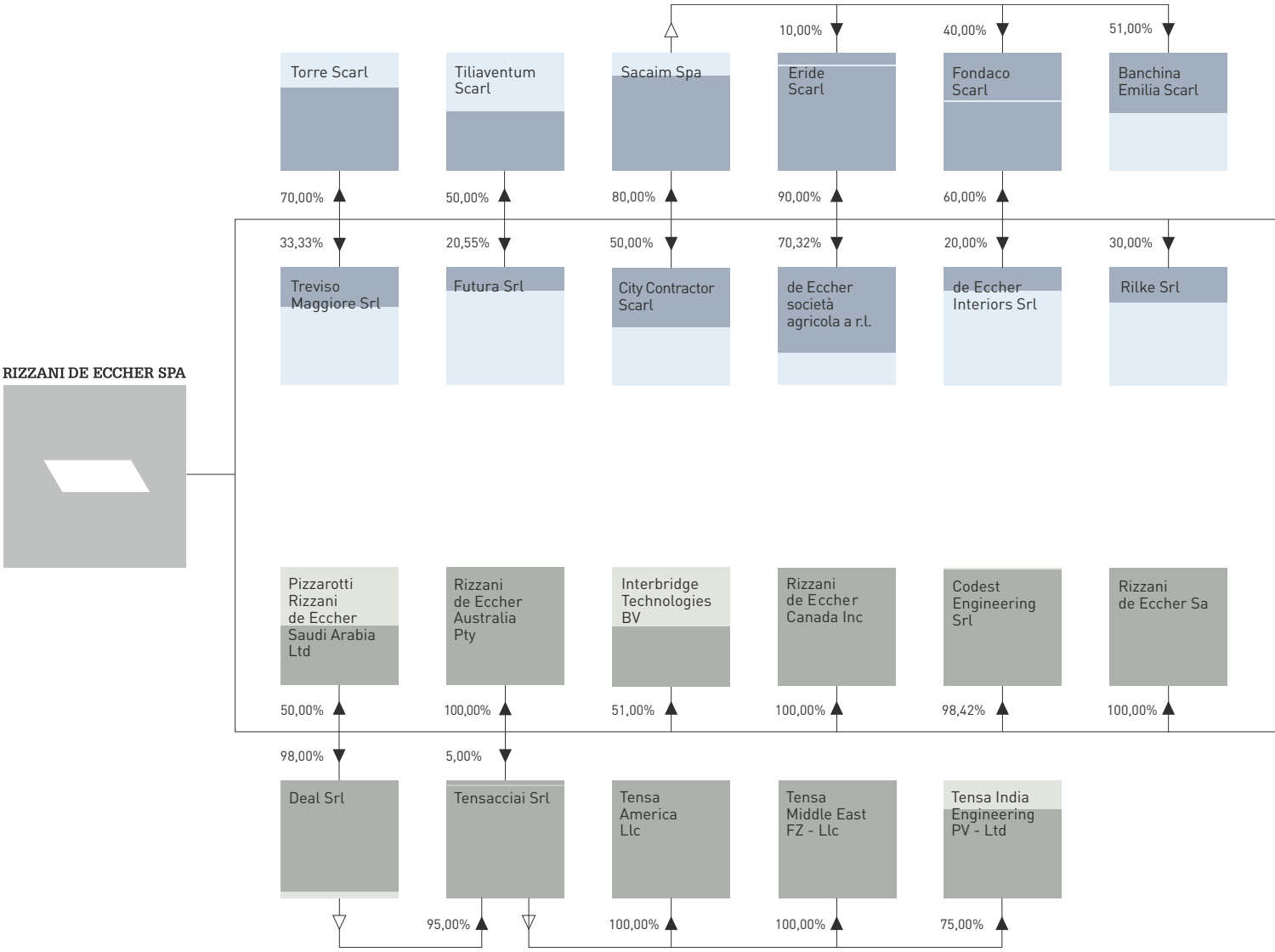
Deal	**2012**	**2013**	**2014**	**2015**	**2016**
Revenues	22,732	30,570	30,937	68,021	40,565
Shareholders' equity	8,879	11,595	12,178	16,974	16,499
EBIT	2,124	4,409	1,369	8,622	6,512
Net profit (loss)	1,369	2,716	583	4,796	4,627
cash flow (*)	1,760	3,048	986	6,087	4,746

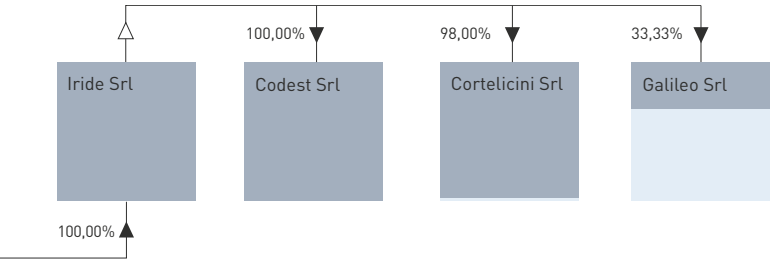
Tensacciai	**2012**	**2013**	**2014**	**2015**	**2016**
Revenues	9,285	13,915	22,135	21,412	24.174
Shareholders' equity	2,775	2,255	3,003	4,175	4.221
EBIT	(1,538)	(567)	1,454	1,792	296
Net profit (loss)	(1,499)	(520)	749	1,172	10
cash flow (*)	(1,228)	(218)	1,128	1,997	1.252

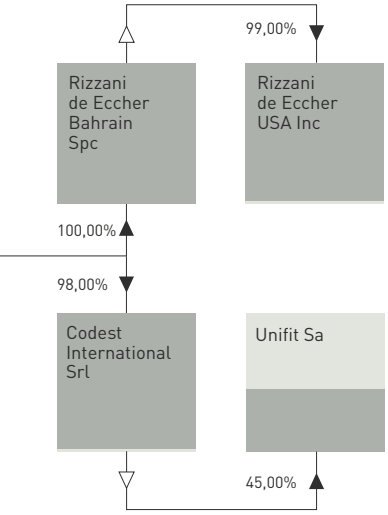
Sacaim		**2013**	**2014**	**2015**	**2016**
Revenues		42,987	41,532	27,073	32.743
Shareholders' equity		6,668	8,793	5,574	6.837
EBIT		2,293	2,559	2,385	1.441
Net profit (loss)		1,602	2,126	1,676	878
cash flow (*)		2,345	2,410	1,970	1.177

* Net profit (loss) + depreciation and amortization of non current assets

THE GROUP'S COMPANIES







Companies operating mainly in foreign markets

Third-parties' interests

de Eccher Group's interests

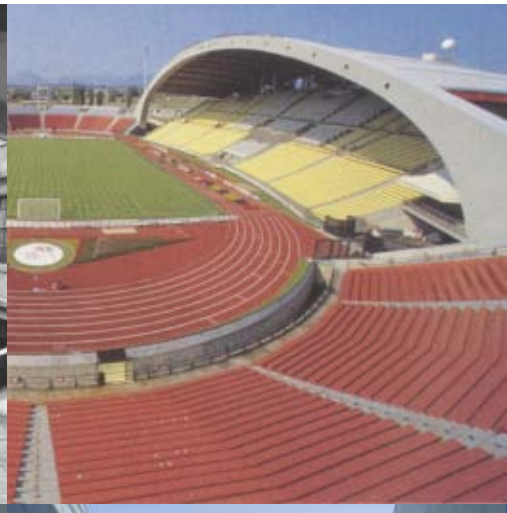
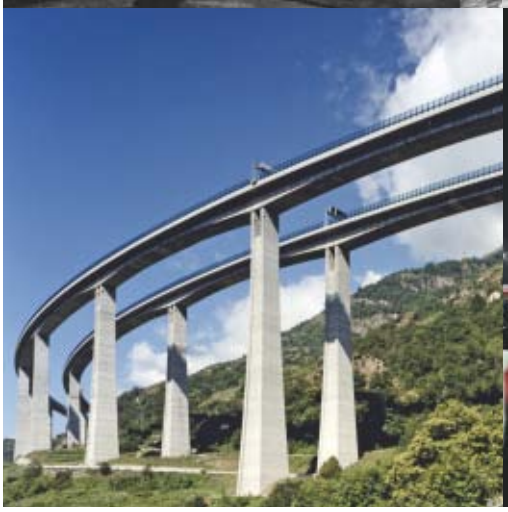
Companies operating mainly in the Italian markets

Third-parties' interests

de Eccher Group's interests

(Companies under liquidation or non-significant companies have been excluded)



1831 Rizzani is established in Udine, as a general contracting and construction company. Within a few years, it earns a prestigious reputation for carrying out large engineering projects in Italy and in several countries in Africa, Asia and Latin America.
1948 Riccardo de Eccher establishes a construction and real estate development company bearing his name, in the North Eastern Italian region of Trentino Alto Adige. 1970 Riccardo de Eccher takes over Rizzani, combining the track records and capabilities of the two firms into a new company, Rizzani de Eccher, managed by the de Eccher family. The merger and integration process of these two companies is completed in the early 1970s, laying the foundations for today's corporate structure.
1976 The second generation of the de Eccher family joins the management and the Company expands its focus and market share in infrastructure projects and public works. Following a devastating earthquake in the Friuli region in the same year, the Company's resources are immediately devoted to the reconstruction process, including the careful restoration of the medieval town of Venzone, which, from icon of destruction rose to become a symbol of reconstruction, not only of historical buildings, but also of the whole urban and social fabric of the town. **1980** The construction of two large sections of the Carnia-Tarvisio highway provides the Company with the opportunity to develop innovative construction technologies for the prefabrication and erection of pre-cast concrete segments. The pre-cast segmental technology is further developed in the following years and is eventually consolidated into the establishment of Deal, a company dedicated to vanguard technologies for the construction of elevated bridges and viaducts, utilising mass-production industrialised systems. **1982** Towards the end of this year, Rizzani de Eccher wins its first large international tender for the construction of five school complexes in Algeria. Two years later, the Company is awarded a further five projects for the construction of two tanneries and three

shoe factories in the former Soviet Union. This initial success ushers in a period of significant growth in Eastern Europe and Central Asia, which continues to this day. **1986** Thanks to the courage and commitment of the de Eccher family, aided by a bright and talented management team, the Group posts an extraordinary growth in turnover, topping revenues of 228 billion Italian liras in 1990, up from 37 billion liras in 1986. **1994** Difficult conditions in the domestic infrastructure market in the mid-90s - partly caused by the high profile anti-graft 'clean hands' campaign - shift the Company's focus towards overseas markets. Revenues from international projects exceed 50% of total turnover for the first time. **2004** Rizzani de Eccher becomes one of the ten leading construction companies in Italy, and is also listed among the *Top 100 International Contractors* by *Engineering New Record Magazine* solely on the basis of the share of turnover generated abroad. **2005** From this year onward - thanks to its established presence in many countries (Russia and other CIS countries, Middle East, Mediterranean Basin and North and Central America) - the share of revenue from overseas operations remains consistently above 70%. **2010** With the acquisition of the South Road Superway in Adelaide, Australia, the Group extends its operations to Oceania and the Pacific. **2011** The first member of the family's third generation begins to work within the Group. **2013** After a meticulous and thorough due diligence review, the Group acquires Sacaim Spa, a Venice-based construction company with a long and prestigious track record in marine works and restoration works, specifically in the historical city centre of Venice.

Today, the Group is one of the world's premier construction businesses and a market leader in its field, operating in four areas of activity with specialised and innovative know-how: general building construction, infrastructure construction, engineering services and equipment solutions for bridges and viaducts and real estate development.

STRATEGIES

The Group pursues expansion into new geographic areas with high potential and consolidates its position in those areas where it already operates thanks to the relentless pursuit of efficiency and productivity gains, so as to guarantee quality and reliability in delivering products to its customers.
To attain such gains, the Group places great emphasis on its organisation, that is to say its people and its processes, as the key driver. In an industry such as general contracting, which is characterized by markedly tangible aspects, the Group chooses instead to leverage itself on intangible assets, such as the skills of its human resources and the efficiency of its processes, in order to provide customers with fast response times and quality standards significantly higher than the industry average.

In particular, the Group places strong emphasis on two critical aspects:

Human Resources Development, which focuses on the organic development of resources from the inside, with the aim of developing the specific skill-sets necessary for these resources to deal with the particular areas or markets where the Group operates. This policy is centred upon the careful process of search and selection, the offering of career advancement opportunities, such as the Master course jointly organized by Rizzani de Eccher and the University of Trieste, and the constant investment in internal training programs. Over the past few years, the Group has actively hired in the countries where it operates, so as to integrate more effectively with the local environment thus improving efficiency and effectiveness.

Process Optimisation, aimed at securing better coordination within project teams as well as between project teams and head office.

ORGANISATION STRUCTURE

Organisation and Processes

The Group's Organisational Structure is articulated in four core or 'General Divisions', which are: Development, Services, Operations and Group Affiliates. The respective Heads of Divisions are members of the Executive Management Committee.

Board of Directors

Marco de Eccher Chairman

Franco Alzetta

Marina Bonazza de Eccher

Riccardo de Eccher

Umberto de Eccher

Internal Board of Auditors

Ferruccio di Lenardo Chairman

Franco Asquini

Mauro Cremonini

The Executive Committee has a chief coordination role and ensures strong core competencies and a swift decision-making process, which provides the Group with a strong advantage in its business environment.
This nimble structure leverages off the adoption of uniform processes and operating standards in all Group units and subsidiaries, within all countries and sectors in which the Group operates.

Executive Committee

General Division: Development

Strategic business development and commercial promotion

To this report:

— Business development units along geographic lines
— Marketing and external communications

General Division: Services

Head Office Support Services:

To this report:

— Administration and Finance
— Human Resources, Organization and QHSE
— Legal Services
— Technical Services (Tenders and Design)
— Procurement, Logistics and Equipment
— Business Transformation and IT

General Division: Operations

Management of all production operations

To this report:

— Operational Departments / Divisions
— Cost Control

General Divisions: Group Affiliates

Supervision and coordination of all Group affiliates

To this report:

— Sacaim
— Deal and Tensa (specialist contracting)
— Iride (real estate development)

Human resources

The Group positions the development of its human resources as one of its main corporate objectives, placing particular emphasis on professional development, career growth and the development of the organizational structure best suited for capturing individual potentialities. The competitive edge of the Group stems from its well prepared, dedicated professionals, who are capable of dealing with different environments and solve any type of problems.

The business in which the Group operates requires organized teams capable of expediting the project tasks assigned by various clients.

These goals can only be achieved by the Group through a corporate policy that is strongly oriented towards the development of its human resources potential, attracting only the best candidates, nurturing their professional growth at all levels and emphasizing merit and performance over seniority.

As at 31 December 2016, the Group employs 3,248 individuals from a variety of ethnic, cultural and religious backgrounds, in different locations worldwide. Thus the Group is enriched every day of new ideas and experiences, which in turn enhance the competitive advantage of the Group in the construction sector. In particular, overseas-based employees are 2,847 while Italian employees are just 577, of which 31% are seconded overseas.

The Group adheres firmly to the belief that all employees must have the same opportunities and enjoy the same level of treatment and protection across the board, without distinction or bias based on gender, ethnicity, nationality, religious or political affiliation, social status or any other aspect.

Health and Safety

The internationalisation process of the Health Safety and Environment (HSE) systems of the Group continued as planned during the course of 2016.
Further to the 2015 issuance of the prestigious accreditation of its own Health & Safety management system with the Australian *Office of the Federal Safety Commissioner* (FSC), the Group's centralised HSE division has strengthened its procedures and coordination efforts on all projects in which the Group operates, acting directly or through its affiliates. Following a first phase in which all manuals and documentation have been updated in line with the ISO international standards, a second phase will be implemented in 2017 which includes support and educational programs to all local units to ensure the implementation of standardised HSE policies and procedures.
The goal is to complete by 2017 the process of sharing the new documentation to obtain certification renewal with Bureau Veritas Italia in the first months of 2018. Meanwhile, the current certifications have been maintained, achieving good results during the annual audits.
Lastly, during 2016, all Group's projects currently under execution have undergone an internal audit and have demonstrated in general an adequate level of organization, good involvement of the management team and positive feedbacks from clients and their representatives.
The table provides important evidence of the frequency and severity indices of the Group's accident record during the last three years.

Training and career development

Over the course of 2016 the Group has continued to implement its knowledge-based programmes and training courses, both internal and external, which are specifically aimed at younger employees.

Courses covered various key disciplines such as finance and real estate, English and French languages, information

	2014	2015	2016
Italy-based employees			
Management	49	46	49
Staff	209	193	215
Workers	196	149	137
Total Italy	**454**	**388**	**401**
Overseas-based employees			
Management	40	40	44
Staff	886	1,161	1,121
Workers	1,686	2,026	1,681
Total overseas	**2,612**	**3,227**	**2,846**
Total Group's employees	**3,066**	**3,615**	**3,248**
Total employees' costs [in Euro thousand]	**90,113**	**104,727**	**123,001**

2014		2015		2016	
IF	IG	IF	IG	IF	IG
1.75	0.30	0.30	0.07	0.41	0.08

Group consolidated data
Calculation based on the following algorithms:

Accident Frequency Index (AFI):
AFI = (Ay x 100,000) / Mh

Accident Severity Index (ASI):
ASI = (DLA x 1,000) / Mh

Where:

Ay = number of accidents in the year under review
DLA = days lost to accident
Mh = cumulative man-hours during the year under review

technology, specifically for training in design, taxation, accounting, safety and environment.
To these, specific 'on the job' programs were added to train operators of launching girders trusses in the transport infrastructure division.
Great efforts have been placed upon career development from within the organization, and dedicated training programmes have been put in place with the following objectives:
— strengthen the skills and potentialities of the employees and enable them to achieve their career objectives;
— development of professional, technical, management and organizational skills in various areas;
— promote a result-oriented and meritocratic approach to business; and
— building team work and group cohesion.

To assess the requirements and to design the appropriate training programs, role analyses have been carried out by using appropriate tools that compare perceived requirements and critical skills actually required in the current enterprise environment. These have proved particularly useful. This process, with a view to increasing staff motivation, also highlighted the possibility of undertaking organizational changes to ensure improvements in efficiency and a more complete response to growing market demands.

The Master's Degree course in Project Management, now at its 11th edition, is organised in conjunction with the Universities of Udine and Trieste and relies on a multidisciplinary teaching body comprising of faculty professors and experienced professionals in the engineering and construction field, of which senior Group managers account for about 50% and provide students with valuable insights and shared experiences.

The Master curriculum aims to form professional profiles with specific skills ready to be involved in large international construction projects and combines theory with practice, in the form of internships in construction sites. Interns are involved in all the different stages of a construction project and become immersed in the work environment working side by side with the best industry practitioners.

These internships also ensure the involvement in all phases of projects underway and allow students to mix with the work environment and absorb the vision and values of the Group.

With its last edition, the number of alumni who are now employed by the Group has risen to 56. Working with other prestigious universities the Group also promotes specialist courses linked to the key areas of activity of the Group.
The collaboration with Academia is extended to agreements with outside faculties for personnel training and to senior managers of the Group holding lectures at various universities.

QUALITY IS INNOVATION

To compete in the field of complex constructions certain key factors are essential, such as the meticulous planning and the careful optimisation and training of human resources.

The emphasis and sensitivity placed on quality control management has allowed the Group to improve consistently on its qualitative benchmarks fulfilling stringent engineering and architectural specifications, ensures constantly high quality standards and achieving optimal levels of **clients' satisfaction**. Rizzani de Eccher is a long-dated member of UNI (the Italian National Agency for the unification of production standards) which positions it at the forefront of all new developments in production and quality control techniques. On many an occasion, this commitment to performance has won the Group commendations, accolades as well as the award of performance fees.

The Group's constant **focus on innovation** and its rich pool of technical knowledge in the infrastructure sector has allowed Rizzani de Eccher to become a world leader in the design and engineering of special equipment for the construction of bridges and viaducts. The continuous research and development activities of the design team of Deal Srl have allowed the Group spearheaded by Rizzani de Eccher to expand its range of products, which find application in other industrial sectors where tailor-made solutions and customised equipment are particularly appreciated.

A wide range of successful partnerships and affiliations with other major international contractors (e.g. OHL Obrascon Huarte Lain, Besix, CPB Contractors, Lotte, Acciona, Bechtel, Salini Impregilo, and Larsen & Toubro) testifies to the status of the Group as a robust and reliable partner and represents a solid stepping stone towards the future growth of the Group.

In another noteworthy development of 2016, the Group continued to work on significant restoration and rehabilitation projects together with affiliate Sacaim, a company that is highly specialised in this field.

The quality policy pursued by the Group in total openness with its client base has led to the following certifications and attestations:

Rizzani de Eccher Spa

— ISO 9001:2008 Certification (quality management system), certified 12 February 1999, attested by Bureau Veritas Italia Spa in relation to *General Contracting Business as per Section 1876 of Legislative Decree 163 of 12 April 2006 as amended in respect of Design and Construction of civil engineering works, industrial buildings, bridges, viaducts and transportation infrastructure*

— SOA Certification issued by SOA Nord Alpi

— Accreditation as pre-qualified General Contractor with the Italian Ministry of Transportation and Infrastructure

— BS OHSAS 18001:2007 Certification (health and workplace safety management system) of 5 July 2011 by Bureau Veritas Italia Spa in respect of *Design and construction of civil and industrial engineering works, bridges, viaducts and other transportation infrastructure*

— ISO 14001:2004 Certification (environmental management system) of 28 September 2011 by Bureau Veritas Italia Spa in respect of *Design and construction of civil and industrial engineering works, bridges, viaducts and other transportation infrastructure*

Deal Srl

— ISO 9001:2008 Certification (quality management system) attested by Bureau Veritas Italia Spa in respectof *Design, construction, installation and operation of heavy lifting equipment, including special equipment for the construction of bridges, such as overhead gantry cranes, pre-cast girder launching equipment, special elevated formwork, cable-stayed erection equipment, post-tensioning systems, caissons and other equipment for the off-shore sector; design and engineering of bridges and viaducts for road, railways or urban mass rapid transit systems*

Tensacciai Srl

— ISO 9001:2015 Certification (quality management system) by Bureau Veritas Italia Spa in respect of *Design, fabrication and installation of cable-stay systems, post-tensioning systems, rock anchors, ground anchors and associated equipment and accessories; special structure devices (bearings, joints, anti-seismic devices), steelworks also in the field of structural refurbishments*

— BS OHSAS 18001:2007 Certification (Health & Safety System) of 18 November 2016 from Bureau Veritas Italia Spa in respect of *Design, fabrication and installation of cable-stay systems, post-tensioning systems, rock anchors, ground anchors and associated equipment and accessories; special structure devices (bearings, joints, anti-seismic devices), steelworks also in the field of structural refurbishments*

— ISO 14001:2015 Certification (Environmental Protection System) of 30 November 2016 from Bureau Veritas Italia Spa in respect of *Design, fabrication and installation of cable-stay systems, post-tensioning systems, rock anchors, ground anchors and associated equipment and accessories; special structure devices (bearings, joints, anti-seismic devices), steelworks also in the field of structural refurbishments*

Codest International Srl

— GOST ISO 9001:2011 (ISO 9001:2008 quality management system) attested by GlavStandardCert in respect of *All activities of conception, design, construction, reconstruction, which impact safety in construction projects*

— GOST ISO 14001:2007 (ISO 4001:2008 environmental management system) attested by GlavStandardCert in respect of *All activities of conception, design, construction, reconstruction, which impact safety in construction projects*

— GOST R 54934-2012 (OHSAS 18001:2007 health and safety management) attested by GlavStandardCert in respect of *All activities of conception, design, construction, reconstruction, which impact safety in construction projects*

Sacaim Spa

— ISO 9001:2008 Certification attested by SGS Italia Spa, in respect of Design, construction, maintenance, rehabilitation of *civil, industrial, infrastructure works and rope-ways. Restoration and recovery of protected historical buildings. Installation and maintenance of mechanical and electrical equipment for civil and industrial applications*

— OHSAS 18001:2007 Certification (health and workplace safety management system) attested by SGS Italia Spa, covering *Design, construction, maintenance, rehabilitation of civil, industrial, infrastructure works and rope-ways. Restoration and recovery of protected historical buildings. Installation and maintenance of mechanical and electrical equipment for civil and industrial applications*

— ISO 14001:2004 Certification (environmental management system) attested by SGS Italia Spa, in respect of *Design, construction, maintenance, rehabilitation of civil, industrial, infrastructure works and rope-ways. Restoration and recovery of protected historical buildings. Installation and maintenance of mechanical and electrical equipment for civil and industrial applications*

— SOA Certification attested by SOA Nord Alpi

The environment

The audit activities carried out during the course of the year have confirmed in general the quality of the organisation, both in terms of environment that in terms of planning and analysis.
In the year there were no significant events or deviations, and the verification audits, conducted by external bodies, were completed without major remarks.
The environmental system, similar to the safety system already in place, will be subjected to a mapping and subsequent upgrade, so that it can obtain the renewal of the certification under standards UNI EN ISO 14001:2015, which is expected to take place in 2018.
At the same time, the efforts in this area have also allowed the Group to capitalise on many opportunities offered by the certifications obtained in terms of sustainability, such as LEED, BREEAM and GSAS, which were put to use in many of the Group's projects.

Organisation, Management and Compliance

With effect from December 2008 Rizzani de Eccher has implemented its own organization and compliance manual, thereby complying with the provisions of Legislative Decree 231/2001 which introduced the liability of juridical persons as a results of acts or omissions carried out by agents and employees.

To that effect, Rizzani de Eccher has drafted and enacted, among the various documents that constitute such manual, the so called *Model 231*, a Code of Ethics (also available on www.rde.it).

During 2012, Group companies Cortelicini Srl, Deal Srl, Iride Srl, Sicea Srl, Tensacciai Srl and Torre Scarl had adopted their own *Model 231*, drafted along the guidelines set out by the Code of Ethics of the Group's parent Rizzani de Eccher Spa. This process drew to a close with the adoption of *Model 231* also by Sacaim Spa. These companies have appointed a supervisory body entrusted with the functions of supervising and enforcing compliance with *Model 231* and ensuring that the Code of Ethics is up to date with current legislation.

The aim of *Model 231* is to prevent relevant offences under the Law by all physical persons who are engaged in a working relationship with the Company, be it employment or simple cooperation. This starts from the mapping of the areas of the firm that are 'at risk' and goes as far as defining the pre-emptive protocols, which include the organizational, physical and logical countermeasures set forth by the same *Model 231*.

Through the prevention of the relevant offences, *Model 231* is intended to forestall the emergence of any liability to the parent company of the Group, which may affect its capital as a result of fines, pecuniary damages or penalties.

In addition to this, the above mentioned companies are fully aware of the importance to educate and inform its employees and partners, and is committed to ensuring the full knowledge by all stakeholders of the law and the obligations associated with it, as set out in *Model 231*.

Value creation and distribution

The integration between the traditional business values - economic values expressed by production and profitability - and the system of socio-political values - the centrality of the individual, integrity, quality of life – which are at once present inside and outside the organization, poses new problems of consensus and legitimacy. The progressive emergence in these past few years of the so called 'stakeholder's view' has raised the urgency to have systems in place that are capable of measuring and evaluating the ability of the firm to balance the disclosure requirements of business partners, whether internal or external (staff, shareholders, lenders, customers, suppliers, public administration and the community at large). To this end, the parameter of 'value added', which is derived by reclassifying the items in the income statement of this Annual Report, measures the wealth produced by the firm for the benefit of the surrounding territory and its stakeholders, thus expressing the relationship between the firm and the socio-economic system with which it interacts.

The value added is presented in two different dimensions:

— calculation of value added, which emerges from comparing income and costs at each intermediate level;
— distribution of value added comprising of the sum of the remunerations received by stakeholders.

Different stakeholders are remunerated in the following ways:

Value added calculation (in Euro thousand)	**amount 2016**	**aumont 2015**
Revenues	915,071	653,763
Costs of production	742,240	508,501
Operating value added	172,831	145,262
Extraordinary and additional income / (charges)	12,248	4,944
Gross value added	185,079	150,206
Amortisation and depreciation	(12,847)	(9,806)
Net value added	172,232	140,400

Value added calculation (in Euro thousand)	**aumont 2016**	**%**	**amount 2015**	**%**
Human resources remuneration	125,117	72.6%	106,285	75.7%
Public administration remuneration	19,312	11.2%	12,903	9.2%
Debt capital remuneration	3,004	1.7%	3,301	2.4%
Equity capital remuneration	-	0.0%	-	0.0%
Enterprise remuneration	24,701	14.3%	17,842	12.7%
Charitable donations	99	0.1%	69	0.0%
Net value added	172,232	100%	140,400	100%

— remuneration of human resources: it includes direct and indirect remunerations of all those who have a working relationship with the Group;
— remuneration of the public administration: it includes direct and indirect taxes paid by the Group;
— remuneration of debt capital: it includes interest paid to the banking system and financial institutions;
— remuneration of equity capital: it includes dividends paid out to shareholders;
— remuneration of the enterprise: it includes any income set aside as reserve or retained earnings to finance future growth;
— acts of liberality: they include and distributions of benefits for charity purposes.

Thus it emerges that the most substantial portions of value added go towards the remuneration of human resources, whether directly or indirectly employed – which underscores the Group's contribution to social welfare - and to the society at large through taxation.
It is worth to underscore the Group's ever present commitment to supporting humanitarian and cultural projects, as witnessed by contributions and donations to various non-profit organizations engaged in humanitarian and research activities.

The value added was determined by reclassifying the items in the income statement of this Annual Report, using the methodology proposed by 'Gruppo Bilancio Sociale' (GBS), an association which promotes ethical standards and principles of social responsibility in accounting practices.

AREAS OF BUSINESS ACTIVITY

Over the years, the Group has consolidated its leading position in four main areas: **General Building Contracting, Infrastructure Contracting, Engineering Services and Equipment for Bridge Construction and Real Estate Development**. *Apart from the specific circumstances of certain individual markets, the Group is generally involved in all of the foregoing business areas, in every country where it is active. The Group's well-established presence in Russia and CIS countries of Central Asia, Middle East, the Mediterranean Basin and North, Central, South America and Australia combined with the vast international experience acquired with working for many international clients ensure a solid and dominant market position, pointing to strong growth and a stable future.*

The table on the side illustrates the main projects underway during the period under review in each of the four areas outlined.

Project	Business area	Country	Amount (Euro)	Share%
Railway Line Oued Tlèlat - Tlemcen	Infrastructure	Algeria	1,464,000,000	25.00
Penetrating highway RN77 Djen Djen Port - El Eulma	Infrastructure / Special equipment / Engineering services	Algeria	1,334,600,000	48.00
VTB Arena Park Moscow	General building	Russia	683,000,000	100.00
Jamal Abdul Nasser Street Kuwait City	Infrastructure	Kuwait	670,000,000	48.90
Metro Red Line North Doha	Infrastructure / Special equipment / Engineering services	Qatar	554,200,000	60.00
VTB Arena Dynamo Central Stadium Moscow	General building	Russia	400,000,000	100.00
Highway A4 Widering Latisana - Palmanova	Infrastructure / Special equipment / Engineering services	Italy	297,500,000	50.00
Westconnex M4 Widering Sydney	Infrastructure	Australia	274,000,000	50.00
Residential complex Portopiccolo Sistiana - Triest	General building	Italy	218,000,000	100.00
Complex ILOT C Luxembourg	General building	Luxembourg Grand Duchy	194,000,000	50.00
Roskilde Fjord Link Frederikssund	Infrastructure	Denmark	130,000,000	34.00
Requalification of Spedali Civili Brescia	General building / Project financing	Italy	111,000,000	60.00
Gran Viaducto Manglar Cartagena	Infrastructure / Special equipment / Engineering services	Colombia	92,100,000	100.00
Complex Polyanka Moscow	General building	Russia	62,000,000	100.00
Hydraulic pipe Al Hayaer Riyadh	Infrastructure	Saudi Arabia	57,000,000	50.00
Data Center SuperNap Siziano - Pavia	General building	Italy	52,000,000	100.00
New Orbital Highway Doha	Infrastructure / Special equipment / Engineering services	Qatar	45,200,000	100.00
Metro line Ho Chi Minh City	Infrastructure	Vietnam	39,300,000	28.00
Swan River Bridge Perth	Infrastructure	Australia	38,000,000	50.00
Rehabilitation Fondaco dei Tedeschi Venice	General building	Italy	36,000,000	100.00
Urban train Valley of Mexico Mexico City	Special equipment / Engineering services	Mexico	14,400,000	100.00
Gerald Desmond Bridge Los Angeles	Special equipment	USA	4,800,000	100.00

The main sectors of intervention in this area are: residential buildings, office buildings, industrial and commercial buildings, hospitals, schools, luxury hotels, large building restorations and military infrastructure. In general building contracting, the Group is well positioned in market segments which demand increasingly high standards of technology and quality. Since each building is unique and construction site conditions differ greatly, each project requires specific technical skills. Over the past few years, energy efficiency has become the underlying theme of every new project. This is accomplished through a vast range of design solutions including purpose-built volumes, the adoption of materials and technologies that facilitate heat transmission with the outside, the installation of energy-efficient heating/cooling systems and the recourse to renewable energy sources (solar energy, heat pumps).
Bearing testimony to the level of proficiency attained by the Group in this crucial aspect of general building, we underline that in 2015 the Group obtained the LEED Platinum certificate, released by the US Green Building Council, in connection with the construction of the new Intesa San Paolo office tower in Turin. All the while, in 2016 Rizzani de Eccher completed the works for a data centre Tier IV – the highest certification that a data centre can obtain – for the US multinational SuperNap.

Residential buildings

The Group has always performed well in this area, leveraging off the market knowledge of its real estate development unit and the track record in high-quality construction projects. In this segment, the Group focuses on large and complex projects with high quality standards.

During 2016, construction works drew to a close at the **Portopiccolo** development in **Sistiana** (Triest), with the completion of the Spa complex: an oasis of well-being facing the sea, a building that attains the objective of reducing CO_2 emissions and minimising pollution by employing renewable energy sources.
Construction activities are proceeding at full speed at the **VTB Arena Park** project in **Moscow**, a contract worth an estimated Euro 683 million and awarded to Codest International, for the construction of the 'commercial' buildings surrounding the Dynamo Stadium – Petrovskiy Park in Moscow; as at 31 December 2016 works there had reached a progress of Euro 343 million.
In 2016 works drew to a substantial close for the construction of a residential complex denominated **Geneva House** situated in the prestigious Ulitsa Arbat in the heart of **Moscow**.

Also in 2016 Codest continued works for the realisation of a luxury residential project in one of the most exclusive areas of the Russian capital: the project, worth Euro 62 million, calls for the restoration of two historical buildings in **Bolshaya Polyanka** and the construction of 5 new buildings for a total area of 53,394 sqm. As at year end in 2016 works had reached a progress of Euro 21 million.

Retail and Commercial

The construction of modern commercial centres, which is rapidly developing in many markets, is a key focus area for the Group, characterized by a high level of sophistication. During the course of 2016 works commenced in **Luxembourg** for the construction of a mixed use development of 225,000 sqm, in joint venture with Belgian contractor CIT Blaton and their Luxembourg subsidiary CBL. The project includes the construction of two residential towers of 25,000 sqm and has a total value of approximately Euro 194 million

Industrial buildings

The Group's track record in this field dates back to large industrial projects in Italy and abroad in the second half of 1800s. In the past few decades such wealth of experience has been put to good use as evidenced by the successful completion of industrial buildings in Italy and abroad in several industries and sectors, such as steel plants, textile factories, mechanical workshops, tanneries, shoe factories, food processing and several other industrial buildings.
During the course of 2016 Rizzani de Eccher has brought to completion the construction of a Tier IV '**Data Centre**' for the US multinational SuperNap. For 2107 further expansion works are planned for this project.

Entertainment and Sports Complexes

The construction of sports infrastructure is among the most challenging types of construction activities because it requires the builder to create synergies between the work of renowned architects and designers and complex structures capable of hosting tens of thousands spectators. The Group has always demonstrated to be able to successfully deal with these challenges as demonstrated by the award to Codest International in 2014 of the contract for the re-construction of the **Dynamo Central Stadium** in **Moscow**.
The project is worth approximately Euro 400 million consists of two arenas with aggregate capacity of 40,000 spectators and a large adjacent retail area with shops, restaurants and a Cineplex, complete of underground carparks for over 700 cars and directly linked to the Metro station.
As at 31 December 2016 the project had achieved a progress of Euro 201 million.

Hospitals

This is an area characterized by the rapid evolution of functional requirements and increasingly sophisticated mechanical, electrical and medical equipment. The utilization of project financing to fund the construction and operation of hospitals is becoming ever more frequent, which demands strong skills and commitment not just in respect of the design and construction challenges but also in respect of the financial and legal structuring, which the Group has amply demonstrated to be able to negotiate with the required professionalism.

As at 31 December 2016, the project-finance construction in respect of the expansion of the facilities of **Spedali Civili di Brescia** had reached a progress of some Euro 64 million (share pertaining to Rizzani de Eccher).

On the same vein, the B.O.T. construction project for the **S. Maria della Misericordia Hospital** in **Udine** has reached substantial completion, reaching in 2016 a progress of Euro 53 million.

Luxury Hotels

The experience gained in large scale industrial buildings combined with the proficiency in traditional construction methods has allowed the Group to expand successfully into the segment of high end hospitality.
During 2016 the Parent Company completed a new 5-star hotel **Falisia Resort & Spa** within the scenic backdrop of **Portopiccolo** in **Sistiana** (Triest). The hotel, carrying the Starwood Hotels & Resorts 'Luxury Collection' brand, offers 65 rooms and suites, 2 restaurants, lounge bar, meeting rooms, private beach with infinity pool and an exclusive fitness and wellness area.
During the year, Portopiccolo witnessed also the completion of a luxury sea-facing Spa and a convention centre.

Large scale building renovations and recovery of heritage sites

More than a hundred years' track record in the construction industry and the specific skills gained from the experience of the extensive post-earthquake reconstruction of the Friuli region in 1976 provide Rizzani de Eccher with the knowledge capital to undertake complex restorations on monumental buildings adopting the most innovative technologies.
The acquisition of Sacaim Spa has added many a prestigious rehabilitation and restoration projects in Venice (the San Marco Square Bell Tower, the Scala Contarini da Bovolo historic mansion, the Crociferi Convent and the Gallerie dell' Accademia, to name but a few) and in Mantua (the restoration of the Duke's Palace).
Together with Sacaim, Rizzani de Eccher has brought to completion in 2016 the prestigious rehabilitation of the **Fondaco dei Tedeschi** in **Venice**, a project worth approximately Euro 36 million.

In 2016 works also drew to a close in the restauration of **Palazzo Gagliardi Sardi** in **L'Aquila**, a baroque-style historic building that was seriously damaged by the 2009 earthquake. Besides the activity of architectural recovery, the building was the object of a structural recovery with the employment of innovative technologies in the field of seismic isolation. In total 53 elastomeric isolators and 49 multidirectional bearings were placed under the foundations of the building.

Rizzani de Eccher excels at infrastructure building and transport engineering in particular, thanks to more than one hundred years' experience in this field. In the past few years most of the Group's infrastructure projects have been outside Italy, as the Italian market is experiencing a period of recession due to funding shortages and competitive pressures on costs.

Highways, railways and metropolitan rail networks

IWorks for the dual track **Oued Tlélat - Tlemcen** railway line in **Algeria**, a joint project with Italian contractor Società Italiana per Condotte d'Acqua have reached at year end in 2016 a progress of Euro 288 million (progress pertaining to the share of Rizzani de Eccher) against a total contract value of Euro 366 million.

Still in **Algeria**, works have begun in connection with the highway **RN77**, linking the harbour of Djen Djen to the East-West Highway in the proximity of El Eulma. The project calls for the realisation of a 6-lane highway (3 lanes each way) crossing a mountainous area, characterised by excavations and landfills totalling 43 million cubic metres, viaducts for 15km and tunnels for 2km. The contract, for an amount of Euro 1.33 billion, was awarded to Rizzani de Eccher acting as a leader of a joint venture with Algerian contractors ETRHB and Sapta. As at 31 December 2016 a progress of Euro 118 million (share of Rizzani de Eccher) had been reached.
In 2016 works for the enlargement to three lanes (in each direction) of the **A4 Highway** have finally commenced. These comprise of a first stretch of 25km from the **Bridge over the Tagliamento River to Gonars** and the **Palmanova interchange** for a total contract value of Euro 300 million, which Rizzani de Eccher will execute together with partner Pizzarotti & C. Spa.
Works have continued apace in Australia in connection with the upgrade and construction of the **M4 Motorway**, one of **Sydney'**s principal traffic arteries. The project, in joint venture with Australian contractor CPB and worth a total of Euro 274 million, reached a progress as at 31 December 2016 of Euro 222 million, of which half pertaining to the Group's participation share.
Always in Australia works have continued on the **pedestrian bridge** over the Swan River **in Perth** (WA), a project being carried out in joint venture with Australian contractor York Civil for a total value of Euro 38 million. As at 31 December 2016 the progress had reached Euro 23 million of which Euro 11.5 million pertaining to the Group.
In July 2015 Rizzani de Eccher also won an important contract for the construction of a **3.7km viaduct** on the Cienaga de Tesca lagoon in **Cartagena**, **Colombia** for a total 55,000 sqm bridge decks, worth Euro 85 million.
As at 31 December 2016 works had reached a progress of Euro 20 million.

In the Middle East, the infrastructure sector continues to represent the Group's strong point.
The year under review witnessed the completion of the elevated highway interchange **New Orbital Highway** in **Doha**, within the context of a larger public works scheme tendered by the Qatar authorities.
Always in Doha, construction continued apace in connection with the north segment (elevated and at ground level) of the **Red Line Doha Metro**.

Construction works continued at full production regime on the massive two-level upgrade of **Jamal Abdul Nasser Street** at **Kuwait City**. This project, worth in excess of Euro 670 million, covers a length of 14 km length and involves 395,000 sqm of prefabricated bridge segments. The contract is being performed in joint venture with OHL (Spain) Trevi (Italy) and Kuwaiti contractor Boodai. Progress as at 31 December 2016 is roughly Euro 552 million.
In September 2016 the Group acquired another important contract in **Dubai** in connection with the **extension of the Dubai Metro** to the site where the 2020 International Expo will take place. The contract is worth in the region of Euro 90 million.
Finally, Rizzani de Eccher as the leader of a joint venture with the Belgians of Besix and the Spanish of Acciona Infraestructuras, won in October 2016 the contract for the construction of the **Frederikssund Link** in **Denmark**.
The design & build contract, worth approximately Euro 130 million, calls for the design and construction of a dual carriageway highway 8km long, a 1.4km bridge over the Roskilde sound, a 1km access road and several associated minor civil works, such as overpasses to protect the fauna and bicycle lanes.

Environment and hydraulic engineering

During past decades Rizzani de Eccher has completed important projects in this sector in Italy and abroad. Some of the most representative projects include sewerage pipe networks; water purification systems equipped with underwater pipelines for offshore discharge; aqueducts and water-supply networks and dredging works on rivers and navigable waterways.

In 2014, Pizzarotti Rizzani de Eccher Saudi Arabia Ltd (Pride) was awarded the contract for the design and build of a **hydraulic pipe** transporting effluents from the depuration plant of Manfouha to another **depuration plant** in **Al Hayaer**. The project calls for the realisation of an 11.9km tunnel (excavated with a full section tunnel boring machine) and 4.8km of open trench, for a total amount of EUR 58 million. As at 31 December 2016 works had progressed to Euro 26 million.

Rizzani de Eccher's wealth of experience in infrastructure has allowed the Group to develop a specific area of expertise in the engineering, design and construction of special equipment for the construction of bridges, as well as the provision of all such associated specialised services and equipment as post-tensioning systems, bearings, joints and anti-seismic devices. In 1992, these activities were consolidated into a new, wholly-owned subsidiary called Deal Srl. In a few years Deal has become a world leader in this highly specialised market, serving large international contractors. Deal provides design services and custom-built special heavy equipment for the construction of bridges and viaducts of any complexity and size. Its machinery and equipment capabilities include caissons, gantry cranes, large rubber-tired beam launching carriers, launching girders and self-launching ribs. The acquisition by Deal of Tensacciai Srl, now trading as 'Tensa', a company with a strong track record in design, fabrication and installation of stay-cables and post-tensioning systems as well as joints, bearings and anti-seismic devices, has strengthened the position of Deal also in this area. The Group is now well positioned to provide clients with the complete package of specialised equipment and services required for bridge deck construction.
Deal also provides clients with full technical assistance on site and can support clients in all phases, which, besides the installation and start-up of the equipment, include the execution of the works. More recently, the Group's wealth of experience in the infrastructure sector has allowed Deal to apply its specific know-how to different and very promising areas, such as special equipment for the offshore Oil & Gas industry, special gantry equipment for shipping and port operations, in addition to special equipment for the excavation of wells.

Engineering Services

The Group's technical personnel have gained invaluable experience from working with and for the parent company and established international contractors on large and prestigious infrastructure projects. This has enabled our engineers to develop a wealth of knowledge in bridge engineering and particularly in the field of metro-rails and mass rapid transit systems.
The integration between engineers responsible for bridge design and construction and engineers responsible for equipment design has resulted in a more streamlined and seamless utilisation of the Group's human resources, allowing the Group to position itself on the infrastructure market as a provider of the widest range of integrated services and construction solutions.

Equipment

Deal can design and custom-build equipment for any type of construction system - be it prefabricated or cast in-situ - as well as any type of transportation and lifting equipment suited for every building site. The experience gained by most staff in the direct execution of the works has made it possible for Deal to design and develop highly efficient and reliable equipment unmatched by the competition.

Significant productivity results have been achieved in the precast segmental technology, adopting the *'span by span'* method for the construction of elevated metro-rails and mass rapid transit systems and adopting the *'full span'* method for the construction of high-speed railways and other important infrastructure works.
There are now numerous cases in which large international contractors entrust Deal with the design and supply of the entire special equipment package, from prefabrication to launch, so as to secure the strongest guarantees over the full production cycle.

The award to Deal of the supply contracts for the entire special equipment package in connection with **Urban Metrorail** in **Mexico City** bears testimony to this.
The General Contractor entrusted Deal for the realisation of 10 sets of mobile formworks, 2 gantry cranes dedicated to the prefabrication yard and 2 launching girders, besides all construction engineering services and the supply of post-tensioning equipment and materials, as well as expansion joints.

Finally, it is important to highlight a new contract for the supply of a massive piece of equipment, the largest of its kind ever conceived, for the construction of a segment of the iconic **Hong Kong Macau Bridge**.
On the same project, Deal was able to re-employ a special segment launching machine, previously supplied to the French contractor Bouygues.

Specialised Construction Solutions

The range of specialised services and products that the Group can provide to large international contractors is completed by the product and services offering of Tensa. Active since the early 1950s, Tensa has developed the full range of products associated with cable post-tensioning, cable-stays and ground anchor systems. Furthermore, Tensa can supply a full range of bearings and joints (including spherical bearings and pot bearings, metal and/or rubber expansion joints), anti-seismic devices, oleo-dynamic supports, friction pendulums and seismic isolators, etc.
Tensa devotes considerable resources to research and development, investing in the identification and application of new materials, which are then brought to market after trials and certifications, also in consideration of technical standards and regulations that are continuously evolving.
Besides supplying these products, in line with the approach common to all companies of the Group and thanks to the continuous dialogue with its clients, Tensa is capable of developing customised technical solutions for specific project requirements, besides providing all the technical support required during installation, erection and testing.
The development by Tensa of innovative and diversified solutions and the quality and professionalism of its on-site technical assistance find testimony in the contract for the supply of all materials and post-tensioning equipment for the **Temburong Bridge** in **Brunei**, a 20k long viaduct, as well as in the supply of all the anti-seismic devices for the **Pucallpa Hospital** in **Peru**.

The Group has always been actively engaged in prestigious real estate development projects acting as a principal, or on behalf of select customers, from the public and private sector. Capitalising on its successful track record in real estate development, the Group positions itself on the market as the reliable partner to large developers as well as real estate investors and financial institutions. The Group has further strengthened organization and resources in the dedicated Real Estate Development division, with emphasis on project management and value-enhancement of property portfolios, with a view to obtaining a stronger accreditation with market players and partners. To this effect, as from 2011 all real estate development assets and initiatives of the Group have been consolidated into Iride Srl.

As remarked previously, in 2014 the Group acquired from the Rilke Real Estate Fund a share of 30% in Rilke Srl, the development company of the touristic and residential complex **Portopiccolo** in **Sistiana**. This is one of the most important environmental and urbanistic requalification projects of the past few years, with a tremendous impact on the surroundings as it transforms the site of a disused quarry into a charming and fully eco-sustainable seaside village in one of the most impressive stretches of the Adriatic. The initiative includes 450 residential units, 1500 underground car parks, a marina with 120 berths, a 5-star hotel under the Starwood Luxury Collection brand, a Spa and another Beauty Spa, a convention centre, a fitness area and a beach club, besides retail and exposition spaces, shops, restaurants and bars. During 2016 the development underwent an intense campaign of commercial promotion, valorisation and sale of the residences.

Among the most important real estate projects under way is the rehabilitation of a vast land plot straddling **Udine**'s historical city centre, which is currently leased to utility company **ENEL**. This disused industrial area, currently incongruous with the surrounding urban context, will be transformed into a new residential neighbourhood with aggregate volumes of 43,000 m^3. Site clearing and demolition activities are expected during 2017. The project is designed to meet eco-sustainability principles and will make vast use of renewable energy sources, with a view to obtaining the LEED certification.

Site clearing and preparation works have instead been completed in respect of the former site of the **Safau Steelworks**, situated immediately to the south of the Udine city centre, next to the railway station. The 75,000 sqm area will become the object of a radical functional and urbanistic requalification.

Meanwhile works have commenced on the restructuring and recovery of **Ciasa Nivalis**, a project involving the faithful restoration to past appearances of a substantial traditional valley house complete of barn in **Cortina d'Ampezzo.** The renovation is to yield 10 luxury apartments conjugating modern comforts with respect of nature and the local architectural style. The building is situated in a prime location, next to the pedestrian / bicycle track of the former railway line, and provides a striking example of the traditional architecture of the Valley of Ampezzo.

Finally, an important hurdle has been overcome in connection with the recovery and restructuring of the **Palazzo Eden** Building (ex Palazzo UPIM), a landmark building in the historical city centre of **Udine**. A deal with the city administration was struck allowing for a building permit on the condition that the building's existing volumes be maintained. The project calls for the realisation of 32 prestigious residential units, 40 car parks and 5,100 sqm of retail spaces in the basement, ground and first floors. During 2016 the project obtained the green light also from the Superintendent of the Ministry of Arts and Culture, while in March 2017 the final project was deposited with a view to obtaining the final construction license.

Focus

1 Fondaco dei Tedeschi
Venice - Italy

2 Gran Manglar Viaduct
Cartagena - Colombia

3 Al Hayaer Wastewater Conveyor
Riyadh - Saudi Arabia

Rizzani de Eccher. Focus 1

Fondaco dei Tedeschi

Venice (Italy)

Client:
Edizione Property Spa (Gruppo Benetton),
DFS Italia Srl (Groupe LVMH)

The Fondaco was built in 1222 to host the 'German Markets', i.e. to provide a market place for all goods coming from across the Alps. The building was emblematic of the mercantile power of Venice, an economic exchange platform and a real bridge between the West and the East.
Bears witness to this the etymology of the word 'Fondaco', which can be translated into hostel or hotel and has its roots in Arabic, Greek and Byzantine.
The new life of the Fondaco dei Tedeschi – a project by Studio OMA, led by Ippolito Pestellini Laparelli, Rem Koolhaas and Silvia Sandor, while the interiors are conceived by Jamie Fobert, a real expert in the field of retail spaces – sees its reincarnation as a pole for luxury goods and high end craftsmanship. 9000 sqm of retail space with an unrivalled choice of luxury brands, primarily Italian, offering fashion, accessory, watches, jewellery, wines and liquors, delicatessen, cosmetics and perfumes.
The project, carried out on a general contracting design & build basis, called for the restauration of the entire building. The design and the shell & core portion were awarded to Rizzani de Eccher directly by the owner of the 'walls', while the retail operator awarded the contract fort the fit out of the retail spaces.

contract amount	Euro 36,000,000
works begin	February 2014
completion	August 2016
project main metrics gross surface	11,340 sqm
volume	49,350 sqm
retail	4,078 sqm
public areas	2,657 sqm
services	2,434 sqm
external facades	3,666 sqm
internal facades	1,478 sqm

Important structural interventions concerned the reinforcement of the existing foundations at the same time as the realisation of a flood containment caisson, which protects the building from exceptional tidal floods of up to 2 meters above sea level. To give continuity to this work it has been necessary to suspend and frame all the columns of the inner cloister.
The old nineteenth-century iron cover was dismantled and restored by inserting the reinforcements needed by prevailing construction regulations. Before the restoration was completed, the new steel / glass attic slab was built on the fifth floor of the central cloister building, which measures approximately 20x20 m, making this new surface ideal for events.
New vertical slats for escalators, elevators and emergency staircases were built, the main finishes of which were made with brass panels externally treated in particular oxidation dips, with different colour gradations.

The conservative restoration affected all the external surfaces of the court and the balusters, by consolidating the old plaster and finishes. There was also an important recovery of sixteenth-century stone structures, both of the exterior facades and of the court 's interior colonnade on all three orders, and the old Venetian pavements were restored with the integration of the missing new portions using the same methodologies of the past.
The building has been equipped with all the new technologies that can be implemented in the context of a restoration in Venice, from the fire prevention system to the intrusion prevention system, the surveillance system, air treatment, etc. Were also added a geothermal system, whose probes have reached a depth of about 100 meters, and a membrane purification plant, placed in a deep basement about four meters deep and placed in the central courtyard.

Deal. Focus 2

Gran Manglar Viaduct

Cartagena (Colombia)

Client:
Rizzani de Eccher Spa
Sucursal Colombia

The realization of the Gran Manglar viaduct is perhaps the most appropriate example of Deal's ability to integrate all their specific competences in the bridges and viaducts sector: technological proposal, design of permanent structures, construction engineering, supply and commissioning of specialist equipment and finally technical assistance for start-up and production.

The project, forming part of the expansion plan of the highway connecting the city of Cartagena with the city of Barranquilla, on the Caribbean coast of Colombia, consists of a 5.4 km long, double-carriageway viaduct that crosses a lagoon part of the Cienaga de Tesca nature reserve.

The main contract was awarded to a consortium between the local company Mario Huertas Cotes and MECO, Costa Rica's main construction company, and its original design called for a technical proposal based on a cast-in-situ solution with 120 meters' bridge spans, to be realised with 'form travellers'. However, this solution had a significant impact at a social, economic and environmental level, particularly during the implementation phase. This allowed Deal to intervene with its own proposal to minimize such effects and clinch the contract.

It was necessary to identify a design solution that would allow maximum prefabrication production, to be done away from the bridge location, minimizing as much as possible the impact and disruption of activities in situ. Moreover, the considerable access difficulties over a swampy lagoon suggested extending the prefabrication even to the entire substructure and adopting the top-down constructive methodology.
This technology, already developed by Deal itself for the implementation of the Washington Bypass in North Carolina, allows, through the use of special equipment, the realization of the entire work, including foundations, operating from the top, i.e. from the portions of viaduct already built, without the need for any further access from the bottom.

The project was then completely revisited by the staff of Deal, which designed the foundations on precast concrete circular-section piles, prefabricated and post-tensioned together with their pile caps, designed to solidarize

contract amount (supply and services) Euro 7,100,000

formwork and Prefabrication Equipment

1 short Line Formwork for constant section segments

1 formwork for U –section beams

3 hydraulic Formworks for foundation piles

2 rubber wheeled hoppers for segments transport and storage

2 gantry Cranes for prefab elements

launching Equipment

2 launching equipment of the type 'Top Down'

special Materials

post-tensioning materials and equipment

bearings and anti-seismic anchors

expansion Joints

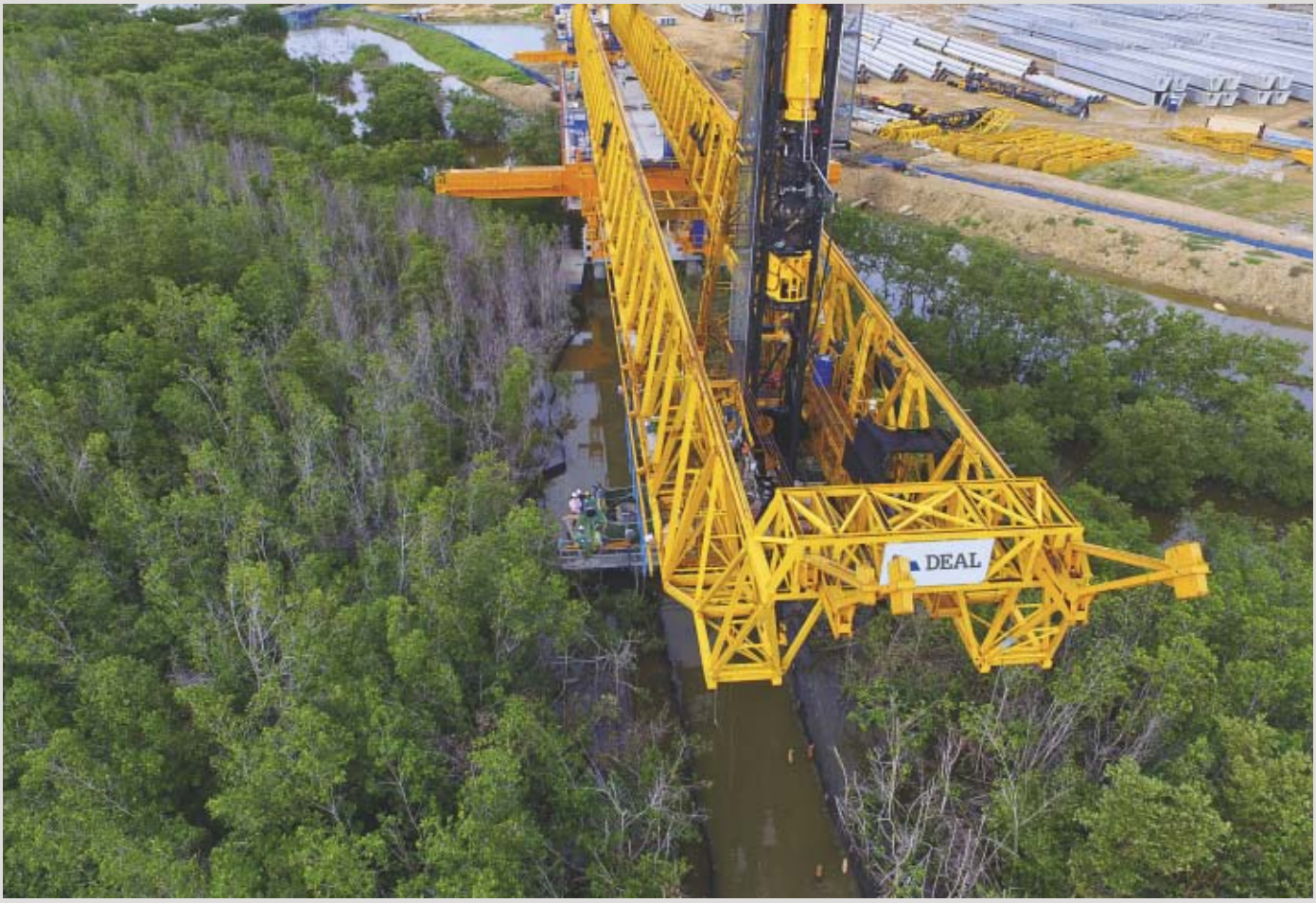
engineering services

complete re-design of the viaduct

engineering of construction phases and detailed execution design

design of all temporary structures and prefabrication plant

project Management



directly with the foundation piles. All the while, the bridge decks was designed with U-shaped precast beams and cast-in-situ bridge slabs.
All the design was also conceived with the aim of utilising existing and available launching equipment.

It was therefore possible during the design review phase of the permanent structures to arrange for the necessary modifications and to prepare and deliver such equipment, whose provisioning and assembly is usually the most critical stage, so that the launching of the prefabricated elements could be started within few months of the acquisition of the contract.

Deal has been involved in the re-design of the viaduct, the supply of all specialist equipment, the provision of post-tensioning materials and equipment, bearings and expansion joints as well as the engineering of the construction phases and the supervision by its technicians of all phases of the works.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Rizzani de Eccher. Focus 3

Al Haer Wastewater conveyor

Riyadh (Saudi Arabia)

Client:
Saudi Tumpane Company

The project consists of the mechanized excavation and the cladding (with concrete precast segments and HDPE internal membrane) of two hydraulic tunnels with a diameter of 3.70m and a total length of about 12km in total. The tunnels are bore using a double shielded a Tunnel Boring Machine (TBM) cutter. The two galleries located south of the city of Riyadh are part of a 35km long main sewer system collecting all the wastewater from the city of Riyadh and bringing them to the new sewage plant built in Al-Hayaer.

contract Amount	Euro 57,000,000
works begin	November 2014
completion (forecast)	December 2017
final tunnel diametre	3,70 m
north Tunnel (length)	6,740 m
south Tunnel (length)	4,995 m


Saudi Tumpane


Saudi Tumpane
PRIDE

MANAGEMENT REPORT

Economic, financial position

The Consolidated Financial Statements for the accounting period ending on 31 December 2016 show total revenue of Euro 918 million (as opposed to Euro 670 million in 2015), EBITDA of Euro 46.3 million (it was Euro 50 million in 2015). Net profit for the year after tax and minority interests is Euro 24.2 million (against Euro 16 million in 2015).

General macro-economic context

From a global economic perspective, Gross Domestic Product (GDP) rose 2.8%, slightly down from the growth rate recorded last year (3.1%).
In the United States, after a slow start, there was a good acceleration in the second part of the year thanks to increased consumption, sustained by a healthy labour market that closes 2016 close to almost full employment. Nevertheless, public and private debt at high levels, wealth concentration with growing inequalities between rich and poor and demographic factors have dampened the GDP of the world's first economy, although thanks to a macro improvement at the end of the year and the election of Trump to the Presidency (resulting in increased infrastructure investment, lower corporate and household taxes and major deregulation), and the trend rose steadily in the fourth quarter.
As for the Eurozone, GDP growth in 2016 was 1.7% thanks to a fairly good first quarter, followed by slightly weaker data for subsequent quarters. GDP growth has benefited from the good performance of consumption, driven by labour market improvements and low prices, as well as the weakness of the euro against the US dollar and the ECB's broadly expansive monetary policy (both from the point of view of the level of official interest rates as well as in terms of monthly liquidity injections through quantitative easing).
Italy saw the year close with GDP growth levels close to 1%, better than 2015, but considerably lower than the growth of the Eurozone and also of neighbouring countries (and for certain aspects quite similar) such as Spain. Political uncertainty and low visibility into the future have so blocked the start of a virtuous circle where growth can be self-fuelled. Growth drivers in Italy were also consumption and exports, followed by investments in plants and machinery, but there was still a significant weakness in the construction sector. Inflation, over the course of the year, was for a number of months in negative territory (deflation) and only increased in December 2016 (+ 0.5%).
The trend in emerging countries is more fluctuating and discontinuous: after the fears of the beginning of the year, there was markedly greater control over the planned slowdown of the Chinese economy, a clear slowing in the drop of Russia's GDP (-0.9% compared to -3.7% in 2015) and a persistent weakness in Brazil, whose economy is burdened by political vicissitudes and uncertainties. Overall, however, there has been a marked improvement in the health of these countries, which are less vulnerable to adverse factors such as the strengthening of the US dollar, US growth rates and the more or less accentuated protection that President Trump wants to introduce.

For 2017, the International Monetary Fund expects USA's GDP growth at 2.3% and Eurozone GDP growth of 1.7%. Italy, with a GDP growth forecast of + 0.8%, which unfortunately represents the worst growth *performance* of the entire Euro area.

Group management performance

During the 2016 financial year, the Group put all its energy into the development of the large portfolio of orders acquired in the previous financial years, achieving an increase in revenues (or value of production as it is commonly known in the construction industry) of Euro 248 million, or about 37%. The value of production in 2016 was 82% abroad and 18% on the Italian market (in 2015 the ratio was 81% abroad and 19% in Italy) in line with the expected growth of the portfolio acquired.

The Group's order book for the financial year is equal to 2,118 million Euro (as opposed to Euro 2,530 million in 2015) with a percentage of foreign orders of close to 90%.

Among the most important new projects that were added to the existing backlog, the following stand out:

— the construction of the subway station connected to the terminal at Doha International Airport, Qatar (HIA).
The contract, with a total value of Euro150 million, was acquired in a 50% *joint venture* with Qatar's Redco Company and is part of the work already acquired in the previous year for the creation of an allotment of the 'Red Line ', the new metro in Doha;
— the building in Dubai (UAE), as sub-contractor of the *joint venture* between Acciona (Spain) and Gülermak (Turkey), of the elevation structures relating to the extension of the city subway (the first section of which was already completed by

the parent company about ten years ago). The work, worth a total of Euro 103 million, is part of the Dubai 2020 project relating to the expansion of the city's infrastructure for Expo 2020;
— the construction of a viaduct worth Euro 130 million in the region of Roskilde (Denmark). The contract, acquired in *joint venture* with partners Acciona (Spain) and Besix (Belgium), sees the parent company as leader of the JV with a 34% stake, corresponding to a value of Euro 45 million;
— the construction of a large retail and residential complex in Luxembourg, with an overall value of Euro 194 million, in a temporary association with a 50% stake with CBL SA and CIT Blaton SA.

The Group's *'manufacturing'* companies, further strengthened in terms of technological and manufacturing capability, have globally acquired orders worth around Euro 80 million over the course of the year.

The largest contribution in terms of value of production was also made in 2016 by Russia (Euro 303 million, 33% of total value of production), where Moscow's orders (VTB Park and VTB Stadium) continued the largest production phase, which will continue during the 2017 financial year.
The contract for the construction of the 'Red Line' lot was essentially completed with regard to the *'lump sum'* work and the work relating to the *'provisional sum'* have begun in 2017. Lastly, some contractual amendements were achieved during 2016 (with formal completion in the first months 2017) wich allowed the substantial start of the major works of the RN77 highway connection, a project awarded in summer 2014.

Forecasts for 2017, based on the existing portfolio at the end of the fiscal year, show a substantial preservation in value of production, with significant contributions as above mentioned from Russia, Algeria and the Middle East.

For further comments and summary data on the Group's performance, please refer to the section '2016 at a glance'.

Treasury shares and shares/quotas of parent companies

Rizzani de Eccher Spa does not have ownership of any of its own shares or shares of its own parent company, either directly or indirectly, through affiliated entities, trustees or nominees.

Research and development activities

For the 2016 financial year, some development expenditures incurred by Tensacciai were capitalised, which were subject to assumptions on the basis of the reference accounting principles. The research and technological development activities carried out by the Deal project team also continued, whose costs were entirely charged to the income statement.

Financial instruments: objectives and policies of the Group and description of risks

Pursuant to the provisions of art. 40, Paragraphs 1 and 2, Sub-paragraph d) bis of Legislative Decree 127/1991 we report the main risks and uncertainties to which the Group is exposed, as well as the financial transactions, securities and instruments in which the Group is engaged, which are represented by trade payables and receivables, cash in hand, bank debt and *leasing* and *factoring* liabilities.

Market risk, operational risk and price risk

The Group is chiefly engaged in the construction business, specifically in the construction of residential buildings, office buildings, industrial buildings, sports facilities, hospitals, hotels, military infrastructure, large-scale restoration works and large infrastructure projects such as roads, highways, railways and subways. Normally, Group companies operate as main contractors, or also in temporary association of companies or in joint ventures.
Furthermore, through subsidiaries Deal and Tensacciai, the Group provides the engineering, design and fabrication of machinery, special equipment, post-tensioning systems, anchors, cable-stays, joints and bearings, for the construction of bridges and viaducts. The Group is actively present in the following countries: Italy, Denmark, Luxembourg, USA, Canada, Colombia, UAE, Qatar, Kuwait, Bahrain, Lebanon, Saudi Arabia, Russia, Algeria, Australia, India and Vietnam.
For the type of business carried out, the Group is therefore affected by the macroeconomic outlook in the different countries in which it operates. The investment choices in buildings and infrastructures of potential clients are in fact influenced by the particular conjuncture in the economic cycle, whose principal variables are gross domestic product (GDP), fixed investment and capital formation, inflation rate, interest rate and exchange rate. It is therefore entirely possible that adverse macro/micro economic environments as well as deteriorating social and political frameworks in the countries of operation may expose the Group to production slowdowns, contract suspensions and/or in extreme cases even the cancellation of ongoing contracts. Moreover, the type of work carried out involves a certain

level of operational risk that cannot be fully eliminated. The risk is associated with the need to manage the complex technical issues of the operations within a framework of contracts that are agreed and executed in different environmental and regulatory contexts.
In the case of existing contracts, the Group companies are called upon to issue adequate guarantees, usually performance bonds and the release of the guarantee withholdings. Any potential dispute by the buyers arising from the works carried out may result in the risk of collateral being provided.
With regards to the risk of materials price escalation, if the projects require the purchase of raw materials which are subject to price fluctuations, appropriate hedging strategies that minimise this risk are assessed and implemented wherever and whenever possible.

Credit risk

Credit risk consists of the Group's exposure to potential losses deriving from clients who fail to fulfil their obligations.
Although the Group operates in areas that may require the active management of country risk, its counterparts are sovereign states, governmental entities or primary private clients well known internationally and trusted by primary financial institutions.
Credit risk management strategies are articulated in several phases, beginning with due diligence on the counterpart and the project, moving on to the negotiation and finalisation of a well drafted contract, and ending with the punctual and attentive management of the contract itself once this becomes effective. In particular, the ongoing construction contracts provide for initial advance payments and progress payment certificates drawn on a monthly basis. This allows the Group to keep this risk monitored through an attentive management of each project's cash flows, thus limiting any undue concentration of risk. In this regard, we highlight the exposure of the parent company to affiliated company Rilke Srl, in respect of which certain further actions being brought forward by the Group are shown in the subsequent activities performed by the Group with a view to protecting the capital invested in it.

Liquidity risk

Liquidity risk consists of the risk that the Group's liquid resources may not be sufficient to meet its obligations in a timely manner and as agreed.
Management believes that the Group generates adequate cash flow to cover its requirements; that the maturity profile of short and medium-to-long term liabilities is well balanced and that it matches the corresponding maturity profile on the asset side of the balance sheet. The Group's net short-term financial position, determined, as in previous financial years, by taking into consideration the advances received from customers to service debts, and not including advances paid to suppliers and sub-contractors, was positive for Euro 9.9 million and, in view of the available lines of credit, it is considered that there are currently no relevant elements to this risk. However, the latter is always valued in the light of the large guarantees provided by the financial and insurance institutions in favour of third parties, who historically have nevertheless presented exceptionally marginal enforcement episodes.

Interest rate risk

Bank credit lines made available to the Group are drawn under tenors and structures, which make for a balanced mix between short and medium-term liabilities. The weighted average cost of debt was on average 2%.
As at 31 December 2016, an IRS (*Interest Rate Swap*) derivative contract of interest rate swaps has been made on Group financing; it is specified that it is the Group's policy to resort to such instruments within the limits set by the requirements of the specific asset and not to assume positions attributable to speculative purposes.
In order to contain the level of risk, the companies of the Group focus their financial operations exclusively on primary banking counterparts and assets that can be easily realised.

Exchange rate risk

The strong international vocation of the Group exposes it to the exchange risk, which is tightly related to cash flow forecasts associated with the gradual completion of ongoing contracts, taking into account contract advances received as well as payments for purchases in currencies other than the operational currency. Exposure to foreign exchange risk may generate the following impacts:
— economic risk deriving from the currency mismatch between costs and revenues, expressed in different currencies and with different time accruals;
— transaction risk arising from the conversion of trade and/or financial receivables/payables denominated in foreign currency.
After conducting a thorough analysis of the development of projects whose contracts are denominated in currencies other than the Euro, the Group operates with the aim of matching, first on a project basis, and then globally, the currency outflows with the currency inflows. Whenever it is not possible to achieve such point of equilibrium, the Group considers and puts in place the most appropriate hedging

transactions, which in any case are never of speculative intent. In this respect, it should be noted that as at 31 December 2016 there was no hedging contract for exchange rate risk.

Information concerning staff, the environment and organisation

In relation to the information requested on staff, the environment and the organisation you are referred to the sections entitled 'Human Resources', 'Health and Safety' and 'Sustainable Development'.

Business outlook

The volume of production in the first quarter of the year was about Euro 210 million (Euro 170 million in the previous year), which is in line with the revenue growth forecasts and the production rates achieved in 2016.
The main areas in which managerial efforts will be focused in 2017 will be addressing the issues outlined in Australia in 2016 in connection with the work on the widering of the 'M4' highway (Sydney) and those already noted during the previous financial years in relation to the order in Kuwait.
As far as Italy is concerned, the main operational front concerns widening the A4 motorway to three lanes from the bridge over the Tagliamento river to Gonars, as well as the Palmanova junction, which was finally started towards the end of 2016 - upon signing the contract with the Delegate Commissioner - after 6 years of waiting for the contract to be definitely awarded.
The Group *management* remains committed to preserving and developing the *know-how* acquired thus far, while seeking to unlock business synergies through international *partnerships* and acquisitions.

NOTES TO THE ANNUAL REPORT

Contents of the consolidated financial statements

The consolidated financial statements as at 31 December 2016 represent the balance sheet, financial position and the economic result and cash flow of the business as a whole:
— Rizzani de Eccher Spa
— Subsidiaries (attachments 'A' and 'B').
The consolidated financial statements have been drafted in compliance with the provisions of Legislative Decree 39/2015, amending the rules for consolidated financial statements envisaged by Legislative Decree 127/1991and subsequent amendments. In particular, the company has not exercised the option to be excused from the preparation of the consolidated financial statements provided for in Art. 27, Paragraph 3, of Legislative Decree 127/1991.
For the purposes of consolidation, the financial statements of subsidiaries and affiliates for the year ending on 31 December 2016 have been used, prepared by their respective administrative bodies for approval by the Shareholders' Meetings or already approved by them. These consolidated financial statements, corresponding to the results of the accounting records regularly made and in accordance with the provisions of Art. 2423 et seq. of the Italian Civil Code, have been appropriately adjusted to make them homogeneous within the Group.

Area of consolidation

Includes the companies described in:
— appendix 'A': companies consolidated using the full consolidation method;
— appendix 'B': consolidated with the proportional consolidated method.
The subsidiaries and associated companies, excluded from the scope of consolidation, are listed in appendix 'C', pursuant to Art. 28, Paragraph 2 of Legislative Decree 127/1991.
Compared to the consolidated financial statements of 31 December 2016, Rizzani de Eccher S.A. (Luxembourg) and Banchina Emilia Scarl entered the consolidation area using the full consolidation method and Galileo Srl using the proportional consolidation method. On the other hand, the companies Crociferi Scarl and Construtora Rizzani de Eccher Ltd (Brazil), left the consolidation area, the latter because it closed.

It should be noted that during the year the controlling stake in Rizzani de Eccher SpA (corresponding to 82% of the share capital) was transferred under a proportional demerger transaction of Marienberg SA (Luxembourg) to the new parent company, de Eccher Holding Sarl, whose registered office was later moved to Italy, where it took the name de Eccher Holding Srl. Within the scope of the above-mentioned demerger, certain minority interests in other companies of the Group were also transferred to the new *holding company*.

Consolidation principles and criteria

Balance sheets of foreign companies have been converted into Euro using the year-end exchange rate for the balance sheet items and the average exchange rate for the financial positions. Foreign exchange activity through foreign branches is converted using the average December exchange rate of the currencies where the balances of the account are expressed. The exchange rates used for converting foreign currencies were represented in the following page (rounded to two decimal places).

The following principles were adopted in consolidating Financial Statements with the full consolidation method:

a. the value of the equity investments carried in the books at cost is replaced by the net asset value (difference between assets and liabilities) of the same subsidiary company as resulting at the date of consolidation; at the same time the parent company assumes all assets and liabilities of the subsidiary. If the elimination of the investment results in a

Currency		Exchange rate 31.12.2016	Average exchange rate 2016	Exchange rate 31.12. 2015	Average exchange rate 2015
US Dollar	USD	1.05	1.11	1.09	1.11
Canadian Dollar	CAD	1.42	1.47	1.51	1.42
Australian Dollar	AUD	1.46	1.49	1.49	1.48
Russian Rouble	RUB	65.38	65.38	80.67	68.07
UAE Dirham	AED	3.87	4.06	3.99	4.07
Kazakhstan Tenge	KZT	351.52	378.38	370.35	247.43
Qatari Riyal	QAR	3.84	3.84	3.96	4.04
Tagjkistan Somoni	TJS	8.30	8.30	7.74	6.84
Azerbaijan Manat	AZN	1.84	1.84	1.70	1.14
Algerian Dinar	DZD	116.88	116.88	116.70	111.36
Lebanese Pound	LBP	1.589.06	1.668.66	1.641.22	1.672.59
Saudi Riyal	SAR	3.95	4.15	4.09	4.16
Vietnamese Dong	VND	23.950.10	23.950.10	24.475.10	24.320.30
Kuwaiti Dinar	KWD	0.32	0.42	0.33	0.34
Bahrain Dinar	BHD	0.40	0.42	0.41	0.42
Colombian Peso	COP	3.172.45	3.172.45	3.456.01	3.048.53

positive difference between the book value of the investment and the portion of the net assets acquired, this is attributed, where applicable, to the subsidiary's activities; any surplus is booked to start-up. Conversely, if a negative consolidation difference emerges, this is booked as an increase of the Group shareholders' equity under the item 'consolidation reserve';

b. elimination of the items that give rise to debts and receivables, costs and revenues between the consolidated companies;

c. unrealised gains and losses arising from related-party transactions are eliminated
consolidated companies;

d. exposure of net equity and profit for the year attributable to minority shareholders of subsidiaries consolidated in special financial statements;

e. dividend pay-outs from consolidated companies to other consolidated companies are eliminated.

Joint ventures and companies over which control is exercised jointly with other members included in the scope of consolidation have been consolidated using the proportional method, assuming the assets and liabilities in proportion to the percentage of participation.

Accounting principles and valuation criteria

These Consolidated Financial Statements have been prepared in order to represent a true and fair view of the financial position and results of operations and cash-flows of all the companies included in the consolidation perimeter.
With the publication of the Legislative Decree 139/2015 in the Official Gazette of 4 September 2015, the transposition of Directive 34/2013/EU (the 'accounting directive') was completed. This decree updated the discipline of the Italian Civil Code in relation to the drafting of the consolidated financial statements and the discipline of Legislative Decree 127/1991 on the subject of the consolidated financial statements, with the aim of bringing budgetary discipline closer to the rules of IAS/IFRS and simplifying the preparation of the document in relation to the sizes of the entities concerned.
The drafting, evaluation and compulsory schemes used for the preparation of the draft budget closed on 31 December 2016 are those adopted by the new Legislative Decree 139/2015 and provided by the Civil Code, also taking into account the accounting principles established by the National Association

of Chartered Accountants, as amended by the OIC 'Italian Accounting Organisation' on 22 December 2016. The new set of principles is applicable to the consolidated financial statements starting from 1 January 2016. The adoption of these has been performed by the companies in the area of consolidation according to the following provisions:
— in accordance with the provisions of the OIC 12 - Composition and layout of the consolidated financial statements, with any effects arising from the application of the changes made to the classification of the consolidated financial statements. In the case of re-classifications, items from the previous financial year have been consistently restated in order to ensure comparability of the data;
— as provided by Legislative Decree 139/2015, the company has exercised the exemption from the application of the 'amortised cost' in respect of receivables and payables in the balance sheet prior to the financial year commencing on 1 January 2016. By using this option, the company applies the amortised cost exclusively to the relationships that have arisen subsequently from 1 January 2016. The company did not avail itself of any other exemptions or derogations;
— in accordance with the provisions of the OIC 29 - Changes in accounting policies, changes in accounting estimates, correction of errors, events occurring after the end of the financial year, subject to the provisions of first-time hedge derivative contracts, which allows their future application.
For the companies included in the consolidation, the application of the new set of principles did not change any of the opening balance of shareholders' equity for the previous year.
As already shown, the adoption of the provisions contained in Legislative Decree 139/2015 and the need to make any item in the balance sheet and profit and loss account comparable, according to what is stated in Art. 2423-ter, Paragraph 5 of the Italian Civil Code, made it necessary to perform some re-classifications to the previous year's consolidated financial statements for comparative purposes, which essentially concerned the re-disclosure of the extraordinary income and expense of the previous year. According to the new provisions, the section on extraordinary income and charges is no longer provided for in the income statement. However, in the notes to the individual income statement items, the non-recurring items should be highlighted in order to allow them to assess the profit and loss account free of elements that, due to their exceptional nature or their impact on the operating result, are not repeatable over time.
Extraordinary income, amounting to Euro 3,797,236 in the year ended 31 December 2015, has been reclassified under item A5) Other revenue and income.
Extraordinary income, amounting to Euro 515,637 in the year ended 31 December 2015, has been reclassified under item B14) Other operating charges.
The items in the financial statements are valued prudently on an accruals basis, and in the perspective of a a going concern, also taking account of the economic function of the assets and liabilities considered and of the substance of the operation or contract. The Asset and Liability items belonging to service items in the Statement of Assets and Liabilities are indicated specifically.

The accounting principles and valuation criteria adopted are consistent with those adopted in the stand-alone financials of the parent company Rizzani de Eccher Spa, with the exception of leasing contracts, which in the consolidated financial statements are treated as operating leases.

The main evaluation criteria adopted in the preparation of these Consolidated Financial Statements are detailed below.

Intangible assets
Intangibles are amortised in proportion to their useful life. Regardless of accounting depreciation, in the event of depreciation, loss of market value or other permanent impairments, intangible assets are written down based on prudent principles.
In the event that, irrespective of the amortisation already recorded, there is a permanent loss of value, the asset is de-recognised. If in the subsequent years the assumptions of the write-down cease, the original value, adjusted for amortisation only, except for start-up, plant and expansion costs and development costs, whose value cannot be restored, is restored.
If precise 'loss of value' indicators exist in connection with an asset class, such loss of value is to be assessed precisely via an *impairment* test, as specified by the new accounting principle OIC9.
Plant and expansion costs are recorded in the assets with the consent of the Board of Statutory Auditors and are amortised over 5 years.
Incorporation, start up and development expenses are capitalised (with the prior consent of the Board of Auditors) on the basis of the actual cost incurred and amortised on a straight-line basis over a period of 5 years.
Trademarks, also recorded on the basis of the cost incurred, are amortised over a period of 18 years.
Goodwill paid, that is any excess of acquisition cost over net book value and originating from the acquisition of business units of other companies, is booked (with the prior consent of the Board of Auditors) on the basis of the actual cost incurred and is amortised on a straight-line basis over a period of 10

years, in accordance to what is deemed as its useful life.
The difference in consolidation is also reflected in the difference between the consideration paid for the acquisition of a subsidiary and the current value of the assets and liabilities of the subsidiary proportional to the share acquired and recognised in goodwill on the basis of the information contained in Art. 31 of Legislative Decree 127/1991 as modified by Legislative Decree 39/2015 is amortised over 10 years.

Tangible fixed assets
They are entered in the consolidated financial statements at cost of purchase or internal construction.
Tangible fixed assets are systematically depreciated over each financial year on the basis of the economic and technical rates below, for each category, determined in relation to the residual potential of each individual asset and its economic and technical life, reduced to 50% for the first year of entry into operation of the asset in consideration of the average utilisation rate during the period.

Category	Rate
Buildings	3%
Operating machinery and special equipment	15%
Excavators and mechanical shovels	20%
Generic systems	10%
Photovoltaic systems	3%-4%
Formwork and scaffolding	25%
Light vehicles	25%
Heavy vehicles	20%
Miscellaneous equipment	40%
Light constructions	12,5%
Office furniture and equipment	12%
Electronic and electromechanical office equipment	20%

The depreciation of fixed assets of subsidiaries Rizzani de Eccher USA Inc. and Pride SA Ltd is applied on the basis of different economic and technical factors. These consider the specific utilisation of machinery in the production process.
All goods of value not exceeding Euro 516.46 and unless independently valued otherwise, are recorded in their year of purchase, provided that their useful life is within the same year.
In the event that, irrespective of the amortisation already recognised, there is a permanent loss in value, the asset is de-recognised; if in the subsequent years the assumptions of the write-down cease, the original value of the amortisation is adjusted.
As already indicated for intangible assets, in the case of existence of impairment indicators, it is quantified by preparing an *impairment* test as required by the new OIC 9 accounting principle.
Maintenance costs of an ordinary nature are charged in full to the Income Statement, while incremental costs are attributed to the assets to which they relate and amortised in relation to the residual utilisation possibilities.

Leased assets
Assets acquired through financial leasing are disclosed according to the financial methodology, making appropriate adjustments where consolidated companies have accounted for leased assets in their consolidated financial statements as per the equity methodology. Therefore:
- the assets are recorded among the tangible assets at the value of the asset at the date of commencement of the contract and are systematically amortised according to the rates that are representative of the estimated useful life of the assets;
- the outstanding lease balances, which comprise outstanding leasing instalments payable and the residual or redemption value of the assets, are booked as a payable in the section 'Amounts owed to other lenders';
- the interest portion of leasing instalments is recognised as an expense in the income statement reflecting a flat interest rate on the outstanding principal.

Financial fixed assets
Investments in subsidiaries and associates that are not consolidated in full are valued using the equity method.
Other investments in companies and entities that are of minor relevance are carried at cost, based on purchase price or share subscription price.
The cost attributed to equity investments is eventually adjusted for impairment losses if the subsidiaries have incurred non-absorbable losses in the near future.
Investment in securities are booked at cost and adjusted for any long-term loss of value.
The original value of investments in fixed assets and securities is reinstated in subsequent years if the reasons for the write-down fail.

Inventories
Raw materials are valued at the lower of purchase cost and net realisable value.

Works on behalf of third parties with a contract duration of more than 12 months include works carried out and not yet tested and are evaluated on the basis of the fees agreed upon by the method of physical progress, with the exception of works on behalf of third parties relating to infrastructure works (roads, bridges, viaducts, railways, etc.) for which the state of progress is determined by the *'cost-to-cost'* method as it best represents the distribution of the results of the order over time.
Work in progress is shown net of advances paid by buyers, referring to amounts earned by the latter through work progress.
Works in progress for third parties whose duration is less than 12 months are assessed on the basis of the costs incurred to date.
Funds intended to accommodate appropriations made against any possible negative outcome of the underlying transactions are classified up to the capacity of the reference book between the inventories and any surplus as well as any provision for charges placed on completed contracts are classified in the liability of the Balance sheet under the provisions for risks and charges.
Own-account work is valued taking into account all costs directly attributable, taking into account their realisable value.
Completed portions of proprietary real estate developments are valued at the lower of replacement cost and net realisable value.

Receivables

Receivables arising from revenues for the sale of goods or services are recognised in current assets on the basis of the accruals method when the conditions for recognising related revenues occur. Receivables that originate for different reasons are recorded if there is 'title' to the credit and therefore when they are actually a third-party obligation towards the enterprise. If they are of a financial nature, they are classified as financial fixed assets, indicating the amount due within the next financial year.
Loans are valued at amortised cost, taking into account the time factor, and within the limits of their expected realisable value. Therefore, they are shown in the Balance Sheet net of the relevant write-down fund deemed appropriate to hedge the losses for reasonably estimated uncollectibility.
If the interest rate of the transaction is not significantly different from the market rate, the credit is initially entered at a nominal value net of all premiums, rebates, rebates and inclusive of any costs directly attributable to the transaction which generated the credit. Such transaction costs, any commissions incurred and liabilities and any difference between initial value and nominal value at maturity are spread over the term of the credit using the criterion of the actual interest.
Where, on the other hand, the interest rate of the transaction deriving from the contractual terms is significantly different from the market rate, the credit (and the corresponding revenue in the case of commercial transactions) is initially entered at a value equal to the present value of the future cash flows plus any transaction costs. The rate used to streamline future flows is the market rate.
In the case of receivables arising from commercial transactions, the difference between the initial recognition value of the credit so determined and the forward value are recognised in the income statement as financial income over the duration of the credit using the effective interest rate criterion. In the case of financial receivables, the difference between the cash available and the present value of future cash flows, determined using the market interest rate, is recognised among the income or financial income of the income statement at the time of initial recognition, unless the substance of the operation or the contract does not give rise to a different nature to that component. Subsequently, the interest earned on the transaction is calculated at the effective interest rate and credited to the income statement with a counterpart in the value of the credit. The value of the receivables is subsequently reduced for the amounts received both in terms of principal and interest, and for any write-downs to repay the receivables at their estimated realisable value or for losses.
The effects of the amortised cost and discounting are not considered significant when the maturity of the receivables is within 12 months, taking into account also all the contractual and substantive considerations in the credit recognition and whether the transaction costs and any difference between initial value and nominal value at maturity is of an insignificant amount. In such cases discounting is eliminated, interest is calculated at nominal value, and any transaction costs are recognised among prepayments and amortised on a straight-line basis over the term of the credit, adjusting nominal interest.
In addition, the option was not to apply retroactively the amortised cost estimating criterion for receivables arising prior to the financial year ending 31 December 2016, whereby these receivables are recognised at their nominal value, within the limits of the estimated realisable value. Deferred interest is accounted for by virtue of favourable judgments and exposed to the net realisable value.
Regarding receivables covered by *non-recourse* factoring , it is stated that, in accordance with the provisions of the new accounting standard OIC 15, they are removed from the

balance sheet only if all risks related to the receivable are transferred. Recourse-based factoring proceeds are accounted for by retaining the receivable in the balance sheet and by booking the payable to the banking or financial counterparty for the factoring advance.

Payables

Payables arising from asset acquisitions are recorded in the Balance Sheet when significant risks, charges and significant benefits related to their ownership have been substantially relocated. Payables relating to services are recognised when services are delivered, i.e. performance has been made.

Financial payables arising out of financing transactions and payables for reasons other than the acquisition of goods and services are recognised when the company's obligation to the counterparty exists, determined on the basis of legal and contractual standards.

Accruals include the advances received by customers for the supply of goods or services that have not yet been made.

Payables are stated at amortised cost, taking into account the time factor.

If the transaction's interest rate is not significantly different from the market rate, the debt is initially entered at a nominal value net of all transaction costs and all direct awards, rebates and discounts deriving from the transaction that generated the debt. These transaction costs, such as ancillary costs for financing, any active and passive commissions, and any difference between initial value and nominal value at maturity are allocated over the duration of the debt using the criterion of the effective interest. When it turns out that the interest rate of the transaction under the terms of the contract is significantly different from the market rate, the debt (and the corresponding cost in the case of commercial transactions) is initially entered at a value equal to the present value of the future cash flows, taking into account any transaction costs. The rate used to streamline future flows is the market rate.

In the case of debt arising from commercial transactions, the difference between the initial recognition value of such debt and the forward value is recognised in the income statement as a financial expense over the duration of the debt using the effective interest rate criterion.

In the case of financial payables, the difference between the cash outflow and the present value of future cash flows determined using the market interest rate is recognised as income or between the financial expense of the income statement at the time of initial recognition, unless the substance of the transaction or contract does not give rise to the attribution of that component to a different nature.

Subsequently, the interest accrued on the transaction is calculated at the effective interest rate and charged to the income statement with the value of the debt as counterparty.

The value of the debts is subsequently reduced for the amounts paid, both in terms of principal and interest.

We have made use of the option not to retroactively apply the amortised cost measurement criteria for payables that arise prior to the financial year ending 31 December 2016, whereby such debts are recognised at their nominal value.

The effects of amortised cost and discounting are also not relevant when the maturity of the debts is within 12 months, taking into account all the contractual and substantive considerations involved in the recognition of the debt and whether the transaction costs and any difference between the initial value and the nominal value at maturity are of an insignificant amount. In such cases, discounting is eliminated, interest is calculated at nominal value, and transaction costs are recognised among prepayments and amortised on a straight-line basis over the duration of the debt, adjusting nominal interest costs.

Provisions for risks and charges

The funds for risks and costs are allocated to cover losses or payables of certain or probable existence, for which, however, at the end of the accounting period, it was not possible to determine the amount or date of occurrence.

The provisions are the result of the most reliable possible estimate on the basis of the elements to hand.

No generic risk funds were established without economic justification.

Potential liabilities, when existing, are recognised in the balance sheet and entered in the funds only if considered probable and if the amount of the related charge is reasonably estimated. Therefore, there were no risks of a remote nature, while in the case of potential liabilities considered possible, although not probable, an additional information was disclosed in the notes on the uncertainty situation, where relevant, that would give rise to the loss, the estimated amount or the indication that the same cannot be determined, indication of the opinion of the company's management and of its legal advisers and other experts, where available.

With regard to the classification, provisions for risks and charges are recognised primarily in the income statement items of the relevant classes (B, C or D) according to their nature. In cases where the correlation between the nature of the provision and one of the items in the above classes is not immediately feasible, provisions for risks and charges are entered in B12 and B13 of the Income Statement.

Employees' severance indemnity
Accruals to the employee severance indemnity are made on the basis of the amounts actually owed to employees at the end of each accounting period, calculated in accordance with relevant legislation and the applicable employment contracts.

Prepayments and accrued income
They are calculated on the basis of the accounting periods to which they refer.
Since 2014, all project mobilisation and pre-operating expenses, which include design fees, tendering costs, and all charges incurred in connection with the planning, mobilisation and set up, are booked in the balance sheet as prepaid expenses, and their ascription to income statement is made pro-rata over time in proportion to the progress of the project to which they are related.

Revenue and cost recognition
Revenues from sales of finished goods and products are recognised at the time of the transfer of risks and benefits, which normally identifies with the delivery or shipment of the same or, for fixed assets, by the notarial deed. Service revenues are recognised at the time of their definition.
Revenues from works in progress under contract terms exceeding 12 months are recognised as of the time of formal attestation in a progress certificates endorsed by customer.
Revenues from works in progress under contract terms of less than 12 months are booked as of the time of completion or delivery.
Revenues cautiously include contractual reserves only after favourable judgments and/ or awards, provided that all other objective and legal elements that support the claim also exist.
Costs for the purchase of assets are recognised on the basis of the accruals, coinciding with the substantial transfer of ownership, as a transfer of risks and benefits, in conjunction with the delivery or shipping of the assets.
Costs for the purchase of services are recognised according to the accruals principle when the service is completed or the service has been received.

Income taxes for the year
Income tax for the accounting period is calculated on a time accrual basis.
Tax charges are determined on the basis of relevant tax regulations during the accounting period and are recorded as tax debts.
Deferred tax assets and liabilities are calculated on the basis of any mismatch (provisional difference) between accounting and fiscal valuations of assets and liabilities, applying the projected tax rate presumed to be in effect as of the time when such differences arise. Deferred tax assets are recognised only if Management is of the reasonable opinion that they will be refunded. Deferred tax liabilities are recognised with respect to taxable amounts arising from accounting and tax valuation mismatches, except in the event that Management is of the reasonable opinion that such liabilities are unlikely to arise. For this reason, no deferred tax liabilities were set off against the corresponding tax-exempt reserves in shareholders' equity, in consideration that no transactions giving rise to deferred tax liabilities are likely to occur.
Net balances between tax assets and tax liabilities are offset against each other as and whenever permitted by relevant laws.

Commitments and guarantees
In the notes to the consolidated financial statements, not only the guarantees provided in the interests of unconsolidated subsidiaries, associates and third parties, but also the trust commitments made by credit and insurance institutions in the interest of the Group companies for the good performance of works, for the release of the retention money, for participation in tenders and for other transactions. To avoid duplications and uphold the principle of clarity of these consolidated Financial Statements, bank and insurance guarantees issued as a surety against client advance payments received are not included in the memorandum accounts, but are discussed in the Notes to the consolidated Financial Statements.

Derivative financial instruments
Derivative financial instruments are recognised on the date of signing the contract, from when the company is subject to the rights and obligations.
Pursuant to the provisions of Art. 2426, Paragraph, Sub-paragraph 11-bis of the Civil Code and of OIC 32, derivative financial instruments, even if embedded in other financial instruments, are measured at *fair value* both at the date of initial recognition and on each subsequent closing date. The recognition and the change in *fair value* over the previous year are recognised in the consolidated financial statements in different ways depending on whether the transaction in derivative financial instruments is qualifiable (and actually designated) as a hedge of financial risk or not.

Transactions non-qualifying (or non-designated) as hedging
If the transaction is not qualifiable (or is not designated) as hedging, *fair value* changes are accounted for in the income statement in section D) 'Adjustments to the value of financial

assets and liabilities'. As provided for in Art. 2426, Paragraph 1, Sub-paragraph 11-bis of the Italian Civil Code, the gains arising from the valuation of derivative financial instruments not designated as hedges are allocated, when distributing the result, to equity reserves that are not distributable.

Transactions qualifying (and designated) as hedging

An operation in derivative financial instruments is designated as hedging when:
a. the hedging report consists only of eligible hedging instruments and hedged items eligible under OIC 32;
b. There is a close and documented correlation between the characteristics of the instrument or transaction hedged and those of the hedging instrument pursuant to Art. 2426, Paragraph 1, Sub-paragraph 11-bis of the Civil Code. The documentation concerns the formalisation of the hedging relationship, the Company's objectives in risk management and the hedging strategy;
c) the hedging relationship meets all of the following hedging effectiveness requirements:
— there is an economic relationship between the hedged item and hedging instrument;
— the effect of the counterparty credit risk of the derivative financial instrument and the hedged item, if the credit risk is not the hedged risk, does not prevail over changes in value resulting from the economic relationship;
— the hedging ratio is determined from the amount of derivative financial instruments used and the amount of hedged items (to the extent that the ineffectiveness of the hedge is not ex ante).
Verification of the economic relationship is carried out on a qualitative basis, verifying that the bearing elements of the hedging instrument and the hedged item are aligned or closely and quantitatively aligned. When hedging transactions relate to derivative financial instruments that are similar to those of the hedged item (defined as 'simple hedging relationships') and the derivative financial instrument is marketed, the hedging relationship is considered effective simply by verifying that the carrying elements (such as the nominal amount, the date of settlement of the cash flows, the maturity and the underlying variable) of the hedging instrument and the hedged item match or are closely aligned and the counterparty credit risk is not such as to significantly affect the fair value of both the hedging instrument and the hedged instrument. Verification of the eligibility criteria is ongoing and at each closing date the company assesses whether the hedging relationship still meets the efficiency requirements.
The company prospectively ceases to hedge accounting when:
a. the hedging instrument expires, is sold or discontinued (without replacement already provided for in the original hedging strategy);
b. the hedging no longer meets the conditions for hedge accounting.
If the change in the economic relationship between the hedged item and the hedging instrument is such as to lead to a cessation of the hedging relationship and the risk management objective for the designated hedging relationship remains the same, the company assesses the possibility of operating a Revision of the hedging ratio.

Coverage of financial flows

The cash flow hedge is activated when the hedging objective is to limit the exposure to the risk of fluctuations in financial flows attributable to an asset or liability entered in the balance sheet, irrevocable commitments, or highly probable planned operations. The company shows the cash flow hedging instrument linked to an asset or liability in the balance sheet at fair value, entered in the financial statements, an irrevocable commitment or highly probable planned operation, and the counterpart is charged to item A (VII) 'Reserve For expected cash flow hedges' for the hedging component considered effective, while for the ineffective component, calculated for hedging relationships that cannot be qualified as simple, section D) of the income statement.
In a cash flow hedge linked to an asset or liability entered in the financial statements or a highly probable planned action or irrevocable commitment, the amount of the provision is charged to the income statement in the same financial years as the hedged cash flows have an effect on the 'Profit (loss) for the year and the same item impacted by the financial flows themselves.
In accordance with the provisions of the first application contained in OIC 32, the modalities for the inclusion of derivative hedging contracts have been applied prospectively from 1 January 2016, the date on which the new principles came into force.

Determination of *fair value*

For the purposes of determining the *fair value* of financial derivative instruments in the financial statements, the Company has defined its main (or most advantageous) market and the most appropriate valuation techniques taking into account the hierarchy of the *fair value* in which the parameters are classified and of assumptions that market operators would use to determine the price of the derivative financial instrument, including assumptions about the risks, assuming that market players act to best suit their economic interest.

Conversion of foreign exchange denominated amounts

Conversion to the account currency of the accounting receivables and liabilities originated in a currency other than the one used for the preparation of the consolidated financial statements is made on the basis of the foreign exchange as of the date of the transaction.
At year-end, assets and liabilities in foreign currencies other than the reference date are recorded at the exchange rate at the end of the year. The related exchange gains and losses are recognised in the income statement.

Other information

The information requested under Art. 38 of Legislative Decree 127/91 is provided by commenting on the items concerned in the order provided for in the Budget Schedule. It should be noted that no derogations were made under Paragraph 4 of art. 29, of Legislative Decree 127/91.

Auditing of the consolidated financial statements

As part of the statutory auditing mandate pursuant to art. 2409 bis of the Civil Code and of art. 13, Paragraph 1 of Legislative Decree 39 of 27.01.2010, the consolidated financial statements are audited by Ernst & Young Spa.

Assets

B. Non-current assets

I. Intangible assets: amount to Euro 2,581,912 (Euro 2,210,236 as at 31 December 2015). Details of the breakdown and the changes in the accounting period are provided in appendix 'D'. 1.

1. Formation and start-up expenses: installation and expansion costs, amounting to Euro 118,666, comprise Euro 114,762 from the capitalisation of the costs incurred in 2013 for the acquisition of Sacaim Spa in AS, net of related amortisation charge.

2. Development costs: amount to Euro 968,056 and refer to the costs incurred by Tensacciai on projects for obtaining EEC markings on different systems and devices, certifications in non-European countries and the development of new materials. These capitalised costs are amortised over a period of 5 years.

4. Concessions, licenses, trademarks and similar rights: amount to Euro 38,750 and represent the value of the marks purchased from Deal with the acquisition of Tensacciai in 2011.

5. Goodwill: amounts to Euro 160,000 and consists of the goodwill arising from the acquisition of past financial years of a business by Tensacciai. Amortisation takes place over ten years, as it is believed that in that time period the positive effects will be shown.

5 bis Consolidation difference: amounts to Euro 83,422 and relates to the subsidiary Riflessi. This amount has not been amortised because it is related to an unrealised gain arising from its real estate inventory and will be booked in the income statement upon sale of such real estate inventory.

6. Intangible assets under formation and prepayments: this item amounts to Euro 949,733 and is related to Euro 856,021 to the development costs incurred by Tensacciai on projects not yet concluded for the activities already highlighted in point 2. Development costs.

7. Other intangible assets: other intangible assets amount to Euro 263,285 and is primarily composed of costs incurred for the purchase of software programs and licences.

II. Fixed assets: Include land and buildings, plant and machinery, equipment and other assets for a total net value of Euro 73,170,588, whose historical breakdown cost and depreciation is shown in the following table:

	31.12.2016	31.12.2015
Land and buildings	23,451,748	35,913,020
Depreciation fund	(4,862,430)	(7,050,190)
Land and buildings	18,589,318	28,862,830
Plant and machinery	75,613,324	67,907,278
Depreciation fund	(36,782,086)	(29,82,808)
Plant and machinery	38,831,238	38,084,470
Tools, fittings, furniture, fixtures and other equipment	24,703,528	20,660,874
Depreciation fund	(14,340,053)	(11,456,123)
Tools, fittings, furniture, fixtures and other equipment	10,363,475	9,204,751
Other fixed assets	5,505,313	4,702,646
Depreciation fund	(3,264,695)	(2,630,792)
Other fixed assets	2,240,618	2,071,854
Fixed assets under formation and prepayments	3,145,939	467,843
Total fixed assets	**73,170,588**	**78,691,748**

The detailed transactions during the year are shown in the table attached as 'E'.
The decrease in the item 'Land and buildings' is mainly related to the reclassification in the item 'Inventories' of property insisting on the area called 'ENEL' located in the Municipality of Udine, owned by the real estate company Iride Srl, as a result of the redemption of the lease contract on the area at the end of the year and the termination of the rental contract with ENEL of the buildings detailed above, in respect of which are now assigned for the

construction of a new residential district for sale to third parties.

III. Investments: totalling 38,994,329 Euro (39,080,557 Euro on 31 December 2015) and include equity investments, financial receivables, long-term debt and securities.

1. Equity investments: amount to Euro 18,328,234 (Euro 23,394,074 as at 31 December 2015). The details on shareholdings in non-consolidated and related subsidiaries is Euro 134,835 and Euro 13,890,313 respectively and are shown in the below table.
It is noted that the valuation of shareholders' equity of associates involved the revaluation of Euro 396,337 in the income statement (Euro 53,181 Unifit SA and Euro 343,156 Futura Srl) and write-downs equal to Euro 2,395,308, of which Euro 2,004,830 referring to the investment in Rilke Srl. The decrease in the value of the investment in Futura is related to the inclusion in the 'Reserve for expected cash flows hedging activities' of the pro-quota value of the same Reserve entered by Futura in its financial statements against the negative *fair value* of the hedging instruments activated.

Investments in 'Other companies' amounted to Euro 4,303,086 (Euro 3,722,148 as at 31 December 2015). The increase compared to the previous year is mainly due to the partial recovery of the equity write-down made in the previous year on the company Rilke Holding Spa.

Subsidiary companies	Share % 2016 (*)	Net book value as at 31.12.2016	Net book value as at 31.12.2015
Tensa India Engineering PV Ltd	75.00%	101,848	-
Codruss Mosca	98.42%	1,608	1,608
Eures Srl (1)	100.00%	-	2,418,000
Rizzani de Eccher Sa (Luxembourg) (2)	100.00%	-	50,000
Peloritani Scarl under liquidation	64.15%	6,549	6,549
Rizzani de Eccher DOO	90.00%	485	482
Palladio Restauri Scarl (2)	75.00%	-	1,629
Palazzo del Cinema Scarl	56.00%	5,600	5,600
Mugnone Scarl under liquidation	100.00%	3,901	3,901
Roncoduro Scarl	57.14%	5,714	5,714
Crociferi Scarl (3)	75.00%	7,500	-
Other subsidiaries	-	1,630	1,630
Total		**134,835**	**2,495,113**

(1) Shareholding sold in 2016 to the associated company Rilke s.r.l.
(2) Consolidated shareholding in 2016 (Palladio Restauri Scarl is the current Banchina Emilia Scarl).
(3) De-consolidated participation in 2016
(*) The holding percentages indicated relate to the holdings held directly by the parent or its subsidiaries

Associated companies	Share% 2016 (*)	Net book value as 31.12.2016	Net book value as 31.12.2015
Associated Company through Deal Srl (4)	31.20%	989,809	1,377,005
de Eccher Interiors Srl (4)	20.00%	18,628	20,333
Store 26 Scarl under liquidation	50.00%	5,000	5,000
VSL-RdE JV (3)	45.00%	-	45,866
Futura Srl (4)	20.55%	1	671,471
Portocittà Srl	25.00%	2,018	2,018
Redco Rizzani de Eccher Wll	49.00%	20,720	20,720
Consorzio Mantegna	28.00%	14,000	14,000
Rilke Srl (4) (**)	30.00%	12,395,170	14,400,000
Gallerie dell'Accademia Scarl under liquidation	30.00%	1	1
Silvia Srl	37.50%	281,796	281,796
Ecofusina Scarl	35.00%	3,500	10,155
Se.Pa.Ve Scarl under liquidation	43.82%	4,840	4,840
Vallenari Scarl	48.25%	4,825	4,825
Immobiliare Biancade Srl	50.00%	1	1
Jona Scarl	50.00%	5,000	5,000
Consorzio No.Mar	26.60%	665	665
Unifit SA (4)	45.00%	139,401	311,220
Other associated companies	-	4,938	1,897
Total		**13,890,313**	**17,176,813**

(3) Liquidated participation in 2016
(4) Shareholdings booked with Net Equity method

(*) The holding percentages indicated relate to the holdings held directly by the parent or its subsidiaries
(**) The Group holds a directly owns 30.00% of Rilke S.r.l and indirectly owns 8.34%, amounting to a total of 38.34%.

2. Loans and receivables: amount to Euro 20,643,063 (Euro 15,434.152 as at 31 December 2015). They consist of loans with a maturity date later than one year given to non-consolidated subsidiaries, associated companies and third parties.

a. Loans to subsidiary companies	31.12.2016	31.12.2015
Peloritani Scarl under liquidation	257,629	256,629
Eures Srl	-	2,800,000
Total	**257,629**	**3,056,629**

b. Loans to associated companies	31.12.2016	31.12.2015
Futura Srl	3,133,875	2,179,909
de Eccher Interiors Srl	15,000	15,000
Rilke Srl	4,250,000	-
Consorzio No.Mar	3,990	3,990
Silvia Srl	840,053	840,052
Ecofusina Scarl	668,838	771,365
Total	**8,911,756**	**3,810,316**

The aforementioned loans are interest-bearing and, therefore, the credit provided for in the new art. 2426 no. 8 para 1 has not been discounted.

c. Loans to parent companies: amount to Euro 873,921 and represent the interest-bearing loan provided by the Deal in 2015 to the parent company Marienberg Sa, transferred in 2016 to the new parent company de Eccher Holding Srl, following the demerger transaction discussed above.

d. Loans to other companies amount to Euro 10,599,757 (Euro 7,721,060 as at 31 December 2015). Receivables include loans to other companies for Euro 6,981,795 (of which Euro 437,000 relates to the loan granted to the company Nov Srl, a company in which Sacaim has a 10% stake; Euro 1,745,154 relating to the loan granted by Codest Srl to JA Holding Srl in the context of the management of the former Cogolo agreement, Euro 4,126,598 relating to the interest-bearing loan granted to a sub-contractor by Codest Engineering and Euro 400,000 relating to the interest-bearing loan granted to Sacaim's third-party shareholders), collateral deposited with a bank in Kuwait for Euro 1,529,613 against credit letters issued by the bank itself to suppliers and security deposits for various purposes (of which Euro 519,292 related to the deposit paid against the commitment assumed for the settlement STS discussed in the paragraph on risk funds).

3. Other investments: amount to Euro 23,032 (Euro 252,331 as at 31 December 2015) and are represented by shareholdings in some financial institutions, net of a total write-down of Euro 250,000, of which Euro 32,000 are recorded in this period.

C. Current assets

I. Inventory: totalled Euro 358,547,635 (Euro 264,799,403 as at 31 December 2015) and are broken down as follows:

	31.12.2016	31.12.2015
Raw materials and consumables	18,599,733	10,734,244
Works in progress and semi-finished products	51,044,141	40,938,522
Contracted works in progress	186,811,807	128,907,328
Finished products and goods for resale	10,832,237	9,088,526
Advances to suppliers	91,259,717	75,130,783
Total	**358,547,635**	**264,799,403**

The item 'Raw materials, supplies and consumables' includes warehouse inventories: the increase compared to last year is related to increases in warehouses for orders in Algeria (RN77 highway connection and railways Oued-Tlèlat/Tlemcen) and Colombia (Viaduct Gran Manglar).

The item 'Work in progress' represents the value of real estate initiatives developed by the company, which are still under construction or start-up: essentially it consists of the value of the UPIM property located in the historic centre of Udine (Italy), the value of a property located in Cortina (Italy) on which restoration work has already begun and, finally, the value of the entire ENEL area reclassified between inventories following the redemption of the leasing contract, as discussed in item 'Tangible fixed assets'.

In relation to 'Contracted work in progress', in line with the evaluation criteria and the revenue recognition procedures set out in the introductory part of the notes, it should be noted that advances received for work executed and certified by state of progress (SAL) for Euro 1,975 million (Euro 1,283 million as at 31 December 2015) have been booked as a decrease in the in the work itself.

The residual amount of Euro 187 million is therefore represented by the work not yet covered by SAL as at 31 December 2016 and mainly derives from the '*cost-to-cost*' valuation carried out on infrastructure contracts: this is mainly the case in Kuwait (Euro 39.5 million), Algeria (Euro 67 million), Qatar (Euro 35.9 million) and Australia (Euro 23 million).

It is noted that the work in progress is depreciated net of advance payments of Euro 10.5 million, valued according to the budget forecasts of Kuwait (Euro 7.3 million) and Australia (Euro 3.2 million).

The item 'Finished products and goods' mainly includes the value of real estate initiatives developed on a straight-line basis: the increase over the previous year refers to the entry into the consolidation area of the real estate company Galileo Srl.

The item 'Advances to suppliers', amounting to Euro 91.3 million, refers to advances / advances paid to suppliers, subcontractors and professionals for the execution of works and is mainly related to orders in progress in Algeria, Kuwait, in Qatar and Russia.

II. Accounts receivable: accounts receivable amounted to Euro 407,593,082 (Euro 367,246,757 as at 31 December 2015).

1. Trade receivables: amount to Euro 264,199,062 (Euro 241,301,182 as at 31 December 2015), net of a provision for doubtful debts of Euro 5,923,714 and a provision for doubtful debts for default interest of Euro 142,250. This balance consists of Euro 24,955,842 from retention money for ongoing and/or not yet formally commissioned work.
The geographical break-down of receivables is as follows (amounts in thousands of Euro):

Italy and Europe	69,567
Russia and CIS	71,196
Middle East	54,565
North Africa	58,109
Americas	5,761
Far East	1,542
Australia	3,459
Total	**264,199**

Changes in the provisions for losses on bad and doubtful debts are summarised below:

Initial balance	5,898,781
Additional provisions	703,301
Uses	(678,368)
Final balance	**5,923,714**

The provisions made against losses on bad and doubtful receivables reflect the Management's most prudent assessment of the collection risk based on all the information available to Management as at the time of the assessment.
The provision for doubtful receivables for default interest amounts to Euro 142,250 (Euro 820,303 as at 31 December2015): the decrease is related to the collection of interest at the conclusion of litigation. It should be recalled that since 2003, interest on arrears has been recorded on a case-by-case basis, on the basis of the estimated realizable value: in this respect, interest-bearing receivables are recorded as Euro 8,233,074 based a ruling issued during the course of the year. These interests were collected in January 2017.

2. Receivables from subsidiary companies: amount to Euro 311,782 (Euro 890,619 as at 31 December 2015), all due within 12 months and refer to receivables from unconsolidated subsidiaries.

	31.12.2016	31.12.2015
Peloritani Scarl under liquidation	60,786	60,870
Palazzo del Cinema Scarl	181,548	251,182
Roncoduro Scarl	67,477	271,669
Palladio Restauri Scarl	-	306,898
Other receivables	1,971	-
Total	**311,782**	**890,619**

3. Receivables from associated companies: amount to Euro 127,621,043 (Euro 108,191,014 as at 31 December2015) and refer to receivables from associates that are not within the scope of consolidation.
The receivable from Rilke Srl is linked to the realisation of the real estate initiative of Portopiccolo, of which the affiliate has become the holder following the transfer in 2014 of the assets of the former Real Estate Fund Rilke. The increase in interest-bearing interest on the *3-month Euribor rate* + 412.5 bps on the amount of credit deriving from the subordination contract is closely related to the completion of the initiative, for which an advanced definition is being made Agreements with the banking system, with an important role of the parent company Rizzani de Eccher Spa, which could result in a change in the ownership structure and effective control over the company.

	31.12.2016	31.12.2015
Rilke Srl	126,592,206	107,492,536
de Eccher Interiors Srl	60,450	22,092
Consorzio Mantegna	50,032	61,561
Portocittà Srl	119,323	224,287
Galleries of the Scarl Academy under liquidation	18,037	18,037
Jona Scarl	173,987	162,030
Ecofusina Scarl	202,797	-
Vallenari Scarl	67,914	98,081
Se.Pa.Ve. Scarl under liquidation	110,243	92,378
Unifit SA	203,474	-
Other receivables	10,524	20,012
Total	**127,621,043**	**108,191,014**

4. Receivables from parent companies: amount to Euro 13,108, which is the interest due from the parent company, de Eccher Holding Srl, to Deal within the scheme of the transfer of loans and assets in the demerger transaction discussed earlier.

5. bis Tax receivables: amount to Euro 6,685,129 (Euro 11,826,112 as at 31 December2015) and are as follows:

	31.12.2016	31.12.2015
Direct taxes and withholdings	5,296,890	8,756,578
Tax c/VAT	1,388,239	3,069,534
Total	**6,685,129**	**11,826,112**

Tax receivables include, among other things, receivables for taxes paid abroad by *branches*, to be used in compensation with tax payables to be paid in Italy. It should be noted that this amount no longer includes the credit for foreign taxes paid to *branches* of Codest International since, since the year 2016, the subsidiary has subscribed to the so-called *branch exemption* under Art. 168 ter of DPR 917/1986 as introduced by Art. 14 Paragraph 3 of Legislative Decree 147/2015. According to this new legislation, a resident company in Italy may opt for the exemption of profits and losses attributable to all its own permanent *branches* abroad: consequently, the income tax on the *branches* of Codest International - in particular the Moscow *branch*, with the other *branches* being inactive - remains in the income statement instead of being considered as 'tax credit for taxes paid abroad' to be counted against the debit of the Italian issue for IRES.

5.ter Deferred tax assets: deferred tax assets amount to Euro 6,740,207 (Euro 6,279,790 as at 31 December2015) and are included in the balance sheet for offsetting the deferred tax liability of Euro 12,215,830 (Euro 9,438,006 as at 31 December 2015). The net balance of Euro 5,475,623 is therefore included in the liability, among the Provisions for risks and charges. The table below shows the 2016 movements relating to deferred taxation. We note that deferred taxes included in the item 'consolidation adjustments' include deferred taxes of Euro 5,954,434 calculated on the result of RdE Bahrain over the years that will be taxed in Italy only at the time of the dividends distribution. The IRES tax rate is reduced from 27.5% to 24% since the 2017 financial year: deferred tax assets and

Deferred tax assets	Tax Rate Applied	Balance 2015	(Decreases) 2016	Increases 2016	Balance 2016
Provision for future charges	27.9%	2,576,581	(1,253,830)	564,970	1,887,722
Tax Losses	24%	344,562	(132,407)	-	212,155
Losses on foreign exchange rates	24%	2,351,459	(1,532,429)	1,427,718	2,246,748
Goodwill amortisation	27.9%	87,221	(25,221)	4,960	66,960
Others	27.9%	919,966	(1,045,392)	664,570	539,144
Total Deferred tax assets		**6,279,790**	**(3,989,279)**	**2,662,218**	**4,952,729**
Deferred tax liabilities					
Deferred capital gains	27.9%	51,489	(29,271)	28,230	50,448
Penalty interest	24%	16,635	(286)	2,003,267	2,019,616
Gains on foreign exchange rates	24%	2,582,711	(2,366,935)	1,562,586	1,778,362
Consolidation adjustments	27.9%	6,787,171	(691,429)	484,184	6,579,926
Total Deferred tax liabilities		**9,438,006**	**(3,087,921)**	**4,078,267**	**10,428,352**
Net Deferred tax assets / (liabilities)		**(3,158,216)**	**(901,358)**	**(1,416,049)**	**(5,475,623)**

liabilities were therefore adjusted to this new tax rate by accounting the differential into the profit and loss account.

5.quater Other receivables: other receivables amount to Euro 8,762,952 (Euro 5,037,830 as at 31 December 2015) and comprise the following:

	31.12.2016	31.12.2015
Employees	177,076	216,969
Insurance corporations and insurance	63,183	32,353
Other receivables	8,522,699	4,788,508
Total	**8,762,958**	**5,037,830**

The increase in the item refers to Euro 2,483 thousand for the temporary deposit of a sum with a bank to guarantee a mortgage of a third company: the deposit was released entirely in February 2017. The balance of the item 'Other receivables' relates to Euro 1,043 thousand for the assumption of debt underwriting transactions of Sacaim Spa and Cogolo Spa, for Euro 1,708 thousand to deposits and payments on arbitration and litigation still in progress, from which positives outcomes are expected, for Euro 765 thousand for Banchina Emilia's credit to the third party, for Euro 297 thousand for receivables for reserves transferred to the parent company by Sicea (de-consolidated in 2013 and sold to third parties in 2015) and Euro 317 thousand to a receivable following a contractual resolution referring to Sacaim Spa.

IV. Cash and cash equivalents: amounts to Euro 89,404,762 and is as follows:

	31.12.2016	31.12.2015
Cash at banks	89,266,530	109,941,128
Cash on hand	138,232	166,794
Total	**89,404,762**	**110,107,922**

The net financial position of the Group, taking into account cash receipts and net of payables to banks and other lenders, is negative for Euro 74.2 million (negative for Euro 4 million as at 31 December 2015). The financial position thus determined does not include advances received from clients, similar to service debts, nor those provided to suppliers and sub-contractors, including within inventory. However, please keep in mind that some of the cash and cash equivalents are made up of foreign currency deposits held with foreign *branches*, according to the specific currency regulations of the countries in which they operate, cannot be converted and transferred to Italy. This liquidity is normally employed to pay local subcontractors and suppliers.

D. Accrued income and prepaid expenses in assets

They amount to Euro 12,507,922 (Euro 10,099,601 as at 31 December2015). Accrued income amounted to Euro 170,039 and mainly refers to accruals of interest on bank deposits. Prepaid expenses of Euro 11,860,028 is composed as follows:

	31.12.2016	31.12.2015
Pre-operational and site-building costs	4,187,539	3,670,785
Insurance premiums and guarantees	4,677,842	3,457,039
Rentals	924,229	1,070,497
Other prepayments	2,070,418	1,897,060
Total	**11,860,028**	**10,095,381**

The pre-operating and site-building costs, including design costs and those for specific studies relating to a contract, as well as the costs for the work-sites, which summarise the costs incurred for the planning and organization of the works, are charged to the income statement between the costs for services in relation to the progress of the production of the contract to which they relate. The increase in the year is essentially due to pre-operational costs and site construction costs incurred for the order in Colombia, whose work began in April 2016.

Liabilities

A. Consolidated shareholders' equity

	31.12.2016	31.12.2015
I. Share capital	20,000,000	20,000,000
IV. Legal reserve	3,936,792	3,867,797
VI. Other reserves:		
Extraordinary reserve	118,706,070	97,191,772
Reserve for foreign currency translation	6,324,751	6,088,635
Consolidation reserve	580,011	580,011
VII. Reserves for hedging contracts	(2,764,769)	-
IX. Group profit (loss) for the financial period	24,215,783	15,954,893
Total Group shareholders' equity	**170,998,638**	**143,683,108**
Minorities' share of equity	2,425,209	4,790,637
Minorities' share of profit (loss) for the financial period	485,157	1,886,960
Total minorities' equity	**2,910,366**	**6,677,597**
Total consolidated s hareholders' equity	**173,909,004**	**150,360,705**

The share capital consists of 4,000,000 preferred shares with priority in the distribution of dividends of nominal value of Euro 1 each and of 16,000,000 ordinary shares with a nominal value of Euro 1 each.
'Translation difference reserve' shows the difference between the average exchange rate and the year-end change in the conversion of the result for the period, as well as the difference between the change at the end of the previous and the year-end for the other positions of shareholders' equity of consolidated foreign companies. The 'Extraordinary Reserve' includes, inter alia, the currency conversion deficit of branches, for a total value of Euro 2,618,344.

The 'Reserve for expected cash flows' refers to the 20.55% of the same reserve entered in the shareholders' equity of the associated company Futura Srl (valued in the consolidated according to the equity method).
In shareholders' equity, the following reserves are present, which in the case of distribution contribute to the taxable income of the parent company, regardless of the training period:
— 6% surcharge supplement. 64/86 for Euro 10,466
— fund contributions in c/capital L. 64/86 for Euro 417,896
— reserve subsidies L. 904/77 for Euro 2,644,521
— revaluation reserve L. 72/83 for Euro 11,092
Changes in shareholders' equity of the Group are shown in appendix 'F'.
Reconciliations of balances between shareholders' equity and net profit of the parent and the Group respectively, are detailed in appendix 'G'.

B. Provision for contingencies and other liabilities

1. Provisions for pensions and similar obligations: amounts to Euro 194,529 (Euro 163,541 as at 31 December2015). It is the end-of-term allowance for the Deal's directors.

2. Provision for taxation, included deferred tax liabilities: the amount totals Euro 6,616,053, of which Euro 5,475,623 relates to deferred tax liabilities, net of deferred tax (movements of the year are shown in the section 4.ter Deferred tax assets), and Euro 1,140,430 relating to the tax fund put up for tax disputes in existence.
It is recalled that the parent company in the past years has been subject to tax audits on the 2007-2008-2009 annual accounts, extending for some specific items also in 2010, 2011 and 2012. In relation to these verifications, the relevant notices have already been received and appropriate actions have been taken against the Revenue Agency. In the face of such disputes, even though the conviction of the correctness of the company's behaviour and supported by the advice of tax consultants, a risk fund of 1,036,107 (1,032,020 as at 31 December2015) was deemed to be allocated. In 2016, the Revenue Agency also carried out a tax audit for 2013, for which the relevant notice of assessment has not yet been received.
The residual tax liability is related to the provision made in relation to the tax assessment to which Treviso Maggiore Srl has been subject in 2013 (tax year 2010, with some extensions for 2008 and 2009), for which it has already a favourable ruling was reached in 2015: however, as the Revenue Agency appealed, supported also by the advice of tax consultants, it

was considered to maintain cautiously the budget of the Euro 313,000 allocated in 2014 (Euro 104,323 pertaining to the Group).
With reference to the tax audit carried out by the Torre Scarl in 2015, it is noted that in March 2017 the ruling by the Provincial Tax Commission of Udine was pronounced with the full acceptance of the appeal for the most significant reliefs: considering that it would also appeal for residual surveys, as it was found to be ungrounded, no budget allocations were made.

3. Derivative contracts: amount to Euro 219,833 and represent the *fair value* of an IRS (*interest rate swap*) subscribed by the parent company to hedge the variable interest rate of a loan obtained. However, the particular method of repayment of the loan does not allow the IRS to be considered in accordance with the accounting principles adopted and therefore the negative market value has been recognised in the income statement under the item 'Value adjustments to financial assets and liabilities'. The details of this contract are set out in the Commitments and guarantees section.

4. Other provisions: total Euro 10,013,666 and consist of provisions made against contractual risks and/or future charges for work already completed. Changes in provisions for contractual and default risks are detailed below.
The fund for other provisions mainly refers to the risks associated with the takeover of the Sacaim Spa (6,055,816), the allocation of future charges in order to take account of the effects of a transaction, which intervened after the closing of the financial year but before the date of writing of this document, which defined the two arbitration awards promoted by the former minority shareholder of Sacaim (Euro 1,097,593) and the allocation of costs related to the assumption of the debt underwriting transactions of STS Srl under liquidation (Euro 1,000,000). The amount under 'Other Transactions' (Euro 1,750,143) is related to the recognition in the shareholders equity of the 'Reserve for hedging contracts' related to the valuation according to the equity method of Futura Srl, as discussed in the item Investments.

Initial balance	7,607,195
Additional provisions	2,577,059
Reversals	(1,938,441)
Other transactions	1,750,143
Re-classifications and delta exchange rates	17,710
Final balance	**10,013,666**

C. Employees' severance indemnity

The severance indemnity fund, calculated per employee per employee, on the basis of the current employment contract (in Italy or abroad), had the following changes:

	31.12.2016	Variation	31.12.2015
Rizzani de Eccher Spa	2,587.506	258,898	2,328,608
Deal Srl	726,698	(150,395)	877,093
Codest International Srl	559,480	57,059	502,421
de Eccher soc. agricola a r.l.	44,940	(27,697)	72,637
Rizzani de Eccher USA Inc	169,846	35,426	134,420
City Contractor Scarl	-	(6,158)	6,158
Tensacciai Srl	336,012	144,829	191,273
Sacaim Spa	882,983	(84,980)	967,963
Iride Srl	17,022	(3,275)	20,297
Others	123,884	(35,107)	158,265
Total	**5,448,371**	**188,510**	**5,259,861**

The accrued debt has been recorded net of any advances already paid to employees.
It should be noted that for Italian companies, as a result of the changes made to the TFR by Law no. 296 of 27 December 2006 - Financial Law 2007 - and subsequent decrees and regulations issued in the first months of 2007, the TFR accrued as from 1 January 2007 or the date of option choice is for the Treasury Fund at INPS or private sector investment funds, depending on the choice exercised by the employee.

D. Debts and other payables

3. Amounts owed to shareholders for loans: amount to Euro 5,254,177 (Euro 3,861,655 as at 31 December2015) and relate to loans granted by third parties of Torre Scarl for Euro 3,854,177 and Euro 1,400,000 to loans granted by the parent company de Eccher Holding Srl to certain subsidiaries and affiliates (Euro 900,000 to Tensacciai and Euro 500,000 to Rizzani de Eccher SA).

4. Bank loans: debt to banks amounts to Euro 155,454,204 (Euro 100,975,541 as at 31 December2015). It is made up of debts with maturity within 12 months for 75,096,910 Euro and

over 12 months but within 5 years for Euro 80,357,294. The increase in indebtedness is essentially related to subscription of a new loan of Euro 50 million, a term of 5 years (expiring on February 29, 2020). On this loan was applied the amortised cost method in accordance with the new art. 2426 no. 8), accounting for higher interest expense in the income statement for Euro 102,983.
At the end of the year, the average *all-in* cost of money was on average 2%, essentially up to the previous year's (1.9%). Total credit lines from the banking system as at 31 December 2016 amounts to Euro 1,078 million, of which Euro 153 million were granted for cash credit lines and Euro 925 million were granted for non-cash credit lines for guarantees and surety bonds; at end-year, the non-cash credit lines for guarantees and surety bonds are used for a total value of Euro 784 million.

5. Amounts owed to other lenders: loans to other lenders of Euro 8,176,003 (Euro 13,102,972 as at 31 December 2015) are for Euro 4,126,598 due from the debt for interest-bearing loan from the client of the VTB contract in Moscow (in turn, given to a sub-contractor of the same contract, recorded among the financial receivables) and for the remainder of the debt to the *leasing* company for the fees to be paid and the final redemption price of a real estate lease reported to Sacaim. The decrease in the item is mainly attributable to the lease *redemption* relating to the 'ENEL' area, which occurred at the end of the year (as already mentioned under the item Tangible assets and Inventory).

6. Advance payments from customers: totalled Euro 249,760,516 (Euro 311,322,014 as at 31 December2015). They refer to advances and contractual payments received on ongoing work. The corresponding warranties were released for the advances received.
Below is a breakdown by geographical area (data in thousands of Euros):

Italy and Europe	7,705
Russia and CIS	111,221
Middle East	34,543
North Africa	81,250
Americas	13,203
Far East	1,194
Australia and Oceania	646
Total	**249,761**

7. Trade payables (suppliers): amount to Euro 315,292,715 (Euro 224,802,109 as at 31 December 2015). Below is the breakdown by geographical area (data in thousands of Euros)

Italy and Europe	109,036
Russia and CIS	82,743
Middle East	60,264
North Africa	31,717
Americas	3,527
Far East	4,550
Australia	23,456
Total	**315,293**

9. Payables to subsidiary companies: amount to Euro 477,855 (Euro 452,196 as at 31 December2015) and refer to payables to subsidiaries that are not within the scope of consolidation.

	31.12.2016	31.12.2015
Peloritani Scarl under liquidation	9,365	8,700
Roncoduro Scarl	22,053	88,915
Crociferi Scarl	171,097	-
Mugnone Scarl under liquidation	196,811	193,947
Palazzo del Cinema Scarl	78,529	146,402
Others	-	14,232
Total	**477,855**	**452,196**

10. Payables to associated companies: amount to Euro 1,453,500 (Euro 270,500 as at 31 December 2015) and consist mainly of payables for services performed by affiliated companies that are not within the scope of consolidation.

	31.12.2016	31.12.2015
de Eccher Interiors Srl	42,527	31,623
Unifit SA	1,304,711	-
Se.Pa.Ve. Scarl under liquidation	58,295	13,217
Jona Scarl	7,422	131,661
Vallenari Scarl	8,205	58,406
Ecofusina Scarl	32,340	21,355
Others	-	14,238
Total	**1,453,500**	**270,500**

11. Payables to parent companies: amount to Euro 161,214 (Euro 1,209,095 as at 31 December 2015) and refer to the loan from the parent company de Eccher Holding Srl.

12. Payables to tax authority: amount to Euro 12,253,851 (Euro 10,505,685 as at 31 December, 2015) and are composed as follows:

	31.12.2016	31.12.2015
Tax c/IRPEF	1,855,118	1,496,551
Tax c/IRES	1,895,097	4,113,360
Tax c/IRAP	17,082	-
Tax c/VAT Italy	107,180	-
Tax c/VAT overseas	586,510	1,250,893
Overseas taxation	6.891,621	3,176,378
Other	901,243	468,503
Total	**12,253,851**	**10,505,685**

Tax balances are reported net of related receivables and include receivables/payables for taxes transferred to the parent company within the national tax consolidation by the affiliated companies. The increase in the balance of the item 'Overseas Taxation' mainly refers to the debt of Codest International towards the Russian Tax Authorities, against the significant result achieved by the company.

13. Payables to social security institutions: amount to Euro 1,765,945 (Euro 1,770,878 as at 31 December2015) and consist mainly of payables to social insurance institutions on the December salary of the employee, whose payment was made in January 2017.

	31.12.2016	31.12.2015
Payables to INPS and other pension funds	1,153,078	1,113,199
INAIL payables	42,984	137,384
Payments to other social security inst.	569,883	520,295
Total	**1,765,945**	**1,770,878**

14. Other payables: amounted to Euro 33,129,472 (Euro 34,160,106 as at 31 December 2015) and consists of the items detailled in the following table.
'Payables to employees' refers to the December remuneration paid in January and the deferred costs of staff

	31.12.2016	31.12.2015
Payables to employees	9,697,651	9,597,473
Payables to debtors	1,984,514	615,325
Payables to others	21,447,307	23,947,308
Total	**33,129,472**	**34,160,106**

while 'Payables to consortium partners' refers to payables received by customers as agents on behalf of associated companies.
'Payables to others' amounted to Euro 9,694 thousand (Euro 16,062 thousand as at 31 December 2015) from debts related to the assumption of debt composition and settlement insolvency procedures of Sacaim, Safau and Cogolo (the decrease in balance refers almost entirely to the payment of the suppliers of Cogolo); for Euro 3,885 thousand from the debt deriving from a factoring contract; for Euro 1,816 thousand of debt for the enforcement of contractual penalties in respect of Sacaim's work, the application of which was contested by the subsidiary; for Euro 1,464 thousand from payables to professionals for the support provided during the acquisition of new orders; For Euro 931 thousand from debt for the purchase of Rilke Holding Spa shares (formerly held by Rilke Fund); for Euro 780 thousand of the net debt arising from a transaction signed with a supplier of Codest International (which in turn led to the inclusion of revenue in the income statement) and for Euro 614 thousand from the parent company's debt to a supplier jointly with another Group company.

E. Accrued expenses and prepaid income

They amount to Euro 3,219,322 (Euro 2,117,612 as at 31 December 2015) and include provisions for adjusting costs and revenues for the year in order to ensure the principle of competence. Specifically, they are made up of accrued expenses for Euro 3,177,268 and prepaid income of Euro 42,054.
Accrued expenses relate mainly to surety and insurance costs (mainly related to orders in Algeria and Kuwait) paid in 2017 but due in 2016.
Deferred income consists mainly from the portion determined as implied interest on receivables entered in the financial statements whose payment terms have been contractually settled at rates.

Commitments and guarantees

They amount to Euro 438,416,243 and increased by Euro 89,608,566 compared to 31 December 2015, essentially related to the performance bonds being carried out for Algeria (Highway Connection RN77), for the early release of retention money in Moscow (VTB Arena and VTB Stadium) and for bid bonds.

A. Bonds granted to banking and insurance institutions in the interest of third parties:

	31.12.2016	31.12.2015
A1. In favour of subsidiaries	-	-
A2. In favour of associated companies	5,573,421	12,041,403
A3. In favour of other companies	-	75,000
Total A	**5,573,421**	**12,116,403**

B. Bonds provided by banking and insurance institutions in the interest of the Group in favour of third parties:

	31.12.2016	31.12.2015
B1. by banks in connection with projects:		
Performance bonds	261,608,022	217,272,720
Bid bonds	33,218,807	12,756,148
For early release of retention money	70,641,232	48,263,839
Other guarantees	27,168,617	26,655,217
Total B1	**392,636,678**	**304,947,924**
B2. from insurance companies in connetion with projects:		
Performance bonds	37,065,432	28,222,755
Bid bonds	2,306,575	859,836
For early release of retention money	584,421	1,852,538
Other guarantees	249,716	808,220
Total B2	**40,206,144**	**31,743,350**
Total B	**432,842,821**	**336,691,273**
Total sureties	**438,416,243**	**348,807,677**

Derivative financial instruments

The parent company subscribed during the year an IRS (*Interest Rate Swap*) to cover the risk of changes in interest rates on outstanding financial liabilities. However, this operation was set up for hedging purposes, with only partially disclosing features to qualify or designated as a hedging transaction on the basis of the accounting principles adopted, it was deemed to be the *fair value* of the financial instrument (negative amount for Euro 219,833) in the balance sheet as a liability between 'Provisions for risks and charges' and the related changes in the income statement in Section D) 'Adjustments to the value of financial assets and liabilities', as described under heading B) 3 Derivative Contracts.
The table shows the main characteristics of the derivative instrument subscribed:

Type of contract	Notional amount	Company charge rate	Market value	Date of subscrition	Date of expiry
Interest Rate Swap Protected Payer	Euro 46,428,571	Euribor 3 m with floor rate - 1.75%	Negative for Euro 219,833	24/02/2016	28/02/2020

Income statement

A. Value of production (Revenue)

The total production of the Group amounts to Euro 917,815,450 (Euro 669,987,539 in 2015) and is broken down by geographical area (Euro thousands):

	Year 2016		Year 2015	
Italy and Europe	161,278	17.6%	129,029	19.2%
Russia and CIS	303,189	33.0%	183,401	27.4%
Middle East	196,836	21.4%	205,346	30.7%
North Africa	129,353	14.1%	91,637	13.6%
North America	6,123	0.7%	11,643	1.7%
Far East	6,669	0.7%	5,203	0.8%
Australia	91,670	10.0%	41,941	6.3%
South America	22,696	2.5%	1,787	0.3%
Total	**917,815**	**100%**	**669,987**	**100%**

1. Sales of goods and services: amounted to Euro 830,039,177 (Euro 615,210,147 in 2015) and consist of remittances recognised by customers in the course of the work and state of progress certificates (SAL), revenue from the sale of real estate and units thereof, fees for the provision of services and fees for the sale of equipment.

2. Changes in finished products, semi-finished products and works in progress: it is positive and amounts to Euro 8,185,411 (Euro 1,905,334 negative in 2015). The item represents the difference between the values of the final and initial inventories of real estate initiatives developed in own account (real estate under construction and finished properties). As already noted, the positive change mainly refers to the redemption of the leasing contract inherent to the 'ENEL' area and to the subsequent classification of the related value between inventories.

3. Changes in contracted works in progress: it is positive and amounts to Euro 62,501,651 (Euro 28,510,135 in 2015). This item represents the difference between the closing and initial inventory values of ongoing work not yet certified by progress status (SAL) and the work evaluated with the completed contract criterion (essentially the Deal's work).

4. Capitalised construction costs performed for own account: amounted to Euro 2,431,382 (Euro 1,068,031 in 2015). They are comprised of Euro 138,076 from the capitalization of Tensacciai's internal development costs and Euro 1,696,135 from the capitalization of the pre-operating costs and the yard construction site in Colombia.

5. Other revenues and income: amount to Euro 14,657,829 (Euro 27,104,560 in 2015, including the reclassification of extraordinary income of Euro 3,797,236).
The details are listed below.

	Year 2016	Year 2015
Sale of materials	1,345.710	1,658,501
Rentals and ancillary revenue	1,473.658	906,426
Insurance compensations	117,383	1,013,814
Capital gains from sales of fixed assets	567,081	803,961
Contributions in the year	113,882	281,513
Other income	9,101,674	18,224,445
Reversal of provisions	1,938,441	418,664
Total	**14,657,829**	**23,307,324**

The item 'Other income' include for Euro 4,232,032 the positive result of some transactions closed during the year.
The remainder consists of the recharging of services provided to suppliers and subcontractors in the field of shipyard activities and of some income for liabilities deemed no longer due.

B. Costs of production

The overall amount comes to Euro 884,330,141 (Euro 629,757,805 in 2015).

6. For raw materials, consumables and goods for resale: amount to Euro 159,291,464 (Euro 141,496,334 in 2015) and represent costs for the purchase of raw materials, semi-finished products, finished products and consumables for production. Also included in this category are the purchase costs of real estate destined to be refitted for the Group's own real estate initiatives. The increase in the year is related to the increase in production.

	Year 2016	Year 2015
Raw materials	6,462,039	48,586,421
Semi-finished goods	16,404,642	6,374,584
Ancillary goods and consumables	14,155,620	12,755,202
Finished products	56,107,206	71,480,127
Purchase of real estate for refitting	6,161,957	2,300,000
Total	**159,291,464**	**141,496,334**

The item 'Purchase of real estate for refitting' refers to the amount paid for the redemption of the lease contract for the 'ENEL' area, already commented above, including the accounting alignment effect inherent in the statutory and consolidated treatment of the aforesaid *leasing* contract. This amount was recorded among inventory of the products under construction (real estate under construction).

7. Costs for services: amount to Euro 568,564,925 (Euro 325,904,194 in 2015), detailed in the top side table.

8. Costs for rental and lease of assets: amount to Euro 8,794,976 (Euro 4,769,104 in 2015) and mainly relate to rental costs for which rent leases amount to Euro 6,579 thousand - referring mainly to foreign shipyards in Russia and Qatar - and renting machinery without operator for Euro 2,215 thousand.

9. Costs for employees: totalled Euro 123,000,868 (Euro 104,726,995 in 2015). In the bottom side table is the detail of the employees at the end of the year and the average of the year.

	Year 2016	Year 2015
Sub-contracts	417,923,592	213,363,135
Design and technical services	36,836,857	36,658,139
Supply and installation services	26,094,649	20,359,499
Rental of machinery with operator	51,457,506	25,581,569
Transport, driving force and utilities	5,853,536	8,437,043
Professional consultancies	1,304,923	1,452,645
Insurance	4,530,362	3,434,598
Directors compensation	1,970,499	1,706,769
Board of internal auditors compensation	145,080	150,499
P.R. expenses	515,605	298,250
Telecommunications	911,291	1,178,280
Maintenance charges	2,489,801	1,045,176
Other services	18,531,224	12,238,592
Total	**568,564,925**	**325,904,194**

	31.12.2016	31.12.2015	Average 2016	Average 2015
Employees working in Italy:				
Management	49	46	51	45
Staff	215	193	204	198
Workers	137	149	143	178
Total Italy	**401**	**388**	**398**	**421**
Employees working abroad:				
Management	44	40	45	40
Staff	1,121	1,161	1,178	1,075
Workers	1,681	2,026	1,908	1,795
Total Overseas	**2,847**	**3,227**	**3,131**	**2,910**
Total	**3,248**	**3,615**	**3,529**	**3,331**

10. Amortisation, depreciation and write-downs: : amount to Euro 13,550,861 (Euro 10,439,262 in 2015), of which Euro 672,453 relating to amortisation of intangible assets and Euro

12,175,107 relating to depreciation of tangible fixed assets. The provision for write-downs of receivables for Euro 703,301 (Euro 633,375 in 2015) is also highlighted, as detailed in the table of changes in the provision for losses on bad and doubtful debts. Further details on depreciation and amortisation can be found in appendices 'D' and 'E'.

11. Change in raw materials, consumables and goods for resale: the change in inventories of raw materials is negative (increase in inventories) and amounts to Euro 8,499,262. The reason for the variation has already been commented in relation to item I) 'Inventories' of Assets.

13. Other accruals and provisions: to Euro 1,577,059 and Euro 1,097,593 refer to - as discussed in relation to 'Provisions for risks and charges' - for the provision of costs to account for the effects of a transaction occurring after the closing of the year but before the date of approval of this document, which defined the two arbitration awards promoted by the former Sacaim minority shareholder.

14. Other operating charges: amount to Euro 18,049,250 (Euro 19,823,223 in 2015, including reclassification of extraordinary charges of Euro 515,637) and are detailed below.

	Year 2016	Year 2015
Capital losses from sales of fixed assets	112,996	1,840,513
Sundry taxes and excises	1,308,184	1,051,102
Losses on receivables	1,906,174	205,443
Bank charges and commissions	989,572	2,349,046
Commission and fees on sureties and bonds	8,933,206	8,997,702
Concession rights and more	32,698	86,714
Contributions and disbursements (liberality)	11,750	25,000
Membership fees and charges	86,887	44,008
Other miscellaneous operating costs	4,667,783	5,223,695
Total	**18,049,250**	**19,823,223**

The decrease in the item 'Bank charges and commissions'; is related to the conclusion of a *factoring* contract in existence last year. The item 'Losses on receivables' also includes the recognition of loss of credit for taxes paid abroad by Codest International for Euro 1,535 thousand following the company's adherence to the *'branch exemption'* rule, already commented above.

C. Financial income and expenses

'Financial income and expenses' amounted to net income of Euro 11,676,436 (net charges of Euro 1,715,118 in 2015). There follow details of the composition of financial income and expenses.

15. Income from equity investments: amounted to Euro 2,191 (Euro 252 in 2015) and is mainly related to the management of the securities portfolio.

16. Other financial income: amount to Euro 14,905,810 (Euro 4,229,686 in 2015) and are detailed below.

	Year 2016	Year 2015
Interest income from banks and securities	299,237	52,029
Interest on arrears	9,403,788	156,913
Interest from associated companies	4,309,718	3,701,803
Interest from parent companies	13,110	-
Interest on other credits/loans	879,957	318,941
Total	**14,905,810**	**4,229,686**

The 'Interest on arrears' refers to Euro 8,233,074 for the recognition of default interest due to a judgment issued in the course of the year (as already mentioned in the item 'Receivables from customers') and, for the residual, interest rates due in the course of the year due to favourable judgments.
Interest income from associates refers to the interest charged to Rilke Srl, calculated at the *3-month Euribor rate + 412.5 bps* on the amount of credit deriving from the subordination-based contract.
'Interest on other credits/loans' consists of Euro 461,885 from the recognition of interest on the loan granted to a subcontractor of the VTB contract in Moscow.

17. Financial charges: amount to Euro 3,960,193 (Euro 4,883,079 in 2015) and consist of:

	Year 2016	Year 2015
Bank interest expenses	3,189,787	3,098,150
Interest on real estate leasing	112,937	255,392
Interest payable by parent companies	10,530	-
Interest on other payables/loans	646,939	1,529,537
Total	**3,960,193**	**4,883,079**

'Interest on real estate leasing' is related to the lease contract signed by Sacaim according to the financial methodology.
'Interest on other payables/loans' refers to Euro 489,023 to the interest expense recognised to the client of the VTB contract in Moscow for a loan, which was then granted to a subcontractor).

17 bis. Foreign currency translation gains / (losses): net foreign exchange gains were recognised for Euro 728,628, against a net loss of Euro1,061,977 in 2015.

D. Valuation adjustments of financial assets and liabilities

18. Revaluations: the net equity valuation of the companies revealed a revaluation of Euro 1,422,565, of which Euro 53,181 on Unifit SA, Euro 343,156 on Futura Srl and Euro 1,026,228 on Rilke Holding Spa.

19. Devaluation: totalled Euro 3,868,120 (Euro 9,382,124 in 2015) and are mainly related to the write-down of Rilke Srl (Euro 2,004,830), to the Euro 1,000,000 allocation against the write-down which will have to intervene on net assets of 'STS Srl under liquidation' against the assumption of the agreement for which the parent company has already undertaken formal commitment to the Court of Gorizia and the relevant bodies and, for Euro 219,833, of the net negative *fair value* of the derivative contract IRS (related to the loan agreement signed during the year by the parent company) for which details have already been provided in the commentary on 'Provisions for risks and charges'.

20. Income taxes for the period

They amount to Euro 18,015,250 (Euro 11,852,122 in 2015), of which Euro 15,908,681 for current taxes and Euro 2,106,569 for deferred net taxes. Tax payable is commensurate with the taxable income of the affiliates included in these Consolidated Financial Statements (whether fully consolidated with the integral method or equity-accounted) as derived from the accounting profit for the financial year, adjusted in relation to the applicability of tax laws and regulations currently in force in Italy or in the tax domicile of the affiliate.

Information on the remuneration of directors, statutory auditors and auditors

(Art. 38, Paragraph 1, Sub-paragraph o), and Sub-paragraph o) septies of Legislative Decree 127/1991)

As provided by Art. 38 Sub-paragraph. o) of Legislative Decree 127/91, it should be noted that the total amount of the remuneration paid to the board of directors and the statutory auditors of the parent company, also for assignments in other consolidated companies, is Euro 792,119 and Euro 57,100 respectively.
Pursuant to Art. 38, Paragraph 1, Sub-paragraph o) septies, of Legislative Decree 127/1991, it is also noted that the total amount of fees paid to the auditing firm responsible for the statutory audit of the consolidated annual accounts of the Group is equal to Euro 219,580, including the remuneration paid during the year for more activities and specific services required for some Group companies than those agreed at the time of initial assignment. The remuneration is inclusive of the statutory audit of the consolidated financial statements of the parent company Rizzani de Eccher Spa (Euro 91,400), the consolidated financial statements (Euro 22,400) and the consolidated financial statements of the subsidiaries for which the assignment was assigned to the same statutory auditor of the parent company (Euro 89,130).
The fees for statutory audits of the Group's consolidated annual accounts are added to those for accounting services of Euro 16,650.

Information on transactions with related parties

(Art. 38, Paragraph 1, Sub-paragraph o) quinquies of Legislative Decree 127/1991)

Below is a breakdown of receivables, payables, costs, revenues from related parties that are of significant relevance, specifying that transactions with the same parties were concluded at normal market conditions.

	Receivables	Payables	Income	Costs
de Eccher Holding Srl*	887,029	1,561,214	13,110	10,530
Total	**887,029**	**1,561,214**	**13,110**	**10,530**

* Company that detains a controlling interest of 82% in the parent company Rizzani de Eccher Spa

Information on respest of off-balances sheet transactions and commitments

(Art. 38, Paragraph 1, Sub-paragraph o) sexies of Legislative Decree 127/1991)

The Group is not involved in any off-balance sheet transactions or commitments that for any reason whatsover are not already disclosed in 'Commitments and guarantees'.

Significant events after the end of the year

As part of the articulated operation to safeguard the interests of the Group in the real estate complex of Portopiccolo (Sistiana), where the parent company Rizzani de Eccher Spa acted as a contractor, it should be noted that the same parent formulated during the year 2016 to the liquidator of the 'Servizio Turistico Sistiana Srl under liquidation' (STS Srl), a proposal for the acquisition of the company's assets (essentially consisting of a shareholding in Rilke Holding Spa and a land) in support of a concordant proposal to define the slopes with the Revenue Agency.
STS Srl is the original company conferring the real estate portions of the Sistiana Bay to th Real Estate Fund Rilke, already a holder of the concession on the coastal stretch of Portopiccolo. After confirmation of the composition with creditors reached at the end of December 2016, the deadlines for possible opposition by creditors are lapsed and the fulfilments to acquire the goods are in progress.

In April 2017, thanks to the support of the parent company, the associated Rilke Srl obtained from the pool of banks formed by Unicredit Spa and Banca Popolare di Vicenza Spa the resolutions on the refinancing of residual exposures to Banca Popolare di Vicenza Spa (Euro 45 Million) and the financing of all the activities related to the completion of the investment (implementation of the SPA, participation in the companies managing the beach club and the dock, etc.). Funding, worth Euro 74 million, will last 5 years with mandatory sales-related repayments. Financing is scheduled for the end of May 2017.

INDEPENDENT AUDITORS' REPORT

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Building a better working world

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Independent auditor's report in accordance with article 14 of Legislative Decree n. 39, dated 27 January 2010 (Translation from the original Italian text)

To the Shareholders of
Rizzani de Eccher S.p.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of de Eccher Group, which comprise the balance sheet as at December 31, 2016, the income statement and the statement of cash flows for the year then ended, and the explanatory notes.

Directors' responsibility for the consolidated financial statements

The Directors of Rizzani de Eccher S.p.A. are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with the Italian regulations governing financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11 of Legislative Decree n. 39, dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

EY S.p.A.
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Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of de Eccher Group as at December 31, 2016, of its financial performance and cash flows for the year then ended in accordance with the Italian law.

Report on other legal and regulatory requirements

Opinion on the consistency of the Management Report with the consolidated financial statements

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion, as required by the law, on the consistency of the Management Report with the consolidated financial statements. The Directors of Rizzani de Eccher S.p.A. are responsible for the preparation of the Management Report in accordance with the applicable laws and regulations. In our opinion the Management Report is consistent with the consolidated financial statements of de Eccher Group as at December 31, 2016.

Treviso, June 12, 2017

EY S.p.A.
Signed by: Claudio Passelli, partner

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

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

Assets		31.12.2016	31.12.2015	Change YoY
A	**Receivable from shareholders for capital stock**			
	Shares not yet called up	0	0	0
	Shares already called up	0	0	0
Total receivable from shareholders for capital stock		**0**	**0**	**0**
B	**Non current assets**			
I)	**Intangible assets**			
1	Formation and start up expenses	118,666	237,563	(118,897)
2	Development costs	968,056	312,716	655,340
3	Patents and intellectual property rights	0	796	(796)
4	Concessions, licences, trademarks and similar rights	38,750	41,945	(3,195)
5	Goodwill	160,000	200,000	(40,000)
5bis	Consolidation differences	83,422	83,422	0
6	Intangible assets under formation and prepayments	949,733	1,098,441	(148,708)
7	Other intangible assets	263,285	235,353	27,932
	Total intangible assets	**2,581,912**	**2,210,236**	**371,676**
II)	**Fixed assets**			
1	Land and buildings	18,589,318	28,862,830	(10,273,512)
2	Plant and machinery	38,831,238	38,084,470	746,768
3	Tools, fittings, furniture, fixtures and other equipment	10,363,475	9,204,751	1,158,724
4	Other fixed assets	2,240,618	2,071,854	168,764
5	Fixed assets under formation and prepayments	3,145,939	467,843	2,678,096
	Total fixed assets	**73,170,588**	**78,691,748**	**(5,521,160)**
III)	**Investments**			
1	Equity investments in:			
	a) subsidiary companies	134,835	2,495,113	(2,360,278)
	b) associated companies	13,890,313	17,176,813	(3,286,500)
	c) parent company	0	0	0
	d) subsidiary companies of the parent company	0	0	0
	d)bis other companies	4,303,086	3,722,148	580,938
	Total	**18,328,234**	**23,394,074**	**(5,065,840)**
2	Loans and receivables:			
	a) subsidiary companies	257,629	3,056,629	(2,799,000)
	b) associated companies	8,911,756	3,810,316	5,101,440
	c) parent company	873,921	846,147	27,774
	d) subsidiary companies of the parent company	0	0	0
	d)bis other companies	10,599,757	7,721,060	2,878,697
	Total	**20,643,063**	**15,434,152**	**5,208,911**
3	Other investments	23,032	252,331	(229,299)
4	Derivative contracts	0	0	0
	Total investments	**38,994,329**	**39,080,557**	**(86,228)**
Total non current assets		**114,746,829**	**119,982,541**	**(5,235,712)**

Assets		31.12.2016	31.12.2015	Change YoY
C	**Current assets**			
I)	**Inventory**			
1	Raw materials and consumables	18,599,733	10,734,244	7,865,489
2	Works in progress and semi-finished products	51,044,141	40,938,522	10,105,619
3	Contracted works in progress	186,811,807	128,907,328	57,904,479
4	Finished products and goods for resale	10,832,237	9,088,526	1,743,711
5	Advances to suppliers	91,259,717	75,130,783	16,128,934
	Total inventory	**358,547,635**	**264,799,403**	**93,748,232**
II)	**Accounts receivable**			
1	Trade receivables			
	a) amounts falling due within 12 months	264,199,062	241,301,182	22,897,880
	b) amounts falling due beyond 12 months	0	0	0
	Total	**264,199,062**	**241,301,182**	**22,897,880**
2	Receivables from subsidiary companies	311,782	890,619	(578,837)
3	Receivables from associated companies	127,621,043	108,191,014	19,430,029
4	Receivables from parent company	13,108	0	13,108
5	Receivables from subsidiary companies of parent company	0	0	0
5bis	Tax receivables	6,685,129	11,826,112	(5,140,983)
5ter	Deferred tax assets	0	0	0
5quater	Other receivables	8,762,958	5,037,830	3,725,128
	Total accounts receivable	**407,593,082**	**367,246,757**	**40,346,325**
III)	**Investments**			
1	Subsidiary companies	0	0	0
2	Associated companies	0	0	0
3	Parent company	0	0	0
3bis	Subsidiary companies of parent company	0	0	0
4	Other companies	0	0	0
5	Treasury stock	0	0	0
6	Other investments	0	0	0
	Total investments	**0**	**0**	**0**
IV)	**Cash and cash equivalents**			
1	Bank and postal current accounts	89,266,530	109,941,128	(20,674,598)
2	Checks deposited	0	0	0
3	Cash on hand	138,232	166,794	(28,562)
	Total cash and cash equivalents	**89,404,762**	**110,107,922**	**(20,703,160)**
	Total current assets	**855,545,479**	**742,154,082**	**113,391,397**
D	**Accrued income and prepaid expenses**	12,507,922	10,099,601	2,408,321
Total assets		**982,800,230**	**872,236,224**	**110,564,006**

CONSOLIDATED BALANCE SHEET

Liabilities		31.12.2016	31.12.2015	Change YoY
A	**Consolidated shareholders' equity**			
I	Share capital, authorized, issued and outstanding	20,000,000	20,000,000	0
II	Additional paid-in capital	0	0	0
III	Revaluation reserve	0	0	0
IV	Legal reserve	3,936,792	3,867,797	68,995
V	Statutory reserves	0	0	0
VI	Other reserves:			
	- extraordinary reserve (earnings / losses carried forward)	118,706,070	97,191,772	21,514,298
	- reserve for foreign currency translation gains (losses)	6,324,751	6,088,635	236,116
	- consolidation reserve	580,011	580,011	0
VII	Reserve for hedging contracts	(2,764,769)	0	(2,764,769)
VIII	Retained earnings	0	0	0
IX	Group profit (loss) for the financial period	24,215,783	15,954,893	8,260,890
IX	Negative reserve for treasury stock	0	0	0
	Total Group shareholders' equity	**170,998,638**	**143,683,108**	**27,315,530**
	Minorities' share of equity	2,425,209	4,790,637	(2,365,428)
	Minorities' share of profit (loss)	485,157	1,886,960	(1,401,803)
	Total minorities' equity	**2,910,366**	**6,677,597**	**(3,767,231)**
Total consolidated shareholders' equity		**173,909,004**	**150,360,705**	**23,548,299**
B	**Provision for contingencies and other liabilities**			
1	Provisions for pensions and similar obligations	194,529	163,541	30,988
2	Provision for taxation, included deferred tax liabilities	6,616,053	4,294,559	2,321,494
3	Derivative contracts	219,833	0	219,833
4	Other provisions	10,013,666	7,607,195	2,406,471
Total provisions for contingencies and other liabilities		**17,044,081**	**12,065,295**	**4,978,786**
C	**Employees' severance indemnity**	5,448,371	5,259,861	188,510

Liabilities		31.12.2016	31.12.2015	Change YoY
D	**Debts and other payables**			
1	Debenture loans	0	0	0
2	Convertible debenture loans	0	0	0
3	Amounts owed to shareholders for loans	5,254,177	3,861,655	1,392,522
4	Bank loans			
	a) falling due within 12 months	75,096,910	66,176,310	8,920,600
	b) falling due beyond 12 months	80,357,294	34,799,231	45,558,063
	Total	**155,454,204**	**100,975,541**	**54,478,663**
5	Amounts owed to other lenders			
	a) falling due within 12 months	4,426,598	5,636,078	(1,209,480)
	b) falling due beyond 12 months	3,749,405	7,466,894	(3,717,489)
	Total	**8,176,003**	**13,102,972**	**(4,926,969)**
6	Advance payments from customers	249,760,516	311,322,014	(61,561,498)
7	Trade payables (suppliers)			
	a) falling due within 12 months	315,292,715	224,802,109	90,490,606
	b) falling due beyond 12 months	0	0	0
	Total	**315,292,715**	**224,802,109**	**90,490,606**
8	Debts represented by bills of exchange	0	0	0
9	Payables to subsidiary companies	477,855	452,196	25,659
10	Payables to associated companies	1,453,500	270,500	1,183,000
11	Payables to parent company	161,214	1,209,095	(1,047,881)
11bis	Payables to subsidiary companies of parent company	0	0	0
12	Payables to tax authority	12,253,851	10,505,685	1,748,166
13	Payables to social security institutions	1,765,945	1,770,878	(4,933)
14	Other payables	33,129,472	34,160,106	(1,030,634)
Total debts and other payables		**783,179,452**	**702,432,751**	**80,746,701**
E	**Accrued expenses and prepaid income**	3,219,322	2,117,612	1,101,710
Total liabilities and consolidated shareholders' equity		**982,800,230**	**872,236,224**	**110,564,006**

CONSOLIDATED INCOME STATEMENT

		Year 2016	Year 2015	Change YoY
A	**Value of production**			
1	Sales of goods and services	830,039,177	615,210,147	214,829,030
2	Changes in finished products, semi-finished prodand works in progress	8,185,411	(1,905,334)	10,090,745
3	Changes in contracted works in progress	62,501,651	28,510,135	33,991,516
4	Capitalised construction costs performed for own account	2,431,382	1,068,031	1,363,351
5	Other revenue and income	14,657,829	27,104,560	(12,446,731)
Total value of production		**917,815,450**	**669,987,539**	**247,827,911**
B	**Costs of production**			
6	For raw materials, consumables and goods for resale	159,291,464	141,496,334	17,795,130
7	For services	568,564,925	325,904,194	242,660,731
8	For rental and lease of assets	8,794,976	4,769,104	4,025,872
9	For employees:			
	a) wages and salaries	102,214,602	85,545,404	16,669,198
	b) social security contributions	8,673,603	8,755,449	(81,846)
	c) employees' severance indemnity	2,233,802	2,176,597	57,205
	d) provision for pensions and similar obligations	0	0	0
	e) other costs relating to employees	9,878,861	8,249,545	1,629,316
	Total costs for employees	**123,000,868**	**104,726,995**	**18,273,873**
10	Amortization, depreciation and write-downs:			
	a) amortization of intangible assets	672,453	726,563	(54,110)
	b) depreciation of fixed assets	12,175,107	9,079,324	3,095,783
	c) write-downs of non-current assets other than investments	0	0	0
	d) write-downs of accounts receivable included in current assets	703,301	633,375	69,926
	Total amortization, depreciation and write-downs	**13,550,861**	**10,439,262**	**3,111,599**
11	Change in raw materials, consumables and goods for resale	(8,499,262)	22,543,228	(31,042,490)
12	Contingency provisions	1,577,059	55,465	1,521,594
13	Other accruals and provisions	0	0	0
14	Other operating charges	18,049,250	19,823,223	(1,773,973)
Total costs of production		**884,330,141**	**629,757,805**	**254,572,336**
Operating margin (EBIT) (A-B)		**33,485,309**	**40,229,734**	**(6,744,425)**
C	**Financial income and expenses**			
15	Income from equity investments	2,191	252	1,939
16	Other financial income:			
	a) from accounts receivable included in non-current assets	0	0	0
	b) from other investments included in non-current assets other than equity investments	0	0	0
	c) from other investments included in current assets	0	0	0
	d) financial income other than income listed above, of wich:	14,905,810	4,229,686	10,676,124
	financial income from subsidiary companies	*13,110*	*0*	*13,110*
	financial income from associated companies	*4,309,718*	*3,700,043*	*609,675*
	Total other financial income	**14,905,810**	**4,229,686**	**10,676,124**
17	Interest and other financial charges, of wich:	3,960,193	4,883,079	(922,886)
	financial charges from parent company	*10,530*	*0*	*10,530*
17bis	Foreign currency translation gains / (losses)	728,628	(1,061,977)	1,790,605
Total financial income and (expenses) (15+16-17±17bis)		**11,676,436**	**(1,715,118)**	**13,391,554**

		Year 2016	Year 2015	Change YoY
D	**Valuation adjustments of financial assets and liabilities**			
18	Revaluations:			
	a) of equity investments	1,422,565	561,483	861,082
	b) of non-current investments other than equity investments	0	0	0
	c) of current investments	0	0	0
	d) of derivative contracts	0	0	0
	Total	**1,422,565**	**561,483**	**861,082**
19	Devaluation:			
	a) of equity investments	3,616,287	9,340,124	(5,723,837)
	b) of non-current investments other than equity investments	32,000	42,000	(10,000)
	c) of current investments	0	0	0
	d) of derivative contracts	219,833	0	219,833
	Total	**3,868,120**	**9,382,124**	**(5,514,004)**
Total valuation adjustments of financial assets and liabilities (18-19)		**(2,445,555)**	**(8,820,641)**	**6,375,086**
Profit or (loss) before income taxes (A-B±C±D)		**42,716,190**	**29,693,975**	**13,022,215**
20	Income taxes for the period			
	a) current taxes	15,908,681	12,848,430	3,060,251
	b) deferred tax (assets) / liabilities	2,106,569	(996,308)	3,102,877
	Total	**18,015,250**	**11,852,122**	**6,163,128**
21 Profit or (loss) for the financial period		**24,700,940**	**17,841,853**	**6,859,087**
Minority share of (profit) or loss for the financial period		(485,157)	(1,886,960)	1,401,803
Consolidated Group profit or (loss) for the financial period		**24,215,783**	**15,954,893**	**8,260,890**

CASH FLOW STATEMENT

		Year 2016	Year 2015
A)	**Cash flows from operating activities**		
	Consolidated Group profit or (loss) for the financial period	24,215,783	15,954,893
	Minority share of (profit) or loss for the financial period	485,157	1,886,960
	Income Tax	15,908,681	12,848,430
	(Dividends)	(2,191)	0
	Net Interest Charges / (Income)	(10,945,617)	653,393
	(Gains) / Losses arising from the sale of assets	1,536,616	522,004
1.	**Earnings Before Tax, interest, dividends and extraordinary gains / losses**	**31,198,429**	**31,865,680**
	Adjustments to non-cash items not included in working capital		
	Provisions and allocations to contingency funds	3,841,849	3,534,236
	Depreciation of fixed assets	12,847,560	9,805,887
	Permanent value impairments	2,929,023	8,820,641
	Value adjustments (mark-to-market) of derivative securities / instruments held	219,833	0
	Other non-cash adjustments	0	8,640,146
2.	**Cash flow before changes in net working capital**	**51,036,694**	**62,666,590**
	Changes in net working capital		
	Decrease / (increase) in inventory	(91,146,091)	(39,788,179)
	Decrease / (increase) in trade receivables and other receivables	(25,202,386)	(16,808,050)
	Increase / (Decrease) in payables to suppliers and other payables	88,283,668	(13,262,716)
	Decrease / (increase) accrued income and prepaid expenses	(1,838,939)	(2,939,192)
	Increase / (Decrease) accrued expenses and prepaid income	1,101,710	(1,294,776)
	Other changes in net working capital	(61,561,752)	110,414,413
3.	**Cash Flow after changes in net working capital**	**(39,327,096)**	**98,988,090**
	Other adjustments		
	Interest received / (paid)	(1,767,214)	(4,359,416)
	(Income Tax Paid)	(12,828,366)	(10,581,652)
	Dividends received	2,191	252
	(Drawdown of contingency funds)	(1,435,713)	(3,279,381)
	Other in-payments / (out-payments)	0	0
Operating Cash Flow (A)		**(55,356,198)**	**80,767,893**
B.	**Cash flow from investments**		
	Tangible fixed assets		
	(Investments)	(18,137,909)	(32,816,272)
	Disposals	3,029,866	3,822,638
	Intangible assets		
	(Investments)	(1,044,129)	(870,975)
	Disposals	0	0
	Financial fixed assets		
	(Investments)	(5,208,911)	(7,509,332)
	Disposals	651,417	0
	Short term Financial Investments		
	(Investments)	0	0
	Disposals	0	0
	(Acquisition of controlling interests net of available cash in target companies)	0	0
	Sale of controlling interests net of available cash in target companies	0	0
Cash flow from investments (B)		**(20,709,666)**	**(37,373,941)**
C.	**Cash flow from financing activities**		
	Third-party funding		
	Increase (decrease) in payables to banks	7,902,000	(49,569,226)
	Drawdown of loans	63,000,000	0
	(Repayment of Loans)	(17,325,763)	0
	(Capital restitution)	0	0
	Share Issues / (Shares Buy-Backs)	0	0
	(Dividends Paid - Final and Interim)	0	0
	Decrease (Increase) in minority shareholder's equity	0	(600,000)
		(4,252,388)	963,570
Cash flow from financing activities (C)		**50,716,371**	**(49,205,656)**
Foreign Currency Translation Effects (D)		**4,646,333**	**652,465**
Increase (decrease) in cash and cash equivalents (A ± B ± C ± D)		**(20,703,160)**	**(5,159,239)**
	Cash and cash equivalents at the beginning of the financial year:		
	- bank accounts	109,941,128	115,088,007
	- bank cheques	0	0
	- cash in hand	166,794	179,154
	Cash and cash equivalents at the at the end of the financial year:		
	- bank accounts	89,266,530	109,941,128
	- bank cheques	0	0
	- cash in hand	138,232	166,794

APPENDICES

APPENDIX A

List of consolidated companies adopting the line-by-line method
Pursuant to Art. 26 of Legislative Decree 127/91
(Art. 38, sub-section 2, point a) of Leg. Decree 127/91)

Corporate Name	Based in	Currency	Share capital	Ownership % 2016	Ownership 2015
Rizzani de Eccher Spa	Pozzuolo del Friuli (UD)	Euro	20,000,000	parent company	parent company
Banchina Emilia Scarl	Venice	Euro	10,000	51.00%	-
Codest International Srl	Pozzuolo del Friuli (UD)	Euro	10,400	98.00%	98.00%
Codest Srl	Pozzuolo del Friuli (UD)	Euro	100,000	100.00%	100.00%
Codest Engineering Srl	Pozzuolo del Friuli (UD)	Euro	100,000	98.42%	98.42%
Cortelicini Srl	Pozzuolo del Friuli (UD)	Euro	98,000	98.00%	98.00%
Deal Srl	Pozzuolo del Friuli (UD)	Euro	46,800	98.00%	98.00%
de Eccher società agricola a r.l.	Rivignano (UD)	Euro	27,375	70.32%	70.32%
Fondaco Scarl	Venice	Euro	13,500	100.00%	100.00%
Eride Scarl	L'Aquila	Euro	10,000	100.00%	100.00%
Gabi Srl	Pozzuolo del Friuli (UD)	Euro	42,702	100.00%	100.00%
Iride Srl	Pozzuolo del Friuli (UD)	Euro	5,000,000	100.00%	100.00%
Metrobus Scarl	Pozzuolo del Friuli (UD)	Euro	10,000	100.00%	100.00%
Riflessi Srl	Pozzuolo del Friuli (UD)	Euro	10,200	100.00%	100.00%
Sacaim Spa	Venice	Euro	2,100,000	80.00%	80.00%
San Giorgio Srl	Pozzuolo del Friuli (UD)	Euro	10,000	100.00%	100.00%
Tensacciai Srl	Milan	Euro	100,000	98.10%	98.10%
Torre Scarl	Pozzuolo del Friuli (UD)	Euro	10,000	70.00%	70.00%
Codest Kazakhstan LLP	Almaty (KZ)	KZT	1,000,000	98.00%	98.00%
Interbridge Technologies BV	Hoofddorp (NL)	Euro	50,000	51.00%	51.00%
Rizzani de Eccher Australia Pty Ltd	Adelaide (AUS)	AUD	100	100.00%	100.00%
Rizzani de Eccher Canada Inc	Vancouver (CDN)	CAD	100	100.00%	100.00%
Rizzani de Eccher Matta Sarl	Beirut (LIB)	LBP	150,000,000	51.00%	51.00%
Rizzani de Eccher Usa Inc	Miami (USA)	USD	300	99.51%	99.51%
Rizzani de Eccher Bahrain SPC	Manama (Bahrain)	BHD	500,000	100.00%	100.00%
Rizzani de Eccher SAS	Bogotà (Colombia)	COP	125,000,000	100.00%	100.00%
Rizzani de Eccher SA	Luxembourg	Euro	50,000	100.00%	100.00%
Tensa America LLC	Miami (USA)	USD	10,000	98.10%	98.10%
Tensa Middle East FZ-LLC	Ras al Khaimah (EAU)	AED	1,000,000	100.00%	100.00%

APPENDIX B

List of consolidated companies adopting the proportional method
Pursuant to Art. 37 of Legislative Decree 127/91
(Art. 38, sub-section 2, point b) of Leg. Decree 127/91)

Corporate Name	Based in	Currency	Share capital	Ownership % 2016	Ownership % 2015
City Contractor Scarl	Milan	Euro	10,000	50.00%	50.00%
Galileo Srl	Pozzuolo del Friuli (UD)	Euro	30,000	33.33%	-
Treviso Maggiore Srl	Ponzano Veneto (TV)	Euro	12,000	33.33%	33.33%
Tiliaventum Scarl	Pozzuolo del Friuli (UD)	Euro	10,000,000	50.00%	50.00%
Pizzarotti-Rizzani de Eccher Saudi Arabia Ltd	Riyadh (Arabia Saudita)	SAR	10,000,000	50.00%	50.00%
VFR Ltd	Cyprus	CYP	5,000	33.33%	33.33%

APPENDIX C

List of subsidiary and associated companies consolidated by the equity method
(Art. 38, sub-section 2, point c) of Leg. Decree 127/91)

Corporate Name	Based in	Currency	Share capital	Direct ownership %	Group ownership %
de Eccher Interiors Srl	Pozzuolo del Friuli (UD)	Euro	100,000	20.00%	20.00%
Associated company through Deal Srl	Padua	Euro	100,000	-	30.58%
Futura Srl	Brescia	Euro	2,500,000	20.55%	20.55%
Rilke Srl	Duino Aurisina (TS)	Euro	40,000,000	30.00%	38.34%
Rizzani de Eccher Doo	Rijeka (HR)	HRK	20,000	90.00%	92.00%
Portocittà Srl	Triest	Euro	10,000	25.00%	25.00%
Unifit SA	Luxembourg	Euro	31,000	45.00%	45.00%

List of subsidiary and associated companies under the cost method
(Art. 38, sub-section 2, point d) of Leg. Decree 127/91)

Corporate Name	Based in	Currency	Share capital	Direct ownership	Group ownership	Reason of exclusion from consolidation area
Consorzio Mantegna	Vigonza (PD)	Euro	50,000	28.00%	28.00%	Art. 28 lett.a D.Lgs. 127/91
Consorzio No.Mar.	Padua	Euro	5,000	26.60%	26.60%	Art. 28 lett.a D.Lgs. 127/91
Crociferi Scarl	Venice	Euro	10,000	-	75.00%	Art. 28 lett.a D.Lgs. 127/91
Ecofusina Scarl	Venice	Euro	10,000	-	35.00%	Art. 28 lett.a D.Lgs. 127/91
Gallerie dell'Accademia Scarl under liquidation	Venice	Euro	10,000	-	30.00%	Art. 28 lett.a D.Lgs. 127/91
Immobiliare Biancade Srl	Venice	Euro	10,000	-	50.00%	Art. 28 lett.a D.Lgs. 127/91
Jona Scarl	Venice	Euro	10,000	-	50.00%	Art. 28 lett.a D.Lgs. 127/91
Mugnone Scarl under liquidation	Venice	Euro	10,000	-	100.00%	Art. 28 lett.a D.Lgs. 127/91
Palazzo del Cinema Scarl	Venice	Euro	10,000	-	66.00%	Art. 28 lett.a D.Lgs. 127/91
Peloritani Scarl under liquidation	Pozzuolo del Friuli (UD)	Euro	10,000	64.15%	64.15%	Art. 28 lett.a D.Lgs. 127/91
Prospettive Immobiliari Srl under liquidation	Triest	Euro	50,000	60.00%	60.00%	Art. 28 lett.a D.Lgs. 127/91
Roncoduro Scarl	Venice	Euro	10,000	-	57.14%	Art. 28 lett.a D.Lgs. 127/91
Se.Pa.Ve Scarl under liquidation	Venice	Euro	10,000	-	43.82%	Art. 28 lett.a D.Lgs. 127/91
Silvia Srl	Venice	Euro	20,000	-	37.50%	Art. 28 lett.a D.Lgs. 127/91
Store 26 Scarl under liquidation	Vicenza	Euro	10,000	50.00%	50.00%	Art. 28 lett.a D.Lgs. 127/91
Vallenari Scarl	Treviso	Euro	10,000	-	48.25%	Art. 28 lett.a D.Lgs. 127/91
Tensa India Engineering PV Ltd	Mumbai	INR	10,000,000	-	75.00%	Art. 28 lett.a D.Lgs. 127/91
OOO Koruss	Moscow	RUB	100,000	100.00%	100.00%	Art. 28 lett.a D.Lgs. 127/91
Codruss Zao	Moscow	RUB	55,000	-	98.42%	Art. 28 lett.a D.Lgs. 127/91

APPENDIX D

Schedule of intangible assets

	31.12.2015	Change in consolidation area	Increase (decrease)	Effects due to currency translation and reclassification	Amortization	31.12.2016
Formation and start up expenses	237,563	3,082	-	-	(121,979)	118,666
Research, development and advertising costs	312,716	-	945,595	-	(290,255)	968,056
Patents and intellectual property rights	796	-	(796)	-	-	-
Concessions, licences, trademarks and similar rights	41,945	-	-	-	(3,195)	38,750
Goodwill	200,000	-	-	-	(40,000)	160,000
Consolidation differences	83,422	-	-	-	-	83,422
Intangible assets under formation and prepayments	1,098,441	-	(148,708)	-	-	949,733
Other intangible assets	235,353	-	244,956	-	(217,024)	263,285
Total intangible assets	**2,210,236**	**3,082**	**1,041,047**	**-**	**(672,453)**	**2,581,912**

APPENDIX E

Schedule of fixed assets

	31.12.2015	Change in consolidation area	Increase	Decrease	Depreciation	Effects due to currency translation and reclassification	31.12.2016
Land and buildings	35,913,020	1,548,993	101,261	(2,971,847)	-	(11,139,679)	23,451,748
Accumulated depreciation	(7,050,190)	-	-	840,912	(483,446)	1,830,294	(4,862,430)
Land and buildings	**28,862,830**	**1,548,993**	**101,261**	**(2,130,935)**	**(483,446)**	**(9,309,385)**	**18,589,318**
Plant and machinery	67,907,278	262,263	8,244,875	(1,281,959)	-	480,867	75,613,324
Accumulated depreciation	(29,822,808)	(19,462)	-	1,318,051	(8,106,478)	(151,389)	(36,782,086)
Plant and machinery	**38,084,470**	**242,801**	**8,244,875**	**36,092**	**(8,106,478)**	**329,478**	**38,831,238**
Tools, fittings, furniture, fixtures and other equipment	20,660,874	88,050	4,065,689	(182,361)	-	71,276	24,703,528
Accumulated depreciation	(11,456,123)	(31,635)	-	119,479	(2,956,021)	(15,753)	(14,340,053)
Tools, fittings, furniture, fixtures and other equipment	**9,204,751**	**56,415**	**4,065,689**	**(62,882)**	**(2,956,021)**	**55,523**	**10,363,475**
Other fixed assets	4,702,646	37,812	733,140	(33,169)	-	64,884	5,505,313
Accumulated depreciation	(2,630,792)	(7,199)	-	24,455	(629,162)	(21,997)	(3,264,695)
Other fixed assets	**2,071,854**	**30,613**	**733,140**	**(8,714)**	**(629,162)**	**42,887**	**2,240,618**
Fixed assets under formation and prepayments	467,843	-	3,114,122	(409,342)	-	(26,684)	3,145,939
Fixed assets under formation and prepayments	**467,843**	**-**	**3,114,122**	**(409,342)**	**-**	**(26,684)**	**3,145,939**
Total historical cost of fixed assets	129,651,661	1,937,118	16,259,087	(4,878,678)	-	(10,549,336)	132,419,852
Total accumulated depreciation	(50,959,913)	(58,296)	-	2,302,897	(12,175,107)	1,641,155	(59,249,264)
Total fixed assets	**78,691,748**	**1,878,822**	**16,259,087**	**(2,575,781)**	**(12,175,107)**	**(8,908,181)**	**73,170,588**

APPENDIX F

Schedule of changes in consalidated shareholdelrs' equity

	Share capital	Legal reserve	Consolidation reserve	Foreign currency translation reserve	Extraordinary reserve	Reserves for hedging derivate contracts	Group profit (loss)	Total Group sharholders' equity	Minorities' share of equity and profit (loss)	Total consolidated shareholders' equity
Situation as of 31st December 2014	**20,000,000**	**3,686,738**	**580,011**	**2,671,101**	**86,091,016**	**-**	**13,654,336**	**126,683,202**	**3,827,067**	**130,510,269**
Allocation of profit for the year 2014	-	181,059	-	-	13,473,277	-	(13,654,336)	-	-	-
Dividends distribution	-	-	-	-	(600,000)	-	-	(600,000)	-	(600,000)
Change in consolidation area	-	-	-	-	-	-	-	-	843,124	843,124
Foreign currency translation gain (loss) of branch balances	-	-	-	-	(1,772,521)	-	-	(1,772,521)	(11,647)	(1,784,168)
Gain (loss) on foreign currency translation	-	-	-	3,417,534	-	-	-	3,417,534	132,093	3,549,627
Profit (loss) for the financial period 2015	-	-	-	-	-	-	15,954,893	15,954,893	1,886,960	17,841,853
Situation as of 31st December 2015	**20,000,000**	**3,867,797**	**580,011**	**6,088,635**	**97,191,772**	**-**	**15,954,893**	**143,683,108**	**6,677,597**	**150,360,705**
Allocation of profit for the year 2015	-	68,995	-	-	15,885,898	-	(15,954,893)	-	-	-
Dividends distribution	-	-	-	-	-	-	-	-	(3,312,790)	(3,312,790)
Change in consolidation area	-	-	-	-	644,313	-	-	644,313	(644,313)	-
Foreign currency translation gain (loss) of branch balances	-	-	-	-	4,984,087	-	-	4,984,087	(295,284)	4,688,803
Gain (loss) on foreign currency translation	-	-	-	236,116	-	-	-	236,116	-	236,116
Reserves for hedging derivative contracts	-	-	-	-	-	(2,764,769)	-	(2,764,769)	-	(2,764,769)
Profit (loss) for the financial period 2016	-	-	-	-	-	-	24,215,783	24,215,783	485,157	24,700,940
Situation as of 31st December 2016	**20,000,000**	**3,936,792**	**580,011**	**6,324,751**	**118,706,070**	**(2,764,769)**	**24,215,783**	**170,998,638**	**2,910,366**	**173,909,005**

APPENDIX G

Reconciliation between stand-alone and consolidated accounts

(in Euro thousand)	Shareholders' equity 2016	Profit (loss) 2016	Shareholders' equity 2015	Profit (loss) 2015
Statutory stand-alone financial statements of the parent company	**83.058**	**1.951**	**79.445**	**1.380**
Off-set of consolidated equity investments				
difference between book value of equity investments and net assets value				
consolidation differences	42,458	-	36,406	-
allocation of differential between purchase price	83	-	83	(128)
and pro rata share of net assets value	2,357	-	2,357	-
foreign currency translation differences	6,325	-	6,089	-
pro-rata share of profit of consolidated companies	14,979	14,979	12,340	12,340
write-down / write-up on investements in consolidated companies	19,457	19,457	2,229	2,229
Off-set of related party transactions				
capital gains/losses and intercompany profit	(1,545)	(764)	(781)	(319)
dividends distribution including currency translation gains or losses	-	(8,342)	-	(2,350)
Other adjustments				
valuation of investments under the net equity method	2,078	(1,771)	3,849	2,492
valuation of leasing contracts with the capital-lease method	435	(1,294)	1,729	311
reserves for hedging derivative contracts	(2,765)	-	-	-
change in foreign currency translation gain (loss) of branch balances	4,079	-	(63)	-
Total Group's consolidated shareholders' equity	**170,999**	**24,216**	**143,683**	**15,955**
Minorities' share of equity and profit	2,910	485	6,678	1,887
Total consolidated shareholders' equity	**173,909**	**24,701**	**150,361**	**17,842**

STATUTORY FINANCIAL STATEMENTS OF RIZZANI DE ECCHER S.P.A. (PARENT COMPANY)

STATUTORY BALANCE SHEET

Assets		31.12.2016	31.12.2015	Change YoY
A	**Receivable from shareholders for capital stock**			
	Shares not yet called up	0	0	0
	Shares already called up	0	0	0
Total receivable from shareholders for capital stock		**0**	**0**	**0**
B	**Non current assets**			
I)	**Intangible assets**			
1	Formation and start up expenses	273	364	(91)
2	Development costs	0	0	0
3	Patents and intellectual property	0	0	0
4	Concessions, licences, trademarks and similar rights	0	0	0
5	Goodwill	0	0	0
6	Intangible assets under formation and prepayments	93,712	0	93,712
7	Other intangible assets	230,946	189,317	41,629
	Total intangibles assets	**324,931**	**189,681**	**135,250**
II)	**Fixed assets**			
1	Land and buildings	6,249,124	6,599,748	(350,624)
2	Plant and machinery	29,840,190	27,486,766	2,353,424
3	Tools, fittings, furniture, fixtures and other equipment	9,235,887	7,963,085	1,272,802
4	Other fixed assets	1,793,678	1,661,028	132,650
5	Fixed assets under formation and prepayments	3,114,122	409,342	2,704,780
	Total fixed assets	**50,233,001**	**44,119,969**	**6,113,032**
III)	**Investments**			
1	Equity investments in:			
	a) subsidiary companies	44,232,327	47,808,983	(3,576,656)
	b) associated companies	19,850,216	23,443,405	(3,593,189)
	c) parent company	0	0	0
	d) subsidiary companies of the parent company	0	0	0
	d)bis other companies	3,033,147	3,838,966	(805,819)
	Total	**67,115,690**	**75,091,354**	**(7,975,664)**
2	Loans and receivables:			
	a) subsidiary companies	39,401,871	9,352,428	30,049,443
	b) associated companies	14,448,171	4,311,491	10,136,680
	c) parent company	0	0	0
	d) subsidiary companies of the parent company	0	0	0
	d)bis others companies	3,444,433	1,542,083	1,902,350
	Total	**57,294,475**	**15,206,002**	**42,088,473**
3	Other investments	17,233	49,233	(32,000)
4	Derivate contracts	0	0	0
	Total investments	**124,427,398**	**90,346,589**	**34,080,809**
Total non current assets		**174,985,330**	**134,656,239**	**40,329,091**

Assets		31.12.2016	31.12.2015	Scostamento 2016-2015
C	**Current assets**			
I)	**Inventory**			
1	Raw materials and consumables	13,257,665	6,648,699	6,608,966
2	Works in progress and semi-finished products	4,272,998	3,914,539	358,459
3	Contracted works in progress	146,709,532	92,144,831	54,564,701
4	Finished products and goods for resale	1,380,867	1,485,910	(105,043)
5	Advances to suppliers	20,077,961	20,455,168	(377,207)
	Total inventory	**185,699,023**	**124,649,147**	**61,049,876**
II)	**Accounts receivable**			
1	Trade receivables			
	a) amounts falling due within 12 months	135,918,333	112,839,858	23,078,475
	b) amounts falling due beyond 12 months	0	0	0
	Total	**135,918,333**	**112,839,858**	**23,078,475**
2	Receivables from subsidiary companies	22,372,789	53,653,505	(31,280,716)
3	Receivables from associated companies	134,015,667	112,900,606	21,115,061
4	Receivables from parent company	0	1,919	(1,919)
5	Receivables from subsidiary companies of parent company	0	0	0
5bis	Tax receivables	4,389,519	3,934,600	454,919
5ter	Deferred tax assets	516,866	2,771,279	(2,254,413)
5quater	Other receivables	5,353,855	3,099,426	2,254,429
	Total accounts receivable	**302,567,029**	**289,201,193**	**13,365,836**
III)	**Investments**			
1	Subsidiary companies	0	0	0
2	Associated companies	0	0	0
3	Parent company	0	0	0
3bis	Subsidiary companies of parent company	0	0	0
4	Other companies	0	0	0
5	Treasury stock	0	0	0
6	Other investments	0	0	0
	Total investments	**0**	**0**	**0**
IV)	**Cash and cash equivalents**			
1	Bank and postal current accounts	37,656,405	62,402,164	(24,745,759)
2	Checks deposited	0	0	0
3	Cash on hand	71,149	76,352	(5,203)
	Total cash and cash equivalents	**37,727,554**	**62,478,516**	**(24,750,962)**
Total current assets		**525,993,606**	**476,328,856**	**49,664,750**
D	**Accrued income and prepaid expenses**	10,129,435	8,867,112	1,262,323
Total assets		**711,108,371**	**619,852,207**	**91,256,164**

STATUTORY BALANCE SHEET

Liabilities		31.12.2016	31.12.2015	Change YoY
A	**Shareholders' equity**			
I	Share capital, authorized, issued and outstanding	20,000,000	20,000,000	0
II	Additional paid-in capital	0	0	0
III	Revaluation reserve	0	0	0
IV	Legal reserve	3,936,792	3,867,797	68,995
V	Statutory reserves	0	0	0
VI	Other reserves	57,170,033	54,197,337	2,972,696
VII	Reserves for hedging derivative contracts	0	0	0
VIII	Retained earnings	0	0	0
IX	Profits (loss) for the financial period	1,951,321	1,379,903	571,418
X	Negative reserve for treasury stock	0	0	0
Total shareholders' equity		**83,058,146**	**79,445,037**	**3,613,109**
B	**Provision for contingencies and other liabilities**			
1	Provisions for pensions and similar obligations	0	0	0
2	Provision for taxation, included deferred tax liabilities	1,036,107	1,032,021	4,086
3	Derivative contracts	219,833	0	219,833
4	Other provisions	20,640,000	2,000,000	18,640,000
Total provisions for contingencies and other liabilities		**21,895,940**	**3,032,021**	**18,863,919**
C	**Employees' severance indemnity**	2,587,505	2,328,608	258,897
D	**Debts and other payables**			
1	Debenture loans	0	0	0
2	Convertible debenture loans	0	0	0
3	Amounts owed to shareholders for loans	0	0	0
4	Bank loans:			
	a) falling due within 12 months	68,220,236	44,059,291	24,160,945
	b) falling due beyond 12 months	65,105,233	32,699,231	32,406,002
	Total	**133,325,469**	**76,758,522**	**56,566,947**
5	Amounts owed to other lenders	0	0	0
6	Advance payments from customers	121,070,720	140,444,400	(19,373,680)
7	Trade payables (suppliers)	147,864,714	95,843,010	52,021,704
8	Debts represented by bills of exchange	0	0	0
9	Payables to subsidiary companies	160,754,377	182,742,089	(21,987,712)
10	Payables to associated companies	15,525,637	14,817,023	708,614
11	Payables to parent company	0	652,551	(652,551)
11bis	Payables to subsidiary companies of parent company	0	0	0
12	Payables to tax authority	5,315,565	7,166,751	(1,851,186)
13	Payables to social security institutions	842,428	856,101	(13,673)
14	Other payables	16,433,341	13,827,580	2,605,761
Total debts and other payables		**601,132,251**	**533,108,027**	**68,024,224**
E	**Accrued expenses and prepaid income**	2,434,529	1,938,514	496,015
Total liabilities and shareholders' equity		**711,108,371**	**619,852,207**	**91,256,164**

STATUTORY INCOME STATEMENT

		Year 2016	Year 2015	Change YoY
A	**Value of production**			
1	Sales of goods and services	347,228,998	270,980,594	76,248,404
2	Changes in finished products, semi-finished products and works in progress	253,415	(1,610,946)	1,864,361
3	Changes in contracted works in progress	59,543,638	16,400,942	43,142,696
4	Capitalised construction costs performed for own account	1,696,136	1,781,572	(85,436)
5	Other revenue and income	10,877,693	22,756,768	(11,879,075)
Total value of production		**419,599,880**	**310,308,930**	**109,290,950**
B	**Costs of production**			
6	For raw materials, consumables and goods for resale	69,563,453	63,533,642	6,029,811
7	For services	244,248,261	141,689,924	102,558,337
8	For rental and lease of assets	5,232,564	2,229,641	3,002,923
9	For employees:			
	a) wages and salaries	59,997,595	49,604,642	10,392,953
	b) social security contributions	3,848,267	3,866,063	(17,796)
	c) employees' severance indemnity	1,173,450	1,085,259	88,191
	d) pensions costs and similar charges	0	0	0
	e) other costs relating to employees	7,077,019	5,957,856	1,119,163
	Total costs for employees	**72,096,331**	**60,513,820**	**11,582,511**
10	Amortization, depreciation and write-downs:			
	a) amortization of intangible assets	187,701	129,124	58,577
	b) depreciation of fixed assets	9,383,777	7,157,869	2,225,908
	c) write-downs of non-current assets other than investments	0	0	0
	d) write-downs of accounts receivable included in current assets	0	0	0
	Total amortization, depreciation and write-downs	**9,571,478**	**7,286,993**	**2,284,485**
11	Change in raw materials, consumables and goods for resale	(7,006,055)	11,150,450	(18,156,505)
12	Contingency provisions	0	0	0
13	Other accruals and provisions	240,000	0	240,000
14	Other operating charges	9,322,487	11,242,196	(1,919,709)
Total costs of production		**403,268,519**	**297,646,666**	**105,621,853**
Operating margin (EBIT) (A-B)		**16,331,361**	**12,662,264**	**3,669,097**
C	**Financial income and expenses**			
15	Income from equity investments	8,126,412	2,350,142	5,776,270
	financial income from subsidiary companies	*8,081,483*	*1,850,000*	*6,231,483*
	financial income from associated companies	*0*	*500,000*	*(500,000)*
16	Other financial income:			
	a) from accounts receivable included in non-current assets	0	0	0
	b) from other investments included in non-current assets other than equity investments	0	0	0
	c) from other investments included in current assets	0	0	0
	d) financial income other than income listed above, of wich:	14,183,759	4,012,458	10,171,301
	financial income from subsidiary companies	*399,759*	*162,327*	*237,432*
	financial income from associated companies	*4,309,718*	*3,700,043*	*609,675*
	Total other financial income	**14,183,759**	**4,012,458**	**10,171,301**
17	Interest and other financial charges	4,583,690	4,484,461	99,229
	financial charges from parent company	*1,762,805*	*1,415,190*	*347,615*
17bis	Foreign currency translation gains / (losses)	545,987	(3,105,160)	3,651,147
Total financial income and (expenses) (15+16-17±17bis)		**18,272,468**	**(1,227,021)**	**19,499,489**

		Year 2016	Year 2015	Change YoY
D	**Valuation adjustments of funancial assets and liabilities**			
18	Revaluations:			
	a) of equity investments	0	0	0
	b) of non-current investments other than equity investments	0	0	0
	c) of current investments	0	0	0
	d) of derivative contracts	0	0	0
	Total	**0**	**0**	**0**
19	Devaluation:			
	a) of equity investments	23,488,186	7,305,875	16,182,311
	b) of non-current investments other than equity investments	32,000	42,000	(10,000)
	c) of current investments	0	0	0
	d) of derivative contracts	219,833	0	219,833
	Total	**23,740,019**	**7,347,875**	**16,392,144**
Total valuation adjustments of financial assets and liabilities (18-19)		**(23,740,019)**	**(7,347,875)**	**(16,392,144)**
Profit or (loss) before income taxes (A-B±C±D)		**10,863,810**	**4,087,368**	**6,776,442**
20	Income taxes for the period			
	a) current taxes	6,738,297	3,124,576	3,613,721
	b) deferred tax (assets) / liabilities	2,174,192	(417,111)	2,591,303
	Total	**8,912,489**	**2,707,465**	**6,205,024**
21	**Profit or (loss) for the financial period**	**1,951,321**	**1,379,903**	**571,418**

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